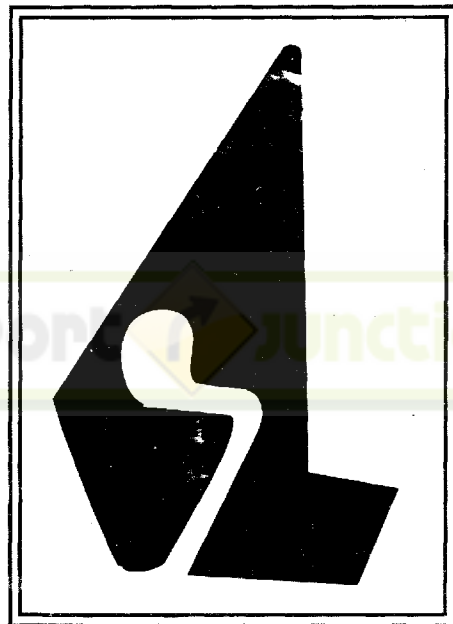
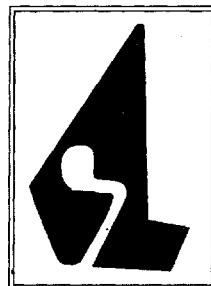


ARAVALI SECURITIES & FINANCE LIMITED



24TH ANNUAL REPORT 2003-2004



ARAVALI SECURITIES & FINANCE LIMITED

BOARD OF DIRECTORS	1. Shri Ranjan Kumar Poddar 2. Shri Gautam Khaitan 3. Shri Amba Prasad Agarwal 4. Shri Naresh Kumar Magoo
SECRETARY	Shri Davinder Bhalla
AUDITORS	Salarpuria & Partners
BANKERS	1. Punjab National Bank 2. Bank of Baroda
REGISTERED OFFICE	UCO Bank Building, III Floor, Parliament Street, New Delhi-110001
BRANCH OFFICE FOR CORRESPONDANCE	28, II Floor, Jia Sarai, New Delhi-110016
SHARE & TRANSFER AGENT	M/s. Skyline Financial Services Pvt. Ltd. 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110024



ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office: UCO Bank Building, III Floor, Parliament Street, New Delhi - 110 001

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of M/s. Aravali Securities & Finance Limited will be held on Thursday, the 16th Day of September, 2004, at 3.00 p.m. at Air Force Auditorium, Subroto Park, Near Dhaula Kuan, New Delhi.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2004, and the Profit and Loss account for the year ended on that date together with the Auditors' and Directors' Reports thereon.
2. To appoint auditors of the company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

Ordinary Resolutions

3. APPOINTMENT OF DIRECTOR

To appoint a director in place of Shri Ranjan Kumar Poddar who was appointed as an additional director by the board of directors of the company and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of director and signifying his intention to move the following resolution for the approval of the members with or without modification as an ordinary resolution :-

"RESOLVED THAT Shri Ranjan Kumar Poddar be and is hereby appointed as a director of the company who is liable to retire by rotation in accordance with section 256 of the Companies Act, 1956."

4. APPOINTMENT OF DIRECTOR

To appoint a director in place of Shri Gautam Khaitan who was appointed as an additional director by the board of directors of the company and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of director and signifying his intention to move the following resolution for the approval of the members with or without modification as an ordinary resolution :-

"RESOLVED THAT Shri Gautam Khaitan be and is hereby appointed as a director of the company who is liable to retire by rotation in accordance with section 256 of the Companies Act, 1956."

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 12th August, 2004

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED

DAVINDER BHALLA
G.M. & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 13th day of September, 2004 to Thursday, the 16th day of September, 2004 both days inclusive.
3. Members are requested to notify immediately any change in their addresses to the Registered Office of the company situated at UCO Bank Building, III Floor, Parliament Street, New Delhi-110 001 or its office at IIInd floor, 28, Jia Sarai, New Delhi-110 016.
4. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the company to keep the information ready.
6. The Company has entered into agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), for the dematerialisation of securities. The Shareholders can have their shares dematerialised through these depositories.

Members desiring to have their shares in dematerialised form may send their share certificates through their depository participants, to the Registrar of the Company namely M/s. Skyline Financial Services Pvt. Ltd., 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024, Tel. No.26918352.

7. Individual members holding shares in physical form on their own behalf singly or jointly can make nomination for their holding. The nomination form will be made available on request. The members holding shares in Dematerialised Form may contact their Depository Participants for recording of the nomination for their holding.



ANNEXURE TO NOTICE

Explanatory Statement (As required under section 173 (2) of the Companies Act, 1956) on the special business mentioned in the notice at item No. 3 & 4.

