

# **KADVANI SECURITIES LIMITED**

## **ANNUAL REPORT 2011-12**

### **Registered Office:**

Shop No.1, Niraj Apartment, Ground Floor,  
22 - New Jagnath Plot, Mahakali Mandir Road, Rajkot, Gujarat.

## KADVANI SECURITIES LIMITED

### BOARD OF DIRECTORS:

Mr. Shailesh Mulraj Ved	Director
Mr. Suresh Valjibhai Mavani	Director
Mr. Manish Kanakshi Ashar	Director

### AUDITORS:

Sumit Mehta & Co.  
Chartered Accountants  
Opera Tower, 2nd Floor,  
Opp. Galaxy Hotel,  
Jawahar Road, Rajkot - 360 001.

### BANKERS:

Union Bank of India  
Race course Circle Branch  
Rajkot

### REGISTERED OFFICE:

Shop No. 1, Niraj Apartment,  
Ground Floor, 22, New Jagnath Plot,  
Mahakalai Mandir Road,  
Rajkot- 360001  
Gujarat.

### REGISTRAR & SHARE TRANSFER AGENTS:

Link Intime India Pvt. Ltd.  
303, 3rd Floor,  
Shoppers Plaza V,  
Opp. Municipal Market, Off. C. G. Road,  
Navrangpura, Ahmedabad -380009  
Telefax No. : 91-79 - 26465179  
Email : ahmedabad@linkintime.co.in

## KADVANI SECURITIES LIMITED

---

### CONTENTS

1. Notice of Annual General Meeting
2. Directors' Report
3. Management's Discussion and Analysis
4. Report on Corporate Governance
5. Certificate on Corporate Governance
6. Auditors' Report on Financial Statements
7. Balance Sheet
8. Statement of Profit and Loss
9. Cash Flow Statement
10. Significant Accounting Policies
11. Notes on Financial Statements
12. Attendance Slip and Proxy Form

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held at the registered office of the Company at Shop No.1, Niraj Apartment, Ground Floor, 22 - New Jagnath Plot, Mahakali Mandir Road, Rajkot on Wednesday the 12<sup>th</sup> day of July, 2012 at 11 a.m. for transacting the following business:

**Ordinary Business:**

1. To receive, consider and adopt Directors' Report, Auditors Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the period ended to 31<sup>st</sup> March, 2012.
2. To appoint a Director in place of Mr. Manish K. Ashar, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s. Sumit Mehta & Co. Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

**Special Business:**

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

**"RESOLVED THAT** in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the existing guidelines/regulations/ rules issued by the Securities & Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, Secretariat of Industrial Approvals under the Foreign Exchange Management Act, 1999 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws, and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as "the Board" which



## KADVANI SECURITIES LIMITED

expression shall include and committee constituted for the time being in force, thereof) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board, the consent and approval of the Company be and is hereby accorded to Board and the Board be and is hereby authorized to offer, issue and allot by way of preferential allotment up to 5,35,600 [Five lacs Thirty Five Thousand Six Hundred ] Equity Shares of face value Rs.10/- each (Rupees Ten only) for cash at a price of Rs.30/- (Rupees Thirty only) per share (including a premium of Rs.20/- per share) and 9,00,000 warrants convertible into equal number of Equity Shares of Rs.10/- each at a price of Rs.30/- (Rupees Thirty only) per share (including a premium of Rs.20/- per share). All the 5,35,600 Equity Shares and 9,00,000 warrants be issued and allotted to the domestic investors and/or bodies corporate (the "**Preferential Shareholders**"), on preferential allotment basis, with power to the Board to settle details as to form, the terms and conditions of issue and/or allotment and to modify or accept any modifications thereto and utilization of the issue proceeds as it may in its absolute discretion deem fit, without being required to seek any further consent of the Members, with the intent that the Members shall be deemed to have given their consent thereto expressly by the authority of this resolution.

Sr. No.	Name of the Allottees (Proposed Allottees)	Number of Shares Proposed to be allotted
<b>A</b>	<b>Non Promoter Group</b>	
1.	Anil Amrutlal Gandhi HUF	5,35,600
	Total (A):	5,35,600
Sr. No.	Name of the Allottees (Proposed Allottees)	Number of Warrants Proposed to be allotted (Warrant Holders)
<b>B</b>	<b>Non Promoter Group</b>	
2.	Krishna Cap-shares Pvt. Ltd.	4,50,000
3.	Om Education (I.T.) Pvt. Ltd.	4,50,000
	Total (B):	9,00,000
	Total (A)+(B):	14,35,600

"RESOLVED FURTHER THAT the aforesaid equity shares and warrants shall rank *pari passu* in all respect with the existing equity shares of the Company. The equity shares allotted on preferential basis shall be locked in from the date of their allotment for such periods as prescribed in Regulation 78 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009."

RESOLVED FURTHER THAT the equity shares and warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

## KADVANI SECURITIES LIMITED

**RESOLVED FURTHER THAT** the relevant date as per Regulation 71 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price for the issue of equity shares shall be thirty (30) days prior to the date of this Meeting.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) and/ or such other appropriate authority may impose at the time of their approval as agreed by the Board.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate any or all the powers conferred upon it by this resolution, to any Committee formed thereof for the powers conferred upon it by this resolution, to any individual so authorized by the Board.

**RESOLVED FURTHER THAT** for the purpose of creating, issuing, offering and allotting Equity Shares and Warrants of the Company as aforesaid, the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Equity Shares and Warrants of the Company, as it may in its absolute discretion, deem fit and proper.”

BY ORDER OF THE BOARD OF DIRECTORS OF  
KADVANI SECURITIES LIMITED

*Sh. L*

(Shailesh M. Ved)  
Director

Place: Rajkot  
Date: June 11, 2012

Registered Office:  
Shop No.1, Niraj Apartment,  
Gr. Floor, 22 - New Jagnath,  
Mahakali Mandir Road, Rajkot 360 001

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.



## KADVANI SECURITIES LIMITED

---

2. Members are requested to bring their copy of Notice of Annual General Meeting to the Meeting.
3. Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business of the Notice are annexed hereto.
4. The Register of Members and the transfer books of the company will be closed from Monday, July 23, 2012 to Thursday, July 26, 2012 both days inclusive for taking record of its shareholders.
5. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, Link Intime Spectrum Registry Limited. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agents.
7. Members/Proxies should fill the attendance slip for attending the Meeting. Members /Proxy holders are requested to produce admission slip duly completed and signed.

BY ORDER OF THE BOARD OF DIRECTORS OF  
KADVANI SECURITIES LIMITED

  
(Shailesh Ved)  
Director

Place: Rajkot  
Date: June 11, 2012

## KADVANI SECURITIES LIMITED

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

The following Explanatory Statement sets out all the material facts relating to the Notice of the Nineteenth Annual General Meeting of the Company to be held on Thursday, the 12th day of July, 2012 at 11.00 a.m.

#### Item No.4:

The Board, in order to support the growth plans of the company and to consolidate its businesses, is considering / reviewing various options including its business operations which would be beneficial in the interest of the company and its shareholders.

The current business activity is to make Investment and trading in Shares and Securities, giving loans and advances, Corporate Advisory Services and project and management consultancy services. As the Company is NBFC Company, It is intended to raise funds for expansion of business and to make further investment in Shares and securities, mutual funds, etc as well as for long term and short term working capital requirements of the company for growth, capital expenditure and for other corporate purposes.

The Equity Shares and Warrants to be issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue. The Equity Shares and Warrants referred to above shall rank *pari passu* with all the existing shares of the Company in all respects including as to dividend.

Pursuant to Section 81 (1A) of the said Act the further Equity Shares and Warrants may be offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in General Meeting.

The proposed Special Resolution is designed to comply with the requirements of Section 81 (1A) of the Act in the context of issue.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Act, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and in terms of the provisions of the Listing Agreement to issue and allot Equity Shares as stated in the Special Resolution and on the following terms as stated here in below:

#### **I. The object of the issue through preferential offer:**

As mentioned above, it is intended to raise funds for expansion of business i.e. to make funding activity as the Company is NBFC Company and to make further investment in Shares and securities, mutual funds, etc as well as for long term and short term working capital requirements of the company for growth, capital expenditure and for other corporate purposes.



