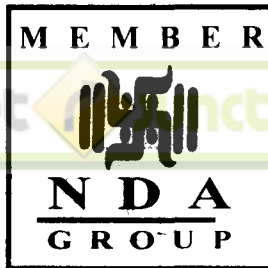


# **12th Annual Report 2003-2004**



## **NDA SECURITIES LIMITED**

MEMBER



## BOARD OF DIRECTORS

SH. N.D.AGARWAL  
Chairman

SH. SANJAY AGARWAL  
Managing Director

SH. U.S.GUPTA  
SH. KEWAL KRISHAN  
SH. LALIT GUPTA  
Directors

## REGISTERED OFFICE

1002-A, Arunachal Building, 19, Barakhamba Road  
New Delhi-110001

## MUMBAI OFFICE

21, prospects Chambers Annexe  
Dr.D. N. Road, Fort, Mumbai-400 001

## COMPANY SECRETARY

ANUP SOBTI

## AUDITORS

SUBHASH C. GUPTA & ASSOCIATES  
Chartered Accountants.

## BANKERS

HDFC BANK  
ABN AMRO BANK  
VIJAYA BANK

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## NDA SECURITIES LTD.

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### NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF NDA SECURITIES LIMITED WILL BE HELD ON TUESDAY, 31ST AUGUST, 2004 AT 4.30P.M AT KHURANA BANQUET HALL, 19, KRISHNA MARKET, OPPOSITE DESH BANDHU GUPTA COLLEGE, KALKAJI, NEW DELHI- 110019 TO TRANSACT THE FOLLOWING BUSINESS.

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kewal Krishan who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company and to authorize the Board of Directors to fix their remuneration. M/s Subhash C. Gupta & Associates, Chartered Accountants, are the retiring Auditors and being eligible have offered themselves for re- appointment.

#### SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198 , 269, 309, 310 read with Schedule XIII and other applicable provisions , if any, of the Companies Act, 1956 and subject to the approval of the Central Govt. (if required) , the company hereby approves the increase in remuneration of Mr.Sanjay Agarwal, Managing Director w.e.f 1st April, 2004, on the terms and conditions as mentioned below and which have already been approved by the remuneration committee of the Board of Directors of the company .

Salary (Basic) : Rs.1,00,000/- (Rupees One lakh only)

- Perquisites : (a) Contribution to Provident Fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure

The monetary value of the perquisites shall be determined as per Income Tax Rules, wherever applicable, and, in the absence of any such Rules, shall be valued at actual cost.

MEMBER



RESOLVED FURTHER THAT pursuant to section 198 and all other applicable provisions of the Companies Act, 1956 the salary of Rs. 1,00,000/- Per month and perquisites as mentioned herein above be paid to Mr. Sanjay Agarwal as the minimum remuneration in the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director , subject to maximum limits as per Schedule XIII of the Companies Act, 1956.

Regd. Office :  
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19, Barakhamba Road ,  
New Delhi-110001

**By order of the Board**

Sd/-  
**(ANUP SOBTI)**  
COMPANY SECRETARY

DATED : 15TH JULY, 2004

**NOTES :**

1. The relevant Explanatory statement , pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No.4 and relevant details in respect of Item No. 2 above pursuant to clause 49 of the Listing Agreement are annexed hereto.
2. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF.SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK FORM OF PROXY IS ENCLOSED.
3. The Register of members and the Share transfer books of the Company will remain closed from 23.08.2004 to 31.08.2004 (both days inclusive)
4. Members are advised that no gift / gift coupons will be distributed at the Annual General Meeting of the Company.
5. Members/Proxies should bring the attendance slip sent herewith , duly filled in and signed and handover the same at the entrance of the hall.
6. Shareholders are requested to bring their copies of the Annual Report for the meeting.
7. Pursuant to the terms of provisions of Section 205 A of the Companies Act, 1956, as amended, the Company has already transferred all unclaimed dividends declared upto the Financial Year ended 31st March, 1996 to the Investor Education and Protection Fund set up by the Central Government and no payment shall be made in respect of any such claims by the Fund as per the Provisions of section 205 of the Companies Act, 1956 as amended.

