

***KADVANI SECURITIES LIMITED***

***RAJKOT***

Report  Junction.com

***ANNUAL REPORT***

***2004-2005***



# Kadvani Securities Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the **TWELVETH ANNUAL REPORT** and the Audited Accounts for the Financial Year ended on **31st MARCH, 2005**.

<b>FINANCIAL RESULTS</b>	(Rs. in Lac)	
	<b>2004-05</b>	<b>2003-04</b>
Income From Operations & Other Income	17.07	16.44
Less : Operating/Administrative Expenditure	3.81	17.18
Less : Depreciation and Miscellaneous Written Off	1.11	6.40
Profit / (Loss) before tax	12.15	( 7.14)
Provision for tax	0.83	0.00
Profit /(Loss) after tax	11.32	( 7.14)
Balance Brought Forward from previous year	(63.66)	(56.52)
Balance Carried Forward to Balance Sheet	(52.35)	(63.66)

### DIVIDEND:

The Directors do not recommend any dividend for the year 2004-05.

### OPERATIONS:

The Company continues to focus on its investment and lending activities looking out for better opportunities at higher rates of return. The company reported higher income from operations at Rs. 17.07 lacs compared to Rs. 16.44 lacs in the previous year and profit after tax of Rs. 11.32 lacs as compared to loss of Rs. 7.14 lacs during the previous year.

### REGISTRATION WITH RBI:

The company has obtained Certificate of Registration on 13.03.98 from Reserve Bank of India to carry on the business of Non-Banking Financial Company under sub-section (2) of Section 45IA of the RBI Act, 1934.

### STATUTORY INFORMATION:

#### a) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

The information as required under the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 U/s. 271 (i)(e) of the Companies Act, 1956 are not applicable to the company.

#### b) PARTICULARS OF EMPLOYEES :

There are no employees whose details are required to be mentioned as per Section 217(2A) of the Companies Act, 1956.

### DIRECTORS :

Mr. Mehul Maniar and Mr. Rameshbhai Patel, Directors of the company are liable to retire by rotation and being eligible, offer themselves for re-appointment.



# Kadvani Securities Limited

[[ 2 ]]

**AUDITORS:**

**M/s. MALVI & ASSOCIATES**, Chartered Accountants retire as auditors of the company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your directors request their re-appointment.

**AUDIT COMMITTEE:**

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchanges, the Audit Committee comprises of the following Directors:

Mr. Mehul Maniar  
Rameshbhai Patel  
Hirabhai Makadia

The Audit Committee reviews, acts and reports to the Board with respect to various auditing and accounting matters.

**RESPONSIBILITY STATEMENT :**

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors 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 ended **31st MARCH, 2005** and of the **Profit** of the Company for that year ;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE:**

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is attached as a part of the Annual Report.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****a) Industry Structure & Developments**

Your company is primarily engaged in investment activities. Your company has obtained registration from the Reserve Bank of India and is classified as a Non Banking Finance company. However it is restricted from borrowing public money. Your company has invested its monies by way of Inter Corporate deposits from which it earns regular interest.

**b) Opportunities & Threats**

The Financial market is looking promising as Companies are reporting better revenue and growth figures. This will help the company deploy its monies in industries, which will give better and regular returns.



# Kadvani Securities Limited

[[ 3 ]]

**c) Segment / Product wise performance**

The company has only one business segment mainly Investment activity.

Investment Activities: Your Company is registered with the Reserve Bank of India as a Non-Banking Finance Company. However it is restricted to borrow monies from the Public. Your company, however, has made strategic investments, which have been showing satisfactory returns.

**d) Outlook**

With the investment sector continuing to look positive it is hopeful of posting better profits in the Financial Year 2005-06.

**e) Risk & Concerns**

The business of the company is dependent on the financial economy and its policies. Political uncertainty, acts of our neighbor and the threat of war, inflation, slowdown of foreign investment, scams relating to the capital market are factors, which could affect the positive sentiments.

**f) Internal control systems & their adequacy**

The company has an effective Internal control System in place and this is periodically reviewed for effectiveness. The company also has in place cross-functional internal Audit team focusing on the controls, reporting to the Audit Committee. The findings are reviewed with the Audit Committee and key observations are discussed for implementation.