## KADVANI SECURITIES LIMITED

### II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:

The Promoters/Directors/ Key Management of the Company have conveyed to the Company in writing of their respective intention that Promoters, Directors, Key Management Persons are intend to subscribe to the offer being proposed under special resolution of the Notice for shareholders' approval at this meeting.

### III. Shareholding pattern before and after the Preferential Allotment:

Shareholding pattern before and immediately upon the allotment of 5,35,600 Equity Shares and 9,00,000 warrants convertible into equal number of equity shares pursuant to the offer.

#### Shareholding Pattern (Number of Shares):

##### On Allotment of Proposed Equity Shares:

Sr. No.	Particulars	Existing Shareholding as on 31.03.2012		Shareholding After proposed full Allotment of Equity Shares	
		No. of Shares	%age	No. of Shares	%age
1.	Promoters	5,08,332	4.812	5,08,332	4.580
2.	Non- Promoters (Others)	1,00,56,068	95.188	1,05,91,668	95.420
	Total	1,05,64,400	100.000	1,11,00,000	100.000

##### On Conversion of Warrants and after Proposed allotment of Equity Shares:

Sr. No.	Particulars	Existing Shareholding		Shareholding After proposed full Allotment of Equity Shares	
		No. of Shares	%age	No. of Shares	%age
1.	Promoters	5,08,332	4.580	5,08,332	4.236
2.	Non- Promoters (Others)	1,05,91,668	95.420	1,14,91,668	95.764
	Total	1,11,00,400	100.000	1,20,00,000	100.000

### IV. Proposed time within which the allotment shall be completed:

The allotment of Equity Shares are proposed to be completed within a maximum period of 15 days from the date of passing of the resolution at this Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

## KADVANI SECURITIES LIMITED

### V. Auditor Certificate:

A copy of the certificate of the Auditors of the Company certifying the adherence in SEBI's guidelines for Preferential Issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed Annual General Meeting.

### VI. Lock-in:

The Equity Shares allotted on preferential basis shall be locked in from the date of their allotment for such periods as prescribed in Regulation Clause 78(1) of SEBI (ICDR) Regulations, 2009.

### VII. Change in Management:

The proposed preferential allotment of Equity Shares will not result in any change in the management and control of the company. Voting right shall change according to the change in shareholding pattern mentioned above.

### VIII. Pricing:

The issue of Equity Shares on preferential basis shall be at a price of Rs.30/- per share (including premium of Rs.20/- per share). The price is determined in compliance with SEBI (ICDR) Regulations, 2009 for Preferential Issues.

IX. Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by it:

#### On Allotment of Proposed Equity Shares:

	Existing shareholding		Shareholding after proposed allotment of 5,35,600 Equity shares	
	No. of shares	%age	No. of shares	%age
PROPOSED ALLOTTEES				
NON PROMOTERS				
Anil Amrutlal Gandhi HUF	NIL	NIL	5,35,600	4.46

#### On Conversion of Warrants:

	Existing shareholding		Shareholding after proposed conversion of 9,00,000 Warrants into Eq. Shares	
	No. of shares	%age	No. of shares	%age
PROPOSED ALLOTTEES				
Krishna Cap-shares Pvt. Ltd.	1,41,100	1.34	5,91,100	4.93
Om Education (I.T.) Pvt. Ltd.	1,41,156	1.34	5,91,156	4.93

## KADVANI SECURITIES LIMITED

---

### X. Interest of Promoter/Directors:

None of the Directors of the Company are concerned or interested in the above resolution to the extent of allotment of Equity Shares to them. Promoters of the company are interested to the extent of their holding in the company.

The members are, therefore, requested to accord their approval authorising the Board to go for the proposed private placement and/or preferential issue as set out in the special resolution.

The Board of Directors recommends the said resolutions for your approval.

BY ORDER OF THE BOARD OF DIRECTORS OF  
KADVANI SECURITIES LIMITED

  
(Shailesh Ved)  
Director

Place: Rajkot  
Date: June 11, 2012



## Directors' Report

Dear Shareholders,

Your Directors have pleasure to present the 19<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2012.

### Financial Results

The financial performance of the Company, for the year ended March 31, 2012 is summarized below:

Sr. No.	Description	(Amount in Rupees)	
		Financial Year	
		2011-2012	2010-2011
(i)	Profit/(Loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	(17,07,948)	13,22,221
(ii)	Less: Finance Cost	9361	4661
(iii)	Less: Depreciation & Amortization	2501	6436
(iv)	Profit/(Loss) before Exceptional items & Tax	(17,19,810)	13,11,124
(v)	Exceptional items - Preferential Issue Exp.	-	11,41,521
(vi)	Profit/(Loss) before Tax	(17,19,810)	1,69,603
(vii)	Tax Expense	(6,326)	31,498
(viii)	Net Profit/(Loss) for the Year	(17,13,484)	1,38,105
(ix)	Balance Brought Forward from Previous Year	(35,56,451)	(36,60,635)
(x)	Amount Available for Appropriation	(52,69,935)	(35,22,530)
	<b>Appropriations</b>		
(a)	Special Reserve u/s.45IC of RBI Act, 1934	-	33,921
(b)	Balance Carried to Balance Sheet	(52,69,935)	(35,56,451)

### Review of Operations

FY 2011-12 was a challenging year for the Global as well as Indian economy. The revenue from operations declined to Rs.2,54,01,268 as against operational revenue of Rs.15,63,76,711 in the immediately previous year. However, the company has earned other income to the tune of Rs.2,97,99,453 for the current financial year as against other income of Rs.1,07,816 in the immediately previous year. The company has incurred Net Loss of Rs.17,13,484 as compared to Net Profit of Rs.1,38,105 in the previous year.

### Dividend

The directors do not recommend any dividend for the financial year 2011-2012.

## Transfer to Special Reserve

The company is a non-banking finance company. As per the section 45-IC of the Reserve Bank of India Act, 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. As the company has incurred losses in the current financial year, the Company has not transferred any sum to the special reserve created u/s. 45-IC for the financial year 2011-2012.

## Directors

Mr. Manish Ashar, director, retires by rotation and offers himself for re-appointment at the ensuing Annual General Meeting.

## Fixed Deposits

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

## Particulars of Employees

There was no employee in the company drawing the salary in excess of the limits prescribed in the provisions of Section 217(2A) of the Companies Act, 1956.

## Conservation of Energy, Technology absorption, Net Foreign Exchange earning and outgo

The information as required pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 in respect of Conservation of Energy, Technology Absorption & Net Foreign Exchange earnings & outgo are not given since they are not applicable.

## Corporate Governance Report and Management Discussion and Analysis Statement

A report on Corporate Governance is attached to this Report as also a Management Discussion and Analysis statement.

## 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 that:



## KADVANI SECURITIES LIMITED

- (i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under the Revised Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care 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; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

### Auditors and Auditors' Report

M/s. SUMIT MEHTA & Co., Chartered Accountants, Statutory Auditor of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

### Acknowledgment

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the customers, vendors, investors, business associates, bankers, Government authorities and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the Company.

Place : RAJKOT

Date : 11.06.2012

For & On Behalf of Board of Directors  
KADVANI SECURITIES LIMITED



Director

 IC  
Director



## KADVANI SECURITIES LIMITED

---

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

Kadvani Securities Limited (hereinafter referred to as KSL) is engaged in the business of providing wide range of financial services. KSL is an authorised Non-Banking Financial Company (NBFC) and engaged in the advancing loans to its customers.

#### SOURCES OF FUNDS

##### Share Capital:

The company has authorised share capital of Rs.12,00,00,000 divided into 1,20,00,000 equity shares of Rs.10 each.

The company has issued, subscribed and paid up share capital of Rs.10,56,44,000 divided into 1,05,64,400 equity shares of Rs.10 each fully paid up.

The company has not issued any further capital during the financial year 2011-2012.

##### Reserve & Surplus:

The company has balances of reserve & surplus (accumulated losses) to the tune of Rs.17,85,202 (accumulated losses) in the beginning of the year. The company has incurred net loss of Rs.17,13,484 for the current financial year. The reserve & surplus (accumulated losses) has balance of Rs.34,98,686 at the end of current financial year. The company has not provided for any sum to the Special Reserve created under section 45-IC of the RBI Act, 1934.

