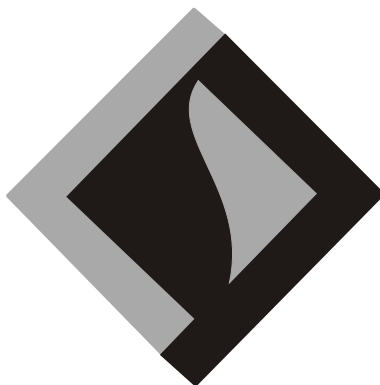


**SEVENTEENTH  
ANNUAL REPORT  
2009-10**



**KHANDWALA  
SECURITIES  
LIMITED**

## *OUR MANTRA*

*TO PROVIDE UNIQUE SOLUTIONS TO  
MEET CLIENT SPECIFIC NEEDS, GIVEN  
TIME AND RESOURCE PARAMETERS*

**BOARD OF DIRECTORS**

Mr. Shreedhar Parande (Chairman)  
Mr. Paresh J. Khandwala (Managing Director & CEO)  
Mr. Rohit Chand  
Mr. Kalpen Shukla  
Mr. Ajay Narasimhan

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Manisha Srivastava

**REGISTERED OFFICE**

Ground Floor, Vikas Building,  
Green Street, Fort, Mumbai - 400 023.

**CORPORATE OFFICE**

Ground Floor, 'White House Annexe'  
White House, 91, Walkeshwar Road,  
Walkeshwar, Mumbai – 400 006.

**AUDITORS**

UDYEN JAIN & ASSOCIATES  
Chartered Accountants,  
540, 5th Floor, D Wing, Clover Centre,  
7 Moledina Road, Pune 411 001

**BANKERS**

Union Bank of India  
Mumbai Samachar Marg,  
Mumbai - 400 023.

Axis Bank Limited  
Fort Branch,  
Mumbai 400 001.

**REGISTRARS & TRANSFER AGENTS**

KARVY COMPUTERSHARE PRIVATE LIMITED  
46, Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad - 500 034.

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## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of **Khandwala Securities Limited** will be held at C.K. Naydu Hall, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Friday, 24<sup>th</sup> September 2010 at 12:30 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and Profit and Loss Account for the period ended as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. M. Parande who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors M/s. Udyen Jain & Associates, Chartered Accountants, the retiring auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution;

**“RESOLVED THAT** pursuant to provision of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956 and such other approvals as may be necessary, that the Company do appoint Mr. Paresh J Khandwala as Managing Director of the Company, subject to overall supervision, control, and directions of the Board of Directors, for a further period of 5 years with effect from 1st January 2010, on the remuneration as specified below:

#### a) Salary

Salary of Rs. 31,25,000/- p.a. (payable annually) inclusive of perquisites, conveyance, medical allowance and leave travel allowance. Contribution towards Provident fund, gratuity and leave encashment at the end of the tenure would be extra.

#### b) Commission:

At 1% of the Net Profits of the Company calculated as per provisions of Section 349 & 350 of the Companies Act, 1956 will be payable on yearly basis subject to approval of the same by the Board of directors.

**RESOLVED FURTHER THAT** in case of loss or inadequacy of profit in any financial year, if any, during the tenure of Mr. Paresh J. Khandwala, the above mentioned remuneration, be paid as minimum remuneration.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution any of the Director or Ms. Manisha Srivastava, Company Secretary be and are hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable to give effect to resolution and to settle any question, difficulties or doubts that may arise in this regard.’

**By Order of the Board of Directors**  
**Manisha Srivastava**

**Company Secretary**

**Date: 9<sup>th</sup> August, 2010**

**Place: Mumbai**

### NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of special business for Item No. 4 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY / PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and the Share Transfer Books of the Company will remain close from Tuesday 21<sup>st</sup> September 2010 to Friday 24<sup>th</sup> September 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, there is no dividend or interest which remains unpaid / unclaimed for a period of 7 years which should be transferred by the Company to IEPF. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
5. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
7. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.

8. Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
9. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready.
10. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company. Shareholders are requested to quote ledger folio / beneficiary numbers in all their correspondence. Members holding shares in electronic form should update such details with their respective Depository Participants.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED**

**ITEM NO. 4**

The Members are informed that the present tenure of Shri Paresh J Khandwala – Managing Director of the Company expired on 31<sup>st</sup> December, 2009 and accordingly, he has been re-appointed as Managing Director for the period of five years from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2015 by the Board of Directors at its Meeting held on 14<sup>th</sup> December 2009 on the same terms of remuneration approved by the Remuneration Committee at its Meeting held on the same day, pursuant to and subject to provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956; and is subject to Special Resolution to be passed at the ensuing Annual General Meeting of the Company.

The information on this appointment pursuant to Clause 49 of the Listing Agreement is given here and also in the Report on Corporate Governance annexed to the Directors' Report and the following information is given pursuant to Schedule XIII to the Companies Act, 1956:-

**I. GENERAL INFORMATION:**

**1) Nature of Industry:**

The Company is into Merchant Banking and all sorts of Financial Service provider viz. Equity Market Broking, Category I Merchant Banker, Debt Market, Investment Advisory Group, SEBI Registered Portfolio Management Service Provider (PMS).

**2) Date of Incorporation of Company:**

Your Company has been incorporated on 09<sup>th</sup> February 1993.

**3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable

**4) Financial performance based on given indicators:**

(Rs. In lacs)

PARTICULARS	Period ended 31 <sup>st</sup> March 2010	Period ended 31 <sup>st</sup> March 2009
Total Income	813.43	1231.07
Gross Profit before Dep. & Interest	(56.30)	377.26
Less: Interest, Dep.& Finance Charges	111.63	111.56
Profit before Tax and prior period item	(167.94)	265.70
Less: Prior Period items	7.24	0.00
Provision for Tax	(0.00)	39.68
Profit after Tax	(175.17)	226.02
Balance c/f from earlier year	947.19	737.28
Balance c/f to Balance Sheet	748.62	947.19

**5) Export performance and net foreign exchange collaborations:**

NIL

**6) Foreign investments or collaborations, if any:**

Not Applicable

**II. INFORMATION ABOUT THE APPOINTEE**

**1) Background details:**

Shri Paresh J Khandwala is the Promoter Director of your Company since incorporation in the year 1993. He is having more than 36 years experience in the Financial and Capital Markets.

**2) Past remuneration:**

Shri. Paresh J. Khandwala was eligible for Rs. 31,25,000/- for the year. However, his appointment was up to 31<sup>st</sup> December 2009 and hence he has drawn Rs. 23,55,298/- for the nine months period ended on 31<sup>st</sup> December 2009.

**3) Recognition or awards :**

Nil

**4) Job profile and his suitability:**

Shri Paresh J Khandwala is most suitable for this position as proven by his vast experience in the Financial and Capital Market and the track record of the Company, to manage the Company as Managing Director under superintendence and control of the Board of Directors.

**5) Remuneration proposed:**

Rs. 31,25,000/- p.a. all inclusive and commission at 1% of the Net Profits of the Company calculated as per provisions of Section 349 & 350 of the Companies Act, 1956 payable on yearly basis subject to the approval of accounts.

- 6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin):**

The proposed remuneration is in tune with the current remuneration packages of the similar industry, comparative size and effective Capital of the Company, qualification and experience of the appointee and highly competitive business scenario requiring recognition and reward of performance and achievement for retention of best talent and motivation towards meeting the objective of the Company.

- 7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Mr. Paresh J Khandwala is the Promoter Director of the Company.

### III. OTHER INFORMATION

- 1) **Reasons of loss or inadequate profits:**

The total Revenue dropped in the division of Investment Banking Advisory Groups from Rs. 7.44 cr. (2008-2009) to Rs. 1.39 cr. (2009-2010) i.e by Rs. 6.05 cr., where in total Revenue dropped by Rs. 4.18 cr. in 2009-2010 compared to F.Y. 2008-'09.

Since the primary market activities were subdued, in first two quarters, due to unfavored market situations of primary and secondary, some of the transactions have been put on hold or cancelled by the client's.

Over and above, due to prevailing uncertainty in secondary market during period of Oct '09 to March '10, Brokerage income from Future and Option market has dropped substantially in one of the Branch, due to management decision on curtailing the exposures limit to clients.

- 2) **Steps taken or proposed to be taken for improvement:**

Our goal is to rebuild our financial strength, branding and credibility through focus on our primary strength area of equity broking.

