

KLG CAPITAL SERVICES LIMITED

15th
ANNUAL REPORT
2008 - 2009

For KLG Capital Services Limited


Company Secretary

BOARD OF DIRECTORS

- | | | |
|-----|-------------------------|---------------------|
| 1. | Mr. Hemant Patel * | Whole Time Director |
| 2. | Mr. Nikhil Gandhi* | Director |
| 3. | Mr. S. S. Thakur * | Director |
| 4. | Mr. B. G. Daga * | Director |
| 5. | Mr. Praveen Mohnot* | Director |
| 6. | Mr. Jitendra Sanghavi * | Director |
| 7. | Mr. K. L. Garg** | Director |
| 8. | Ms Sushila Garg*** | Director |
| 9. | Mr. Narinder Pal*** | Director |
| 10. | Mr. Pawan Agarwal*** | Director |

* Appointed w.e.f. June 19, 2008

** Resigned w.e.f. August 29, 2008

*** Resigned w.e.f. June 19, 2008

Company Secretary

Ms. Neha K. Mathur

ANNUAL GENERAL MEETING

Monday, August 24, 2009 at 11.30 a.m.

Venue: I-273, Sector -3, Bawana Industrial Area, Delhi

Registered Office

C-11, Qutub Institutional Area,
New Delhi-110 016

Corporate Office

SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai - 400 023

CIN L74899DL1994PLC057413

Auditors

M/s GPS & Associates, Mumbai

Registrar & Share Transfer Agent

M/s Link Intime India Pvt. Ltd.

(Formerly Intime Spectrum Registry Ltd.)

A-40, 2nd Floor, Naraina Industrial Area,

Phase II, New Delhi – 110028

Phones: 41410592 – 94

Fax No. : 91-011-41410591

Email:delhi@linkintime.co.in

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KLG Capital Services Limited

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of KLG Capital Services Limited will be held on Monday, August 24, 2009 at 11.30 a.m. at I- 273, Sector – 3, Bawana Industrial Area, Delhi to transact the following businesses:-

ORDINARY BUSINESS:

- 1) To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2009 and the Profit and Loss Account for the financial year ended on that date and the reports of the Directors and the Auditor thereon.
- 2) To appoint a Director in place of Mr. B. G. Daga who retires by rotation and is eligible, for re-appointment.
- 3) To appoint a Director in place of Mr. Praveen Mohnot who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS:

- 4) To appoint M/s NBS & Co., Chartered Accountants, as the Statutory Auditors of the Company in place of M/s GPS & Associates, Chartered Accountants whose term expires at the conclusion of the forthcoming Annual General Meeting and they have expressed their inability for re-appointment and to fix their remuneration by passing with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s NBS & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company in place of M/s GPS & Associates, Chartered Accountants, 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 may be fixed by the Board of Directors of the Company."

By Order of the Board of Directors

Neha K Mathur
Company Secretary

Place : Mumbai
Date : July 28, 2009

Registered Office:

C-11, Qutub Institutional Area, New Delhi-110016

Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- 2) If the appointer is a Corporation, Limited Company etc. the proxy must be executed under its seal or the hand of its duly authorized officer or attorney.
- 3) Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from August 18, 2009 to August 24, 2009 (both days inclusive) for the purpose of Annual General Meeting (AGM).
- 5) The members are requested to:
 - a) intimate to the Company (for shares held in physical form) and to their Depository Participant (DP) (for shares held in Dematerialised form) the changes, if any, in their registered address, ECS / Bank account number/ details, etc. at an early date;
 - b) quote ledger folio numbers/DP Identity and Client Identity Numbers in all their correspondence;
 - c) approach the Company for consolidation of folios, if shareholdings are under multiple folios;
 - d) bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting; and
 - e) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.

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

ITEM NO. 4

M/s GPS & Associates, Chartered Accountants, Mumbai are Statutory Auditors of the Company whose term expires at the conclusion of the forthcoming Annual General Meeting, have expressed their inability for reappointment as Statutory Auditors of the Company for the financial year 2009-10.

In view of the above, the Board of Directors have passed the necessary resolution on July 28, 2009 proposing the appointment of M/s. **NBS & Co.**, Chartered Accountants, Mumbai, as the Statutory Auditor's in place of M/s. GPS & Associates, Chartered Accountants for the financial year 2009-10.