##### Statement of Profit & Loss:

The company has incurred loss before tax to the tune of Rs.17,19,810 and has recognized deferred tax assets arising from the timing differences to the tune of Rs.6,326 for the current financial year. The company has not made any provision for the current tax for the current year.

##### Loan Funds:

The Company has not obtained or repaid unsecured loans during the financial year 2011-2012. The balance of loan funds as at March 31<sup>st</sup>, 2012 is NIL.

## KADVANI SECURITIES LIMITED

### APPLICATION OF FUNDS

#### Fixed Assets:

During the year, the company has sold few fixed assets and acquired new assets. The net block of fixed assets at the end of the financial year is Rs.74,074.

#### Investments:

The company has made investments in the property rights of land at Anand, Ahmedabad and Rajkot aggregating Rs.4,26,00,000. Of the above investment properties, the company has sold property rights in land at Anand, Gujarat for Rs.3,66,00,000 and earned net gain of Rs.2,75,00,000 during the reporting period.

#### Current Assets & Liability:

The comparative position of current assets and current liability for the year ended on 31.03.2012 and immediately preceding financial year is as under:

	<u>As on 31.03.2012</u>	(Amount in Rupees) <u>As on 31.03.2011</u>
Current Assets:		
1. Inventories	2,49,83,390	3,69,13,734
2. Trade Receivables	51,64,625	3,71,05,285
3. Cash & Cash Equivalents	6,60,918	1,15,523
4. Short-term Loans & Advances	<u>3,23,24,893</u>	<u>2,51,07,482</u>
Sub-total	6,31,33,826	9,92,42,023
Current Liabilities & Provisions:		
1. Trade Payables	8,912	8,26,867
2. Short-term Provisions	<u>60,000</u>	<u>91,498</u>
Sub-total	68,912	9,18,365
Net Current Assests	6,30,64,914	9,83,23,658

## KADVANI SECURITIES LIMITED

---

### FINANCIAL RESULTS

The revenue from operations declined to Rs.2,54,01,268 as against operational revenue of Rs.15,63,76,711 in the immediately previous year. However, the company has earned other income to the tune of Rs.2,97,99,453 for the current financial year as against other income of Rs.1,07,816 in the immediately previous year. The company has incurred Net Loss of Rs.17,13,484 as compared to Net Profit of Rs.1,38,105 in the previous year.

### RISK MANAGEMENT SYSTEM & INTERNAL CONTROL

Risk management is at the core of our successful business operations. We have a full-fledged professional and experienced internal audit and compliance team which is adequate having regard to the nature and volume of company's operations.

### OUTLOOK

Having regard to the improvement of overall market scenario and clues of revival of domestic and global financial markets, your directors expect gradual growth in the company's operations in the forthcoming 3 to 4 quarters. The main objective for the company in the short term is to keep intact its capital and to continuously monitoring of its advances to ensure their viability.

### CAUTIONARY STATEMENT

The statements made in this report describe the Company's objectives and projections that may be forward looking statements within the meaning of applicable securities laws and regulations. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors which are beyond the control of the Company.



## CORPORATE GOVERNANCE REPORT

### I. Corporate philosophy

At Kadvani Securities Ltd. (hereinafter referred to as KSL), Corporate Governance is viewed as an ethical and moral duty. We believe that Corporate Governance is a system of structuring, operating and controlling a company to achieve long term strategic goals and ensuring interest of all the stakeholders, including shareholders, creditors, employees, customers and suppliers; complying with the legal and regulatory requirements, apart from meeting the environmental and local community needs. It is about commitment to values, ethical conduct of business and responsibility towards the stakeholders and society at large.

KSL has adopted the best corporate governance practices, based on following principles:

- ❖ A strong, professional and independent board with rich and varied experience
- ❖ Accountability for functioning and transparency in conduct
- ❖ Systematic and timely disclosure of all material information
- ❖ Adequate risk management and internal control systems
- ❖ Compliance with the applicable rules and regulations
- ❖ Independent verification of financial reporting
- ❖ Value creation for stakeholders

KSL understands that the customer is the purpose of our business and every customer is an important stakeholder of the Company, performing ethically and efficiently to generate long term value and wealth for all its stakeholders.

The report on Corporate Governance, as per the applicable provisions of Clause 49 of the listing agreement is as under:

### II. Board of Directors

#### (a) Composition of Board

- ❖ The Company has 3 Directors with a Non-Executive Chairman. Of the 3 Directors, 2 (i.e. 67%) are Non-Executive Directors and 2 (i.e. 67 %) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges and exceeds the percentages prescribed in the said Agreements.

## KADVANI SECURITIES LIMITED

- ❖ None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 have been made by the Directors.
- ❖ The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Membership of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Name of Director	Category	No. of Board Meetings during the year 2011-12		Whether attended last AGM held on 30.09.2011	No. of directorship in other public companies		No. of Committee Positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Shailesh M. Ved (Whole Time Director.)	Non-Independent Executive	7	7	Yes	-	-	-	-
Mr. Suresh Mavani	Independent Non-Executive	7	7	Yes	-	-	-	-
Mr. Manish Ashar	Independent Non-Executive	7	7	Yes	-	-	-	-
Mr. Hirabhai B. Makadia	Independent Non-Executive	3	3	Yes	-	-	-	-
Mr. Ramesh L. Patel	Independent Non-Executive	3	3	Yes	-	-	-	-

- ❖ Seven Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:  
April 10, 2011, July 30, 2011, August 09, 2011, September 30, 2011, November 08, 2011, February 10, 2012 and March 15, 2012.
- ❖ None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.



## KADVANI SECURITIES LIMITED

- ❖ During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

### III. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are broadly as under:

- ❖ Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- ❖ Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- ❖ Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ❖ Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- ❖ Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit;
  - the going concern assumption;
  - compliance with accounting standards;
  - compliance with stock exchange and legal requirements concerning financial statements;
  - any related party transactions as per Accounting Standard 18.
- ❖ Reviewing the Company's financial and risk management policies.
- ❖ Disclosure of contingent liabilities.
- ❖ Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- ❖ Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.



## KADVANI SECURITIES LIMITED

- ❖ Discussion with internal auditors of any significant findings and follow-up thereon.
- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ❖ Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- ❖ Reviewing compliances as regards the Company's Whistle Blower Policy.

The Audit Committee Meetings are usually held at the Corporate Office of the Company and are usually attended by the Managing Director, Executive Director & Chief Financial Officer, other Executive Directors, Vice President - Finance, representatives of the Statutory Auditors and representatives of the Internal Auditors. The Operations Heads are invited to the meetings, as required. The Company Secretary acts as Secretary of the Audit Committee.

The previous Annual General Meeting of the Company was held on September 30, 2011 and it was attended by Mr. Manish Ashar, Chairman of the Audit Committee.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of Meetings during year 2011-12	
		Held	Attended
Mr.Suresh Mavani	Independent, Non-Executive	7	7
Mr.Hirabhai B. Makadia	Independent, Non-Executive	3	3
Mr.Manish Ashar, Chairman	Independent, Non-Executive	7	7
Mr.Shailesh M. Ved	Non-independent, Executive	4	4

Seven Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 10, 2011, July 30, 2011, August 09, 2011, September 30, 2011, November 08, 2011, February 10, 2012 and March 15, 2012.

The necessary quorum was present at all the meetings.

#### IV. Remuneration Committee

Having regard to the nature and volumn of the company's operations, no separate remuneration committee has been constituted by the Company. Instead, all such items which may be dealt with the committee, has been dealt with at the meeting of Board of Directors.

## KADVANI SECURITIES LIMITED

Details of Remuneration for the year ended on 31.03.2012:

Non-executive directors: No remuneration paid or provided to any of the non-executive directors during the F.Y.2011-12

Managing directors & Executive directors:

Name of Director	Amount of Salary (Rs.)	Period
Shailesh M. Ved	Rs.2,40,000	01.04.2011 to 31.03.2012

The Company does not have any Employee Stock Option Scheme.

The Company has not issued any convertible debentures.

### V. Shareholders/Investors Grievance Committee

The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend/notices/annual reports, etc.