Investment Banking and Advisory Group is putting their best endeavors on reviving some of the lost or delayed transactions, and are confident that in improved market sentiment same can be executed efficiently.

Also initiatives have been taken towards making PMS Division to make it one of the better profitable avenues of KSL, in years to come.

- 3) **Expected increase in productivity and profits in measurable terms:**

Income of about Rs. 12.20 crores and Profit before Tax of about Rs. 2.00 crores in the Financial Year 2010-2011

### IV. DISCLOSURES

- 1) **The shareholders of the Company shall be informed of the remuneration package of the managerial person:**

The abstract of the terms and conditions including remuneration package for the appointment of Mr. Paresh J Khandwala, as the Managing Director is enclosed herewith with the notice.

- 2) The following disclosures shall be mentioned in the Board of Director's Report under the heading 'Corporate Governance', if any, attached to the annual report:-

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors: **Done**
- (ii) Details of fixed component and performance linked incentive along with the performance criteria : **Not Applicable**
- (iii) Service contracts, notice period, severance fees: **Service contract :5 years, Notice period : Nil, Severance fees: Nil**
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: **None**

The above disclosures have been made in the Report on Corporate Governance attached to the Directors' Report dated 9<sup>th</sup> August 2010.

None of the Director's except Mr. Paresh J Khandwala is concerned or interested in the said resolution.

**By order of the Board of Directors**

**Manisha Srivastava**  
Company Secretary

Date: 9<sup>th</sup> August, 2010  
Place: Mumbai

*Come; let's join hands for a new experience*

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting herewith the Seventeenth Annual Report along with Audited Statement of Accounts for the year ended on 31<sup>st</sup> March 2010.

## FINANCIAL HIGHLIGHTS

The performance of the Company for the Financial Year ended 31<sup>st</sup> March, 2010 is summarized below:-

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2010	Year ended 31 <sup>st</sup> March 2009
Total Income	813.43	1231.07
Interest & other Financial Charges	65.92	67.44
Depreciation	45.70	44.12
Profit / (Loss) before Tax and prior period item	(167.94)	265.70
Less: Prior Period item	7.24	0.00
Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	(0.00)	39.68
Profit / (Loss) after Tax	(175.17)	226.02
<b>Appropriations</b>		
Dividend on Preference Shares	20.00	13.77
Provision for Corporate Tax on Dividend	3.40	2.34
Surplus / (Deficit) carried forward	748.61	947.19
Reserves and Surplus	1633.03	1769.92

## RESULTS OF OPERATIONS

The Revenue for the year decreased from Rs. 1231.07 lacs to Rs.813.43 lacs. The Profit before interest, exceptional items, prior period expenses and taxation registered a decline from Rs. 265.70 Lacs profits in the FY 2009 to a loss of Rs. (167.94) Lacs in the current FY 2010. The Company for the year ended 31<sup>st</sup> March 2010 reported a loss of Rs. 167.94 Lacs.

The detailed information on operational and financial performance, etc., is also given in the Management Discussion and Analysis Report which is annexed to the Directors' Report and has been prepared in compliance with the terms of Clause 49 of the Listing Agreement with the Indian Stock Exchanges.

## DIVIDEND

Since the Company has incurred losses during the year under review, your Directors do not recommend Equity Dividend for the financial year 2009-2010. The dividend on Preference Shares shown under appropriation is for the earlier years, now appropriated.

## DIRECTORS

In accordance with Section 255 and 256 of the Companies Act 1956 and with reference to Article 109 of the Articles of Association of the Company, Mr. Shreedhar M Parande, a Non-Executive Independent Director retires by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

Brief resume of the Director proposed to be re-appointed, qualification, experience and the name of the Companies in which he holds directorship, membership of the board committees, as stipulated in the clause 49 of the listing agreement is provided in the Report on Corporate Governance forming a part of the annual report.

## CORPORATE GOVERNANCE

Your Company has complied with all the mandatory provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges. As part of the Company's efforts towards better corporate practice and transparency, a separate report on Corporate Governance compliances is included as a part of Annual Report.

A certificate from the auditors, M/s Udyen Jain & Associates, Chartered Accountants, of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Directors' Report.

