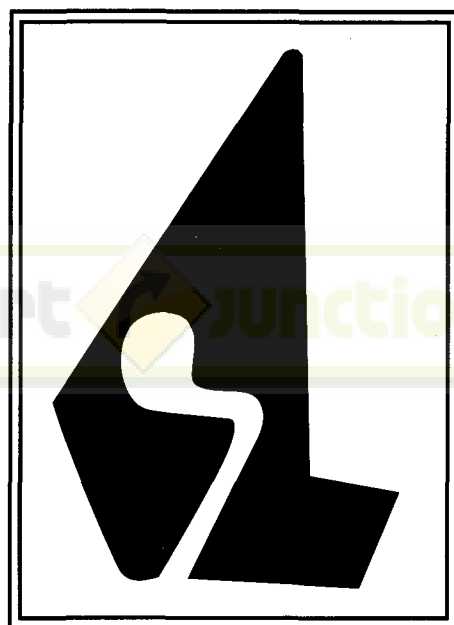
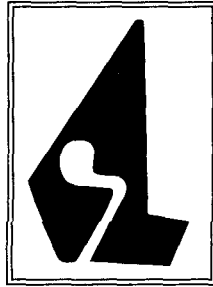


## **ARAVALI SECURITIES & FINANCE LIMITED**



## **28TH ANNUAL REPORT 2007-2008**



## 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 28<sup>th</sup> Annual General Meeting of the members of M/s Aravali Securities & Finance Limited will be held on Tuesday, the 23rd day of September, 2008, at 11.00 A.M. at PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110 016.

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2008, 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 R. A. Kila as Director of the Company.

### SPECIAL BUSINESS

Special Resolution:

#### 4. DELISTING OF SHARES FROM DELHI STOCK EXCHANGE

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

"Resolved That subject to the provisions of the Companies Act 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement, SEBI (Delisting of Securities) Guidelines, 2003 and such other applicable laws, rules, regulations and guidelines, and subject to such approvals, permissions and sanctions, as may be necessary, the Board Of Directors of the Company be and is hereby authorised to seek voluntarily delisting of its security from Delhi Stock Exchange.

Resolved Further that the security of the Company shall continue to be listed on the stock exchange having nation wide trading terminals vis the stock exchange Mumbai and therefore as per the guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the Company.

Resolved Further that the Board Of Directors of the Company be and is hereby authorised to do all such acts, deed, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution."

#### 5. DELISTING OF SHARES FROM CALCUTTA STOCK EXCHANGE

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

"Resolved That subject to the provisions of the Companies Act 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement, SEBI (Delisting of Securities) Guidelines, 2003 and such other applicable laws, rules, regulations and guidelines, and subject to such approvals, permissions and sanctions, as may be necessary, the Board Of Directors of the Company be and is hereby authorised to seek voluntarily delisting of its security from Calcutta Stock Exchange.

Resolved Further that the security of the Company shall continue to be listed on the stock exchange having nation wide trading terminals vis the stock exchange Mumbai and therefore as per the guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the Company.

Resolved Further that the Board Of Directors of the Company be and is hereby authorised to do all such acts, deed, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution."

#### 6. CHANGE OF REGISTERED OFFICE FROM DELHI TO GURGAON IN HARYANA

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

"RESOLVED THAT pursuant to section 17 of the Companies Act 1956 or any modification or reenactment thereof and subject to the confirmation of the Hon'ble Company Law Board or any other appropriate authority as may be notified for the purpose, the Registered Office of the Company be shifted from state of Delhi to state of Haryana.

RESOLVED FURTHER that the existing clause II of the Memorandum of Association of the Company be and is hereby substituted for the following:

"The Registered office of the Company will be situated in the state of Haryana"

RESOLVED FURTHER that the Board of Directors of the Company including a committee thereof be and is hereby authorised to obtain requisite approvals and permissions and to accept any modifications or alterations in the above resolution, if any, specified by the above said authorities while confirming Company's petition for change of registered office and to do all acts, deeds and things in connection therewith and incidental thereto".

Registered Office :

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

Dated : 31<sup>st</sup> July, 2008.

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 ENCLOSED HEREWITH.
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 19<sup>th</sup> day of September, 2008 to Tuesday the 23<sup>rd</sup> day of September, 2008, 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 an 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, Ist Floor, Sant Nagar, Main ISCON Temple Road, East of Kailash, New Delhi-110 065, Tel. No. 26292682-83.
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.

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 : 31<sup>st</sup> July, 2008.

RANJAN KUMAR PODDAR  
MANAGING DIRECTOR



## EXPLNATORY STATEMENT

(Pursuant to the provisions of section 173(2) of the Companies Act 1956)

### ITEM NO. 4 & 5

The Securities & Exchange Board Of India ( SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines 2003 an exit opportunity to the shareholders need not be given where securities of the Company remains listed on the stock exchange having nation wide trading terminals i.e. The Stock Exchange, Mumbai, the National Stock Exchange of India or any other stock exchange that may be notified by SEBI in this regard.

At present the equity shares of the Company are listed at The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and The Stock Exchange, Mumbai.