One meeting of the Shareholders/Investors Grievance Committee was held during the year on March 15, 2012.

The composition of the Shareholders/Investors Grievance Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during year 2011-12	
		Held	Attended
Mr.Suresh Mavani, Chairman	Independent, Non-Executive	1	1
Mr.Manish Ashar	Independent, Non-Executive	1	1
Mr.Shailesh M. Ved	Non-Independent, Executive	1	1

Name, designation and address of Compliance Officer:

Mr. Shailesh M. Ved  
Wholetime Director  
Shop No.1, Niraj Apartment  
Ground Floor  
22 - New Jagnath Plot  
Mahakali Mandir Road  
Rajkot, Gujarat. PIN: 360 001

The Company has not received any complaints during the year 2011-2012 and there are no transfers / transmissions of shares pending as on 31.3.2012.



## KADVANI SECURITIES LIMITED

### VI. General Body Meetings

Annual General Meetings:

Details of Meeting	Date of Meeting	Time of Meeting	Venue of Meeting
Annual General Meeting 2004-05	30.09.2005	10:30 am	GIDC Lodhika Plot No.G/1325 At PO: Khirasara Kalavad Road Dist. Rajkot Gujarat.
Annual General Meeting 2005-06	30.09.2006		
Annual General Meeting 2006-07	30.09.2007		
Annual General Meeting 2007-08	30.09.2008	11:00 am	Shop No.1, Niraj Apartment, Ground Floor, 22 - New Jagnath, Mahakali Mandir Road, Rajkot, Gujarat.
Annual General Meeting 2008-09	30.09.2009	11:00 am	
Annual General Meeting 2009-10	21.07.2010	11:00 am	
Annual General Meeting 2010-11	30.09.2011	11:00 am	

No special resolutions were put through by postal ballot, during last year.

### VII. Disclosures

- ❖ There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- ❖ Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: NIL

### VIII. Means of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include The Financial Express (Gujarati) and Indian Express (English). Half-yearly results are not sent to the shareholders. Press Releases made by the Company from time to time are also displayed on the Company's website. Presentations, if any, made to the Institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are displayed on the Company's website. A Management Discussion and Analysis Statement is a part of the Company's Annual Report.



## KADVANI SECURITIES LIMITED

### IX. General Shareholder Information

1. Annual General Meeting:

Date : July 12, 2012  
Time : 11.00 am  
Venue : Shop No.1, Niraj Apartment  
Gr. Floor, 22 New Jagnath Plot  
Mahakali Mandir Road, Rajkot.

2. Financial Calendar:

Year ending : March 31  
AGM in : July  
Dividend Payment : Dividend not recommended by  
Board of Directors.

3. Date of Book Closure : Monday July 23, 2012 to  
Thursday July 26, 2012.

4. Listing on Stock Exchange : BSE Ltd. Floor 25, P. J. Towers  
Dalal Street, Mumbai 400 001.

5. Stock code/Symbol:  
Bombay Stock Exchange Ltd. : 530479

6. Market Price data :

Month	Bombay Stock Exchange (BSE) (In Rs. per share)	
	Month's High Price	Month's Low Price
April 2011	35.50	25.70
May 2011	33.90	26.70
June 2011	36.05	29.50
July 2011	33.40	23.95
August 2011	29.00	23.05
September 2011	28.45	22.50
October 2011	25.10	20.70
November 2011	27.25	19.65
December 2011	25.60	18.75
January 2012	22.50	15.70
February 2012	29.85	18.10
March 2012	34.00	21.80

## KADVANI SECURITIES LIMITED

**7. Registrar & Transfer Agents**

Name & Address : Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Comp.  
L.B.S. Marg, Bhandup  
Mumbai - 400 078.

Phone No. : +91-22-25923837  
Fax No. : +91-22-25923837  
E-mail : isrl@linkintime.co.in  
Website : rnt.helpdesk@linkintime.co.in

**8. Places for Acceptance of Documents**

: Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Comp.  
L.B.S. Marg, Bhandup  
Mumbai - 400 078.  
rnt.helpdesk@linkintime.co.in

**9. Share Transfer System:**

87.80% of the shares of the Company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with ISRL at any of the above mentioned addresses.

Transfer of shares in physical form is normally processed within 10-12 days from the date of receipt if the documents are complete in all respects. The Directors, the Chief Financial Officer and the Company Secretary are severally empowered to approve transfers.

**10. Shareholding as on March 31, 2012:**

Distribution of shareholding as on March 31, 2012:

SHAREHOLDING OF SHARES	SHARES	SHAREHOLDERS NUMBER	%AGE OF TOTAL	SHARES ALLOTTED	%AGE OF TOTAL
1	500	1137	71.2410	233853	2.2140
501	1000	197	12.3430	166295	1.5740
1001	2000	87	5.4510	139327	1.3190
2001	3000	46	2.8820	114686	1.0860
3001	4000	15	0.9400	52968	0.5010
4001	5000	6	0.3760	29496	0.2790
5001	10000	36	2.2560	257092	2.4340
10001	9999999999	72	4.5110	9570683	90.5940
<b>TOTAL :</b>		<b>1596</b>	<b>100.0000</b>	<b>10564400</b>	<b>100.0000</b>

## KADVANI SECURITIES LIMITED

Categories of shareholders as on March 31, 2012:

CATEGORY	NO. OF SHARE	VALUE OF SHARES (Rs.)	% OF SHR. CAPITAL
OTHER BODIES CORPORATE	1814616	18146160.00	17.1767
CLEARING MEMBER	168453	1684530.00	1.5945
NON RESIDENT INDIANS	700	7000.00	0.0066
NON RESIDENT (NON REPATRIABLE)	17	170.00	0.0002
PUBLIC	8072282	80722820.00	76.4102
PROMOTORS	508332	5083320.00	4.8117
TOTAL :	10564400	105644000.00	100.0000

### 11. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 87.80% of the Company's share capital are dematerialised as on March 31, 2012.

The Company's shares are regularly traded on the Bombay Stock Exchange Limited, in electronic form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE433D01019.

### 12. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on March 31, 2012, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

### 13. Office Location:

Shop No.1, Niraj Apartment, Ground Floor, 22, New Jagnath Plot Mahakali Mandir Road, Rajkot, Gujarat, India. PIN: 360 001.

### 14. Address for Correspondence:

Kadvani Securities Limited  
Niraj Apartment, Shop No.1,  
Ground Floor, 22, New Jagnath Plot  
Mahakali Mandir Road, Rajkot,  
Gujarat. PIN: 360 001.



**A. SHAH & ASSOCIATES**

Company Secretaries

**Anish Shah**  
B.Com, L.L.B., FCS

2411 Shrihari Complex, Golf Course Park,  
Satellite Road, New Market, Ahmedabad-380015  
Tel No: 079-27421420/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/100  
E-mail: anish\_shah@ashahandassociates.com

**REPORT ON CORPORATE GOVERNANCE**

To,  
The Members of  
**M/s KADVANI SECURITIES LIMITED**

We have examined the compliance of the condition of Corporate Governance by Kadvani Securities Limited for the year ended on March 31, 2012, as stipulated in clause 49 of the listing agreement of the said company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for insuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial statement of the Company. In our best opinion and to the best of our information and according to explanation given to us and based on the representation made by the Directors and the management, we certify that company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the Management has conducted the affairs of the Company.

Date: 11/06/2012  
Place: Ahmedabad

For, A. Shah & Associates  
Practicing Company Secretaries,  
  
Anish B. Shah  
Proprietor  
C.P. No-6560





**SUMIT MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

**AUDITOR'S REPORT**

To the Members of  
**Kadvani Securities Limited,**

We have audited the attached Balance Sheet of **KADVANI SECURITIES LIMITED** as at March 31<sup>st</sup>, 2012, the Statement of Profit and Loss and the 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 the 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 (Auditor's Report) Order, 2003 issued by the Central Government 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 paragraphs 4 and 5 of the said Order.

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 purposes 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 and 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 and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on March 31<sup>st</sup>, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup>, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;





**SUMIT MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

- (vi) 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 Policy and notes thereon 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:
- in the case of the Balance Sheet, of the state of affairs of the company as at March 31<sup>st</sup>, 2012;
  - in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Rajkot.