The members' approval is being sought to the appointment of M/s **NBS & Co.**, Chartered Accountants, as the Statutory Auditors' for the financial year 2009-10 and to authorize the Board of Directors, to determine the remuneration payable to the Auditor.

The Directors recommends this resolution for approval of the members.

None of the Directors are deemed to be concerned or interested in the resolution.

By Order of the Board of Directors

Neha K Mathur
Company Secretary

Place: Mumbai

Date: July 28, 2009

Registered Office:

C-11, Qutub Institutional Area,
New Delhi- 110016.

KLG Capital Services Limited

Details of Directors seeking re-appointment in the Fifteenth Annual General Meeting to be held on Monday, 24th August, 2009.

Particulars	Mr. Praveen Chand Mohnot	Mr. B. G. Daga
Date of Birth	April 21, 1959	January 5, 1943
Date of appointment	June 19, 2008	June 19, 2008
Specialisation/expertise	<ul style="list-style-type: none"> • International Finance 	<ul style="list-style-type: none"> • Valuation of business; • Equity and Asset Management; • Banking; • Investment Advisory Services; and • Management of Stock Exchange
Qualifications	<ul style="list-style-type: none"> • Fellow member of the Institute of Chartered Accountants and • A British Chevrning Scholar 	<ul style="list-style-type: none"> • Masters in Commerce • Corporate Secretary from the Corporation of Secretaries, London • Diploma of International Accountants of the Association of International Accountants, London and • Diploma in Banking and Cooperation of Indian Institute of Bankers • Government Commercial Diploma of Government of Maharashtra.
Directorship of the Companies as per disclosure required	<ol style="list-style-type: none"> 1. Horizon Infrastructure Limited 2. Metrotech Technology Park Private Limited 3. CADIS Infrastructure Private Limited 	<ol style="list-style-type: none"> 1. Mehta Equities Limited; 2. Mumbai Vaish Seva Sansthan; 3. Vishwakarma Kaushal Kendra 4. Twenty First Century Capital Limited
Chairman/member of the committees of other companies on which he is a director	<ul style="list-style-type: none"> • Horizon Infrastructure Limited 	<ul style="list-style-type: none"> • Twenty First Century Capital Limited
Shareholding in the Company as on March 31, 2009	Nil	Nil

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting 15th Annual Report, together with the Audited Accounts for the year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

The salient features of the Company's financial results for the year under review are as follows:

Particulars	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
Profit before Depreciation and Tax	2277496	342126
Depreciation	-	-
Profit before Tax & STT	2277496	342126
Securities Transaction Tax Paid	-	263655
Current Tax	700000	-
Provision for FBT	285	2676
Profit after Tax for the year	1577211	75795

DIVIDEND

The Directors do not recommend any dividend for the year.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. B. G. Daga and Mr. Praveen Mohnot, Directors of the Company retire by rotation at the ensuing Annual General Meeting and, being eligible have offered themselves for re-appointment.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, are provided in the Notice of the Annual General meeting which is forming part of the Annual Report.

AUDITORS

The Auditors, M/s GPS & Associates, Chartered Accountants, Mumbai retire at the conclusion of the forthcoming Annual General Meeting.

M/s GPS & Associates, Chartered Accountants, have expressed their inability to be re-appointed as the Statutory Auditors of the Company for the financial year 2009-10.

M/s NBS & Co., Chartered Accountants, Mumbai have confirmed that their appointment as Statutory Auditors of the Company for the Financial year 2009-10 will be in compliance with Section 224(1B) of the Companies Act, 1956 and they offer themselves for appointment as Statutory Auditors of the Company for the financial year 2009-10 pursuant to Section 224 of the Companies Act, 1956.

The Directors sincerely thank M/s GPS & Associates, Chartered Accountants, Mumbai for the professional services rendered by them to the Company and place on record their valued contribution towards the growth of the Company.

AUDITORS' REPORT

The Auditors' Report to the Shareholders does not contain any reservations, qualification or adverse remark.

KLG Capital Services Limited

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the operations of the Company is provided in a separate section and it forms part of this report.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, the report on Corporate Governance together with Auditor's certificate on its compliance is annexed to the Annual Report.

LISTING AGREEMENT

Shares of the Company are listed on the Bombay Stock Exchange Ltd. (BSE) and listing fee has been paid up to date.

