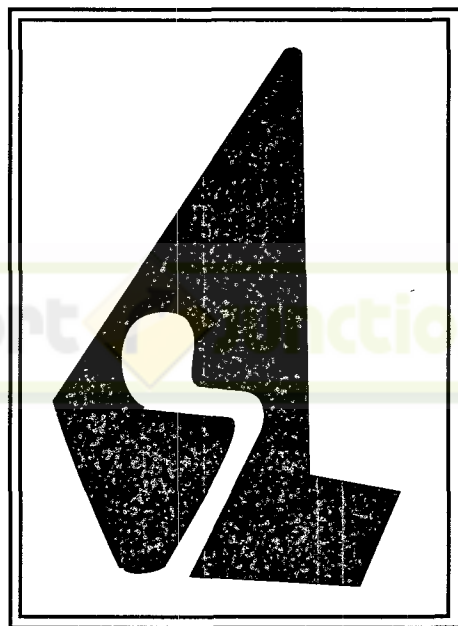


## **ARAVALI SECURITIES & FINANCE LIMITED**



***Certified True Copy***

**For Aravali Securities & Finance Ltd.**

*[Signature]*  
**D.K. BHALLA**  
**G.M. (Legal)**

## **29TH ANNUAL REPORT 2008-2009**



## ARAVALI SECURITIES & FINANCE LIMITED

### BOARD OF DIRECTORS

1. Shri Ranjan Kumar Poddar
2. Shri Gautam Khaitan
3. Shri R. A. Kila
4. Shri Hardev Singh

### SECRETARY

Shri Davinder Bhalla

### AUDITORS

Salarpuria & Partners

### BANKERS

Punjab National Bank

### REGISTERED OFFICE

Sirpur House  
Plot No. 39, Sector-44  
Gurgaon-122003.

### HEAD OFFICE

3rd Floor, UCO Bank Building,  
Parliament Street, New Delhi-110001.

### SHARE & TRANSFER AGENT

M/s. Skyline Financial Services Pvt. Ltd.  
246, 1st Floor, Sant Nagar, Main ISCON Temple Road,  
East of Kailash, New Delhi-110065



## ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office : Sirpur House, Plot No. 39, Sector-44, Gurgaon, Haryana-122003.



### NOTICE

Notice is hereby given that the 29th Annual General Meeting of the members of M/s Aravali Securities & Finance Limited will be held on Wednesday, the 30th day of September, 2009, at 10.30 a.m. at Community Centre, Sector 4, Gurgaon, Haryana-122001.

#### ORDINARY BUSIN ESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2009, 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.
3. To re-appoint Mr. Gautam Khaitan as Director of the Company.

Registered Office :  
Sirpur House,  
Plot No. 39, Sector-44,  
Gurgaon, Haryana-122003.

Dated : 20<sup>th</sup> August, 2009

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

DAVINDER BHALLA  
G.M.& COMPANY SECRETARY

ARAVALI SECURITIES &amp; FINANCE LIMITED

## 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 COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Corporate members are requested to send a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 28th day of September, 2009 to Wednesday the 30<sup>th</sup> day of September, 2009, both days inclusive.
4. Members are requested to notify immediately any change in their addresses to the Registered Office of the Company situated at Sirpur House, Plot No. 39, Sector 44, Gurgaon, Haryana-122003.
5. Members/Proxies should bring the admission slip duly filled in for attending the Meeting along with their copy of the report and accounts.
6. 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.
7. 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., 246, 1st Floor, Sant Nagar, Main ISCON Temple Road, East Of Kailash, New Delhi-110 065, Tel. No.26292682-83.

8. 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.
9. Members holding shares in the same name(s) under different folio(s) are requested to apply for consolidation of such folios by sending relevant share certificates.

Registered Office :  
Sirpur House  
Plot No. 39, Sector 44,  
Gurgaon, Haryana-122003