**g) Discussion on financial performance with respect to operational performance**

The financial performance of the Company has been given separately in the Directors Report.

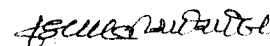
**h) Material development in human resources / industrial relation front, including number of people employed.**

The Company continues to maintain excellent relations, which also ensures human resource development.

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their thanks and appreciation to the employees, clients and bankers of the company.

**For & on behalf of the Board of Directors,**



**Ashok L. Kadvani**  
**Managing Director**

**Rajkot, 1<sup>st</sup> August 2005**

Regd. Office Works :

G.I.D.C. Lodhika, Plot No. G / 1326-27, Kalavad Road, P.O. : Khirasra, Dist. Rajkot.  
Tele. : (02827) 287264 / 287270 / 287271 Fax : (02827) 287263

www.reportjunction.com

## **CORPORATE GOVERNANCE**

The Securities & Exchange Board of India has introduced a Code of Corporate Governance by way of amendment to the listing agreements with the Stock Exchanges. The Board of Directors of your Company laid great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

### **1) Company's philosophy on Corporate Governance**

The Company believes in the philosophy of continuous improvement in all factors of its operations. Your company believes that good Corporate Governance is essential to achieve long term goals and to enhance shareholders value. In this pursuit, your company's philosophy is guided by strong emphasis on transparency, accountability and integrity. All employees are bound by a Code of Conduct, which sets forth Company's policies on important issues, including relationships with shareholders and Government.

### **2) Board of Directors**

#### **(a) Composition of the Board**

The Board comprises of two Executive and three Non Executive Directors. Both the executive directors are from the Promoter category and the Non Executive directors are independent. Accordingly, the composition of the Board is in conformity with the Listing Agreement. The composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Category	No. Of other Director ship	No. of membership s of other Board Committees	No. of other Board Committees of which the Director is a Chairperson	No. of Board meeting s attended	Whether attended last AGM	Remarks
Kishor Kadvani	Chairman & NI. Non Ex-Dir	1	1	-	6	Yes	
Ashok Kadvani	NI.Ex-Dir	2	-	-	6	Yes	
Mehul Maniar	N.Ex-IND	1	2	2	6	Yes	
Ramesh Patel	N.Ex-IND	-	2	-	6	Yes	
Heerabhai Makadia	N.Ex-IND	-	1	-	6	Yes	

Ex-Dir means Executive Director, N.Ex-NI means Non-Executive Non Independent Director, NI. Ex-Dir means Non Independent Executive Director, N.Ex-IND means Non-Executive Independent Director.

#### **Number of Board Meetings held during the financial year and the dates of the Board Meetings :**

Six Board Meetings were held during the financial year 2004-2005 on the following days: 30-04-2004, 20-07-2004, 31-07-2004, 31-10-2004, 31-01-2005, and 16-02-2005

### 3) Audit Committee

The composition of Audit Committee and the details of meetings attended by the Directors are given below

Name of Member	Designation	No of Committee meetings held	No of committee meetings attended
Mr. Mehul Maniar	Chairman (Independent)	6	6
Mr. Ramesh Patel	Member (Independent)	6	6
Mr. Heerabhai Makadia	Member	6	6

#### Number of Meetings of Audit Committee held during the year and Dates of Meeting of Audit committee

27<sup>th</sup> April 2004, 21<sup>th</sup> July 2004, 27<sup>th</sup> July 2004, 15<sup>th</sup> August 2004, 26<sup>th</sup> October 2004, 24<sup>th</sup> January 2005,

### 4) Remuneration Committee

The Company does not have a remuneration committee. Your directors recommended that all such items that may be required to be discussed at a meeting of "Remuneration Committee" could be considered at a Meeting of Board of Directors.

#### Details of Remuneration paid to the Executive Director:

Name of Director	Remuneration
Ashok Kadvani	144000

The Company has not paid any remuneration to any Non-Executive Directors.

### 5) Shareholders Committee

#### Composition

Your Company has constituted Shareholders Committee, to look into the redressing of Shareholders complaints. The members of the committee are as follows:

Name	Designation	Category
Mr. Mehul Maniar	Chairman	Non-Ex. Independent Director
Mr. Ramesh Patel	Member	Non-Ex. Independent Director
Mr. Kishor Kadvani	Member	Non-Executive - Non-Independent

- Your Company had not received any complaints, during the year 2004-2005.
- There are no transfers / transmissions pending as on 31.3.2005.