Date : 11.06.2012



For **SUMIT MEHTA & CO.**  
Chartered Accountants

**Sumit M. Mehta**  
**Proprietor**

Membership No. 120830  
FRN. 126680W





**SUMIT MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

**Statement on the Companies (Auditor's Report) Order, 2003**

Re : **KADVANI SECURITIES LIMITED**

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management in a phased periodical manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has disposed off some of the fixed assets and rights in the investment properties but the going concern status of the company is not affected.
- (ii) (a) The inventory of the company comprise of equity shares of listed companies held generally in dematerialized form in demat accounts with Depository participants. Having regard to the nature of the inventories, the physical verification of the Demat account statements of inventories has been conducted at reasonable intervals by the management.
- (b) In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information & explanations given to us, the company is maintaining proper records of inventory and in cases, if any, where any material discrepancies were noticed on physical verification, the same have been properly dealt with in the books of account.
- (iii) (a) The company has granted loans, secured or unsecured, to the parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information & explanations given to us, aforesaid loans involve interest bearing as well as interest free loan and advances given in normal course of business activities and are unsecured.
- (c) The parties have generally repaid the principal amounts as stipulated and have also been regular in payment of interest, if any, to the company.
- (d) There is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.





**SUMIT MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

- (e) The company has not taken loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (f) In our opinion, the company has not taken loans, secured or unsecured, during the year. Therefore, the provisions of clause 4(iii) (f) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (g) In our opinion, the company has not taken loans, secured or unsecured, during the year. Therefore, the provisions of clause 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956;
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the company.







**SUMIT MEHTA & CO.**  
**CHARTERED ACCOUNTANTS**

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

- (ix) In respect of Statutory dues;
- (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, custom duty, excise duty, service tax and other material statutory dues applicable to it though there has been a slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, customs duty and excise duty were in arrears, as at March 31<sup>st</sup>, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, and excise duty which have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion and according to the information and explanations given to us, the accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has incurred cash losses to the tune of Rs.17,17,309/- in the current financial year but not in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or a bank.
- (xii) In our opinion and according to the information & explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All the shares, securities, debentures and other investments 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) In our opinion and according to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions. Accordingly, the provision of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.







**SUMIT MEHTA & CO.**  
CHARTERED ACCOUNTANTS

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

- (xvi) The Company has not obtained any term loans. Accordingly, the provision of Clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The company has not made preferential allotment of shares to parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956, at the price which is not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) The company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Rajkot.

Date : 11.06.2012



For **SUMIT MEHTA & CO.**  
Chartered Accountants

**Sumit M. Mehta**  
**Proprietor**  
Membership No. 120830  
FRN. 126680W



**SUMIT MEHTA & CO.**  
CHARTERED ACCOUNTANTS

Opera Tower, 2<sup>nd</sup> Floor, Opp. Galaxy Hotel, Jawahar Road, Rajkot - 360 001  
Cell: 98250 88588 | Tel: (0281) 2233656 | E-mail: info@sumitmehta.com

To  
The Board of Directors,  
**Kadvani Securities Limited.**

In addition to our separate report of even date under section 227 of the Companies Act, 1956 (1 of 1956) on the accounts of KADVANI SECURITIES LIMITED (NBFC Reg. No. 01.00203 dated 13.03.1998), examined for the financial year ending on March 31<sup>st</sup>, 2012, we hereby report our observation / comments on the matters specified in paragraphs 3 and 4 of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, in terms of paragraph 2 of the said directions.

Subject to above, and according to information and explanation given to us, we report that –

- (i) The company is engaged in the business of non-banking financial institution and it has obtained a Certificate of Registration (CoR) from the Reserve Bank of India;
- (ii) The company is entitled to continue to hold the aforesaid CoR in terms of its asset/income pattern as on March 31<sup>st</sup>, 2012;
- (iii) The Board of Directors have passed a resolution for non- acceptance of any public deposits;
- (iv) The company has not accepted any public deposits during the relevant year;
- (v) The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
- (vi) The company is not a Systemically Important Non-deposit taking NBFC as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Place : Rajkot.

Date : 11.06.2012



For **SUMIT MEHTA & CO.**  
Chartered Accountants

  
**Sumit M. Mehta**  
Proprietor  
Membership No. 120830  
FRN. 126680W



# KADVANI SECURITIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	Note No.	As on 31.03.2012	As on 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	1	10,56,44,000	10,56,44,000
(b) Reserve and surplus	2	(34,98,686)	(17,85,202)
(c) Money received against share warrants		-	-
		10,21,45,314	10,38,58,798
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long-term liabilities		-	-
(d) Long-term provisions		-	-
<b>(4) Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	3	-	8,05,910
(c) Other current liabilities	4	8,912	20,957
(d) Short-term provisions	5	60,000	91,498
		68,912	9,18,365
<b>TOTAL</b>		<b>10,22,14,226</b>	<b>10,47,77,163</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	6		
(i) Tangible assets		63,797	35,140
(ii) Intangible assets		10,277	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current Investments	7	3,35,00,000	-
(c) Deferred tax assets (Net)	8	6,326	-
(d) Long-term loans and advances	9	55,00,000	55,00,000
(e) Other non-current assets		-	-
		3,90,80,400	55,35,140
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	10	2,49,83,390	3,69,13,734
(c) Trade receivables	11	51,64,625	3,71,05,285
(d) Cash and cash equivalents	12	6,60,918	1,15,523
(e) Short-term loan and advances	13	3,23,24,893	2,51,07,482
(f) Other current assets		-	-
		6,31,33,826	9,92,42,023
<b>TOTAL</b>		<b>10,22,14,226</b>	<b>10,47,77,163</b>

Significant accounting policies  
Notes on accounts  
As per our report of even date.

For **SUMIT MEHTA & CO.**  
Chartered Accountants

*(Signature)*

**Sumit M. Mehta**  
Proprietor Mem.No.120830  
Rajkot, June 11, 2012



I to 30

On behalf of Board of Directors

*(Signature)*  
DIRECTOR

*(Signature)*  
DIRECTOR  
Rajkot, June 11, 2012



## KADVANI SECURITIES LIMITED

Profit and Loss Statement for the year ended 31st March, 2012

PARTICULARS	Note No.	As on 31.03.2012	As on 31.03.2011
<b>INCOME</b>			
I. Revenue from operations	14	2,54,01,268	15,63,76,711
II. Other income	15	2,97,99,453	1,07,816
III. Total Revenue (I + II)		5,52,00,722	15,64,84,526
<b>EXPENDITURE</b>			
IV. Cost of materials consumed		-	-
Purchase of Stock-in-trade	16	4,24,63,152	17,55,14,997
Changes in inventories of finished goods, work-in progress and stock-in-trade	17	1,19,30,343	(2,23,32,487)
Employee benefits expense	18	4,56,000	4,56,000
Finance costs	19	9,361	4,661
Depreciation and amortization expense	6	2,501	6,436
Other expense	20	20,59,174	15,23,795
<b>Total expenses</b>		5,69,20,532	15,51,73,402
V. Profit before exceptional and extraordinary items and tax (III - IV)		(17,19,810)	13,11,124
VI. Exceptional items	21	-	11,41,521
VII. Profit before extraordinary items and tax (V - VI)		(17,19,810)	1,69,603
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		(17,19,810)	1,69,603
X. Tax Expense			
(1) Current tax		-	31,498
(2) Deferred tax		(6,326)	-
XI. Profit (Loss) for the period from continuing operations (VII - VIII)		(17,13,484)	1,38,105
XII. Profit (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit (Loss) from discontinuing operations		-	-
XVI. Earning per equity share:	22		
(1) Basic		(0.16)	0.02
(2) Diluted		(0.16)	0.02

Significant accounting policies

Notes on accounts

1 to 30

As per our report of even date.

