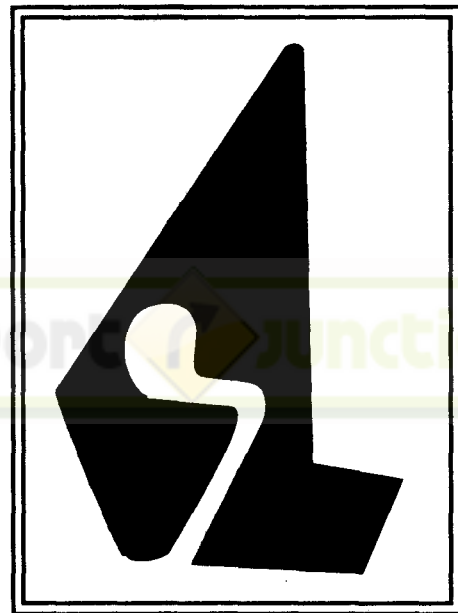
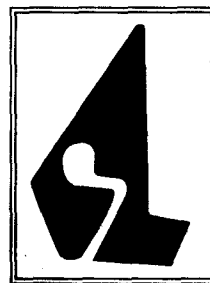


ARAVALI SECURITIES & FINANCE LIMITED



23RD ANNUAL REPORT 2002-2003



ARAVALI SECURITIES & FINANCE LIMITED

BOARD OF DIRECTORS

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

SECRETARY

Shri Davinder Bhalla

AUDITORS

Salarpuria & Partners

BANKERS

Bank of Baroda

REGISTERED OFFICE

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

BRANCH OFFICE FOR

28, II Floor, Jia Sarai,

CORRESPONDANCE

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 23rd Annual General Meeting of the members of M/s. Aravali Securities & Finance Ltd. will be held on Wednesday, the 10th Day of September, 2003, 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, 2003, 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 Resolution

3. APPOINTMENT OF DIRECTOR

To appoint a director in place of Shri Naresh Kumar Magoo 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 Naresh Kumar Magoo 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

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

"RESOLVED THAT pursuant to section 163 of the Companies Act, 1956, approval of the members be and is hereby granted for keeping the Register of Members and index of Members at the office of the Company's Registrar and share transfer agents, M/s. Skyline Financial Services Pvt. Ltd. at its office at 123, Vinoba Puri, Lajpat Nagar - II, New Delhi - 110 024, where the said register shall remain open for inspection on all working days during the normal business hours.

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 4th August, 2003

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LTD.

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 IS APPENDED WITH THE ADMISSION SLIP.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 8th day of September, 2003 to Wednesday, the 10th day of September, 2003 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 IInd 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 No. 4 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.26918352.

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.



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 4th August, 2003 appointed Shri Naresh Kumar Magoo as additional Director, Mr. Naresh Kumar Magoo 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 Mr. Naresh Kumar Magoo 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 Mr. Naresh Kumar Magoo are interested in the resolution except to the extent of their shareholding or that they are directors of the company.

ITEM NO. 4

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode as per circular issued by the Securities and Exchange Board of India (SEBI). The Company had appointed M/s. Skyline Financial Services Pvt. Ltd. with their registered office at 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024, to look after the Share transfer work in Demat mode.

The work relating to the shares in physical mode was looked after by the in-house shares department at the Registered Office of the Company upto 31st March, 2003.

SEBI vide its Circular No.D&CC/FITT/CIR-15/2002 dated 27th December, 2002 and No. D&CC/FITT/CIR-18/2003 dated 12th February, 2003, directed all the listed companies to appoint a common agency for Share Registry work. In compliance with the above directions, the company has appointed M/s. Skyline Financial Services Pvt. Ltd. as common agency to look after both Physical and Demat share work w.e.f. 1st April, 2003. In order to facilitate the smooth functioning of share transfer work and quick information to Shareholders, the register of members and index of members maintained by the Company under Sections 150 and 151 of the Companies Act, 1956, at the Registered Office of the Company are proposed to be shifted to the Office of R & T Agents and maintained and updated by them. Proviso to Section 163 of the Companies Act, provides that such registers and indexes etc. instead of being kept at the registered office of the Company may be kept at any other place within the city in which the registered office is situated, if such other place has been approved for this purpose by a special resolution passed by the Company in general meeting and the Registrar of Companies has been given in-advance a copy of the proposed special resolution.

Hence, the Board recommends the resolution for your approval.

A copy of the proposed special resolution has been given in advance to the Registrar of Companies, New Delhi.

None of the Directors of the company are interested in the said resolution.

Registered Office :
UCO Bank Building, III Floor
Parliament Street
New Delhi - 110001
Dated : 4th August, 2003

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LTD.

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 Naresh Kumar Magoo
Date of Birth	08.10.1959
Appointed on	04.08.2003
Qualification	B. Com.
Expertise in Specific Functional Areas	Have vast knowledge in the field of accountancy and experience of approximately 20 years in the said field
Directorship in Other Companies	Ramgarh Leasing & Investment Ltd.
Membership / Chairmanship of Committees across Public Companies	NIL



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, 2003.

