

# **KADVANI SECURITIES LIMITED**

## **ANNUAL REPORT 2008-09**



### **Registered Office:**

Chaitanya Traders, Shop No.1, Niraj Apartment, Ground Floor,  
22 - New Jagnath Plot, Mahakali Mandir Road, Rajkot, Gujarat.

**KADVANI SECURITIES LIMITED**

CHAITANYA TRADERS  
Shop No.1, Niraj Apartment  
Gr. Floor, 22 - New Jagnath Plot  
Mahakali Mandir Road, Rajkot

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held at Chaitanya Traders, Shop No.1, Niraj Apartment, Ground Floor, 22 - New Jagnath Plot, Mahakali Mandir Road, Rajkot on the 30<sup>th</sup> day of September, 2009 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 01.04.2008 to 31.03.2009 and the balance sheet as at 31<sup>st</sup> March, 2009 together with the Directors' Report and Auditors Report thereon.
2. To appoint a Director in place of Mr.Ramesh L. Patel, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.Hirabhai B. Makadia, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. 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 until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

5. To appoint Mr. Shailesh M. Ved as a Wholetime Director designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Shailesh M. Ved as a Wholetime Director designated as Executive Director of the Company, for a period of 5 (five) years with effect from December 2, 2008 on a monthly remuneration of Rs.20,000 per month, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

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RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

**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

Date : 01.09.2009

Registered Office :  
CHAITANYA TRADERS,  
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Gr. Floor, 22 - New Jagnath,  
Mahakali Mandir Road, Rajkot.

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

  
Director

  
Director

**KADVANI SECURITIES LIMITED**

CHAITANYA TRADERS  
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**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. 5 of the accompanying Notice dated September 01, 2009.

1. Item No. 5:



The Board of Directors of the Company (the 'Board'), at its meeting held on December 02, 2008 has subject to the approval of Members, appointed Mr. Shailesh M. Ved, an existing director serving on the Board since 30.09.2007 as Non-executive, Independent director, as a wholetime director designated as Executive Director, for a period of 5 (five) years with effect from December 2, 2008 on a monthly remuneration of Rs.20,000 per month, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof so as to ensure that the operations of the Company are not affected by the resignation of Mr. Ashok L. Kadvani from the position of Managing Director of the Company.

Mr. Shailesh M. Ved has over 15 years of experience in the field of finance, investments and also possess expertise in dealing in the Shares & securities markets and equity research. His appointment as a wholetime director will surely benefit the company to scale new heights of performance in the foreseeable future.

Place : RAJKOT

Date : 01.09.2009

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

   
Director Director

**KADVANI SECURITIES LIMITED**

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**Directors' Report**

**Dear Shareholders,**

Your Directors have pleasure to present the 16<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2009.

**Financial Results**

The financial performance of the Company, for the year ended March 31, 2009 is summarised below:

Sr. No.	Description	(Amount in Rupees)	
		Financial Year	
		2008-2009	2007-2008
(i)	Income from Sales and Services	19,12,476	16,92,205
(ii)	Other Income	-	-
(iii)	Total Income	19,12,476	16,92,205
(iv)	Operating & Other Expenditure	4,73,186	6,10,224
(v)	Loss from Sale of Shares	13,96,750	-
(vi)	Profit before Depreciation and Tax	42,540	10,81,981
(vii)	Depreciation	23,109	34,341
(viii)	Profit before Taxes	19,431	10,47,640
(ix)	Provision for Taxes	2,489	83,000
(x)	Net Profit for the Year	16,942	9,64,640
(xi)	Balance Brought Forward from Previous Year	(38,59,048)	(40,21,337)
(xii)	Amount Available for Appropriation	(38,42,105)	(30,56,697)
	<b>Appropriations</b>		
(a)	Excess Provision for Income Tax Adjusted		3,297
(b)	Special Reserve u/s.45IC of RBI Act, 1934	3,886	8,05,648
(c)	Balance Carried to Balance Sheet	(38,45,991)	(38,59,048)

**Review of Operations**

For the year ended March 31, 2009, the Company earned a total income of Rs.19,12,476, an increase of 13.02% over previous year's Rs.16,92,205. The net profit of the Company for the year is Rs.16,942 as compared to Rs.9,64,640 in the previous year.

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**Dividend**

Based on the Company's performance, the directors do not recommend any dividend for the financial year 2008-2009.

**Transfer to Special Reserve**

The company is a non-banking finance company. As per the section 45-IC of the Reserve Bank of India Act, 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The Company has transferred sum of Rs.3,886 to the special reserve created u/s. 45-IC for the financial year 2008-2009 comply with the provisions of RBI Act, 1934.

