

KADVANI SECURITIES LIMITED

RAJKOT

Report  Junction.com

ANNUAL REPORT

2005-2006



Kadvani Securities Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the **THIRTEENTH ANNUAL REPORT** and the Audited Accounts for the Financial Year ended on **31st MARCH, 2006**.

FINANCIAL RESULTS	(Rs. in Lac)	
	2005-06	2004-05
Income From Operations & Other Income	18.94	17.07
Less : Operating/Administrative Expenditure	3.60	3.81
Less : Depreciation and Miscellaneous Written Off	0.86	1.11
Profit/(Loss) before tax	14.48	12.15
Provision for tax	1.10	0.83
Profit/(Loss) after tax	13.38	11.32
Balance Brought Forward from previous year	(52.34)	(63.66)
Balance Carried Forward to Balance Sheet	(38.96)	(52.35)

DIVIDEND:

The Directors do not recommend any dividend for the year 2005-06.

OPERATIONS:

The company's focus on investment and lending activities has lead higher income from operations at Rs. 18.94 Lac as compared to Rs. 17.07 lac in the previous year. This has lead to increase in profits after tax at Rs. 13.38 lac as compared to Rs. 11.32 lac in 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. 217 (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.



Kadvani Securities Limited

[[2]]

DIRECTORS:

Shri Hirabhai Makadia is liable to retire by rotation and being eligible, offers himself for re-appointment.

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
Mr. Rameshbhai Patel
Mr. 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, 2006** 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.

Regd. Office Works :

G.I.D.C. Lodhika, Plot No. G / 1326-77, Kalavad Road, P.O. : Khirasra, Dist. Rajkot.
Tele. : (02827) 287264 / 287270 / 287271 Fax : (02827) 287263



Kadvani Securities Limited

[[3]]

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 that will give better and regular returns.

c) Segment / Product wise performance

The company now 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 financial & investment sector looking in upbeat mood it is hopeful of posting better profits in next the financial year.

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.

Regd. Office Works :

G / 1326-27, Kalavad Road, P.O. : Khirasra, Dist. Rajkot
Tele. : (02827) 287264 / 287270 / 287271 Fax : (02827) 287263



Kadvani Securities Limited

[[4]]

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, 9th June, 2006

MALVI & ASSOCIATES
Chartered Accountants

212, WHITE HOUSE,
OPP.BANAS HOTEL,
PALANPUR-335 001

CERTIFICATE

To the Members of
KADVANI SECURITIES LTD.,

We have examined the compliance of conditions of Corporate Governance by **Kadvani Securities Limited**, for the year ended on **31st March, 2006**, as stipulated in Clause 46 of the Listing Agreement of the Said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

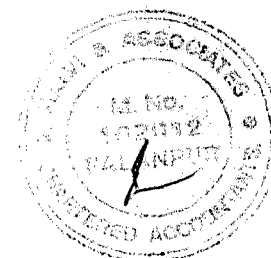
In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note Issued by The Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Palanpur, 10th June, 2006

**For Malvi & Associates,
Chartered Accountants**



**Parag Malvi
Proprietor**