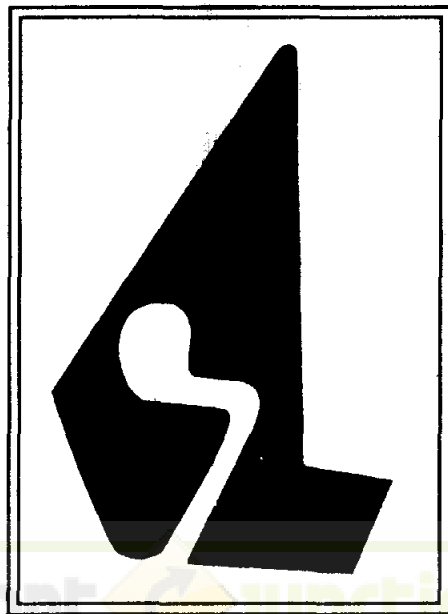
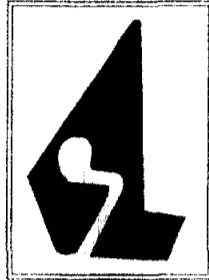


ARAVALI SECURITIES & FINANCE LIMITED



22ND ANNUAL REPORT 2001-2002



ARAVALI SECURITIES & FINANCE LIMITED

BOARD OF DIRECTORS

1. Shri Amba Prasad Agarwal
2. Shri Shashi Kant Sureka
3. Shri Naresh Birla

SECRETARY Shri Davinder Bhalja
AUDITORS Salarpuria & Partners

BANKERS

1. Bank of Baroda
2. Punjab & Sind Bank

REGISTERED OFFICE UCO Bank Building,
III Floor, Parliament Street,
New Delhi-110001

**BRANCH OFFICE FOR
CORRESPONDANCE** 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 22nd Annual General Meeting of the members of M/s. Aravali Securities & Finance Ltd. will be held on Tuesday, the 24th Day of September, 2002, at 11.00 a.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, 2002, 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 meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS**Ordinary Resolution****3. APPOINTMENT OF DIRECTOR :**

To appoint a director in place of Shri. Amba Prasad Agarwal 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. Amba Prasad Agarwal 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. Shashi Kant Sureka who was appointed as an additional director by the board of directors of the company and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom the company has received 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 :-

ARAVALI SECURITIES & FINANCE LIMITED

"RESOLVED THAT Shri. Shashi Kant Sureka 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."

5. APPOINTMENT OF DIRECTOR :

To appoint a director in place of Shri. Naresh Birla who was appointed as an additional director by the board of directors of the company and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom the company has received 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. Naresh Birla 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."

Special Resolution

6. DELISTING OF SHARES :

To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:-

"RESOLVED THAT subject to the provision of the Companies Act, 1956, or any other act, rules and regulations and subject to the approval as are necessary and the condition which are agreeable to the board of directors of the company or its committee, the consent of the members be and is hereby accorded to the board of directors to delist the equity shares of the company from the Calcutta Stock Exchange.

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 22nd August, 2002

Report Junction.com

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 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 ADMISSION SLIP.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23rd day of September, 2002 to Tuesday, the 24th day of September, 2002 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. The Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item Nos.3 to 6 of the Notice is annexed to the Notice. All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 2.00 P.M. to 4.00 P.M. on all working days between Monday to Friday.
5. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
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., 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024, Tel. No.6918352.

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 share in dematerialise 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)

ITEM NO. 3

APPOINTMENT OF DIRECTOR

The board of directors in their meeting held on 21st November, 2001, appointed Shri. Amba Prasad Agarwal an Income Tax Practitioner having vast knowledge of the income tax and practicing for the last 40 years, as Additional Director of the company. Shri. Amba Prasad Agarwal holds office upto the date of ensuing Annual General Meeting, if not appointed otherwise. The company has received a notice from the shareholder specifying his intention of proposing the candidature of Shri. Amba Prasad Agarwal for the office of the director. The members are requested to consider the resolution specified in the notice & to pass the same with or without modification.

None of the Directors except Shri. Amba Prasad Agarwal are interested in the resolution except to the extent of their share holdings or that they are Directors of the Company.