**Directors**

Mr.Ramesh L. Patel, director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr.Hirabhai B. Makadia, director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr.Mehul M. Maniar, director, resigned from the Board w.e.f. May 20, 2008. The Board placed on record its deep sense of appreciation for the guidance and invaluable contribution made by Mr.Mehul M. Maniar during his tenure as a director of the Company.

Mr.Ashok L. Kadvani, Managing director, resigned from the Board w.e.f. December 2, 2008. The Board placed on record its deep sense of appreciation for the guidance and invaluable contribution made by Mr.Ashok L. Kadvani during his tenure as a director of the Company.

Mr.Kishor L. Kadvani, director, resigned from the Board w.e.f. December 2, 2008. The Board placed on record its deep sense of appreciation for the guidance and invaluable contribution made by Mr.Kishor L. Kadvani during his tenure as a director of the Company.

Mr.Manish K. Ashar is appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Ashok L. Kadvani pursuant to section 262 of the Companies Act, 1956, read with article 32 of the Articles of Association of the Company.

Subject to approval of the Company in the General Meeting of the members, the Board of Directors have appointed Mr. Shailesh M. Ved, an existing director serving on the board since 30.09.2008 as non-executive director, as a Wholetime Director designated as Executive Director of the Company, for a period of 5 (five) years with effect from

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December 2, 2008 on a monthly remuneration of Rs.20,000 per month, so as to ensure that the operations of the Company are not affected by the resignation of Mr. Ashok L. Kadvani from the position of Managing Director of the Company.

**Fixed Deposits**

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

**Particulars of Employees**

There was no employee in the company drawing the salary in excess of the limits prescribed in the provisions of Section 217(2A) of the Companies Act, 1956.

**Conservation of Energy, Technology absorption, Net Foreign Exchange earning and outgo**

The information as required pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 in respect of Conservation of Energy, Technology Absorption & Net Foreign Exchange earnings & outgo are not given since they are not applicable.

**Corporate Governance Report and Management Discussion and Analysis Statement**

A report on Corporate Governance is attached to this Report as also a Management Discussion and Analysis statement.

**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 that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2009, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) 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 as at March 31, 2009 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have 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; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

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### Auditors and Auditors' Report

M/s. SUMIT MEHTA & Co., Chartered Accountants, Statutory Auditor of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

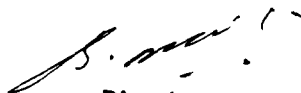
### Acknowledgment

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the customers, venders, investors, business associates, bankers, Government authorities and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the Company.


Place : RAJKOT

Date : 01.09.2009

For & On Behalf of Board of Directors  
KADVANI SECURITIES LIMITED



Director



Director



## 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 2008-2009.

#### Reserve & Surplus:

The company has balances of reserve & surplus to the tune of Rs.1.676 mn in the beginning of the year. The company has provided for Rs.3,886 to the Special Reserve created under section 45-IC of the RBI Act, 1934.

#### Profit & Loss A/c:

The company has earned profit before tax to the tune of Rs.19,431 and has made provision for the current tax at Rs.2,489.

The accumulated losses in the beginning of the financial year were Rs.3.86 mn which have been reduced to Rs.3.85 mn at the year end.

#### Loan Funds:

The Company has repaid unsecured loans to the tune of Rs.58,585 during the financial year 2008-2009. The balance of loan funds as at March 31<sup>st</sup>, 2009 is NIL.

## 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.64,075.

### Investments:

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

### Current Assets & Liability:

The comparative position of current assets and current liability for the year ended on 31.03.2009 and immediately preceding financial year is as under:

	As on 31.03.2009	(Amount in Rupees) As on 31.03.2008
<b>Current Assets:</b>		
1. Inventories	NIL	NIL
2. Cash & Bank Balances	291,533	38,972
3. Loans & Advances	<u>27,635,233</u>	<u>22,412,974</u>
Sub-total	27,926,766	22,451,946
<b>Current Liabilities &amp; Provisions:</b>		
1. Current Liabilities	10,461	20,225
2. Provisions	<u>2,489</u>	<u>86,371</u>
Sub-total	12,950	106,596
<b>Net Current Assests</b>	<b>27,913,816</b>	<b>22,345,350</b>

## FINANCIAL RESULTS

For the year ended March 31, 2009, the Company earned a total income of Rs.1,912,476, an increase of 13.02% over previous year's Rs.1,692,205. The net profit of the Company for the year is Rs.16,942 as compared to Rs.964,640 in the previous year. The company has provided for Rs.3,886 to special reserve to comply with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.