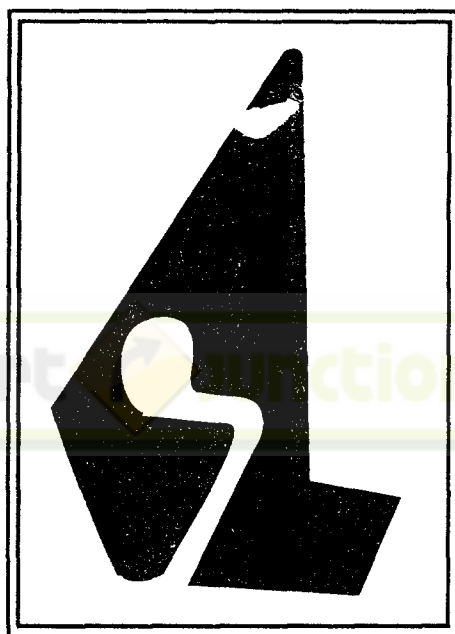


## ARAVALI SECURITIES & FINANCE LIMITED



19TH ANNUAL REPORT 1998-99



## Aravali Securities & Finance Limited

<b>BOARD OF DIRECTORS</b>	1. Shri Ranjan Kumar Poddar (Chairman & Managing Director)
	2. Shri Sanjay Dalmia
	3. Shri Vijay Sachdev
<b>SECRETARY</b>	Shri Davinder Bhalla
<b>AUDITORS</b>	Salarpuria & Partners
<b>INTERNAL AUDITORS</b>	Rajan Goel & Associates
<b>BANKERS</b>	1. Bank of Baroda
	2. Punjab & Sind Bank
<b>SUBSIDIARY COMPANY</b>	Pratap Asbestos Limited
<b>REGISTERED OFFICE</b>	UCO Bank Building, III Floor, Parliament Street, New Delhi - 110001
<b>SHARE DEPARTMENT</b>	28, II Floor, Jia Sarai, New Delhi-110016



## ARAVALI SECURITIES & FINANCE LIMITED

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

### NOTICE

Notice is hereby given that the 19th Annual General Meeting of the members of Aravali Securities & Finance Ltd. will be held on Saturday, the 25th Day of September, 1999, at 4.00 p.m. at Air Force Auditorium, Subroto Park, Near Dhaura Kuan, New Delhi-110010

#### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 1999, and the Profit and Loss account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr Sanjay Dalmia who retires by rotation and is eligible for re-appointment.
3. To appoint auditors for the current year and to fix their remuneration.

Registered Office :  
UCO Bank Building  
III Floor, Parliament Street  
New Delhi-110 001  
Dated : 9th August, 1999.

By Order of the Board of Directors

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 AND THE PROXY NEED NOT BE A MEMEBR. 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 ADMISSION SLIP.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 21st day of September, 1999 to Saturday, the 25th day of September, 1999, both days inclusive.
3. Members are requested to notify immediately any change in their addresses to the Secretarial Department of the Company situated at 28, II floor, Jia Sarai, New Delhi-110016.
4. Documents referred to in the accompanying Notice is open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) except on holidays between 11 A.M. to 1.00 P.M. upto the date of the Annual General Meeting and will also be available for inspection at the Meeting.
5. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
6. Members seeking any information with regard to accounts are requested to write to the Company atleast ten days in advance so as to enable the Company to keep the information ready.



## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors of your Company hereby present the 19th annual report on the working of the Company together with audited accounts for the year ended 31st March, 1999.

### 2. FINANCIAL RESULTS

	31.3.99 (Rupees in lacs)	31.3.98 (Rupees in lacs)
a) Profit before interest, depreciation and taxes	762.16	610.31
b) Less : Interest	312.15	315.76
c) Profit before depreciation and taxes	450.01	294.55
d) Less : Depreciation	273.62	385.51
e) Profit/Loss before provision of tax and NPAs	176.39	(90.96)
f) Less : Provision/withdrawal for income reversal and asset as per RBI Prudential Norms	(338.07)	67.84
: Provision/withdrawal for diminution in value of investments	(80.73)	3.75
g) Loss Before Taxation	(242.41)	(19.37)
h) Add : Provision for Income Tax/Wealth Tax	(22.87)	(24.75)
Loss After Taxation	(265.28)	(44.12)
i) Add : Balance brought forward from previous year	(1186.03)	(1312.23)
	(1451.31)	(1356.35)
j) Less : Income Tax/Wealth Tax in respect of earlier years	19.24	(20.43)
	(1432.07)	(1376.78)
k) Add : Amount Transferred to Debenture Redemption Reserve	(3.55)	-
	(1435.62)	(1376.78)
l) Less : Amount Transferred from Investment Allowance Reserve	20.70	26.87
General Reserve	-	110.89
Debenture Redemption Reserve	-	52.99
Balance Carried to Balance Sheet	(1414.92)	(1186.03)

The Company in accordance with the guidelines issued by the RBI has been providing for the non-performing assets and also for diminution in value of investments.