ITEM NO. 4

APPOINTMENT OF DIRECTOR

The board of directors in their meeting held on 21st November, 2001, appointed Shri. Shashi Kant Sureka, a Chartered Accountant, as additional director of the company who holds office upto the date of ensuing Annual General Meeting, if not appointed otherwise. The company has received a notice from the shareholder specifying his intention of proposing the candidature of Shri. Shashi Kant Sureka for the office of director. Shri. Shashi Kant Sureka, is a Chartered Accountant by profession and has experience of over 15 years in the field of Chartered Accountancy. He is presently working as a Senior Manager in one of the reputed manufacturing company and has a vast experience in regard to the direct and indirect taxes and with administrative qualities to his credit. The members are requested to consider the resolution specified in the notice & to pass the same with or without modification.

None of the Directors except Shri. Shashi Kant Sureka are interested in the resolution except to the extent of their share holdings or that they are Directors of the Company.

ITEM NO.5

APPOINTMENT OF DIRECTOR

The board of directors in their meeting held on 21st November, 2001, appointed Shri. Naresh Birla, a young entrepreneur of first generation having vast experience in accounting field, as Additional Director of the company. Shri. Naresh Birla will hold office upto the date of ensuing Annual General Meeting, if not appointed otherwise. The company has received a notice from the shareholder specifying his intention of proposing the candidature of Shri. Naresh Birla for the office of the director. The members are requested to consider the resolution specified in the notice & to pass the same with or without modification.

None of the Directors except Shri. Naresh Birla are interested in the resolution except to the extent of their share holdings or that they are Directors of the Company.

**ITEM NO.6****DELISTING OF SHARES**

The company at present has its shares listed at Delhi, Bombay and Calcutta Stock Exchanges.

With an extensive working of The Stock Exchange, Mumbai (BSE) and its extension of terminal to other cities as well, investor have an excess to online dealings in the company's securities across the country. The bulk of the trading in the company shares in any case takes place on the Mumbai Stock Exchange. After a compulsory Dematerialisation of the company shares the facilities of the BSE are the best for trading of this kind of security.

In order to reduce the expenses of the company the board of directors of the company has decided to recommend to the shareholder for approval to delist its equity shares from the Calcutta Stock Exchange Association Ltd.

Subject to any regulation and approval, the members approval is being sought by a special resolution for enabling voluntary delisting of the company shares from the said Stock Exchange.

The proposed delisting of the company shares from the Calcutta Stock Exchange Association Ltd. will not effect the investors' interest adversely as the securities of the company will still be listed at Delhi Stock Exchange and Mumbai Stock Exchange.

Your directors recommend the special resolution for the approval of members.

None of the Directors are interested in the resolution except to the extent of their share holdings or that they are Directors of the Company.

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 22nd August, 2002

By Order of the Board of Directors

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 Amba Prasad Agarwal	Shri Shashi Kant Sureka	Shri Naresh Birla
Date of Birth	01.10.1932	17.11.1964	22.07.1969
Appointed on	21.11.2001	21.11.2001	21.11.2001
Qualification	Income Tax Practitioner	Fellow Chartered Accountant	Graduate
Expertise in Specific Functional Areas	Have vast knowledge of income tax and practicing professional for last 40 years	Have expertise in finance and accounting	Have experience of accounting and administration
Directorship in Other Companies	<ul style="list-style-type: none"> - India Web Business Ltd. - Shekhawati Investment and Finance Ltd. - Aerens Developers & Engineers Ltd. 	Pratap Asbestos Limited	Rochester Instrument Systems (India) Ltd.
Membership/Chairmanship of Committees across Public Companies	Audit Committee of Aravali Securities & Finance Ltd.	Audit Committee and Share holder's Grievance Committee of Aravali Securities & Finance Ltd.	Audit Committee and Share holder's Grievance Committee of Aravali Securities & Finance Ltd.



Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their Report and audited Accounts of the Company with Auditors' Report for the year ended 31st March, 2002.