The Company has duly complied with various requirements and compliances under various clauses of listing agreement from time to time, as required by the listed company.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the financial year 2008-09.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that: -

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
3. 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;
4. The Directors have prepared the annual accounts on a going concern basis.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988, relating to conservation of energy, technology absorptions is not applicable to the Company.

The Directors also certify that during the year, the Company had neither any income nor any expenses were incurred in Foreign Exchange.

PARTICULARS OF EMPLOYEES

The information required pursuant to provisions of Section 217(2A) of the Companies Act, 1956 relating to the Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company, is not applicable to the Company.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the co-operation and support received from the stakeholders.

For and on behalf of the Board of Directors

Dated: May 29, 2009
Place : Mumbai

Hemant Patel
Whole Time Director

Praveen Mohnot
Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report of the Company for the year 2008-09 are as under: -

1. Industry Structure and Developments

The Indian economy is one of the fastest growing economies of the world. The Indian Financial sector is demonstrating sustainable growth. Your Company's business activity is mainly to deal in Shares, Securities and Bonds and to render financial and consultancy services.

2. Opportunities and Threats

The Company is examining various new avenues of business in financial activities. The present business of your Company is investment, financing and rendering consultancy services. Your Company intends to diversify its activities into property development, management and infrastructure related projects.

3. Segment wise Performance

Total Income earned by the Company for the year under review was **Rs. 49.50 Lacs** as compared to previous year **Rs. 7.29 Lacs**. Net profit for the same period was **Rs. 15.77 Lacs** as compared to previous year **Rs. 0.76 Lacs**. Income from Finance services is **Rs 49.50 Lacs** as compared to previous year **Rs Nil**.

4. Future Prospects & Outlook

In the forthcoming year, the Company envisages to identify new avenues of business activities and make use of opportunities available, besides strengthening its present operations. The Company has an intention to diversify into property development/ management and infrastructure related projects.

5. Risk and Concerns

The company has advanced the funds in its routine business of finance with due prudence by Board of directors. All the risk associated with financing activities is also risk of the company

6. Internal control system and their adequacy

The Company being a Non Banking Financial Company is governed by various regulations. The company has adequate internal controls commensurate with its size to ensure protection of assets against loss from unauthorized use and all the transactions are authorized, recorded and reported correctly. The Company has a centralized Compliance Department which ensures compliance with all the applicable laws. In addition, your Company has Insider Trading Policy and Fair Practice Code.

Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Auditors.

7. Financial Performance

a) **Share Capital:** The Company's issued and subscribed share capital consists of Equity Share Capital only. The paid-up Share Capital of Company as at March 31, 2009 stood at Rs. 320.24 Lacs comprising of 3202400 Equity Shares of Rs. 10/- each.

b) **Reserves and surplus:** During the year under review the reserves and surplus stood at **Rs. 67.14 Lacs** (previous year **Rs. 51.37 Lacs**)

c) **Current Assets & Current Liabilities:** The Current Assets and Current Liabilities for the period under review stood at **Rs. 420.74 Lacs & Rs. 33.36 Lacs** (Previous year **Rs. 371.74 Lacs & Rs. 0.13 Lacs**). The net current assets (current assets less current liabilities) at the end of the year stood **Rs. 387.38 Lacs** (Previous year **Rs. 371.61 Lacs**)

8. Human Resources

The company has adequate human resources to man its various activities as of now. However, on taking up further new activities additional resources shall be made up accordingly from time to time.

9. Risk Management Framework:

The Company has in place mechanisms to inform Board members about the risk assessment and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management through the means of a properly defined framework.

KLG Capital Services Limited

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008 - 09

In Compliance with Clause 49 of the Listing Agreement with Stock Exchange, the Company submits the report on the matters mentioned in the said Clause and lists the practices followed by the Company.

I. THE BASIC PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE:

Your Company's philosophy on corporate governance envisages working towards higher levels of transparency, empowerment, accountability, safety of people and environment, motivation, consistent value systems, respect for law and fair business practices with all its stakeholders. The Company upholds these values and ensures their protection.

II. BOARD OF DIRECTORS:

Composition, Category, Attendance and No. of other Directorships of the Board

The Board of Directors consists of professionals drawn from various fields. The present strength of Board of Directors of your Company is six Directors of which three are non executive independent directors (i.e 50%), two are non executive non independent directors (i.e 33.33%) and an Executive Director. The Constitution of the Board, in respect of appointment of independent directors, is in compliance with Clause 49 of the Listing Agreement.