**For SUMIT MEHTA & CO.**  
Chartered Accountants



**Sumit M. Mehta**  
Proprietor Mem.No.120830  
Rajkot, June 11, 2012




**On behalf of Board of Directors**

**DIRECTOR**

**DIRECTOR**

Rajkot, June 11, 2012

# KADVANI SECURITIES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON 31ST MARCH 2012

PARTICULARS	As on 31.03.2012	As on 31.03.2011
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit before taxation, and extraordinary item</b>	(17,19,810)	1,69,603
Adjusted for:		
Depreciation	2,501	6,436
Net Gain on sale of investment property	2,75,00,000	-
Profit from sale of fixed assets	1,42,860	-
<b>Operating Profit before Working Capital Changes</b>	(2,93,60,169)	1,76,039
Adjusted for:		
Trade and Other Receivables	3,19,40,660	(3,71,05,285)
Advances & Loans to Customers	(72,17,411)	(1,51,63,305)
Inventories	1,19,30,343	(2,23,32,487)
Trade Payables	(8,49,453)	(9,63,043)
<b>Cash Generated from Operations</b>	64,43,970	(7,53,88,081)
Taxes Paid	-	(31,498)
<b>Net Cash from Operating Activities</b>	64,43,970	(7,54,19,579)
<b>2. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Fixed assets	1,78,000	-
Sale of Investment Properties	3,66,00,000	-
Purchase of Fixed assets	(76,575)	-
Purchase of Investment Properties	(4,26,00,000)	-
<b>Net Cash Generated from Investing Activities</b>	(58,98,575)	-
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share Capital	-	7,55,00,000
<b>Net Cash from Financing Activities</b>	-	7,55,00,000
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents</b>	5,45,395	80,421
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	1,15,523	35,101
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>6,60,918</b>	<b>1,15,523</b>

As per our report of even date.

For **SUMIT MEHTA & CO.**  
Chartered Accountants



**Sumit M. Mehta**  
Proprietor Mem.No.120830  
Rajkot, June 11, 2012



On behalf of Board of Directors

**DIRECTOR**

**DIRECTOR**

Rajkot, June 11, 2012



# KADVANI SECURITIES LIMITED

## SIGNIFICANT ACCOUNTING POLICIES

### [1] Accounting Convention :

- a. The company follows the Mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties.
- b. Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- c. The Accounts are prepared on accounting principal of "Going Concern".

### [2] Use of Estimates :

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

### [3] Owned Fixed Assets :

Fixed assets are stated at cost net of recoverable taxes and includes inward freight, duties & taxes and incidental expenses related to the acquisition.

### [4] Leased Assets :

- a. Operating Leases: Rentals are expensed with reference to lease terms and other considerations.
- b. Finance Leases: There are no finance lease contracts during the reporting period.

### [5] Intangible Assets :

Intangible assets, if any, are stated at cost of acquisition less accumulated amortisation.

### [6] Depreciation :

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life. As there are no items of finance leased assets and intangible assets, no depreciation is provided thereon.

### [7] Impairment of Assets :

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. In the opinion of management, there are no items of impaired assets on the reporting date.

### [8] Foreign Exchange Transactions :

- a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- c. Non monetary foreign currency items are carried at cost.
- d. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.





## KADVANI SECURITIES LIMITED

### SIGNIFICANT ACCOUNTING POLICIES

**[9] Investments :**

The company classifies its investments in shares of listed and unlisted companies into the Long term investments and Current Investments. The Long term investments are stated at Cost Price. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. The Current investments are carried at lower of cost or quoted/ fair value..

**[10] Inventories :**

Inventories consist of equity shares of companies held by the assessee for the trading purpose. As informed to us & on the basis of test checks applied, we are of the opinion that the inventories are valued at cost price by following the FIFO method of valuation. In respect of Closing Stock, we have relied upon the certificate given by the assessee both as to Quantity and its valuation.

**[11] Revenue Recognition :**

In appropriate circumstances Revenue (Income) is recognized when no significant uncertainty as to measurability or collect ability exists.

**[12] Employee Benefits :**

- a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- c. In respect of employees stock options, the excess of fair price on the date of grant over the exercise price is recognised as deferred compensation cost amortised over the vesting period.

**[13] Borrowing Cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account.

**[14] Provision for Current Tax and Deferred Tax :**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to extent that there is a virtual certainty that the asset will be realised in future.

**[15] Provision, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities, if any, are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
AUTHORISED SHARE CAPITAL		
1,20,00,000 (1,20,00,000) Equity Shares of ₹10 each	<b>12,00,00,000</b>	<b>12,00,00,000</b>
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
1,05,64,400 (1,05,64,400) Equity Shares of ₹10 each fully paid up	10,56,44,000	10,56,44,000
<b>TOTAL</b>	<b>10,56,44,000</b>	<b>10,56,44,000</b>

1.1 The reconciliation of the number of shares outstanding is set out below :

	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	1,05,64,400	30,14,400
Add : Equity Shares issued during the year	-	75,50,000
Less : Shares cancelled on buy back of Equity Shares	-	-
Equity Shares at the end of the year	<u>1,05,64,400</u>	<u>1,05,64,400</u>

1.2 75,50,000 Equity shares of ₹10 each issued at par by way of preferential allotment fully paid up during FY 2010-12 were subjected to lock in period of 12 months from the relevant date till 01.08.2011.

1.3 The details of Shareholders holding more than 5% shares:

Name of Shareholder		Shares	Shares
1. Bhanwarlal Mangilal Jain	Nos.	8,00,000	8,00,000
	(%)	7.57%	7.57%
2. Presilco Impex Ltd	Nos.	6,42,300	6,42,300
	(%)	6.08%	6.08%
3. Pari Stock Trading Pvt. Ltd	Nos.	6,40,000	6,40,000
	(%)	6.06%	6.06%





# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2 RESERVE & SURPLUS	As at 31.03.2012	As at 31.03.2011
CAPITAL RESERVE		
Opening Balance	3,70,348	3,70,348
GENERAL RESERVE		
Opening Balance	5,00,000	5,00,000
SPECIAL RESERVE U/S.45IC of RBI ACT, 1934		
Opening Balance	9,00,901	8,66,980
Add : Transferred from Surplus	-	33,921
	<u>9,00,901</u>	<u>9,00,901</u>
SURPLUS		
Opening Balance	(35,56,451)	(36,60,635)
Add : Profit for the year	(17,13,484)	1,38,105
Amount available for appropriation	<u>(52,69,935)</u>	<u>(35,22,530)</u>
Less : Appropriations:		
Transferred to Special Reserve u/s.45IC of RBI Act, 1934	-	33,921
Surplus - Closing Balance	<u>(52,69,935)</u>	<u>(35,56,451)</u>
<b>TOTAL</b>	<u><u>(34,98,686)</u></u>	<u><u>(17,85,202)</u></u>

3 TRADE PAYABLES	As at 31.03.2012	As at 31.03.2011
Micro, Small and Medium Enterprise	-	-
Others	-	8,05,910
<b>TOTAL</b>	<u><u>-</u></u>	<u><u>8,05,910</u></u>

4 OTHER CURRENT LIABILITIES	As at 31.03.2012	As at 31.03.2011
TDS Payable	8,912	20,957
<b>TOTAL</b>	<u><u>8,912</u></u>	<u><u>20,957</u></u>

5 SHORT TERM PROVISIONS	As at 31.03.2012	As at 31.03.2011
Provision for Income Tax	-	31,498
Other Provisions	60,000	60,000
<b>TOTAL</b>	<u><u>60,000</u></u>	<u><u>91,498</u></u>