## SECRETARIAL AUDIT REPORT

Your Company voluntarily appointed M/s. Savitha Jyoti, Practicing Company Secretary, to conduct Secretarial Audit of the Company for the financial year ended March 31, 2010. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Listing Agreement, the Companies Act, 1956, and the Depositories Act, 1996.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as a separate statement in the annual report.

## EMPLOYEES

Your Company is consciously aware that its well being largely depends upon the quality and strength of human resource. The Company endeavors to attract and retain talent. The Company ensures that its operations are adequately staffed. Your Company's human resource policies are designed and implemented to achieve these objectives.

The Board wishes to place on record its appreciation for sincere and dedicated efforts put in by all the employees. Employee-Management relations continued to remain cordial throughout the year under review.

**AUDITORS' REPORT**

Observations made by the Auditor in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

**AUDITORS**

M/s. Udyen Jain & Associates, Chartered Accountants, who retires on the conclusion of this Annual General Meeting has requested to consider their re-appointment at the ensuing AGM of the Company. A certificate from the Auditors has been received 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 they are not disqualified for such an appointment within the meaning of sub section (3) and (4) of Section 226 of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

The Company doesn't have any employee drawing remuneration as per monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 except Mr. Paresh J Khandwala. The details of his remuneration are given below:

Sr No	Particulars	Details
1	Name	Mr. Paresh J Khandwala
	Designation	Managing Director
2	Age	55 years
3	Remuneration	Rs. 31,05,000/- for the period from 1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2010.
4	Date of Appointment	1 <sup>st</sup> January 2005 and further renewed for a period of 5 years starting from 1 <sup>st</sup> January 2010
5	Nature of employment, whether contractual or otherwise	Employment.
6	Other terms and conditions	Nil
7	Nature of duties	Managing the Company and involved in Policy Making decision process and executing the same.
8	Experience	36 years.

**COMPLIANCE CERTIFICATE**

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors state, as an averment of their responsibility, that:

- The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- 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 as at March 31, 2010 and of the profit or loss of the Company for the year ended March 31, 2010;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts for the financial year ended March 31, 2010 on a going concern basis.

**DEPOSITS**

Your Company has not accepted any deposits from the public and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

**ACKNOWLEDGMENTS**

The Board expresses its sincere gratitude for the continued support and guidance received by the Company from the Securities and Exchange Board of India, the Reserve Bank of India, the Stock Exchanges and other government and regulatory agencies. The Board would like to acknowledge the continued support of its bankers, registrars, vendors, clients and investors. The Directors also wish to place on record their gratitude and appreciation of the employees' hard work, dedication, teamwork and professionalism which made the phenomenal growth possible year after year.

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**S M Parande**  
Chairman

Date: 9th August, 2010  
Place: Mumbai.



**ANNEXURE A TO DIRECTORS REPORT****PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****a) Conservation of Energy:**

Your Company consumes electricity mainly for the operation of its computers. Though the consumption of electricity is negligible as compared to the total turnover of the Company, your company has taken effective steps at every stage to reduce consumption of electricity.

**b) Technology Absorption**

This is not applicable to your Company as it has not purchased or acquired any Technology for development of software from any outside party.

**c) Foreign Exchange Earnings / Outgo**

Foreign Exchange Earnings : Rs. 1.07 Lacs (previous year – Rs. 88.22 Lacs)

Foreign Exchange Outgo : Rs. 11.66 Lacs (previous year–Rs. Rs. 10.63 Lacs)

For and on behalf of the Board of Directors  
**Khandwala Securities Limited**

**S M Parande**  
Chairman

Date: 9<sup>th</sup> August, 2010  
Place: Mumbai.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ECONOMY OVERVIEW**

The Indian economy, which had managed to emerge out of the global turmoil in the year 2008-09 relatively unscathed, witnessed a quick rebound in the year 2009-10. The global growth momentum also saw a rise following the unprecedented boost of liquidity by Federal Governments across countries, especially in developed economies. Against a decline of -0.6% during the previous year, IMF projects world GDP to expand by -4.2% during CY10. This momentum saw a wide divergence- a moderate revival for the developed world, but a notch faster for the emerging economies. As per recent World Bank estimates, combined GDP in developing countries will grow -6.4% in CY10, after a modest -2.4% rise in CY09