WORKING RESULTS	2002-2003 (Rupees in lacs)	2001-2002 (Rupees in lacs)
Profit before interest, depreciation and taxes	284.50	326.05
Less : Interest	105.62	144.59
Profit before depreciation, NPA's and Taxes	178.87	181.46
Less : Depreciation (including lease adjustment charges)	58.12	64.63
Profit /(Loss) Before Provision of tax and NPA's	120.75	116.83
Add : Withdrawal from NPA Provisions as per RBI Prudential Norms	72.56	145.11
Add : (Provision) / withdrawal for diminution in value of investments	0.08	18.19
Profit / (Loss) Before Taxation	193.39	280.13
Less : Provision for Income Tax		
Current Tax	10.50	7.69
Deferred Tax	29.38	50.75
Profit / (Loss) after taxation	153.51	221.69
Add / (Less) : Balance brought forward from previous year	(785.37)	(1405.60)
	(631.86)	(1183.91)
Less : Amount transferred to Deferred Tax Assets	-	370.92
Less : Income Tax/ Wealth Tax in respect of earlier years	0.74	2.62
Less : Amount Transferred from Investment Allowance Reserve	-	25.00
BALANCE (DEBIT) CARRIED TO BALANCE SHEET	(631.12)	(785.37)

DIVIDEND

Despite the profit in the current year, your directors are not recommending any dividend as it has been decided to first set off the carry forward losses. Your directors hope to achieve this objective in a couple of years.

MANAGEMENT DISCUSSION AND ANALYSIS (MD& A)

FINANCIAL REVIEW :

Your company has reported profits during the year under consideration.

Gross income / sales during the financial year 2002-2003 is Rs.2331.96 Lakhs. The company has made a net profit after depreciation, interest and taxation amounting to Rs.153.51 Lakhs.

The situation in regard to availability of finance have been grim and your Company could not raise any finance from any source. Though no fresh financial commitments have been made, the old commitment regarding repayment of bank loan etc. are still pending. Your company is trying to settle with banks regarding their outstanding.

RESOURCES AND LIQUIDITY :

The company during the year under consideration has not raised any finance from any bank, financial institutions or through Fixed Deposits. Its secured & unsecured loans has reduced from Rs.320.46 Lakhs & Rs.447.96 Lakhs respectively in the previous year to Rs.199.46 Lakhs & Rs.330.60 in the current financial year.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

With the implementation of norms and constant monitoring by the Govt., the financial sector has emerged as a strong sector in the service industry. But due to falling interest regime & availability of finance through banking sector, the non-banking financial companies have not reaped the benefits except those involved in the housing finance. It is expected that the companies which are involved in the customer services or the ancillary services of the banking sector shall survive in the future.

BUSINESS REVIEW :

As informed in our earlier reports, your Company is still in a consolidation process and has not entered into any new activity. The paper trading activity is still continuing and is yielding good profit for your Company though not sufficient to reward the shareholder.

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 services industry is bound to progress. Your Company being in the service industry is expected to 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.

Yours 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 being in consolidation has not decided to enter into new field. However, it has kept its options open for the future depending on the opportunities available.

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 :

The established Internal Control System of your company are adequate to ensure that all the activities are monitored and controlled against any misuse or disposition of asset and that the transactions are authorized, recorded and reported correctly. More so, these internal control system 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 professional 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 addressess 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 schedule bank.



DIRECTORS :

The Board of Directors in their meeting held on 4th August, 2003, appointed Mr. Naresh Kumar Magoo as additional director of the Company and his term of office expire on the conclusion of the ensuing Annual General Meeting. He being eligible, your directors recommend his appointment as director of the company to the members.

Mr. Shashi Kant Surekha, the director of the company is liable to retire by rotation but not being eligible is not recommended for re-appointment by the directors of your 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.

- 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.

PERSONNEL :

There is no employee whose remuneration exceed the limits for which disclosure is required in accordance with section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

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' alongwith Auditor's Certificate for its due compliance is annexed hereto as part of this report.

ACKNOWLEDGEMENT :

Your Directors would like to express their sincere appreciation 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 :4th August, 2003

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

AMBA PRASAD AGARWAL
Chairman

CORPORATE GOVERNANCE REPORT

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 consist of persons with professional expertise. ASFL's board as on 31.03.2003 consist of three directors and on 4th August, 2003 Mr. Naresh Kumar Magoo has been appointed as additional Director in the meeting of the Board of Directors and all are non executive. All the 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	Committee Membership (In other Companies) Member/Chairman
Sh. Amba Parsad Agarwal Director	Non-Executive	Independent	Two	NIL
Sh. Naresh Birla Director	Non-Executive	Independent	One	Nil
Sh. Shashi Kant Sureka Director	Non-Executive	Independent	One	NIL
Sh. Naresh Kumar Magoo Additional Director	Non-Executive	Independent	One	NIL