## 6) General Body Meeting

The details of date, location and time of the last three Annual General Meetings held are given below:

Date of A.G.M.	Time	Location
03.8.2002	10.30 a.m.	Plot No. 1325,GIDC Lodhika,Post Khirasra, Kalawad Rd, Dist:Rajkot
30.09.2003	10.30 a.m.	Plot No. 1325,GIDC Lodhika,Post Khirasra, Kalawad Rd, Dist:Rajkot
30.09.2004	10.30 a.m.	Plot No. 1325,GIDC Lodhika,Post Khirasra, Kalawad Rd, Dist:Rajkot

No special resolutions were put through by postal ballot, during last year.

## 7) Disclosures

- a) Significant related party transactions:  
During the year ended 31.3.2005 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- b) There are no non-compliances, penalties, strictures imposed on the Company by SEBI or any statutory authority, on any matter related to capital markets, during the last three years. With regards to Stock Exchange, Mumbai, the company had not complied with Clause 35 & 49 of the Listing Agreement for the year 2001-2002. However all the necessary Compliances have been made with as on the date and the matter has been put up with the committee of the Stock Exchange for the revocation of suspension.
- c) Information of Directors seeking appointment/re-appointment:
  - i) Mr. Heerabhai Makadia is an Industrialist from Rajkot. He is the Independent Director of the Company. His term of office is liable to retire by rotation. Being eligible, he offers himself for re-appointment.
  - ii) Mr. Ramesh Patel is a businessman of Gondal. He was appointed as a Director on 30.09.2003 in AGM. His term of office is liable to retire by rotation. Being eligible, he offers himself for re-appointment.

## 8) Means of Communication

Quarterly results of the Company are normally published in Asian Age (English) and Finance Express (Gujarati).

Half-yearly reports are not mailed to the shareholders. However all the quarterly results and the audited annual results are displayed in the Company's website ([www.kadvanigroup.com](http://www.kadvanigroup.com)), apart from providing to Stock Exchanges and Press.

No presentations were made to institutional investors or to analyst, other than the published information / press releases.

The Management Discussion Analysis Report forms part of this Annual Report, and is attached to the Directors Report.



**9) General Shareholders information****i) Annual General Meeting**

Date : 30th September, 2005.  
 Time : 10.30 A.M.  
 Venue : Plot No. 1325 GIDC Lodhika, Post Khirasra, Kalawad Road, Metoda, Dist : Rajkot.

**ii) Financial Calender :**

Adoption of Quarterly Results for the Quarter ending

June 30, 2004 -31<sup>st</sup> July 2004  
 September 30, 2004 -October 2004 (3<sup>rd</sup> / 4<sup>th</sup> Week) \*  
 December 31, 2004 -January 2006(3<sup>rd</sup> / 4<sup>th</sup> Week) \*  
 March 31, 2005 -April 2006 (3<sup>rd</sup> / 4<sup>th</sup> Week) \*

\* tentative dates

- iii) Date of Book closure : 29th Sept to 30th Sept, 2005  
 (Both days inclusive)  
 iv) Dividend for 2004-2005 : No dividend has been recommended by the Board of Directors.  
 v) Listing on Stock Exchanges : - The Stock Exchange, Mumbai  
 - The Saurashtra-Kutch Stock Exchange, Rajkot  
 vi) Stock Code : 530479 (BSE)  
 Kadvani Securities Ltd.(SKSE)

**vii) Market Price Data :**

**BSE**

No Information is given, as there has been no trading in the securities of the company.

**viii) Registrar & Transfer Agent :**

**Intime Spectrum Registry Ltd.**

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg,

Bhandup,

Mumbai – 400 078.

Ph. : (022) 25923837

**ix) Categories of Share holding**

Category	No. of Shares	%
Promoters	1411700	46.81
Private Corporate Bodies	2800	0.11
Non Resident Indians/OCB	nil	0.00
Indian Public	1599900	53.08
<b>Total</b>	<b>3014400</b>	<b>100.00</b>