### 3. DIVIDEND

You will observe from the financial results of the Company that it has suffered a net loss for the year ended 31st March, 1999, and there is no surplus in the Profit & Loss account for distribution as dividend to the shareholders. The Directors of your Company, therefore, have decided not to recommend any dividend for the year under consideration.

### 4. TURNOVER AND PROFITS

Your Company during the year under consideration has registered a turnover of Rs.2011.61 lacs as against Rs.2071.61 lacs in the previous year. During the current year, sale of paper and shares have reduced from 1269.76 lacs to Rs.1196.61 lacs. The lease and Hire Purchase income during the current year amounts to Rs.571.08 lacs and Rs.37.23 lacs respectively and is less than the income generated during the last year. The overall reduction in the income is due to the change in Company's policy to restrict its leasing activities to bare minimum and also because of sluggish market conditions prevailing in the country. Efforts are being made for recovery of past dues from the lessees and once achieved, it will give sufficient strength to increase its business.

**5. FINANCE**

As mentioned in the past Directors' Report, the availability of finances to the non-banking financial companies has been affected substantially. The fixed deposits are being repaid in accordance with the company's policy to reduce its liabilities. The collection of lease rentals has become difficult. In spite of poor collection of lease rentals, the Company is required to pay Income Tax on its accrued income without being assured of its receipt. Your Company alongwith other NBFCs is facing financial crunch which in turn is affecting its business.

At the close of the Financial Year 1998-99, the Company has 51 fixed deposits amounting to Rs.63.71 lacs which have matured for repayment but remained unclaimed or for which the Company has not received any instruction for disposal from the depositors before 31.3.1999 (29 deposits amounting to Rs.61.18 lacs have since been repaid). The Company has intimated to the respective depositors through letters about the maturity of their fixed deposits and has sought their instructions on the same.

**6. Y2K COMPLIANCE**

Most of accounts/commercial functions are on manual working. For certain functions, steps have been taken to make software to be Y2K compliant by September, 1999. The cost to the Company to achieve Y2K compliance is very negligible. In the unlikely event of any problems, all accounts/commercial functions can be resorted to manual working without additional cost and interruption.

**7. DIRECTORS**

In accordance with the provisions of the Companies Act 1956 and Articles of Association of the Company, Mr Sanjay Dalmia, Director being the longest in the office will retire by rotation and being eligible is recommended for re-appointment.

**8. AUDITORS' REPORT**

Attention of the members is drawn to the Note No.5 and 6 appearing in the notes to the Accounts and referred to in the Auditors' report, which are self explanatory.

**9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

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.

**10. PARTICULARS OF EMPLOYEES**

The Company has not employed any person whose aggregate remuneration was Rs.6.00 lacs or more per annum if employed throughout the year or Rs.50,000 or more per month if employed for a part of the year.

**11. PARTICULARS OF SUBSIDIARY COMPANY**

Particulars of subsidiary Company, M/s Pratap Asbestos Ltd. in accordance with Section 212 of the Companies Act, 1956 are given in Annexure 'A' to this Report.

**12. ACKNOWLEDGEMENT**

Board of Directors acknowledge with sincere thanks the co-operation extended by the banks, fixed deposit holders and the employees of the Company.

Registered Office :  
UCO Bank Building, III Floor  
Parliament Street  
New Delhi - 110 001  
Dated: 9th August, 1999.

For and on behalf of the Board of Directors

RANJAN KUMAR PODDAR  
Chairman and Managing Director



## AUDITORS' REPORT

We have audited the attached Balance Sheet of ARAVALI SECURITIES & FINANCE LIMITED as at 31st March, 1999 and Profit & Loss Account annexed thereto for the year ended on that date. We report as follows:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the annexure referred in Paragraph 1 above, we report that :
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books;
  - (c) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the said books of account;
  - (d) The Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to explanations given to us, the said statements of account subject to -
    - (i) not maintaining liquid assets to the required extent as prescribed by Reserve Bank of India (refer note no.5 appearing in Schedule 15),
    - (ii) not making provision for leave liability in respect of employees amounting to Rs.4,00,994/- (refer note no. 6 appearing in Schedule 15) and read together with other notes appearing in Schedule 15 thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
  - (aa) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
  - (bb) in the case of the Profit and Loss Account, of the loss of the Company for the year ended 31st March, 1999.

For SALARPURIA & PARTNERS  
Chartered Accountants

Place : New Delhi  
Dated : 9th August, 1999.

KAMAL KUMAR GUPTA  
Partner

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date on the Statements of Account of ARAVALI SECURITIES & FINANCE LIMITED as at and for the year ended 31st March, 1999).

