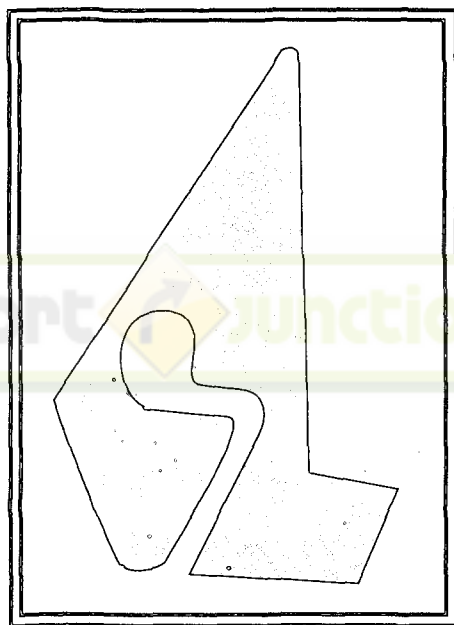
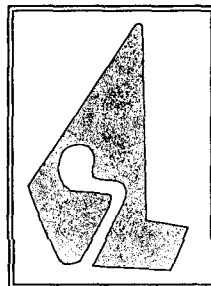


ARAVALI SECURITIES & FINANCE LIMITED



27TH ANNUAL REPORT 2006-2007



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

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

BRANCH OFFICE FOR CORRESPONDANCE

28, II Floor, Jia Sarai,
New Delhi-110016

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

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the members of M/s Aravali Securities & Finance Limited will be held on Monday, the 24th day of September, 2007, 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, 2007, 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 Shri Hardev Singh as Director of the company.

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

Dated : 27th August, 2007

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

RANJAN KUMAR PODDAR
MANAGING DIRECTOR

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 Friday the 21st day of September, 2007 to Monday the 24th day of September, 2007, both days inclusive.
4. 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.
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.

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

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

Dated : 27th August, 2007

RANJAN KUMAR PODDAR
MANAGING DIRECTOR



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, 2007.

WORKING RESULTS	2006-2007 (Rupees in lacs)	2005-2006 (Rupees in lacs)
Profit/(Loss) before interest, depreciation and taxes	253.49	(176.89)
(Add)/Less : Interest	208.46	(187.69)
Profit/(Loss) before depreciation, NPA's and taxes	45.03	(364.58)
(Add)/Less : Depreciation (including lease adjustment charges)	9.00	(46.77)
Profit/(Loss) before provision of tax and NPA's	36.03	(411.35)
Add : Withdrawal from NPA Provisions as per RBI Prudential Norms	NIL	789.38
: Withdrawal/(Provision) for diminution in value of investments	(0.03)	0.48
Profit before taxation	36.00	378.51
Less/(Add) : Provision for Tax		
Current Tax	13.37	NIL
Fringe Benefit Tax	0.90	1.06
Deferred Tax	44.09	(11.73)
Profit / (Loss) after Taxation	(22.36)	389.18
Add/(Less) : Balance brought forward from previous year	20.73	(278.80)
	(1.63)	110.38
Add/(Less) : Income Tax in respect of earlier years	22.63	NIL
: Amount Transferred to NBFC Reserve Fund	7.20	(89.65)
BALANCE CARRIED TO BALANCE SHEET	(31.46)	20.73

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.36.03 lacs after depreciation and interest. A provision of Rs.0.03 lacs has been made for diminution in value of investments and current year taxes including deferred tax amounts to Rs.58.36 lacs. Income Tax in respect of earlier years is Rs.22.63 lacs and Rs.7.20 lacs has been transferred to NBFC Reserves Fund. The loss of Rs. 31.46 lacs after above provisions and adjusting the brought forward profits of Rs.20.73 lacs from previous year(s) has been carried to Balance Sheet. Your company's borrowing has also reduced to Rs.853.40 lacs as against Rs.1172.94 lacs in the previous year. The Company does not have any secured loan except an amount payable to SBI Commercial and International Bank Ltd. who has filed a case against the company before Debt Recovery Tribunal Mumbai, which is being contested.

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 leasing & hire purchase industry, after the entry of the Banks, has suffered an enormous loss due to non-availability of good clientele. This has virtually put a stop on private financing and most of the Non-banking Finance Companies are out of this business. The finance companies either have diversified their activities or are doing investment business or engaged in other finance related services.

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 companies. The company has sold its non-performing assets in the previous year. The investment business of the Company is not generating enough profit to give the appropriate return to the shareholders of the Company. It is management endeavor to increase the Company's earning so that an appropriate return is provided to the members of the Company.

OPPORTUNITIES

With the change in world economic scenario, the Indian economy has emerged as one of the strongest economy in the world. The yearly GDP is 7% to 8% and it is expected that the same will, in the near future, may rise above this bench mark. 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 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

The outlook for the Non-Banking Finance Companies engaged in financing business is not very good. Due to the increasing inflow of funds from abroad and the liquidity available with the major private and public sector banks, the future of finance companies is very bleak.

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 as activities of Leasing, Hire Purchase and Bill Discounting have reduced substantially and is negligible. The losses suffered from these activities have already been accounted for in the previous years. 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 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 Hardev Singh, 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 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.ii (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, 2007, 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 & 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 LTD.

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

RANJAN KUMAR PODDAR
Managing Director

GAUTAM KHAITAN
R. A. KILA
HARDEV SINGH
Directors

Dated : 27th August, 2007

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

Name	Shri Hardev Singh
Date of Birth	27.07.1970
Appointed on	25.07.2005
Qualification	B.Com., ACS
Expertise in Specific Functional Areas	He is a Qualified Company Secretary doing practice. He has a vast knowledge in the field of corporate Laws. He has an experience of around 10 years
Directorship in Other Companies	1. USH Resorts (P) Ltd. 2. Corporate Consultants Pvt. Ltd.
Membership / Chairmanship of Committees across Public Companies	NIL



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 its members.

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 whole time director 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 Co's	Committee Membership (in other Companies) Member/Chairman	
Shri Ranjan Kumar Poddar Managing Director	Executive	Promoter	Two	Nil	Nil
Shri Gautam Khaitan Director	Non-Executive	Promoter Associate	Six	Five	Nil
Shri R. A. Kila Director	Non-Executive	Independent	Seven	Nil	Nil
Shri Hardev Singh Director	Non-Executive	Independent	Two	Nil	Nil