

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

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the members of Kovalam investment & Trading Company Limited will be held at Regd. Office of the Company on Saturday the 29th day of September 2012 at 4:00 PM to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2012, 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

For and on behalf of the Board,

Sd/-

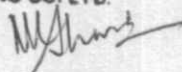
**Navdeep Sharma
Chairman**

**Place: Ludhiana
Dated: 31.08.2012**

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 26th September 2012 to 29th September 2012 (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.

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director

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 30^h Annual Report together with the audited accounts of the company for the year ended 31st March 2012.

WORKING RESULTS:

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

	Amount in Rupees	
	Year ended 31.03.2012	Year ended 31.03.2011
Gross Income	18004292	17258258
Profit before tax	16246059	1,66,64,037
Less : Provision for income tax	(4685533)	(44,59,610)
	NIL	(12375)
Deferred Tax Liability / Assets	65314	(1,15,112)
Profit after Tax for the year	11625840	12076940
Add : Balance B/F from previous year	5650334	49,93,394
Available for appropriation	17276174	17070334
Transferred to Reserve Fund	2326000	24,20,000
Transferred to general reserve	10000414	90,00,000
Balance carried forward	4949760	56,50,334

OPERATIONS

During the year under review the company's funds remained invested in Shares, Loans and Advances. The dividend income earned was Rs.29,06,566 /- (previous year Rs. 26,31,626 /-). The interest income earned was Rs.65,59,860 /- (previous years Rs. 36,04,954 /-). During the year the company also earned brokerage income of Rs 86,02,674 /- (net of service tax) on mobilization of funds of third parties (previous year 1,03,34,700).

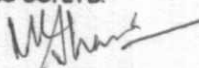
DIVIDEND

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.

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director

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 31st March 2012, 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 31.03.2012 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.

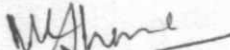
FIXED DEPOSITS:

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.

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director

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 FEES

Your company's shares are listed on the Stock Exchange, Mumbai and the listing fee for the financial year 2011-2012 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

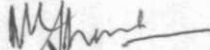
Sd/-

**Navdeep Sharma
Chairman**

Place: Ludhiana

Date: 31.08.2012

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director

GUPTA VIGG & CO.

Chartered Accountants

Tel. (O) 2532297, 2535156

Fax 0161-2535156

B.O.(Delhi) 26463343, 26488594

E-mail : lc.gupta@guptavigg.com

Web : www.guptavigg.com

101-Kismat Complex, G.T. Road,
Miller Ganj, LUDHIANA-141 003.

Ref. No. _____

Dated _____

AUDITOR'S REPORT

To the Board of Directors of
Kovalam Investment & Trading Co. Ltd.,
LUDHIANA.

We have audited the Balance Sheet of Kovalam Investment & Trading Co. Ltd. as at 31st March, 2012 and also the Statement of Profit and Loss of the Company for the year ended 31st March, 2012 and report that :-

1. As per directions issued by the Reserve Bank of India reg: Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 in terms of section 45-I(f) of the Reserve Bank of India Act, 1934 (2 of 1934), we report that:
 - (a) The Company has applied for Registration as provided in Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and obtained Certificate of Registration from the R.B.I. vide Registration No. 06.00576.
 - (b) The Board of Directors of the Company has passed a Resolution for the non-acceptance of any Public Deposits.
 - (c) The Company has not accepted any public deposits during the relevant accounting year ended 31st March, 2012.
 - (d) The Company has complied with all the prudential norms applicable, if any, relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable under the Act.

For GUPTA VIGG & CO.
Chartered Accountants
Firm Regn.No.0018934

(CA.VINOD KUMAR KHANNA)
M.NO.81583
PARTNER



Dated: 31.08.2012
Place: LUDHIANA.

For KOVALAM INVESTMENT & TRADING CO. LTD.

Director

GUPTA VIGG & CO.
Chartered Accountants
K-101 Kismat Complex G.T. Road
Miller Ganj, LUDHIANA.
[Phones: 2532297, 2535156]

AUDITORS' REPORT

The Members of
KOVALAM INVESTMENT & TRADING CO. LTD.,
LUDHIANA.

We have audited the attached Balance Sheet of M/s Kovalam Investment & Trading Company Limited, Ludhiana as at 31st March, 2012 and the Statement of Profit & Loss and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

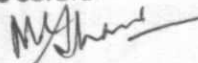
We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227(4A) of the Act, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that :-

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- (v) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director

(vi) In our opinion, there is no adverse effect on the functioning of the Company.

(vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies & Notes on Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (b) in the case of the Statement of Profit & Loss, of the profit/loss for the year ended on that date; and
- (c) in the case of Cash Flw Statement, of the cash flow for the year ended on that date.

For GUPTA VIGG & CO.
Chartered Accountants
Firm, Regn.No. 001393N

(CA. VINOD KUMAR SHARMA)
M.NO. 81535
PARTNER



Dated: 31.08.2012
Place: LUDHIANA.

For KOVALAM INVESTMENT & TRADING CO. LTD.

Director

ANNEXURE TO AUDITORS' REPORT

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[Referred to in paragraph (3) thereof]

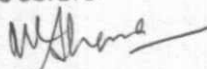
- (i) a) The Company has maintained proper records showing full particular including quantitative details and situation of the fixed assets.
- b) According to the information and explanation given to us, the Company has only Land & Building as its fixed assets the same are physically verified by the management at the year end.
- c) In our opinion, the company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- (ii) The Company does not have any inventories. Hence Clauses 4(ii)(a), (b) and (c) are not applicable to the Company.
- (iii) a) The Company has granted loan to one party covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.6,84,35,652 and year end balance is Rs.6,84,35,652/-.
- b) In our opinion, the rate of interest and other terms & conditions on which the loans have been granted are not prima-facie prejudicial to the interest of the Company.
- c) The Loans granted are receivable on demand.
- d) There is no overdue amount.
- e) The Company has not taken any loans from the parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly, the clauses 4(iii)(f) & (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any major weaknesses in internal control.
- (v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- b) In our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of such contracts or arrangements during the year.
- (vi) The company has not accepted any deposits from public. Hence, the clause 4(vi) of the Order is not applicable to the company.
- (vii) In our opinion, the company has internal audit system commensurate with its size and nature of its business.

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director

- (viii) The maintenance of cost records has not been prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. Hence clause 4(viii) of the Order is not applicable.
- (ix) a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service-tax, custom duty, excise duty, cess and other material statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities.
- According to the information and explanations given to us, undisputed amounts payable in respect of above dues were not in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable.
- b) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service-tax, excise duty and cess which have not been deposited on account of any disputes.
- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
- (xi) The Company has not borrowed any money from banks or financial institutions. Hence Clause 4(xi) is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) In respect of dealing/investments in shares, in our opinion and according to the information and explanations given to us, proper records have been maintained of the investments and timely entries have been made therein. The shares and other investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for the loans taken by others from banks or financial institutions.
- (xvi) The Company has not taken any term loans and hence not applicable.
- (xvii) The Company has not raised any funds on short term basis. Accordingly, Clause 4(xvii) is not applicable to the Company.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4(xviii) of the Order is not applicable.

For KOVALAM INVESTMENT & TRADING CO. LTD.


Director