**KADVANI SECURITIES LIMITED**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**6 FIXED ASSETS**

Description	Gross Block				Depreciation / Amortisation			Net Block		
	As at 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.12	As at 01.04.2011	For the Year	Deductions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets:</b>										
<b>Own Assets</b>										
Computer Systems	-	64,575	-	64,575	-	778	-	778	63,797	-
Furniture & Fixtures	1,87,070	-	1,87,070	-	1,87,070	-	1,87,070	-	-	-
Vehicles	51,000	-	51,000	-	15,860	-	15,860	-	-	35,140
Others (Books)	1,19,226	-	1,19,226	-	1,19,226	-	1,19,226	-	-	-
<b>Sub-total</b>	<b>3,57,296</b>	<b>64,575</b>	<b>3,57,296</b>	<b>64,575</b>	<b>3,22,156</b>	<b>778</b>	<b>3,22,156</b>	<b>778</b>	<b>63,797</b>	<b>35,140</b>
<b>Leased Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	-	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	<b>3,57,296</b>	<b>64,575</b>	<b>3,57,296</b>	<b>64,575</b>	<b>3,22,156</b>	<b>778</b>	<b>3,22,156</b>	<b>778</b>	<b>63,797</b>	<b>35,140</b>
<b>Intangible Assets:</b>										
Computer Software	-	12,000	-	12,000	-	1,723	-	1,723	10,277	-
<b>Total (B)</b>	-	<b>12,000</b>	-	<b>12,000</b>	-	<b>1,723</b>	-	<b>1,723</b>	<b>10,277</b>	-
<b>Total (A + B)</b>	<b>3,57,296</b>	<b>76,575</b>	<b>3,57,296</b>	<b>76,575</b>	<b>3,22,156</b>	<b>2,501</b>	<b>3,22,156</b>	<b>2,501</b>	<b>74,074</b>	<b>35,140</b>
Previous Year	3,57,296	-	-	3,57,296	3,15,720	6,436	-	3,22,156	35,140	41,576
Capital work-in-progress										
Intangible Assets under Development										

6.1 The company has provided depreciation on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life.



# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7 NON-CURRENT INVESTMENTS	As at 31.03.2012	As at 31.03.2011
Investment Property	3,35,00,000	-
<b>TOTAL</b>	<u>3,35,00,000</u>	<u>-</u>
7.1 Investment Property comprises of		
Property Rights in Land at Anand, Gujarat.	1,09,00,000	-
Property Rights in Land at Panchasar, Ahmedabad, Gujarat.	1,51,00,000	-
Property Rights in Land at Rajkot, Gujarat.	75,00,000	-
	<u>3,35,00,000</u>	<u>-</u>

8 DEFERRED TAX ASSETS	As at 31.03.2012	As at 31.03.2011
DEFERRED TAX ASSETS		
Related to Fixed Assets	6,326	-
Disallowance under the Income Tax Act, 1961	-	-
Carried Forward Loss of Subsidiaries	-	-
DEFERRED TAX LIABILITY		
Related to Fixed Assets	-	-
<b>TOTAL</b>	<u>6,326</u>	<u>-</u>

9 LONG TERM LOAN & ADVANCES	As at 31.03.2012	As at 31.03.2011
Loans and advances to related parties	-	-
Other loans and advances (specify nature) [Secured / Unsecured, Considered Good]	55,00,000	55,00,000
<b>TOTAL</b>	<u>55,00,000</u>	<u>55,00,000</u>
9.1 Other loans and advances comprises of		
Advances for share purchase (Unsecured, considered good)	55,00,000	55,00,000
	<u>55,00,000</u>	<u>55,00,000</u>

9.2 Advance payments made by company for purchase of equity shares. Amount outstanding for more than 12 months on the reporting date. No interest charged on the advance payment made by the company.





# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>10 INVENTORIES</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Stock-in-trade	2,49,83,390	3,69,13,734
<b>TOTAL</b>	<b>2,49,83,390</b>	<b>3,69,13,734</b>

10.1 Stock-in-trade comprises of equity shares of listed & unlisted companies and are valued at cost price by following FIFO method of valuation.

<b>11 TRADE RECEIVABLES</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Unsecured and Considered Good		
Over Six months	-	-
Others	51,64,625	3,71,05,285
<b>TOTAL</b>	<b>51,64,625</b>	<b>3,71,05,285</b>

11.1 Debts due by directors, officers or related parties is nil.

<b>12 CASH AND CASH EQUIVALENTS</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Balances with banks in current accounts with scheduled banks	57,538	22,434
Cheques, drafts on hand	-	-
Cash on hand	6,03,380	93,089
Others	-	-
<b>TOTAL</b>	<b>6,60,918</b>	<b>1,15,523</b>



# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13 SHORT TERM LOAN & ADVANCES	As at 31.03.2012	As at 31.03.2011
Loans and advances to related parties		
Others	3,23,24,893	2,51,07,482
<b>TOTAL</b>	<u>3,23,24,893</u>	<u>2,51,07,482</u>

13.1 Other short term loan and advances comprises of

Unsecured, considered good

Advances and loans to customers

3,19,07,568      2,46,09,369

Advances receivable in cash or kind

335      16,545

Income Tax Refund AY 2007-08

1,28,070      1,28,070

Income Tax Refund AY 2008-09

2,88,920      2,88,920

Income Tax Refund AY 2010-11

-      37,977

TDS Receivable AY 2011-12

-      26,601

3,23,24,893      2,51,07,482

13.2 Advances and loans to customers are interest bearing unsecured loans carrying rate of interest @ 9% per annum with few exceptions and are repayable on demand.

14 REVENUE FROM OPERATIONS	As at 31.03.2012	As at 31.03.2011
Sale of Products	6,58,32,328	18,14,92,582
Other Operating Revenues	(4,04,31,060)	(2,51,15,871)
<b>TOTAL</b>	<u>2,54,01,268</u>	<u>15,63,76,711</u>

14.1 Sale of Products comprises of  
Equity Shares

6,58,32,328      18,14,92,582

14.2 Other Operating Revenues comprises of

Profit / Loss from Trading in Shares

2,584      1,35,625

Profit / Loss from Trading in Future & Options

(4,26,07,061)      (2,64,84,768)

Operating Interest Income

21,73,417      12,33,273

(4,04,31,060)      (2,51,15,871)

14.3 Profit / Loss from Trading in Future & Options comprises of

Sale of F & O Contracts

5,60,70,81,053      2,66,67,70,323

Add: F & O Positions O/s on year end

88,48,750

Sub-total

5,60,70,81,053      2,67,56,19,073

Less: F & O Positions O/s on beginning of year

88,48,750

Purchase of F & O Contracts

5,64,08,39,364      2,70,21,03,841

(4,26,07,061)      (2,64,84,768)

14.4 Sales, purchase and outstanding positions of Equity Index & Stock Futures & options are shown at full value of their underlying assets. The company has considered Gross value of F & O Contracts sold during the year for computing Net Sales/Income from Operations in preparation of quarterly financial results submitted to Stock Exchange, Mumbai.





# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>15 OTHER INCOME</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Interest Income	2,273	87,945
Dividend Income	54,320	15,100
Net Gain/loss on sale of investments	2,75,00,000	-
Other non-operating income	22,42,860	4,771
<b>TOTAL</b>	<b>2,97,99,453</b>	<b>1,07,816</b>
15.1 Net Gain/loss on sale of investments comprise of		
Profit from Sale of Land Investment at Ahmedabad	2,75,00,000	-
	2,75,00,000	-
15.2 Other non-operating Income comprise of		
Other Income	21,00,000	-
Profit from Sale of Other Fixed Assets	1,42,860	-
Discounts & Roundings	-	2,001
Miscellaneous Income	-	2,770
	22,42,860	4,771
<b>16 PURCHASE OF STOCK-IN-TRADE</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Equity Shares	4,24,63,152	17,55,14,997
<b>TOTAL</b>	<b>4,24,63,152</b>	<b>17,55,14,997</b>
<b>17 CHANGES IN INVENTORIES</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Inventories at the beginning of the year		
Stock-in-trade (Equity Shares)	3,69,13,734	1,45,81,247
	3,69,13,734	1,45,81,247
Less: Inventories at the end of the year		
Stock-in-trade (Equity Shares)	2,49,83,390	3,69,13,734
	2,49,83,390	3,69,13,734
<b>TOTAL</b>	<b>1,19,30,343</b>	<b>(2,23,32,487)</b>



# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18 EMPLOYEE BENEFITS EXPENSE	As at 31.03.2012	As at 31.03.2011
Salaries and wages	2,16,000	2,16,000
Director Remuneration	2,40,000	2,40,000
<b>TOTAL</b>	<u>4,56,000</u>	<u>4,56,000</u>

18.1 In terms of Accounting Standard 15 'Employee Benefits', all the employee benefits granted by the company are in nature of Short-term employees benefits which fall due wholly within twelve months after the end of the period in which the employees render the related service. The company has recognised the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service either as a liability (accrued expense), after deducting any amount already paid or as an expense as the case may be. No specific disclosures are required for short-term employee benefits under the AS - 15.