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, directorship of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit Committees and the Shareholder's/ Investors' Grievance Committees.

Name of Directors	Category of Directorship	Attendance Particulars			No. of Directorships in other Public Companies	No. of Committees (including in Company)	
		Meeting held during tenure of Director	Board Meetings	Last AGM held on 29/08/2008		Chairman	Members
Mr. Nikhil Gandhi *	Non Executive, Non Independent	4	1	-	11	1	-
Mr. S.S. Thakur *	Non Executive, Independent	4	3	-	9	4	5
Mr. B. G.Daga *	Non Executive, Independent	4	3	-	2	2	1
Mr. Jitendra Sanghavi *	Non Executive, Independent	4	1	-	1	-	-
Mr. Hemant Patel *	Executive	4	1	Yes	-	-	1
Mr. Praveen Mohnot *	Non Executive, Non Independent	4	2	-	1	1	2
Mr. Kundan Lal Garg **	Executive	3	2	Yes	1	-	-
Mrs. Sushila Garg ***	Non Executive, Non Independent	2	2	-	1	-	-
Mr. Pawan Aggarwal ***	Non Executive, Independent	2	2	-	-	-	-
Mr. Narinder Pal ***	Non Executive, Independent	2	2	-	-	-	-

* Appointed w.e.f. June 19, 2008

** Resigned w.e.f. August 29, 2008

*** Resigned w.e.f. June 19, 2008

The Company has held at least one Board Meeting in every quarter and the maximum time gap between two meetings was not more than four months. During the financial year 2008-2009 the Board met 5 times on May 26, 2008, June 19, 2008, July 30, 2008, October 31, 2008 and January 30, 2009.

III AUDIT COMMITTEE:

(i) The Audit Committee of the Company is constituted in accordance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

(ii) **The terms of reference of the Audit Committee are as under:**

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible information is disclosed.
2. Recommending the appointment, re-appointment and removal of the statutory auditors, fixation of audit fee and also approval for payment for other services.
3. Disclosure of contingent liabilities.
4. Reviewing with the management the annual financial statements before submission to the Board focusing on:
 - a. Matters to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Any changes in accounting policies and practices;
 - c. Major accounting entries involving estimates based on judgment by management;
 - d. Significant adjustments arising out of audit findings;
 - e. Compliance with stock exchange and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions as per Accounting Standard 18;
 - g. Qualifications in the draft audit report;
 - h. Compliance with accounting standards;
 - i. the going concern assumption
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing with the management, performance of statutory and adequacy of the internal control systems.
7. Reviewing the findings of any internal investigations 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.
8. Discussion with the statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

(iii) **Composition of the Audit Committee as on March 31, 2009:**

Name of Directors	Category	No. of meetings held during the year 2008-09	
		Held	Attended
Mr. B. G. Daga *	Non Executive, Independent	5	3
Mr. S.S. Thakur *	Non Executive, Independent	5	3
Mr. Praveen Mohnot *	Non Executive, Non Independent	5	2
Mr. Narinder Pal**	Non Executive, Independent	5	2
Mr. Pawan Agarwal**	Non Executive, Independent	5	2
Mr. Kundan Lal Garg***	Non Executive, Non Independent	5	2

* Appointed w.e.f. 19 June, 2008

** Resigned w.e.f. 19 June, 2008

*** Resigned w.e.f. 29 August, 2008

The Company Secretary of the Company acts as Secretary of the Committee.

KLG Capital Services Limited

- (iv) Five Audit Committee Meetings were held on May 26, 2008, June 19, 2008, July 30, 2008, October 31, 2008 and January 30, 2009.

Necessary quorum was present at all the meetings.

IV. REMUNERATION COMMITTEE:

Brief Description of Terms of Reference

The terms of reference of the Remuneration Committee include formulating policies on specific remuneration packages for all the Directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

No meetings of the Committee were held during the year.

Composition

Mr. Nikhil Gandhi	Chairman
Mr. Praveen Mohnot	Member
Mr. B. G. Daga	Member

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its Compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of individuals measured through the annual appraisal process.