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**By order of the Board**

Sd/-  
**(ANUP SOBTI)**  
COMPANY SECRETARY

DATED : 15TH JULY, 2004

## NDA SECURITIES LTD.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 4 :

The board of directors in their meeting held on 26th March, 2004 discussed about the improvement shown by the company in profit earning, reduced costs, expansion of business and appraised the performance of Mr. Sanjay Agarwal, Managing Director who had played major role in the expansion of business and increased profitability. The Board decided that in view of the fact that the profitability of the company has increased, Mr. Sanjay Agarwal be paid remuneration at a higher rate for the next Financial year. The same was approved by the remuneration committee of the company and the appointment is in accordance with the Schedule XIII of the Companies Act, 1956.

Your directors recommend the resolution for your approval.

None of the Directors except Mr. Sanjay Agarwal and Mr. N.D. Agarwal are concerned or interested in the resolution.

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN FORTH COMING ANNUAL GENERAL MEETING. (In pursuance of clause 49 of the Listing Agreement)

NAME OF DIRECTOR	: Mr.Kewal Krishan
DATE OF APPOINTMENT	: 25/09/2002
EXPERTISE	: Banking , Finance and Accounts
QUALIFICATION	: M.Com, CAIIB
LIST OF COMPANIES IN WHICH DIRECTORSHIP HELD AS ON 31.03.2004	: NIL
CHAIRMAN/ MEMBER OF THE COMMITTEE OF THE BOARD AS ON 31.03.2004	: Audit Committee & Remuneration Committee and *Investor Grievance committee of NDA Securities Ltd.

\*Inducted as member of Investor Protection committee on 29.09.2003

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New Delhi-110001

**By order of the Board**

Sd/-  
**(ANUP SOBTI)**  
COMPANY SECRETARY

DATED : 15TH JULY, 2004

MEMBER

**DIRECTOR'S REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the Twelfth Annual Report alongwith the Audited Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS**

The Financial results for the year ended 31st March, 2004 are as under:

	(Rs. In Lakhs)	
	Year Ended 31.03.2004	Year Ended 31.03.2003
Income from Operations	174.32	43.56
Other Income	15.89	14.45
Total Income	190.21	58.01
Total Expenditure	147.86	77.39
Interest	—	0.15
Gross Profit (loss) after Interest but before		
Depreciation & tax	42.35	(-)19.53
Depreciation	8.24	6.08
Profit (loss) before Tax	34.11	(-)25.61
Provision for Tax	2.56	—
Deferred Tax (Assets / Liabilities)	2.37	(-) 0.41
Net Profit (loss)	29.18	(-)26.02
Paid up Equity Capital	509.22	509.22
Reserve	55.83	26.54

**COMPANY'S PERFORMANCE**

The performance of the Company has improved during the Financial Year under review. The Income from operations was 174.32 Lacs as against 43.56 Lacs in the year 2002-2003. The company has earned net profit of Rs. 29.18 Lacs (After tax) during the Financial Year as against net loss of Rs. 26.02 Lacs in the previous Financial Year.

**DIVIDEND**

As the Company has earned net profit of Rs. 29.18 Lacs only and keeping in view accumulated losses, your directors do not recommend any dividend.

**OPERATIONS AT NATIONAL STOCK EXCHANGE**

The Company continues to be an active member of National Stock Exchange of India Limited for Capital Market and Futures & Options segment of NSE.

**MEMBERSHIP OF OTC EXCHANGE OF INDIA**

Your Company is a member of OTC Exchange of India Limited also. However no Business was transacted on OTC Exchange during the year under report.

**PROSPECTS OF CURRENT YEAR**

The business of your company depends upon the volumes in the Capital Market. We are having Trading membership for Capital Market and Futures and Options segment. The volumes in Futures & Options Segment of NSE have been increasing. We hope that current year may be better for the Capital Market and in turn for us also.

## NDA SECURITIES LTD.

### DIRECTORS

In accordance with the Provisions of the Companies Act, 1956 and the Company's Articles of Association Mr. Kewal Krishan, retires by rotation and is eligible for re-appointment.

Mr. G. S. Agarwal resigned as Director of the Company on 27/09/2003. Your Directors wish to place on record their appreciation of the valuable contributions, counsel & guidance rendered by him during his tenure as the Director of the Company.

