

**KADVANI SECURITIES LIMITED**

GIDC Lodhika, Plot No. G/1326-27  
G/1319-20, Kalavad Road  
PO: Khirasara, Dist.Rajkot-360021

**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held at GIDC Lodhika, Plot No. G/1326-27, G/1319-20, Kalavad Road, PO: Khirasara, Dist.Rajkot - 360 021 on the 30<sup>th</sup> day of September, 2008 at 11 a.m. for transacting the following business :

**Ordinary Business:**

1. To Consider and adopt the audited profit and loss account of the company for the period from 01.04.2007 to 31.03.2008 and the balance sheet as at 31<sup>st</sup> March, 2008 together with the Directors' Report & Auditors Report thereon.
2. To appoint a Director in place of Mr.Ashokbhai L. Kadvani, who retires by rotation, and being eligible offers himself for re-appointment.
3. Appointment of Auditors:

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Sumit Mehta & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors Messrs Malvi & Associates, Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2008-09, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax, out-of-pocket, traveling and living expenses, etc."

4. Appointment of Mr. Suresh V. Mavani as a Director of the Company To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Suresh V. Mavani in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

5. Appointment of Mr. Shailesh M. Ved as a Director of the Company To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Shailesh M. Ved in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

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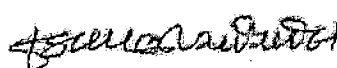
**Notes:**

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 3 to 5 above, are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 4 and 5 above, are also annexed.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution/authority, as applicable.
3. The Register of Members and the transfer books of the company will be closed from Monday, September 29, 2008 to Tuesday, September 30, 2008 both days inclusive for taking record of its shareholders.
4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
5. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, Intime Spectrum Registry Limited. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agents.

Place : RAJKOT

For & On Behalf of Board of Directors  
**KADVANI SECURITIES LIMITED**

Date : 01.09.2008



Director



Director

Registered Office :  
GIDC Lodhika, Plot No.G/1326-27  
G/1319-20, Kalavad Road  
PO: Khirasara, Dist.Rajkot-21

## KADVANI SECURITIES LIMITED

GIDC Lodhika, Plot No. G/1326-27  
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PO: Khirasara, Dist.Rajkot-360021

### EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

As required by Section 173 of the Companies Act, 1956 ("Act"), the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 3 to 5 of the accompanying Notice dated September 01, 2008.

#### 1. Item No.3:

Presently the Company's accounts are being audited by Messrs Malvi & Associates. They have informed the Company that they do not wish to seek re-appointment as statutory auditors of the Company for the financial year 2008-09.

In view of the above, and based on the recommendations of the Audit Committee, the Board of Directors, has, at its meeting held on August 27, 2008 proposed the appointment of Messrs Sumit Mehta & Co. as the statutory auditors in place of Messrs Malvi & Associates for the financial year 2008-09.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Act, signifying its intention to propose the appointment of Messrs Sumit Mehta & Co. as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. Messrs Sumit Mehta & Co. have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The Members' approval is being sought for the appointment of Messrs Sumit Mehta & Co. as the Statutory Auditors and to authorize the Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to the Auditors.

The Directors commend the Resolution at Item No. 3 for approval by the Members.

None of the Directors is concerned or interested in the Resolution at Item No.3 of the Notice.

#### 2. Item No.4 & 5:

The Company has received notices under Section 257 of the Act; in respect of the candidates, proposing their appointment as a Director of the Company, along with the requisite deposit. Both are proposed to be appointed as non-executive & independent directors.

Mr. Suresh V. Mavani has a Bachelor's degree of commerce. He has over 15 years of experience of dealing in the shares & securities markets and equity research.

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Mr. Shailesh M. Ved has over 15 years of experience of dealing in the shares & securities markets and equity research. He has and is serving on the boards of number of unlisted Share broking companies as a director.

Place : RAJKOT

Date : 01.09.2008

For & On Behalf of Board of Directors  
KADVANI SECURITIES LIMITED



Director



Director

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# Kadvani Securities Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the **FIFTEENTH ANNUAL REPORT** and the Audited Accounts for the Financial Year ended on **31st MARCH, 2008**.

	(Rs. in Lac)	
FINANCIAL RESULTS	2007-2008	2006-2007
Income from Operations & Other Income	16.92	11.88
Less : Operating/Administrative Expenditure	6.10	5.16
Less : Depreciation	0.34	0.34
Profit before tax	10.48	6.38
Less : Provision for tax: Current Tax	0.83	0.50
Profit after tax	9.65	5.88
Add : Excess Provision of Income Tax Written Off	0.03	0.05
Balance Brought Forward from Previous Year	(33.03)	(38.96)
Less : Transferred to Special Reserve Fund U/s. 45IC of RBI Act, 1934	8.06	—
Balance Carried Forward to BALANCE SHEET	(31.41)	(33.03)

### DIVIDEND:

The Directors do not recommend any dividend for the year 2007-08.

### OPERATIONS:

The company recorded Income from Operation and Net Profit of Rs.16.92 Lac and Rs.9.65 Lac respectively as compared to Rs.11.88 Lac and Rs.5.88 Lac respectively of last 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 (1)(e) of the Companies Act, 1956 are not applicable to the company.