Considering the negligible volume of trading in Delhi & Calcutta Stock Exchanges and as part of its cost reduction measure, the consent of the members is sought for getting its securities delisted from The Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited as proposed in the special resolutions. The securities of the Company shall continue to be listed on the Stock Exchange, Mumbai.

The Board of Directors of your Company recommends the resolutions for approval of members.

None of the directors is, in any way, concerned or interested in the said resolutions.

### ITEM NO. 6

The registered office of the Company is presently located at UCO Bank Building, III<sup>rd</sup> Floor, Parliament Street, New Delhi 110001. The said premises is on sub lease from Rameshwara Jute Mills Ltd. who is the original tenant of the same from UCO Bank. The land lord of the said premises is increasing the rent and in turn the tenant is charging higher rent from the sub tenant where as the facilities are deteriorating. In view of the same the Company has decided to shift its registered office from the present premises to some other new premises. Since the cost in Delhi for new premises is very high, the Company has decided to shift its registered office to Gurgaon in the national capital region. As Gurgaon falls in Haryana, another state in India, a special resolution is required to be passed by members for shifting of registered office.

After obtaining members approval, a petition will be submitted to the Company Law Board for confirmation under section 17(2) of the Companies Act 1956.

The Board of Directors of your Company recommends the resolution for approval of members.

None of the directors is, in any way, concerned or interested in the said resolution.

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 : 31<sup>st</sup> July, 2008.

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, 2008.

### WORKING RESULTS

	2007-2008 (Rupees in lacs)	2006-2007 (Rupees in lacs)
<b>Profit/(Loss) before interest, depreciation and taxes</b>	<b>116.26</b>	<b>253.49</b>
(Add)/Less : Interest	<b>145.21</b>	<b>208.46</b>
<b>Profit/(Loss) before depreciation, NPA's and Taxes</b>	<b>(28.95)</b>	<b>45.03</b>
(Add)/Less : Depreciation	<b>(8.30)</b>	<b>9.00</b>
<b>Profit/(Loss) Before Provision of tax and NPA's</b>	<b>(37.25)</b>	<b>36.03</b>
Add : Withdrawal/(Provision) for diminution in value of investments	<u><b>0.36</b></u>	<u><b>(0.03)</b></u>
<b>Profit/(Loss) Before Taxation</b>	<b>(36.89)</b>	<b>36.00</b>
Less/(Add) : Provision for Tax		
Current Tax	<b>NIL</b>	<b>13.37</b>
Fringe Benefit Tax	<b>0.80</b>	<b>0.90</b>
Deferred Tax	<u><b>(4.09)</b></u>	<u><b>44.09</b></u>
<b>Profit (Loss) after Taxation</b>	<b>(33.60)</b>	<b>(22.36)</b>
Add/(Less) : Balance brought forward from previous year	<u><b>(31.46)</b></u>	<u><b>20.73</b></u>
	<b>(65.06)</b>	<b>(1.63)</b>
Less : Income Tax in respect of earlier years	<b>NIL</b>	<b>22.63</b>
: Amount Transferred to NBFC Reserve Fund	<b>NIL</b>	<b>7.20</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<u><b>(65.06)</b></u>	<u><b>(31.46)</b></u>

### 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 loss of Rs.37.25 lacs after depreciation and interest. A withdrawal of Rs. 0.36 lacs has been made for diminution in value of investment and current year taxes including deferred tax and fringe benefit tax amounts to Rs. (329368) lacs. The loss after above provisions and brought forward loss of Rs. 31.46 lacs of previous year(s) is Rs.65.06 lacs which has been carried to the Balance Sheet. Your Company's unsecured borrowing is Rs.858.43 lacs as against Rs. 853.40 lacs in the previous year. The Company does not have any secured loan. The recovery suit filed by the SBI Commercial and International Bank Ltd. against the Company before Debt Recovery Tribunal Mumbai for recovery of a disputed loan has been settled and no amount is due to any bank or financial institution.

### **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 :**

Your Company being non banking finance company has been categorized as investment company by the Reserve Bank Of India as the investment business of the Company is higher than any other business carried by the Company. Till the year 2007, investment and trading in shares was quite profitable as the economy of the country was growing at substantial pace. During the year 2008 this business has become quite risky due to volatility in the stock market. The other business of your Company of leasing & hire purchase has been virtually stopped. 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 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.



ARAVI SECURITIES &amp; FINANCE LIMITED

**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 R. A. Kila, 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 loss 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 31<sup>st</sup> March, 2008, 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.





## 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 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 : 31<sup>st</sup> July, 2008.

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

Name	Shri R. A. Kila
Date of Birth	02.03.1958
Appointed on	27.05.2005
Qualification	C.A., C.S.
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	1. Perfect Capital Services Ltd. 2. Perfect Finsec Pvt. Ltd. 3. Kila Marketing Pvt. Ltd. 4. Oasis Capital Services Pvt. Ltd. 5. Finex Travels Pvt. Ltd. 6. Vershina Marketing Pvt. Ltd. 7. T.K. Innovative Pvt. Ltd.
Membership / Chairmanship of Committees across Public Companies	NIL
Relationship with other Director of the Company	Nil
Number of Board Meetings attended during the previous year	Five

## 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	One	Nil	Nil