

NOTICE

Notice is hereby give that the Eleventh Annual General Meeting of the members of the company will be held at the Registered office of the Company on 29th August, 2005 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive consider and adopt the Audited Profit & Loss for the Period ended 31st March 2005 of the company and Balance Sheet as at 31st March, 2005 and the Reports of the Directors and Auditors there on.
2. To appoint M/S KPSJ & Associates Retiring Auditors as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the company.
3. To appoint Director in place of Mr. Vinod Agrawal who retire by rotation and being eligible offers himself for reappointment.

NOTES :

1. 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.
2. The instrument of proxy should be deposited at the Registered office of the company not less 48 hours before the commencement of the meeting.
3. The register of member and share transfer Book of the company shall remain closed, from 22/8/2005 to 29/8/2005 [both days inclusive].
4. Members are requested to notify immediately change in their address, if any, at the registered office of the company, quoting their folio numbers.

Place : Ahmedabad
Date : 15/07/2005

BY ORDER OF THE BOARD.

[MANAGING DIRECTOR] [DIRECTOR]

DIRECTOR'S REPORT

To,
The Member's
KRISHNA CAPITAL & SECURITIES LIMITED

Your directors submit the 11th Annual Report of the company along with the audited accounts for the March 2005.

FINANCIAL RESULT :

(IN LACS)		
	31.03.2005	31.03.2004
TOTAL INCOME	651.10	348.19
NET PROFIT BEFORE TAXATION	07.33	04.29
NET PROFIT AFTER TAX	04.67	02.49
BALANCE B/F. FROM LAST YEAR	13.60	11.11
PROFIT AVAILABLE FOR APPROPRIATION	18.27	13.60

DIVIDEND :

Keeping in the view the future plans the company, the Board of Directors do not recommend dividend for the financial year ended on 31st March, 2005.

OPERATION :

The performance of the company was satisfactory during the year under review. The total income is Rs. 651.10 Lacs & Net Profit Before Tax is Rs. 7.33 Lacs.

PUBLIC DEPOSITS :

The Company has not accepted any deposits from the public during the period under review.

AUDITOR'S :

The Company's Auditors M/s. KPSJ & ASSOCIATES Chartered Accountants retire and are eligible for reappointment. You are requested to appoint and authorise your directors to fix their remuneration.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 your directors declares that :



- a. In preparation of the annual accounts, the applicable accounting standards has been followed alongwith proper explanation relating to material departures.
 - b. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit / loss of the company.
 - c. The directors have been taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The directors has prepared the annual accounts on a going concern basis.

DIRECTORS :

At the ensuing annual general meeting Mr. Vinod Agrawal, Director of the company will retire by rotation and being eligible offers himself for reappointment..

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars as required by the Companies with (Disclosure of particulars in the Report of Board of Directors) regard to Conservation of Energy etc, are nil in view of the business of the company.

PARTICULARS OF EMPLOYEES :

As no employee of the company was in receipt of gross remuneration of Rs. 24,00,000/- or more per Year Rs. 2,00,000/- or more per month during the year provision of section 217 (2A) of the companies Act, with the companies (Particulars of Employees) Rules 1957 are NIL.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Corporate Governance Report and Auditor's Certificate regarding compliance of condition of Corporate Governance, are made a part of the Annual Report.

ACKNOWLEDGEMENTS :

Your Directors place on record their acknowledgement and sincere appreciation to the Banks, Staff members and members for their continuous contribution to the growth and progress of the company.

Date : 15/07/2005

Place : Ahmedabad

For and on behalf of the Board of Directors,
KRISHNA CAPITAL & SECURITIES LIMITED

[MANAGING DIRECTOR] [DIRECTOR]

AUDITOR'S REPORT

TO THE MEMBERS OF KRISHNA CAPITAL & SECURITIES LIMITED

1. We have audited the attached Balance Sheet of KRISHNA CAPITAL & SECURITEIS LIMITED P. NO. AAACK 6286 H as at 31st March 2005 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. 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.
2. 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 managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Audit Report) Order, 2003 issued by the Central govt. of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in the said Order.
4. Further our comments in the Annexure referred to above, we report that :
 - (a) We have obtained all the information and explanation, 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report 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 and taken on record by the Board of Directors, we report that none of the directors is disqualified

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as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, and subject to

- 1) No Provision has been made in the accounts for book debts of Rs. 19,01,351/- considered doubtful. Hence the profit and Assets are over stated by this amount.
- 2) No provision has been made for diminution in value of the long term Quoted shares Of Rs. 1500000/- Hence the profit and Assets are over stated by this amount.
- 3) Balances in the accounts of debtors, creditors and Loans and Advances are subject to confirmation by the parties and our notes on accounts the said 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.
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2005,
 - (ii) in the case of the Profit and Loss Account of the Profit for the year ended on that date; and
 - (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For, **KPSJ & ASSOCIATES**
Chartered Accountants

Place: Ahmedabad
Date: 15/07/2005

[**KEDAR RAMLADDHA**]
PARTNER
M. NO. 101886

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of even date.