Mr. N.D. Agarwal, Chairman and Wholetime Director of the company resigned as wholetime Director of the company on 30th June, 2004, due to health reasons. However, he will continue as Non executive Chairman of Board.

### DIRECTORS RESPONSIBILITY

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- That in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- That the Directors have 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 ended on 31st March, 2004 and of the Profit of the Company for that year.
- That the Directors have taken proper and sufficient care to the best of their knowledge and capacity for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for Preventing and detecting fraud and other irregularities.
- That the Directors have prepared the Annual Accounts on a going concern basis.

### CORPORATE GOVERNANCE:

As required by Clause 49 of the Listing agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Auditor's Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are attached and made part of this Annual Report.

### LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai.

Your company had taken your approval in the last Annual General Meeting for voluntarily delisting the equity shares of the company from the Delhi Stock Exchange Association Ltd. and the Jaipur Stock Exchange Ltd. The application made by the Company to Delhi Stock Exchange Association Ltd. & Jaipur Stock Exchange Ltd. for delisting were approved. The equity shares of the company stand delisted from Delhi Stock Exchange Association Ltd. w.e.f 10th December, 2003 & from Jaipur Stock Exchange Ltd w.e.f 15th May, 2004.

### SUBSIDIARY COMPANIES

#### NDA COMMODITY BROKERS PVT. LTD.

(Formerly known as NDA FINANCE PVT. LTD.)

The Board decided to take the membership of National Commodity and Derivatives Exchange Ltd. (NCDEX) which is a new segment and there is scope of more business in the area of commodity and derivatives market trading in line with the Government policies. Accordingly, main objects of the company were altered and the name of the company was also changed which have been registered by the Registrar of Companies. The Capital of the company was also increased to meet the requirements of NCDEX. The company has received the membership of the NCDEX on 31st May, 2004.

MEMBER

**NDA SHARE BROKERS LTD.**

The company is a member of Delhi Stock Exchange, however, there was no business at DSE during the Financial year under review. The company is carrying on business as sub brokers of BSE. However, the scope as BSE sub broker is also limited, therefore, the company is looking for new opportunities in the Capital market.

The Audited Statements of Accounts of NDA Share Brokers Limited and NDA Commodity Brokers Private Limited (Formerly known as NDA Finance Pvt. Ltd.) alongwith the reports of Directors and Auditors for the year ended 31st March, 2004 and the statement as required under Section 212 of the Companies Act, 1956 are attached.

**CONSOLIDATED FINANCIAL STATEMENTS**

As required under clause 32 of the Listing Agreements with the Stock Exchanges, Audited consolidated financial statements form part of Annual Report.

**AUDITORS**

The Company's Auditors, M/s Subhash C. Gupta & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. A certificate has been received from the auditors of the Company under section 224 (1) of the Companies Act, 1956, to the effect that their re-appointment will be in accordance with the limits specified in sub-section (1B) of Section 224.

**AUDITOR'S REPORT**

The Auditors Report read together with the Notes to Accounts is self explanatory and do not call for any further explanations under Section 217(3) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

No employee is covered under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

**TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 205C of the Companies Act, 1956, an amount of Rs. 40138/- being Unclaimed Dividend, for Financial Year ended 31st March, 1996 has been transferred during the year to the Investor Education and Protection Fund established by the Central Government.

**OTHER PARTICULARS**

The provisions relating to the conservation of energy and technology absorption as required to be disclosed by section 271(1)(e) of the Companies Act, 1956 do not apply to the Company. The Company had no foreign Exchange earning / outgo during the year under review.

**FIXED DEPOSIT**

The company has neither accepted fresh Fixed Deposit nor renewed any Fixed Deposit during the financial year ended 31st March, 2004.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the co-operation and support extended by the Bankers, Share Holders & members of the staff at all levels.

**For and on behalf of the Board**

Place : New Delhi  
Date : 15th July, 2004

**(N. D. AGARWAL)**  
**CHAIRMAN**



## NDA SECURITIES LTD.

### CORPORATE GOVERNANCE REPORT

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE.

Your Company's philosophy is to enhance customers satisfaction by practicing the Principles of good Corporate Governance. Your Company has set, as a mission, the implementation of a system to ensure transparency, Control, responsibility and fairness in all areas of operations.