ITEM NO.3

The Board of Directors in their meeting held on 30th July, 2004 appointed Shri Ranjan Kumar Poddar as additional director. Shri Ranjan Kumar Poddar holds office upto the date of ensuing Annual General Meeting, if not appointed by the shareholders. The company has received a notice from the shareholder specifying his intention of proposing the candidature of Shri Ranjan Kumar Poddar for the office of the director. The members are requested to consider the resolution specified in the notice and to pass the same with or without modification.

None of the directors except Shri Ranjan Kumar Poddar are interested in the resolution except to the extent of their shareholding or that they are directors of the company.

ITEM NO. 4

The Board of Directors in their meeting held on 30th July, 2004 appointed Shri Gautam Khaitan as additional director. Shri Gautam Khaitan holds office upto the date of ensuing Annual General Meeting, if not appointed by the shareholders. The company has received a notice from the shareholder specifying his intention of proposing the candidature of Shri Gautam Khaitan for the office of the director. The members are requested to consider the resolution specified in the notice and to pass the same with or without modification.

None of the directors except Shri Gautam Khaitan are interested in the resolution except to the extent of their shareholding or that they are directors of the company.

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 12th August, 2004

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED

DAVINDER BHALLA
G.M. & Company Secretary

**INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 (VI) (A) OF THE LISTING AGREEMENT
IN RESPECT OF DIRECTORS BEING APPOINTED / RE-APPOINTED**

Name	Shri Ranjan Kumar Poddar	Shri Gautam Khaitan
Date of Birth	12.08.1949	06.05.1965
Appointed on	30.07.2004	30.07.2004
Qualification	B.A. Eco (Hons)	B.Com, LLB
Expertise in Specific Functional Areas	Industrialist	He is an advocate and have vast knowledge in the field of law and an experience of approximately 10 year in the said field.
Directorship in Other Companies	THE SIRPUR PAPER MILLS LTD. BOUTIQUE HOTELS INDIA LTD.	SHREE KRISHNA PAPER MILLS & INDUSTRIES LTD. SALORA INTERNATIONAL LTD. I. C. TEXTILES LTD. ILPEA PARAMOUNT LTD. INDIA WEB BUSINESS LTD. MEDSAVE HEALTH CARE LTD. JAS TOLL ROAD CO. LTD. J. K. SUGAR LTD.
Membership / Chairmanship of Committees across Public Companies	Audit Committee : Boutique Hotels India Ltd.(Chairman)	Audit Committee : Salora International Ltd. J. K. Sugar Ltd. Investor Grievance Committee : J. K. Sugar Ltd. Shree Krishna Paper Mills & Industries Ltd. (Chairman) Share Allotment Committee : I. C. Textiles Ltd.



Directors' Report

TO THE MEMBERS :

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company with Auditors' Report thereon for the year ended 31st March, 2004.

WORKING RESULTS	2003-2004 (Rupees in lacs)	2002-2003 (Rupees in lacs)
Profit before interest, depreciation and taxes	308.58	284.50
Less : Interest	139.42	105.63
Profit before depreciation, NPA's and Taxes	169.16	178.87
Less : Depreciation (including lease adjustment charges)	55.87	58.12
Profit Before Provision of tax and NPA's	113.29	120.75
Add : Withdrawal from NPA Provisions as per RBI Prudential Norms	44.28	72.56
Withdrawal from provision for diminution in value of investments	0.43	0.08
Profit Before Taxation	158.00	193.39
Less : Provision for Income Tax		
Current Tax	4.24	10.50
Deferred Tax	4.47	29.38
Profit after taxation	149.29	153.51
Less : Balance brought forward from previous year	631.13	785.37
	(481.84)	(631.86)
Add/(Less) : Income Tax/ Wealth Tax in respect of earlier years	7.99	(0.73)
: Amount Transferred from Debenture Redemption Reserve	(96.02)	-
BALANCE (DEBIT) CARRIED TO BALANCE SHEET	(393.81)	(631.13)

DIVIDEND

Your directors are not recommending any dividend as it has been decided to first set off the carry forward losses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW :

Your company has earned a profit during the year under consideration of Rs.149.29 lacs after depreciation, interest and taxes.

Gross income / sales during the financial year 2003-2004 has reduced to Rs.1718.20 Lacs. The decrease is on account of reduced activities in trading of shares and securities and paper.

Your company has not borrowed any funds from the Banks & Financial Institutions. During the year under consideration the company has settled with Bank of Baroda and repaid the settlement amount in installments. The last instalment was paid in June, 2004. The company's secured borrowing has been repaid except a small amount payable to SBI Commercial and International Bank Ltd. with whom negotiation are going on for settlement.

