

**KOVALAM INVESTMENT & TRADING CO. LTD.**  
**Regd. Off. Premises Oswal Woollen Mills Ltd.G.T.Road,Sherpur, Ludhiana**

---

**NOTICE**

Notice is hereby given that the 24th Annual General Meeting of the members of Kovalam investment & Trading Company Limited, will be held at Regd. Office of the Company on Wednesday the 27th day of September 2006 at 4:00 PM to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2006, the profit and loss account for the financial year ended on that date and the reports of directors and auditors thereon.
2. To appoint Director in place of Sh. Gagnish Kumar Bhalla who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration

**SPECIAL BUSINESS**

4. 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 section 257 and all other applicable provisions, if any, of the companies Act 1956. Sh. Navdeep Sharma who was appointed as an additional director of the company by the board of the director on 31.05.2006 and who holds office up to the date of this Annual General Meeting by virtue of section 260 of the companies Act. 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment as director be and is hereby appointed as director of the company subject to retire by rotation".

For and on behalf of the Board,

Place : Ludhiana

Dated : 15.07.2006

  
Sat Paul Nijhawan  
Chairman

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member.
2. Proxies in order to be effective must 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 share transfer books of the company shall remain closed from 25<sup>th</sup> September 2006 to 27<sup>th</sup> September 2006 (both days inclusive) for AGM purpose.
4. Members seeking any information with regard to annual accounts at the time of meeting are requested to send their queries to the company at least seven days before the date of meeting so as to enable the management to keep the relevant information ready.
5. Members are requested to notify the change in their address, if any, to the company at the earliest.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956.**

**Item No.4**

Sh. Navdeep Sharma is appointed as an additional Director of the company on 31.05.2006 by the board of directors of the company. In terms of section 260 of the companies Act 1956 they hold office of directorship upto the date of ensuing Annual General Meeting.

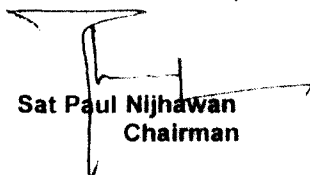
As required u/s 257 of the Companies Act 1956 notice has been received from a member signifying his intention to propose the candidature of Sh. Navdeep Sharma for the office of director liable to retire by rotation. The board considers it desirable that the company should continue to avail the services of Sh. Navdeep Sharma. His continuation on the board will further benefit the company.

Hence, the resolution is proposed.

None of the directors are interested or concerned in the resolution.

Place : Ludhiana  
Dated : 15.07.2006

For and on behalf of the Board,

  
Sat Paul Nijhawan  
Chairman

**KOVALAM INVESTMENT & TRADING CO. LTD.****Regd. Off. Premises Oswal Woollen Mills Ltd.G.T.Road,Sherpur, Ludhiana****DIRECTOR'S REPORT****TO THE MEMBERS:-**

Your directors present the 24<sup>th</sup> Annual Report together with the audited accounts of the company for the year ended 31<sup>st</sup> March 2006.

**WORKING RESULTS:**

The working results of the company for the year under report are as under:-

	<b>Amount in Rupees</b>	
	<b>Year ended 31.03.2006</b>	<b>Year ended 31.3.2005</b>
Gross Income	18359821	9543057
Profit before tax	18171077	9336516
Less : Provision for income tax	5909781	3075000
Less : Provision for Deferred Tax	-	20529
Add/ Less: Income Tax Adjustment of earlier year	(-) 50442	2347
Profit after Tax for the year	12210854	6243334
Add : Balance B/F from previous year	72522	18277188
Available for appropriation	12283376	24520522
Transferred to Reserve Fund	2444000	1248000
Transferred to general reserve	9800000	23200000
Balance carried forward	39376	72522

**OPERATIONS**

During the year under review the company's funds remained invested in Shares, Loans and Advances. The dividend income earned was Rs. 881852 /- (previous year Rs. 890973/-). The interest income earned was Rs. 1484311 /- (previous years Rs. 1660736/-). During the year the company also earned brokerage income of Rs. 15882230/- on mobilization of funds of third parties (previous year 6949768).

**DIVIDEND**

Your directors do not recommend any dividend for the year under consideration.

**DIRECTORS**

Sh. Gagnish Kumar Bhalla, Director of the company retires by rotation at the ensuing Annual General meeting and being eligible offers himself for re-appointment. Further Sh. Navdeep Sharma who was appointed as additional director holds office upto the conclusion of ensuing Annual General Meeting. Further notice u/s 257 has been received from a member of the company signifying his intention to propose the candidature of Sh. Navdeep Sharma for the office of director liable to retire by rotation. Accordingly proposal for appointment has been made in the notice of AGM under the head special business.