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management at reasonable intervals; and no any material discrepancies were noticed on such verification
- (c) The company has not disposed any fixed assets during the year
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and and no material discrepancies were noticed on physical verification
- (iii) (a) The company has granted / taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.

Loan Granted to 2 parties	Amount 9.03 Lacs
Loan Taken From 1 Party	Amount 145.98 Lacs

- (b) The rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company;
- (c) Payment of the principal amount and interest are also regular;
- (d) there are no overdue amount. More than 1.00 lac
- (iv) there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.

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- (v) (a) the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered;
- (b) each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- (vi) the company has not accepted deposits from the public,
- (vii) the company has an internal audit system commensurate with its size and nature of its business,
- (viii) maintenance of cost records has not been prescribed by the Central Government under clause (c) of sub-section (1) of section 209 of the Act,
- (ix) (a) the company is regular in depositing undisputed statutory dues including, Income-tax, Sales-tax, Wealth Tax, cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanation given to us there are no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth Tax, cess outstanding as at the year end for a period of more than 6 months from the date they become payable.
- (c) According to the information and explanation given to us there are no dues of Income-tax, Sales-tax, Wealth Tax, cess outstanding on account of any dispute.
- (x) The company has not accumulated losses at the end of the financial year
- (xi) The company has not defaulted in repayment of dues to a financial institution or bank
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) the provisions of any special statute not applicable to the company.
- (xiv) The company is dealing or trading in shares, securities, debentures and other investments, and proper records have been maintained of the transactions and contracts and timely entries have been made therein; also the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act;
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions,

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- (xvi) No term loans have been obtained by the company.
- (xvii) the funds raised on short-term basis have not been used for long term investment and vice versa.
- (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 Act
- (xix) Debentures have not been issued by the company.
- (xx) The company has not raised money by public issues during the year.
- (xxi) No fraud on or by the company has been noticed or reported during the year.

For, KPSJ & ASSOCIATES
Chartered Accountants

Place: Ahmedabad
Date: 15/07/2005

[KEDAR RAMLADDHA]
PARTNER
M. NO. 101886



CORPORATE GOVERNANCE REPORT

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, Performance, ownership and governance of the company is an important part of corporate governance.

COMPANY'S PHILOSOPHY

The company is committed to adopt best Corporate Governance practice and endeavor continuously to implement the code of Corporate Governance in its true spirit. The philosophy of the company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholders value without compromising in any way in compliance with laws and regulations. The company has made corporate governance a practice and a process of development right across the company.

The Board of Directors:

1. Composition of Board

The Board of Directors has an optimum combination of Executive and Non-executive Directors with 75% of the Directors being Non-executive Directors. The composition of the Board of Directors of the company as on 31st March, 2005 is as under:

Name	Designation/Category	No. of other Directorship and Committee Membership/Chairmanship		
		Other Directorship	Committee Membership	Committee Chairmanship
Ashok Agarwal	Managing Director/Executive /non Independent	2	1	-
Vinod Agarwal	Director/non Executive/ Non Independent	Nil	3	-
Rajesh Jindal	Chairman/non Executive/ Independent Director	Nil	3	3
Tarun Garg	Director/non Executive/ Independent Director	Nil	3	-

2. Attendance record of each Director Five Board Meetings were held during the year 2004-2005. These meetings were held on, 23rd April, 2004, 23rd July, 2004 30th July, 2004 and, 29th October, 2004 and 31st January, 2005

Name	No. of BOD Meetings held	No. of BOD Meetings attended	Attendance at last AGM
Mr. Ashok Agrawal	5	5	YES
Mr. Rajesh Jindal	5	5	YES
Mr. Vinod Agrawal	5	5	YES
Mr. Tarun Garg	5	5	YES

3. The company furnishes the relevant information in respect of the matter placed before the Board of Committee(s) including the matters listed in Annexure 1 to Clause 49 of the listing agreement, whichever applicable and materially significant.

4. Remuneration of Directors

Details of Remuneration paid/payable to the Directors for the year ended 31.3.2005 are as under :

Name of Director	Sitting Fees (Rs.)	Gross Remuneration (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Ashok Agrawal	-	1,80,000	-	1,80,000

- Gross remuneration includes salary and perquisites. The company does not have any stock option scheme.
- The Executive Director has been appointed for a period of 5 years. As per the agreement either party is entitled to terminate the appointment by giving not less than 3 months notice to the other party.

Committees of the Board

During the course of the year, the Board of Director of the company, constituted the Audit Committee and the Investor's Grievances and Shares Transfer Committee and Remuneration Committee. The Committees meet as often as required.