#### b) PARTICULARS OF EMPLOYEES:

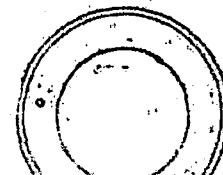
There are no employees whose details are required to be mentioned as per Section 217(2A) of the Companies Act, 1956.

### DIRECTORS:

Shri Ashokbhai L. Kadvani 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.







# Kadvani Securities Limited

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## 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. Kishor Kadvani  
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, 2008** 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 that will give better and regular returns.

Regd. Office Works :

G.I.D.C. Loshan, Plot No. 2 / 375-22, Keshavnagar, P.O. - Ahmedabad - Dist. - Gujarat





# Kadvani Securities Limited

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## 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.

## 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.

## 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*  
Ashok L. Kadvani  
Managing Director

Rajkot, 9<sup>th</sup> June, 2008

Regd. Office Works :

G.I.D.C. Lodika, Plot No. 6 / 1325-27, Kalsavad Road, P.O. : Khodasra, Dist. Rajkot.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Kadvani Securities Limited (hereinafter referred to as KSL) is engaged in the business of providing wide range of financial services. KSL is an authorised Non-Banking Financial Company (NBFC) and engaged in the advancing loans to its customers. KSL is a member of BSE Limited. However, it has not carried out security broking operations during the financial year under review.

### SOURCES OF FUNDS

#### Share Capital:

The company has authorised share capital of Rs.35 mn divided into 3.5 mn equity shares of Rs.10 each.

The company has issued, subscribed and paid up share capital of Rs.30.144 mn divided into 3.0144 mn equity shares of Rs.10 each fully paid up.

The company has not issued any further capital during the financial year 2007-08.

#### Reserve & Surplus:

The company has balances of reserve & surplus to the tune of Rs.8.7 mn in the beginning of the year. The company has provided for Rs.8.06 mn to the Special Reserve created under section 45IC of the RBI Act, 1934.

#### Profit & Loss A/c:

The company has earned profit before tax to the tune of Rs.1.05 mn and has made provision for the current tax at Rs.83,000.

The accumulated losses in the beginning of the Financial year were Rs.3.3 mn which have been reduced to Rs.3.14 mn at the year end.

#### Loan Funds:

The company has obtained unsecured loans to the tune of Rs.58,585 during the current financial year.



## APPLICATION OF FUNDS

### Fixed Assets:

During the year, the gross block of fixed assets remained unchanged at Rs.0.35 mn. The net block of fixed assets at the end of the financial year is Rs.87,184.

### Investments:

The company has liquidated its holding in the equity shares of Kadvani Forge Ltd. from Rs.10 mn in the beginning of the year to Rs.5.59 mn at the year end.

### Current Assets & Liability:

The comparative position of current assets and current liability for the year ended on 31.03.2008 and immediately preceding financial year is as under:

	As on 31.03.2008	(Amount in Rupees) As on 31.03.2007
<b>Current Assets:</b>		
1. Inventories	NIL	17,504
2. Cash & Bank Balances	38,972	169,742
3. Loans & Advances	22,412,974	16,767,988
Sub-total	22,451,946	16,955,234
<b>Current Liabilities &amp; Provisions:</b>		
1. Current Liabilities	20,225	30,442
2. Provisions	86,371	53,306
Sub-total	1,06,596	83,748
<b>Net Current Assests</b>	<b>22,345,350</b>	<b>16,871,486</b>

## FINANCIAL RESULTS

The company has earned income of Rs.1.71 mn from its operations of advancing loans to its customers compared to the income of Rs.1.16 mn for the immediately preceding financial year thus achieving growth rate of over 47 % for the current financial year. On the other hand, the company has incurred the operating and administrative expenses of Rs.0.61 mn compared to that of Rs.0.52 mn for the FY. 2006-07. The company has posted net profit after tax of Rs.0.96 mn compared Rs.0.59 for the preceding financial year with the growth of 64 % for the current financial year.

The company has provided for Rs.0.81 mn to special reserve to comply with the provisions of Section 45IC of the Reserve Bank of India Act, 1934.

#### **RISK MANAGEMENT SYSTEM & INTERNAL CONTROL**

Risk management is at the core of our successful business operations. We have a full-fledged professional and experienced internal audit and compliance team which is adequate having regard to the nature and volume of company's operations.

#### **OUTLOOK**

Having regard to the current market scenario and recession surrounding the global markets as well as domestic markets, your directors expect some slowdown in the company's operations for the forthcoming 4 to 6 quarters. The downfall of share market, reduction of consumers' demand and credit crunch prevailing in the market, the outlook of the next few years is gloomy. The main objective for the company in the short term is to keep intact its capital and to continuously monitoring of its advances to ensure their viability.

#### **CAUTIONARY STATEMENT**

The statements made in this report describe the Company's objectives and projections that may be forward looking statements within the meaning of applicable securities laws and regulations. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors which are beyond the control of the Company.