WORKING RESULTS	2001-2002 (Rupees in lacs)	2000-2001 (Rupees in lacs)
Profit before interest, depreciation and taxes	326.05	363.88
Less : Interest	144.59	234.04
Profit before depreciation, NPA's and Taxes	181.46	129.84
Less : Depreciation (including lease adjustment charges)	64.63	209.59
Profit /(Loss) Before Provision of tax and NPA's	116.83	(79.75)
Add : Withdrawal from NPA Provisions as per RBI Prudential Norms	145.11	63.64
Add : (Provision) / withdrawal for diminution in value of investments	18.19	(19.94)
Profit / (Loss) Before Taxation	280.13	(36.05)
Less : Provision for Income Tax/ Wealth Tax		
Current Year Tax	7.69	NIL
Deferred Tax	50.75	NIL
Profit / (Loss) after taxation	221.69	(36.05)
Add / (Less) : Balance brought forward from previous year	(1405.60)	(1428.69)
	(1183.91)	(1464.74)
Less : Amount transferred to Deferred Tax Assets	370.92	NIL
Less : Income Tax/ Wealth Tax in respect of earlier years	2.62	15.39
Less : Amount Transferred from Investment Allowance Reserve	25.00	43.75
BALANCE (DEBIT) CARRIED TO BALANCE SHEET	(785.37)	(1405.60)

DIVIDEND

The company being in the turn around mode has not generated sufficient profits to enable your directors to recommend any dividend for the year under consideration. Therefore, no dividend has been recommended by the board of directors of the company.

MANAGEMENT DISCUSSION AND ANALYSIS (MD& A)

FINANCIAL REVIEW :

Your company has turn around and reported profit during the period under review as compared to loss in the previous financial year.

Gross income / sale during the financial year 2001-2002 is Rs.4263 Lacs as compared to Rs.2240 Lacs in the previous

ARAVALI SECURITIES & FINANCE LIMITED

financial year. The company has made a net profit after depreciation, interest and taxation amounting to Rs.222 Lacs as compared to a loss of Rs.36 Lacs during the previous financial year.

RESOURCES AND LIQUIDITY :

The company during the year under consideration has not raised any finance from any bank, financial institutions or through Fixed Deposits. It's secured loan has reduced from Rs.445.63 Lacs in the previous year to Rs.320.46 Lacs in the current financial year. The reason for the same is that at present the company is consolidating itself and has intention of repaying all the outstanding loans and work with its own funds.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The financial sector through the last decade has undergone wide volatility and change. During this period, effective regulations have brought in wide ranging changes on prudential norms and continuous monitoring mechanism, thereby improving overall industry environment. The NBFCs with high credibility, efficiency, and customer-oriented services will dominate the sector in future.

BUSINESS REVIEW :

The company at present is continuing its focus on trading activity of paper and no fresh leasing and hire purchase transaction were entered during the year. The reason for the same is the change in the economic scenario in the country and the reduced rentals leaving hardly any profits in the leasing and hire purchase activities. It is expected that the company after its consolidation will enter into new kind of activities which are much more safe and profitable than the leasing and hire purchase activities.

OPPORTUNITIES :

The growth of Indian economy provides lot of opportunities for your company to grow over the next several years. Development in infrastructure and housing sector is a key area which provides opportunities for investment by the company like yours and in the near future your company may enter in the said areas. The economy of the country is expected to grow at faster pace due to growth in the service sector. Your company though at present is not in a position to take the advantage of the emerging attractive growth opportunities but expect to reap the same after its consolidation process is over.

CHALLENGES :

Your company face normal market competition in its business. After the consolidation process and negligible debt payable by the company, your company by adopting prudent business strategy will perform better.

OUTLOOK :

Your company at present may not enter into any new field. However, it is likely to focus on attractive opportunities in growth area in the financial services sector 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. The non receipt of lease rental and hire purchase charges is a major area of concern. In the consolidation process your company is entering into arrangement to recover its lease rental and hire purchase charges from its clients.

ADEQUACY OF INTERNAL CONTROL :

Your company has a proper and adequate system of internal control to ensure that all the activities are monitored and controlled against any misuse or disposition of asset and that the transaction are authorized, recorded and reported correctly. The Audit Committee of the Board of Directors reviews the adequacy of internal control.

HUMAN RESOURCE DEVELOPMENT:

Your company has a team of experienced industry professionals and regular training is imparted to the employees by the company.

FIXED DEPOSITS :

Your company has stopped accepting the Fixed Deposits and there were five un-claimed deposits outstanding at the end of year amounting to Rs.80,000 and the said amount alongwith interest have been put into the escrow account with a bank as advised by The Reserve Bank of India. Except the unclaimed deposits, your company does not have any fixed deposits.