



ARAVALI SECURITIES & FINANCE LIMITED
Regd. Office: 10th Floor, Park Plaza, 100 Feet Road, Chennai - 600 006



NOTICE

ARAVALI SECURITIES & FINANCE LIMITED



ARAVALI SECURITIES & FINANCE LIMITED



SECRETARY

REGIONAL MANAGER

BANKERS

HEAD OFFICE

32ND ANNUAL REPORT 2011-2012



ARAVALI SECURITIES & FINANCE LIMITED

BOARD OF DIRECTORS

1. Mr. Ranjan Kumar Poddar
2. Mr. Gautam Khaitan
3. Mr. R. A. Kila
4. Mr. Devashish Poddar
5. Mr. Ashok Kumar Sharma
6. Mr. Naresh Birla

SECRETARY

Ms. Gayatri Khatri

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.
D-153/A, 1st Floor, Okhla Industrial Area
Phase-I, New Delhi-110020.
Tel.: 011-26292680/82/83/85



ARAVALI SECURITIES & FINANCE LIMITED

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

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the members of M/s Aravali Securities & Finance Limited shall be held on Saturday, the 29th day of September, 2012, at 11.00 a.m. at Plot No. 321, Udyog Vihar, Phase - VI, Sector-44, Gurgaon, Haryana-122001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012, 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. Devashish Poddar as director of the Company.
4. To re-appoint Mr. R A Kila as director of the Company.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution:

RE-APPOINTMENT OF MR. RANJAN KUMAR PODDAR AS MANAGING DIRECTOR

"RESOLVED THAT Pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, the re-appointment of Mr. Ranjan Kumar Poddar as Managing Director of the Company for a period of two years with effect from 7th September, 2010 without payment of any remuneration and perquisites and without any changes in the other terms and conditions of the original appointment by the members of the company, be hereby ratified.

RESOLVED FURTHER THAT consent of the members of company and is hereby accorded for re-appointment of Mr. Ranjan Kumar Poddar as managing director for a period of five years with effect from 6th September 2012 as made by the Board of Director at its meeting held on 14th August, 2012 without payment of any remuneration and perquisites and who shall not be liable to retire by rotation as director of the company till he hold such office and on the following terms and conditions:

TERMS AND CONDITIONS:

- (a) The appointment may be terminated by any party giving a three months notice.
- (b) If at any time the appointee ceases to be a director of the company, he shall cease to be the Managing Director.
- (c) The appointee shall manage the whole affairs or substantially the whole affairs of the Company subject to the superintendence, control and directions of the Board of Directors.
- (d) The appointee shall not supplement his earning under the contract with any buying or selling commission, shall also not become interested or concerned directly or through his wife or children in any buying or selling agency of the company.
- (e) No sitting fee shall be paid to the appointee for attending the meeting of the Board of Directors or a committee thereof of the company.

FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to decide for payment of such remuneration in the future as the Board may deem fit but subject to the approval of the remuneration committee and the necessary provisions of the Companies Act and subsequent approval of the shareholders in their meeting."

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 : 14th August, 2012.

GAYATRI KHATUN
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 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 Thursday the 27th day of September, 2012 to Saturday the 29th day of September, 2012 (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., D-153/A, 1st Floor Okhla Industrial Area, Phase-I, New Delhi-110 020 Tel. No.26292582-83.)
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.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide Circular dated 21st April, 2011. Accordingly, if the service of documents made through electronic mode will be deemed as sufficient compliance for the purposes section 53 of the Companies Act, 1956.
To support the Green Initiative of the Government, it is proposed to send all shareholders communications including Notices, Annual Reports and other communications through Email. For above purpose, we request you to send Email confirmation to our Registrar (RTA) mentioning your name, DP/Customer ID of Folio number and your Email ID for communication and also inform any changes in the email addresses.

EXPLANATORY STATEMENT

(Pursuant to the provisions of Section 173(2) of the companies Act, 1956)

Item No. 5

Mr. Ranjan Kumar Poddar was appointed as the Managing Director of the Company in its Annual General Meeting held on 7th September, 2005 for a period of five years. In terms of provisions of section 317 of the Companies Act, 1956 Managing Director can not to be appointed for more than five years. However, he has worked as Managing Director from 7th September 2010 without any remuneration, so it is proposed to ratify his re-appointment for a period of two years and further it is proposed to re-appoint Mr. Ranjan Kumar Poddar as Managing Director of the company for a period of five years with effect from 6th September, 2012, without any payment of remuneration, as here remuneration was nil so, no remuneration committee was constituted.

Your boards of directors recommend this resolution for your approval and ratification.

None of the Directors of the Company is in any other way concerned or interested in the above resolutions except Mr. Ranjan Kumar Poddar himself and Mr. Devashish Poddar being relative.

The above may also be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

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

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

GAYATRI KHATRI
Company Secretary

Dated : 14th August, 2012.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take the pleasure in presenting their Report and Audited Accounts of the Company with Auditors' Report thereon for the year ended 31st March, 2012.