RESOURCES AND LIQUIDITY :

The company during the year under consideration has not raised any finance from any bank, financial institutions or through Fixed Deposits. However, it has raised un-secured loans from limited companies for meeting its fund requirements.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

Due to increased competition and availability of funds from the banking sector, the non-banking financial industry has suffered a set back except the housing finance companies. Most of the NBFC either has merged with the industrial companies or are making efforts to diversify in other service sectors.

BUSINESS REVIEW :

Due to losses suffered in the past, your company is not doing any new leasing and hire purchase business. The paper trading and share trading business were carried on but your company is not generating sufficient revenues to suffice the needs of your company and shareholders. Your company is not entering in any new field of business at present.

OPPORTUNITIES :

The change in Indian Economy outlook and the keen interest shown by foreign investors to invest in India, the country's economy is looking for a fast growth of industrial sector as well as infrastructure. With the growth of these sectors the service industry is bound to progress. Your company being in the service industry may reap the benefits of the overall growth.

CHALLENGES :

As normal with every company, your company also face competition in its business. The biggest competition is from the banks who have low cost funds available to them to meet their requirement.

Your company's decision to work with its own fund will reduce the cost of borrowing and make it competitive to meet the challenge forced by the banking sector.

OUTLOOK :

Your company laying emphasis on consolidating its activities has not decided to enter into new field. However, the various business opportunities are being analysed. Barring unforeseen circumstances the directors hope to do better than in previous year.

RISK AND CONCERNS :

Your company at present is exposed to the normal industry risk factor of volatility in interest rate, economic cycle and credit risk. The non receipt of lease rental and hire purchase charges is a major area of concern. In the consolidation process your company is negotiating for entering into arrangement to recover its lease rental and hire purchase charges from its clients.

ADEQUACY OF INTERNAL CONTROL :

The established Internal Control Systems of your company are adequate to ensure that all the activities are monitored and controled against any misuse or misappropriation of asset and that the transactions are authorized, recorded and reported correctly. More so, these internal control systems are regularly monitored by the audit committee of your company and are improved upon on regular basis.

HUMAN RESOURCE DEVELOPMENT:

The team of experienced industry professionals depart regular training to the employees of the company.



FIXED DEPOSITS :

Your company does not accept fixed deposits from public and to this effect an undertaking is given to the Reserve Bank of India. However, the company has four unclaimed deposits amounting to Rs.65,000/= of the past. The company has sent the intimation to the said depositors at their addresses available with the company but no response has been received from them till date. The said unclaimed deposits amount alongwith interest has been kept in the fixed deposit escrow account with the scheduled bank.

DIRECTORS :

Shri Amba Prasad Agarwal, the director of the company is liable to retire by rotation and is not eligible to be reappointed as per the provisions of the Companies Act.

Shri Ranjan Kumar Poddar and Shri Gautam Khaitan were appointed as additional directors who hold office upto the ensuing Annual General Meeting. Notices have been received from the shareholders specifying their intention proposing their candidature for the office of the directors. The said persons are eligible for re-appointment as directors of the company. Your directors recommend their re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed.

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year ended on that date;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT :

M/s. Salarpuria & Partners, Chartered Accountants, as Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Your Company has received a certificate from M/s. Salarpuria & Partners, Chartered Accountants, to the effect that the appointment, if made, would be within the prescribed limits u/s 224 (1-B) of the Companies Act, 1956. The Shareholders will be required to elect auditors for the current year and to fix their remuneration.

Auditors have stated that assets on lease have not been physically verified by the management. The directors have taken steps to obtain confirmation from the lessees for verification of fixed assets except in cases where suit for recovery of possession of the assets have been filed in the courts.

PERSONNEL :

The Company had no employee during the year ended 31st March, 2004, who was in receipt of remuneration of Rs. 24.0 lacs or more per annum, if employed for whole of the year or Rs. 2.0 lacs or more per month, if employed for part of the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The company being engaged in the financial services and trading, does not have any energy utilization or technology absorption. The Company during the year under consideration has not earned or spent any foreign exchange. The company has not exported any goods. At present, the company has no plans for exports.

CORPORATE GOVERNANCE :

Your company has taken adequate steps to ensure that all mandatory provisions of 'Corporate Governance' as

ARAVALI SECURITIES & FINANCE LIMITED

provided in the listing agreement of the Stock Exchanges with which the company's shares are listed, are duly complied with.

A separate report on 'Corporate Governance' alongwith Auditors Certificate for its due compliance is annexed hereto as part of this report.

ACKNOWLEDGEMENT :

Your Directors would like to express their sincere appreciations for the co-operation received from shareholders, bankers and other business constituent during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed by all employees of the company.

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 12th August, 2004

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED
RANJAN KUMAR PODDAR
GAUTAM KHAITAN
AMBA PRASAD AGARWAL
NARESH KUMAR MAGOO
Directors

