

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

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**NOTICE**

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the members of Kovalam investment & Trading Company Limited will be held at Regd. Office of the Company on Saturday the 28<sup>th</sup> day of September 2013 at 4:00 PM to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2013, 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. Sat Paul Nijhawan 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/-**

**Place: Ludhiana**  
**Dated: 26.08.2013**

**Navdeep Sharma**  
**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 26<sup>th</sup> September 2013 to 28<sup>th</sup> September 2013 (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 31<sup>st</sup> Annual Report together with the audited accounts of the company for the year ended 31<sup>st</sup> March 2013.

### WORKING RESULTS:

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

	Amount in Rupees	
	Year ended 31.03.2013	Year ended 31.03.2012
Gross Income	18432676	18004292
Profit before tax	17532458	16246059
<b>Less</b> : Provision for income tax	(5394110)	(4685533)
Deferred Tax Liability / Assets	(19620)	65314
Profit after Tax for the year	12118728	11625840
<b>Add</b> : Balance B/F from previous year	4949760	5650334
Available for appropriation	17068488	17276174
Income tax adjustments for prior periods	(1096)	NIL
Transferred to Reserve Fund	(2425000)	2326000
Transferred to general reserve	(10000000)	10000414
Balance carried forward	<b>4642392</b>	<b>4949760</b>

### OPERATIONS

During the year under review the company's funds remained invested in Shares, Loans and Advances. The dividend income earned was Rs.8,58,043 /- (previous year Rs 29,06,566 /-). The interest income earned was Rs.57,52,870 /- (previous years Rs. 65,59,860 /-). During the year the company also earned brokerage income of Rs 1,16,37,321/- (net of service tax) on mobilization of funds of third parties (previous year 86,02,674).

### **DIVIDEND**

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

### **DIRECTORS**

Sh. Sat Paul Nijhawan, Director of the company retires by rotation at the ensuing Annual General meeting and being eligible offers himself for re-appointment.

### **BONUS ISSUE TO PUBLIC SHAREHOLDERS**

The company has issued on 08.08.2013 , 517704 equity shares of Rs. 10/- each as bonus shares to the public shareholders (promoters/ promoter group forgoing their entitlement) in order to comply with the provisions of clause 40A of the listing agreement regarding minimum public shareholding requirement (MPS). For the said issue the company has raised its authorized share capital from Rs. 2 crores to Rs. 3 crores. on 15.07.2013 .

### **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 2013, 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 31.03.2013 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.

#### **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 2012-2013 has been paid. Your company had filed the listing application with the Stock Exchange, Mumbai for listing of 1461210 equity shares allotted on account of amalgamation for which listing approval has been granted.. Further, the bonus shares so allotted have also been listed on Bombay Stock Exchange Ltd.

### **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: 26.08.2013

For KOVALAM INVESTMENT & TRADING CO. LTD



# GUPTA VIGG & CO.

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

[Phones: 0161-2532297, 2535156]

## INDEPENDENT AUDITOR'S REPORT

To The Members of  
M/s Kovalam Investment And Trading Company Limited,  
L U D H I A N A.

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s Kovalam Investment And Trading Company Limited, Ludhiana ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.


### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

For KOVALAM INVESTMENT & TRADING CO. LTD

  
Director

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;

(b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. 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.

b. 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.

c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

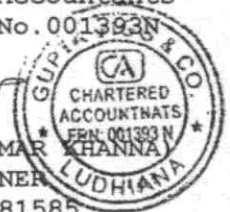
d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Dated: 11.05.2013  
Place: LUDHIANA.

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

(CA. VINOD KUMAR KHANNA)  
PARTNER  
M.NO.81585



For KOVALAM INVESTMENT & TRADING CO. LTD

*[Signature]*  
Director



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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[Referred to in paragraph (1) UNDER THE HEADING OF "Reporting on Other Legal and Regulatory Requirements" of our report of even date]

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- (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.5,30,13,235/-.
- 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 registered 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