While recovery in real economy remained in track, the return from the stock markets especially in Emerging Markets were much more. The rally in Emerging Markets was led by the revival in risk appetite and inflows from developed countries, especially the U.S. aided by a dollar funded carry trade. The synchronized measures introduced by the policy makers to restore stability and confidence in the markets were clearly achieving what they were intended to. However the ongoing spectre of sovereign default risks in Greece and parts of Southern Europe have recently started showing signs of cynicism. Whilst the Euro zone governments have come out with a massive bail-out programme

The emerging situation requires careful monitoring as it has the potential to cause a double dip recession in some economies

The growth story for India has always looked robust compared to its peers, given the long term dynamics in its favour. A lower export dependence and high domestic demand saw India emerge relatively unharmed from the global turbulence, India, along with China, was the only major economy to have registered a 5%+ growth in every quarter even during recession. As demand improved, India's economy saw a sharp surge in factory output, undeterred by poor monsoon. Growth estimates began getting revised upwards, mid of CY09 onwards. Stock markets started riding on a wave of exuberance on prospects of better growth and easy liquidity. Moreover, the mid year elections turned the tide for the Indian markets. A stellar rally set-in as the newly elected government gave a boost to growth expectations. The first two quarters of FY10 were good, however, the last two were challenging and saw a slowdown in markets.

During the phase of recovery, the challenge before India was striking the right balance between a host of macro issues; containing fiscal deficit, smooth roll back of stimulus programmes without affecting the growth momentum, yet maintaining adequate liquidity for enabling credit. All this, without growth leading to high inflation. Macro policies in India maneuvered the situation with precision. The RBI was quick and proactive in tackling inflation and inflation expectations. RBI increased the benchmark rates- one of the first major central banks to do so- but, only at a gradual and calibrated

pace so as to ensure that the process of growth recovery is not derailed either. Union budgets (in July 2009 and more so in February 2010) also kept boosting growth expectations as government policies succeeded in balancing the trade-off between stimulating growth and reducing deficits.

### **INDUSTRY OVERVIEW**

#### **INDIAN EQUITY MARKET**

The Indian capital markets have performed better than most others during this financial year. But even as we buried the fears of a global slowdown, the markets went through some testing times during the second half. We see the year ahead of us as one of consolidation; we are likely to witness a lot of activity in all the verticals of the capital markets. At present, trading in Indian bourses is typically concentrated around equities and commodities. The penetration of asset classes like bonds and currencies remains low. However, as Indian investors become more sophisticated, they are bound to start branching out into various asset classes and this will boost the markets.

Also, markets will further develop with greater efficiency owing to the forward-looking policies of the regulators and the government. The projected growth of the Indian economy with the resultant growth in the capital' markets, compels us to identify the enabling factors and to work towards putting them in place, at the earliest.

#### **The Primary Market**

India Inc raised Rs 46,778 crore through the public equity offerings in the financial year 2009-10, 23 times higher than Rs 2,034 crore mopped up in the last fiscal. The public offerings dominated by the state-run firms, which raised Rs 30,942 crore or 66 per cent of the total amount. The mobilisation in the year could have been higher but due to the continuing volatility in the secondary market and poor post-IPO performance of some companies in the early part of the fiscal, fund-raising plans failed to breach the record level of Rs 52,219 crore raised in 2007-08. Nevertheless, the financial year 2009-10 amount is the second-highest ever and is almost double of each of the preceding years of 2004-05, 2005-06 and 2006-07. After several years, the mobilisation was almost equally shared by initial public offers (IPOs) and the follow-on public offers (FPOs). Fund raised by public sector undertakings was the highest ever amount mobilised by them. The last time when the PSUs had raised the biggest amount was in the 2003-04 at Rs 16,563 crore and the Rs 30,942 crore raised in the financial year 2009-10; Rs 21,162 crore was through divestments and Rs 9,780 crore through fresh capital. A total of six PSU companies entered the market in FY10, led by NMDC (Rs 9,791 crore) followed by NTPC (Rs 8,480 crore), NHPC (Rs 6,039 crore), REC (Rs 3,530 crore), Oil India (Rs 2,777 crore) and United Bank of India (Rs 325 crore).

#### **The Secondary Market**

The year 2009-10 for financial markets ended on a very promising note with the economy picking up and net capital