18.2 As informed to us, the assessee is not covered by the Provident Fund & other retirement benefits provisions.

19 FINANCE COST	As at 31.03.2012	As at 31.03.2011
Interest Expense	2,239	-
Other borrowing costs	7,122	4,661
Net Gain/loss on foreign currency transactions and translation	-	-
<b>TOTAL</b>	<u>9,361</u>	<u>4,661</u>

19.1 Other borrowing costs comprises of

Bank Charges	4,594	4,371
Interest on Late deposit of TDS	2,528	290
	<u>7,122</u>	<u>4,661</u>







# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>22 EARNING PER SHARE (EPS)</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(17,13,484)	1,38,105
Weighted Average number of equity shares used as denominator for calculating EPS	1,05,64,400	80,40,838
Basic and Diluted Earnings per share	(0.16)	0.02
Face Value per equity share	10.00	10.00
<b>TOTAL</b>	<b>88,50,926</b>	<b>81,78,953</b>

<b>23 VALUE OF IMPORTS</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Value of imports calculated on C.I.F basis in respect of		
Raw Materials	NIL	NIL
Components and spare parts	NIL	NIL
Capital Goods	NIL	NIL
	<u>NIL</u>	<u>NIL</u>

### **24 EXPENDITURE IN FOREIGN CURRENCY**

The company has not incurred any expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters.

### **25 DIVIDEND REMITTANCE IN FOREIGN CURRENCY**

The company has not declared any dividend during the financial year. Hence, the amount remitted during the year in foreign currencies on account of dividends is nil.

### **26 EARNINGS IN FOREIGN EXCHANGE**

The company has not earned any income in foreign exchange during the financial year.





## KADVANI SECURITIES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 27 RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

27.1 List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of Related Party	Relationship
1	Shailesh M. Ved	Key Managerial Personnel

27.2 Transactions during the year with related parties :

Nature of Transactions (Excluding reimbursements)	Subsidiary	Associates	Others	Key Managerial Personnel	Total
Payment to Key Managerial Personnel	-	-	-	2,40,000 <i>2,40,000</i>	2,40,000 <i>2,40,000</i>

Note: Figures in italic represent previous year's transactions and balances.

27.3 Disclosure in Respect of Material Related Party Transactions during the year :

1. Payment to Key management personnel include to Shri Shailesh M. Ved Rs.2,40,000 (Previous year Rs.2,40,000).

#### 28 SEGMENT REPORTING

The company is a Non-banking Finance Company and is engaged in the business of Finance and investments. The company has carried out only financial & investments activities during the year. It does not have different Business or Geographical Segments with different risks and returns. Hence, disclosures required under AS 17 - Segment Reporting are not furnished here.



# KADVANI SECURITIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 29 CONTINGENT LIABILITIES & COMMITMENT

As at 31.03.2012 As at 31.03.2011

#### CONTINGENT LIABILITIES

Claims against the company not acknowledged as debt - -

Guarantees - -

Other money for which the company is contingently liable - -

#### COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for - -

Uncalled liability on shares and other investments partly paid - -

Other commitments (specify nature) - -

**TOTAL**

### 30 ADDITIONAL INFORMATION

- 30.1 In the annual financial statements, the company has shown transactions in equity index and equity stock futures & option on net profit/loss basis. Detailed breakup of F & O Contracts purchased, sold & outstanding is given in the schedule - 6 forming part of Profit & Loss Statement. In the quarterly and year to date results filed with Stock Exchange, Mumbai, the transactions in F & O contracts are presented on gross basis.
- 30.2 The balance of accounts grouped under the heads - current assets, loans & advances, bank balances and current liabilities are subject to confirmation.
- 30.3 In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. In the opinion of the Board of directors, the provisions for all the liabilities are adequate and not in excess of the amounts considered reasonably necessary and there are no contingent liabilities outstanding on the balance sheet date.
- 30.4 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date.

For **SUMIT MEHTA & CO.**

Chartered Accountants



**Sumit M. Mehta**

Proprietor Mem.No.120830  
Rajkot, June 11, 2012



On behalf of Board of Directors

**DIRECTOR**

**DIRECTOR**

Rajkot, June 11, 2012



## KADVANI SECURITIES LIMITED - RAJKOT

### Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Amount in Rs.)

Particulars		
<u>LIABILITIES SIDE :</u>		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures		
Secured	-	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (specify nature)	-	-
<u>ASSETS SIDE :</u>		
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount Outstanding	
(a) Secured		-
(b) Unsecured		3,74,07,568
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities :		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		-
(b) Operating lease		-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		-



## KADVANI SECURITIES LIMITED - RAJKOT

### Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Amount in Rs.)

Particulars	
(4) Break-up of Investments :	
Note: All the shares are held as stock-in-trade in books of a/cs.	
<u>Current Investments :</u>	
1. Quoted :	
(i) Shares :	
(a) Equity (held as stock-in-trade)	2,49,83,390
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others - Sundry Debtors for Equity Shares	51,64,625
2. Unquoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
<u>Long Term investments :</u>	
1. Quoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-





## KADVANI SECURITIES LIMITED - RAJKOT

### Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Amount in Rs.)

<b>Particulars</b>			
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above :		
	Category	Amount net of provisions	
		Secured	Unsecured
			Total
	1. Related Parties		
	(i) Subsidiaries	-	-
	(ii) Companies in the same group	-	-
	(iii) Other related parties	-	-
	2. Other than related parties	-	3,74,07,568
	Total	-	3,74,07,568
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Note: All the shares are held as stock-in-trade in books of a/cs of company.		
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	(i) Subsidiaries	-	-
	(ii) Companies in the same group	-	-
	(iii) Other related parties (held as stock-in-trade)	-	-
	2. Other than related parties * (held as stock-in-trade)	3,01,48,015	3,01,48,015
	Total	3,01,48,015	3,01,48,015
(7)	* Includes sundry debtors for Investments sold.		
	Other information		
	Particulars	Amount	
	(i) Gross Non-Performing Assets		
	(a) Related parties		-
	(b) Other than related parties		-
	(ii) Net Non-Performing Assets		
	(a) Related parties		-
	(b) Other than related parties		-
	(iii) Assets acquired in satisfaction of debt		-



# KADVANI SECURITIES LIMITED

## KADVANI SECURITIES LIMITED

Niraj Apartment, 22, New Jagnath Plot, Mahakali Mandir Road, Rajkot-360001

### Attendance Slip

Name of the attending Member (In Block Letters): \_\_\_\_\_

Folio No/ DPID / Client ID : \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_

(To be filled in if the Proxy attends instead of the Member)

No. of Shares held : \_\_\_\_\_

(in words) \_\_\_\_\_

I hereby record my presence at the Nineteenth Annual General Meeting of the Company at Niraj Apartment, 22, New Jagnath Plot, Mahakali Mandir Road, Rajkot-360001 on Thursday the 12<sup>th</sup> day of July, 2012 and at any adjournment thereof.

\_\_\_\_\_  
Member's/Proxy's Signature

(To be signed at the time of handing over this slip)

{NOTE: Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over the same at the entrance after the same has been duly signed}

## KADVANI SECURITIES LIMITED

Niraj Apartment, 22, New Jagnath Plot, Mahakali Mandir Road, Rajkot-360001

### PROXY FORM

I/We ..... of..... being Member/Members of the above named Company, hereby appoint .....or failing him..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on Thursday the 12<sup>th</sup> day of July, 2012 at Shop No.1, Niraj Apartment, 22, New Jagnath Plot, Mahakali Mandir Road, Rajkot-360001 at 11.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2012.

Folio No/ Client ID: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

DP ID: \_\_\_\_\_

Signature: \_\_\_\_\_

Affix Re.  
1.00  
Revenue  
Stamp

N.B.: This proxy must be deposited at the Registered Office of the Company at Niraj Apartment, 22, New Jagnath Plot, Mahakali Mandir Road, Rajkot-360001

BOOK POST

If Undelivered, Please Return to:

**KADVANI SECURITIES LIMITED**

**Registered Office:**

Shop No.1, Niraj Apartment, Ground Floor  
22, New Jagnath Plot, Mahakali Mandir Road,  
Rajkot-360001  
Gujarat