## **KOVALAM INVESTMENT & TRADING CO. LTD.**

**Regd. Off. Premises Oswal Woollen Mills Ltd.G.T.Road,Sherpur, Ludhiana**

---

### **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:

- i) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2006, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the Profit or Loss of the company for the year under review.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the directors had prepared the accounts for the financial year ended 31.03.2006 on a 'going concern' basis.

### **COMPLIANCE CERTIFICATE**

A certificate from a secretary in whole time practice regarding compliance of all provisions of the companies act as required under proviso to section 383A of the Act is attached to this report.

### **FIXED DEPOSITS:**

The company did not accept any public deposit during the financial year under consideration within the meaning of Section 58-A of the companies Act, 1956 and to which para 4-8 of Non banking financial Companies (Reserve Bank) directions, 1998 apply.

### **AUDITORS:-**

M/s. Gupta Vigg & Co. Chartered Accountant, Ludhiana, the auditors of the company, retire at the conclusion of the forthcoming Annual General Meeting and offer themselves for reappointment.

**KOVALAM INVESTMENT & TRADING CO. LTD.****Regd. Off. Premises Oswal Woollen Mills Ltd.G.T.Road,Sherpur, Ludhiana****Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and outgo.**

Information as per Section 217(1)(e) read with companies (disclosure of particulars in the report of Board of Directors), Rules 1988 is given as under:

- |    |                                    |     |
|----|------------------------------------|-----|
| 1. | Conservation of energy             | N.A |
| 2. | Technology absorption              | N.A |
| 3. | Foreign Exchange Earning and outgo | N.A |

**PARTICULARS OF EMPLOYEES**

None of the employees is covered under companies (particulars of employees) Rules, 1975 made in accordance with Section 217(2A) of the companies Act, 1956. Hence no statement u/s 217(2A) of the companies Act, 1956 is required.

**LISTING OF SHARES**

Your company's shares are listed on the Stock Exchange, Mumbai and the listing fee for the financial year 2006-2007 has been paid. Your company has filed the listing application with the Stock Exchange, Mumbai for listing of 1461210 equity shares allotted on account of amalgamation for which listing approval is awaited.

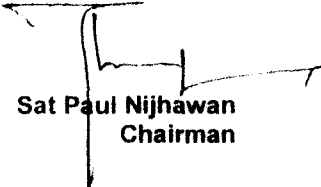
**GENERAL:**

The notes forming part of the accounts being self explanatory, the comments made by the auditors in their report are not being dealt with separately.

**ACKNOWLEDGEMENT**

The Directors of the company wish to place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the company.

For and on behalf of the Board



Sat Paul Nijhawan  
Chairman

Place : Ludhiana  
Date : 15.07.2006

**P.S. DUA**

B.com, , FCS

**P.S. DUA & ASSOCIATES**

COMPANY SECRETARIES

**COMPLIANCE CERTIFICATE****Registration no. of Company: 016-23058****Nominal Capital: 2, 00, 00,000**

The Members,

M/s Kovalam Investment &amp; Trading Company Limited.

Premises Oswal Woollen Mills Ltd., G.T. Road, Sherpur

Ludhiana.

We have examined the registers, records, Books and papers of M/s. Kovalam Investment & Trading Company Limited, Ludhiana. As required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also provisions contained in the Memorandum and the Articles of the Association of the Company for the financial year ended on 31<sup>st</sup> March, 2006, in our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and the agents, we certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the prescribed time under the Act and the rules made thereunder.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met nine times on 30<sup>th</sup> April, 2005 30<sup>th</sup> July 2005, 22<sup>nd</sup> August 2005, 14<sup>th</sup> September 2005, 31<sup>st</sup> October 2005, 14<sup>th</sup> November 2005, 4<sup>th</sup> January 2006, 31<sup>st</sup> January 2006 and 21<sup>st</sup> March 2006, in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minute Book and signed. There was no resolution passed by circular during the financial year.
5. The Company closed its Register of Members, from 22<sup>nd</sup> September, 2005 to 24<sup>th</sup> September, 2005 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting in respect of the financial year ending on 31<sup>st</sup> March, 2005 of the company was held on 24<sup>th</sup> September, 2005 & the