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

Dated : 20<sup>th</sup> August, 2009

DAVINDER BHALLA  
G.M.& COMPANY SECRETARY



## 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, 2009.

### WORKING RESULTS

	2008-2009 (Rupees in lacs)	2007-2008 (Rupees in lacs)
<b>Profit/(Loss) before interest, depreciation and taxes</b>	<b>160.12</b>	<b>116.26</b>
(Add)/Less : Interest	<b>151.18</b>	<b>145.21</b>
<b>Profit/(Loss) before depreciation, NPA's and Taxes</b>	<b>8.94</b>	<b>(28.95)</b>
(Add)/Less : Depreciation	<b>7.86</b>	<b>(8.30)</b>
<b>Profit/(Loss) Before Provision of tax and NPA's</b>	<b>1.08</b>	<b>(37.25)</b>
Add : Withdrawal for diminution in value of investments as per RBI Prudential Norms	<b>0.53</b>	<b>0.36</b>
<b>Profit/(Loss) Before Taxation</b>	<b>1.61</b>	<b>(36.89)</b>
Less/(Add) : Provision for Tax		
Fringe Benefit Tax	<b>0.65</b>	<b>0.80</b>
Deferred Tax	<b>(8.83)</b>	<b>(4.09)</b>
<b>Profit/(Loss) after Taxation</b>	<b>9.79</b>	<b>(33.60)</b>
Add/(Less) : Balance brought forward from previous year	<b>(65.06)</b>	<b>(31.46)</b>
	<b>(55.27)</b>	<b>(65.06)</b>
Add : Amount Transferred to NBFC Reserve Fund	<b>0.32</b>	<b>NIL</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>55.59</b>	<b>(65.06)</b>

### DIVIDEND

Due to non-availability of sufficient funds, your directors are not recommending any dividend.

**MANAGEMENT DISCUSSION AND ANALYSIS****FINANCIAL REVIEW :**

Your Company has an operational profit of Rs.1.08 lacs after depreciation and interest. The same being low is due to the fact that the Company has not carried substantial business due to non availability of funds and opportunities. A withdrawal of Rs.0.53 lacs has been made for diminution in value of investments and deferred tax has been reversed to an extent of Rs. 8.83 lacs. A fringe benefit tax of Rs. 0.65 lacs has been provided along with a provision for NBFC reserve fund of Rs.0.32 lacs. The profit of Rs. 9.79 lacs has reduced the carried forward loss to this extent.

**RESOURCES AND LIQUIDITY :**

The Company, as in the past, is not relying on any borrowing except unsecured loans. More so, due to reduction in its activities, the requirement of fund has been reduced substantially.

**INDUSTRY STRUCTURE AND DEVELOPMENTS :**

The concept of Non Banking Financial Companies (NBFC) has not picked up in India as of now which otherwise is working very well in United States and Europe. Except one or two NBFC's no other company is working well. This has created a very discouraging situation for the remaining NBFC's who have no option except to diversify from its business of financing. Entrance of banks in consumer durable financing as well as in housing finance has brought forth a huge competition and has also added to worst scenario for the NBFC's. This has virtually put a stop on private financing and most of the Non-Banking Finance Companies are out of this business.

**BUSINESS REVIEW :**

Your Company being classified as an investment company is doing long term and short term investments. It is also trading in the shares and securities of other company. Non availability of funds and ups and down of share market has also put a halt on the activities of the Company.

**OPPORTUNITIES :**

With the change in world economic scenario, the Indian economy was emerging as one of the strongest economy in the world but recession all over the world has reduced its prospects to great extent. The yearly GDP has been revised to be at around 6% as against 7% to 8% in the last few years. It is expected that India with China will emerge as the biggest economic power in Asia. This change has already brought in various opportunities for all the economic sectors and will create more in the near future.

**CHALLENGES :**

Your Company being in the financial services sector is facing a very stiff competition from public sector as well as private sector banks and financial institutions. It is trying to cope up with the same but is finding it difficult to match up with them in expertise as well as finances available. However, the Company is trying its level best to achieve the same level of competence to meet the challenges thrown in this sector.

**OUTLOOK :**

Your Company is still in the process of consolidation. However, the various business opportunities are being analysed. It is also being analysed to have a foreign collaboration with some internationally reputed NBFC which is looking to expand their business in India. Barring unforeseen circumstances your directors hope to do better in the near future.

**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.



#### **ADEQUACY OF INTERNAL CONTROL :**

The established Internal Control Systems of your Company are adequate to ensure that all the activities are monitored and controlled 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.

#### **DIRECTORS :**

Shri Gautam Khaitan, director of the Company, being longest in the office, is required to retire by rotation but being eligible, offers himself for re-appointment. Your directors recommend his re-appointment by the shareholders.

#### **DIRECTORS' 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 appoint them for the current year and to fix their remuneration.

Auditors in the Annexure to their report have drawn attention to the Point No. 2(c) stating that certain shares are not registered in the name of the Company. The same are on account of bad delivery, for which efforts are being made to sort out the same.

#### **PERSONNEL :**

The Company had no employee during the year ended 31st March, 2009, who was in receipt of remuneration of Rs. 24 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.