- (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company except assets on lease have been physically verified by the management at reasonable intervals and no discrepancy between the book records and physical inventory has been noticed.
- (ii) Fixed assets of the Company have not been revalued during the year.
- (iii) The stocks of goods and shares & securities have been physically verified by the management at reasonable intervals.
- (iv) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) No discrepancy has been noticed on physical verification of stocks as compared to book records.
- (vi) In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company. There is no company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
- (viii) In our opinion and according to the information and explanations given to us in respect of loans given to the Companies, as listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and other terms & conditions are not prima facie prejudicial to the interests of the Company. There is no company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
- (ix)
  - (a) In respect of monies due under Hire Purchase/Lease transactions, where instalments are not received as stipulated, on the basis of information and explanations given to us, we are of the opinion that reasonable steps are taken by the Company for recovery.
  - (b) In respect of loans given, the parties are generally regular in repayment of principal amount and interest thereon as stipulated or rescheduled. In some cases where amounts or interest are not received as stipulated or rescheduled, amounts outstanding are considered good by management and reasonable steps have been taken for recovery.
  - (c) In respect of interest free advances given to staff, the repayment of principal is generally in accordance with the stipulated terms as modified from time to time except in few cases where the employees have left the services of the company abruptly, which are considered good by the management and reasonable steps have been taken to recover the said amounts.
- (x) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchases of goods, shares & securities, plant & machinery, equipments and other assets and also for sale of goods and shares & securities.
- (xi) In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods, materials and for leasing activities and other financial services, made in pursuance of contracts or arrangements required to be entered in the Register maintained under Section 301 of the Companies Act, 1956, and aggregating during





the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable, having regard to the prevailing market prices for such goods, materials or services where such market prices are available or the prices at which transactions for similar such goods, materials or services have been made with other parties.

- (xii) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act, 1956 and rules framed thereunder with regard to deposits from the public except to the extent mentioned in note no. 5 appearing in notes on accounts, and that concentration of investment in Shares of a Company are more than that required as per RBI Guidelines.
- (xiii) In our opinion, reasonable records have been maintained by the Company for sale & disposal of realisable scrap and the Company has no by-product.
- (xiv) The Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (xv) The Company is generally regular in depositing Provident Fund & Employees State Insurance dues with the appropriate authorities.
- (xvi) According to the information & explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
- (xvii) According to information and explanations given to us and the records examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xviii) The Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.
- (xix) In respect of trading activities of the Company, we are informed that there are no damaged stocks.
- (xx) The Company has not given any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xxi) In our opinion, the Company has maintained proper records of its transactions and contracts for dealing/investing in shares, securities and other investments and has made timely entries therein. The Company is holding all the shares, securities and other investments in its own name except to the extent mentioned in Schedule 6 & 7.
- (xxii) In our opinion, the other clauses of the aforesaid order are not applicable.

For SALARPURIA & PARTNERS  
Chartered Accountants

Place : New Delhi  
Dated : 9th August, 1999.

KAMAL KUMAR GUPTA  
Partner

**BALANCE SHEET AS AT 31ST MARCH,1999**

		<b>As at 31st March,1999</b>	<b>As at 31st March,1998</b>
	<b>Schedule</b>	<b>Rupees</b>	<b>Rupees</b>
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	151538500	151538500
Reserves and Surplus	2	154239600	155954600
<b>LOAN FUNDS</b>			
Secured Loans	3	48487369	48109515
Unsecured Loans	4	84110294	96865268
<b>TOTAL</b>		<b>438375763</b>	<b>452467883</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Assets on Lease			
Gross Block		391062308	433246470
Less : Depreciation		273013662	280030642
Net Block		118048646	153215828
Other Fixed Assets			
Gross Block		39646294	39481183
Less : Depreciation		3923730	2620374
Net Block		35722564	36860809
Total Net Block		153771210	190076637
Less : Accumulated Lease Adjustment Account		23856676	39877437
		129914534	150199200
<b>INVESTMENTS</b>	6	118648337	120248337
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	7		
Stocks		12735358	23144654
Stock on hire under Hire-Purchase Agreements		10653192	19541133
Sundry Debtors		168323385	145522265
Cash & Bank Balances		1845011	3476633
Loans and Advances		88861489	68641824
		282418435	260326509
<b>Less: Current Liabilities and Provisions</b>	8		
Current Liabilities		115863660	120526691
Provisions		118233582	76382318
		234097242	196909009
<b>Net Current Assets</b>		<b>48321193</b>	<b>63417500</b>
<b>PROFIT AND LOSS ACCOUNT</b>			
Balance (Dr.) as per account annexed		141491699	118602846
<b>TOTAL</b>		<b>438375763</b>	<b>452467883</b>

**ACCOUNTING POLICIES AND  
NOTES ON ACCOUNTS**

15  
The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached  
For SALARPURIA & PARTNERS  
Chartered Accountants

KAMAL KUMAR GUPTA  
Partner

Place : New Delhi  
Dated : 9th August, 1999

DAVINDER BHALLA  
G.M. & Company Secretary

RANJAN KUMAR PODDAR  
Chairman & Managing Director

VIJAY SACHDEV  
Director