WORKING RESULTS

	2011-2012 (Rupees in lacs)	2010-2011 (Rupees in lacs)
Profit before interest, depreciation and taxes	110.96	7.16
Less : Interest	249.94	112.79
Profit/(Loss) before depreciation and taxes	(138.98)	(105.63)
Less : Depreciation	7.43	7.62
Profit/(Loss) before provision of tax	(146.41)	(113.25)
Add : Withdrawal for diminution in value of investments as per RBI Prudential Norms	-	0.04
Profit/(Loss) before Taxation	(146.41)	(113.21)
Less : Provision for Tax		
Current Tax	0.00	0.00
Deferred Tax	(1.76)	(0.23)
Profit/(Loss) after Taxation	(144.65)	(112.98)
Add: Balance brought forward from previous year	99.67	212.83
	(44.98)	99.85
Less: Income Tax in respect of earlier years	0.06	0.18
BALANCE CARRIED TO BALANCE SHEET	(45.04)	99.67

DIVIDEND

Your directors are not recommending any payment on account of dividend.

MANAGEMENT DISCUSSION AND ANALYSIS**FINANCIAL REVIEW :**

Your Company has an operational loss of Rs. 146.41 lacs after depreciation and interest. No withdrawal has been affected from the previous provisions made on account of diminution in value of investments. Further a provision for income tax in respect of earlier years and deferred tax of Rs.0.06 lacs and Rs. (1.76) lacs respectively has been made in the accounts. The loss of Rs. 146.41 lacs after adjusting from brought forward profit of Rs. 99.67 lacs has been carried to the Balance Sheet.

RESOURCES AND LIQUIDITY :

The company, as in the past, is not relying on any borrowing except unsecured loans to fund its activities.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Non Banking Financial Companies (NBFC) sector has not been successful in India. The NBFC sector is doing much better all over the world except Asia as the general perception about NBFC in the mind of public is not very good. This has happened due to the reason that NBFC sector was not well regulated in the past and few people took undue advantage of the general public by not returning their principal amount given to NBFC's by way of fixed deposit or as an investment in their shares. Except one or two NBFC's no other company is working well. This has created a very discouraging situation for the remaining NBFC 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. No further opportunity has come to diversify the business of the company as business of financing is no more lucrative. However your board is in constant look out for the new business avenues which can be taken with the existing business.

OPPORTUNITIES :

Due to recession all over the world, the Indian economy, though not affected substantially, has suffered and the opportunities have become limited in all sphere of businesses. The financial market has suffered a lot and the business for NBFC's have further reduced. This did not discourage the board of directors of your company who are constantly looking for an opportunity to expand the business of the company.

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 and has not decided to enter into new field. It is exploring various business opportunities but nothing concrete has been derived. Barring unforeseen circumstances your directors hope to find some concrete business opportunity to expand the business of the company.

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. It has not yet decided its future course of activities. The impact of new activity, as and when decided, will be known in the future.

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 authorised, 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 impart 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 :

Mr. Devashish Poddar and Mr. R. A. Kila, directors of the company, retire by rotation under article 133 of the Articles of Association of the company at the ensuing annual general meeting and are eligible for re-appointment. Your directors recommend their re-appointment by the shareholders.

Further Mr. Ranjan Kumar Poddar re-appointed as managing director of the company for a period of five years with effect from 6th September 2012 in its board meeting held on 14th August 2012 subject to approval of the members of the company. Your directors recommend his appointment by the members of the company.

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:

- 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;
- 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 loss of the company for the year ended on that date;
- 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;
- 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, 2012, who was in receipt of remuneration of Rs.60.00 lacs or more per annum, if employed for whole of the year or Rs.5.0 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.

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' along with 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

Ranjan Kumar Poddar
Managing Director

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

Date: 14th August,2012.

R. A. Kila
Devashish Poddar
Naresh Birla
Director

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 are 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 five non-executive directors. Three 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	
Mr. Ranjan Kumar Poddar Managing Director	Executive	Promoter	Two	Nil	Nil
Mr. Gautam Khaitan Director	Non-Executive	Promoter Associate	Twenty Four	Seven	Three
Mr. R. A. Kila Director	Non-Executive	Independent	Four	Nil	Nil
Mr. Devashish Poddar Director	Non-Executive	Promoter Associate	Two	One	Nil
Mr. Ashok Kumar Sharma Director	Non-Executive	Independent	Nil	Nil	Nil
Mr. Naresh Birla Director	Non-Executive	Independent	One	Nil	Nil

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

Director	No. of board meetings attended during the year 2011-2012	Last AGM attended	No. of equity shares held
Mr. Ranjan Kumar Poddar	3	No	Nil
Mr. Gautam Khaitan	1	No	Nil
Mr. Devashish Poddar	2	No	3707092
Mr. R. A. Kila	5	Yes	Nil
Mr. Ashok Kumar Sharma	2	No	Nil
Mr. Naresh Birla	4	Yes	Nil

Note : During the year five board meetings were held on 1st April, 2011, 30th May, 2011, 12th August, 2011, 14th November 2011 and 13th February 2012.

3. Audit Committee

- I. The audit committee was constituted on 2nd May 2001. As on 31st March, 2012 the audit committee comprises of one executive and four non executive directors. Mr. 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>
Mr. Ranjan Kumar Poddar	Member	Two
Mr. R. A. Kila	Chairman	Four
Mr. Devashish Poddar	Member	Two
Mr. Naresh Birla	Member	Three
Mr. Ashok Kumar Sharma	Member	Two

The General Manager - Commercial, Chief Financial Officer 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