ARAVALI SECURITIES &amp; FINANCE LIMITED

**CORPORATE GOVERNANCE :**

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

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

Registered Office :  
Sirpur House  
Plot No.39, Sector 44  
Gurgaon, Haryana-122003

RANJAN KUMAR PODDAR  
Managing Director

GAUTAM KHAITAN  
R. A. KILA  
HARDEV SINGH  
Directors

Date: 20th August, 2009

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

Name	Shri Gautam Khaitan	
Date of Birth	06.05.1965	
Appointed on	30.07.2004	
Qualification	B. Com., LLB	
Expertise in Specific Functional Areas	He is an advocate and have vast knowledge in the field of law and experience of approximately 13 years in the said field.	
Directorship in Other Companies	<div> <div> J.K. Sugar Ltd. Salora International Ltd. Zambon (India) P. Ltd. Arcotech Ltd. KRBL Ltd. ILPEA Paramount Ltd. Medsave Health Care Ltd. </div> <div> Cellcast Interactive India P. Ltd. Vasudha Commercial P. Ltd. Nipshell Builders Pvt. Ltd. Jeevan Vihar Properties Pvt. Ltd. Howden Insurance Brokers India Pvt. Ltd. Facor Alloys Ltd. Bharat Seats Ltd. </div> </div>	
Membership / Chairmanship of Committees across Public Companies	<b>Audit Committee :</b> Salora International Ltd. J. K. Sugar Ltd. Arcotech Ltd. KRBL Ltd. <b>Investor Grievance Committee :</b> J. K. Sugar Ltd. KRBL Ltd. <b>Remunration Committee</b> Arcotech Ltd.	





## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's report on Corporate Governance.

### 1. The Company's Governance Philosophy.

Aravali Securities & Finance Ltd (ASFL) governance philosophy is that the policies and procedures should be so strong that they don't leave any room for mistakes or manipulations. ASFL emphasis is on providing complete transparency in management and fixing authority and responsibility of every person in the organisation. This enables every person in the organisation to work for the achievement of the Company's goal and thereby maximising the return to the Company as also to the members of the Company.

ASFL's Corporate Governance is based on two core principles:

- I. Management must have the executive freedom to drive the enterprise forward without undue restraints; and
- II. This freedom of management should be exercised within a framework of effective accountability.

ASFL believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management are not misused, and used with care and responsibility to meet stakeholders' aspirations and societal expectations.

The above belief and core principles of Corporate Governance adopted by ASFL lead to Company's governance philosophy, trusteeship, transparency, accountability and responsibility which in turn is the basis of public confidence in corporate system.

### 2. Composition of the board

- I. The board of directors of the Company consists of persons with professional expertise. ASFL's board consists of one executive and three non-executive directors. Two non executive directors are independent directors. Accordingly, the composition of the board is in conformity with the requirements of listing agreement.

Directors	Executive/ Non Executive Director	Independent Status	No. of other Directorships held in other Companies	Committee Membership (in other Companies) Member/Chairman	
Shri Ranjan Kumar Poddar Managing Director	Executive	Promoter	Two	One	One
Shri Gautam Khaitan Director	Non-Executive	Promoter Associate	Fourteen	Seven	Nil
Shri R. A. Kila Director	Non-Executive	Independent	Seven	Nil	Nil
Shri Hardev Singh Director	Non-Executive	Independent	Nil	Nil	Nil

**II. Director's interest in the Company and attendance records.**

Director	No. of board meetings attended during the year 2008-2009	Last AGM attended	No. of equity shares held
Shri Ranjan Kumar Poddar	2	No	Nil
Shri Gautam Khaitan	4	No	Nil
Shri R. A. Kila	4	Yes	Nil
Shri Hardev Singh	4	Yes	Nil

Note : During the year four board meetings were held on 30<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 31<sup>st</sup> October, 2008, 31<sup>st</sup> January 2009.

**3. Audit Committee**

- I. The Audit Committee was constituted on 2nd May 2001. As on 31.03.2009 the Audit Committee comprises of one executive and three non executive directors. Shri R. A. Kila is the Chairman of the committee and the Committee met four times during the year and the attendance of the members at the meeting was as follows:

<u>Name of member</u>	<u>Status</u>	<u>No. of meetings attended</u>
Shri Ranjan Kumar Poddar	Member	Two
Shri Gautam Khaitan	Member	Four
Shri R. A. Kila	Chairman	Four
Shri Hardev Singh	Member	Four

The General Manager – Commercial, Senior Manager – Finance & Accounts and Statutory Auditors are the permanent invitees. The company secretary is the secretary of the committee.

**II. Terms of Reference:**

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with Accounting Standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements. It is to review the Company's financial and risk management policies and discuss with the Auditors any significant findings for follow-up thereon and to review the quarterly, half yearly and annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personnel and reviews the operations, new initiatives and performance of the business. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.