#### 2. BOARD OF DIRECTORS

The Board of Directors comprises of 5 Directors.

Composition, Category of Directors and other Directorship details are as follows:

Category	Name of the Director & Designation	No. of other Directorships & Committee Membership / Chairmanship		
		Directorship (including Pvt. Ltd.)	Committee Chairmanship	Committee Member
*Promoter Non Executive Director	Mr. N. D. Agarwal Chairman	1	—	1
Promoter Executive Director	Mr. Sanjay Agarwal Managing Director	3	—	—
Independent Non Executive Director	Mr. U. S. Gupta	3	3	3
Independent Non Executive Director	Mr. Kewal Krishan	—	—	3
Independent Non Executive Director	Mr. Lalit Gupta**	—	—	2

\* Mr. N.D.Agarwal, resigned as Whole-time Director on 30.06.2004. After his resignation he is Non-Executive Chairman of the Board.

\*\* Shareholders / Investors Grievance committee was reconstituted on 29.09.2003 & Mr. Kewal Krishan was appointed as member of the Committee.

The attendance of the Directors of the Company at the Board meetings & Annual General Meetings are as follows:

Directors	No. of Board Meeting Held*	No. of Meeting Attended	Attended Last AGM**
Mr. N. D. Agarwal	10	10	Yes
Mr. Sanjay Agarwal	10	10	Yes
Mr. U. S. Gupta	10	9	Yes
Mr. Kewal Krishan	10	10	Yes
Mr. Lalit Gupta	10	10	Yes
Mr. G. S. Agarwal @	5	5	Yes

MEMBER



\* The Board of Directors met 10 times during the year on the following dates:

April 28, 2003, July 31, 2003, August 8, 2003, September 5, 2003, September 26, 2003, October 30, 2003, November 19, 2003, December 15, 2003, January 30, 2004, March 26, 2004

\*\* Annual General Meeting (AGM) held on 22nd September, 2003.

@ Mr. G. S. Agarwal resigned from the Directorship of the Company on 27/09/2003.

### 3. AUDIT COMMITTEE

The Board of Directors have constituted Audit Committee to assist the Board in discharging their responsibilities effectively. The constitution of Audit Committee also meets with the requirements under section 292A of the Companies Act, 1956. The committee consists of all Independent Directors. The Audit Committee comprises the following Directors:

S.NO.	NAME	CATEGORY	NO. OF MEETINGS ATTENDED
1	Mr. U. S. Gupta * (Chairman of the Committee)	Non - Executive	4
2	Mr. Kewal Krishan	Non - Executive	4
3	Mr. Lalit Gupta	Non - Executive	4

\* Possesses expert knowledge in Finance & Accounts.

The above composition meets all the requirements of Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary of the Audit Committee also.

During 2003-04, four meetings of the Audit Committee were held on April 28, 2003, August 8, 2003, October 30, 2003, January 30, 2004.

The terms of reference for the Audit Committee are as stipulated in Clause 49 of the listing Agreement and Section 292A of the Companies Act, 1956. The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchange(s). This includes overseeing of Company's Financial Reporting process, Recommending the appointment and removal of external auditors, reviewing the Annual Financial Statements, Financial Management Policies, Adequacy of Internal Control Systems and Internal Audit Functions.

### 4. REMUNERATION COMMITTEE

The company has constituted Remuneration Committee on 25/09/2002 and reconstituted on 10/02/2003. The Committee consists of:

1. Mr. U. S. Gupta Chairman      2. Mr. Kewal Krishan Member      3. Mr. Lalit Gupta Member  
Terms of Reference and Remuneration Policy.

The Board has constituted Remuneration Committee which devises the policy relating to Executive Directors/Managers. Details of the remuneration paid to the Directors for the financial year ended 31/03/04 are as given below:

Name of Directors	Remuneration (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Mr. N. D. Agarwal	300000/-	—	300000/-
Mr. Sanjay Agarwal	587500/-	—	587500/-
Mr. G. S. Agarwal*	119200/-	—	119200/-
Mr. U. S. Gupta	—	7000/-	7000/-
Mr. Kewal Krishan	—	7500/-	7500/-
Mr. Lalit Gupta	—	7500/-	7500/-

\* Mr. G. S. Agarwal resigned from the Directorship of the Company on 27/09/2003.