Details of Directors' remuneration during the financial year was as follows:

Name of Director	Category	Sitting	Other Fees	Total Considerations
Mr. Nikhil Gandhi	Non Executive, Non Independent	-	-	-
Mr. Praveen Mohnot	Non Executive, Non Independent	-	-	-
Mr. S.S. Thakur	Non Executive, Independent	22500	-	22500
Mr. B. G. Daga	Non Executive, Independent	22500	-	22500
Mr. Jitendra Sanghavi	Non Executive, Independent	-	-	-
Mr. Hemant Patel	Whole Time Director	-	-	-

- The Company does not have any Employee Stock Option Scheme (ESOS).
- None of the Directors hold any Shares in the Company as on March 31, 2009

V. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE:

Composition

Mr. Praveen Mohnot	Chairman
Mr Hemant Patel	Member
Mr. B. G. Daga	Member

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, non receipt of dividend / notices / annual reports and other matters encompassing the shareholders/ Investors' related issues.

(a) Meetings and Attendance during the Financial year 2008-09

Name of Directors	Category	Number of Meetings held during the year 2008-09	
		Held	Attended
Mr. Praveen Mohnot	Non Executive, Non Independent	7	7
Mr. B. G. Daga	Non Executive, Independent	7	1
Mr. Hemant Patel	Executive Director	7	7
Mr. Narinder Pal*	Non Executive, Independent	7	-
Mr. Kundan Lal Garg**	Non Executive, Non Independent	7	-

* Resigned on June 19, 2008 during the financial year.

** Resigned on August 29, 2008 during the financial year.

b) Name and designation of compliance officer

Ms. Neha K. Mathur, Company Secretary acts as the Compliance Officer pursuant to Clause 47 of the Listing Agreement. She looks into investor grievances and co-ordinates with the Registrar & Share Transfer Agents, M/s Link Intime India Pvt. Ltd. (Formerly Intime Spectrum Registry Ltd.) for redressal of the investor grievances.

As a measure of good Corporate Governance, the Company has well designed investors' grievance redressal system where the average time taken for grievance redressal is very less and the committee monitors the investors' grievance redressal periodically. The Company has an email ID for investor correspondence as company.secretary@klgcapital.com

c) Details of queries / complaints received and resolved during the year 2008-09

No. of Complaint received during the year - Nil

No. of Complaints redressed during the year - Nil

No. of Complaints Pending at he closing of the financial year. - Nil

VI. GENERAL BODY MEETINGS:**(a) Date and venue of the last three Annual General Meetings:**

Date	Venue	Time	No. of special resolutions passed
30/09/2006	Registered Office at 204, Deep Market, 32, Wazirpur Community Centre, Ring Road, Delhi - 110052.	09.30 A.M.	No special resolution
29/09/2007	I-273, Sector -3, Bawana Industrial Area, Delhi	09.30 A.M.	No special resolution
29/08/2008	I-273, Sector -3, Bawana Industrial Area, Delhi	03.00 P.M.	1 (one)

Special resolutions passed in the previous three AGMs:

During the financial year 2008-2009, 1 (one) special resolutions pursuant to Section 163 of the Companies Act, 1956 for keeping the register and index of members etc at the office of the Registrar and Share Transfer Agent of the Company. was passed at the 14th AGM held on August 29, 2008

Special Resolution passed last year through Postal Ballot

During the financial year 2008-09, no resolution was passed through postal ballot.

VII. DISCLOSURES

- The Company did not have any materially significant related party transaction having potential conflict with the interest of the Company at large. Transaction with related parties are disclosed in the Notes to the Accounts forming part of the Annual Report.
- Details of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory authority, on any matter related to capital markets, during the period from April 1, 2006 to March 31, 2009: Nil
- The Company has fulfilled the non – mandatory requirements as prescribed in Annexure ID to the Clause 49 to the Listing Agreements with the Stock Exchanges by setting Remuneration Committee; details of which have been given earlier in this report.

VIII. MEANS OF COMMUNICATION:

Apart from furnishing the copies of the unaudited quarterly & half yearly results and audited full year results to the Bombay Stock Exchange Limited ("BSE") where the shares of the Company are listed, the Company publishes the results in one english newspaper and one vernacular newspaper.

The Company's financial results have been sent to BSE so that they may be posted on BSE's website. The Company will also provide the copies of the unaudited quarterly results to the investors if so requisitioned for without any charge.

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IX. SHAREHOLDERS' INFORMATION:

1. Annual General Meeting

The Fifteenth AGM of the Company will be held on August 24, 2009 at 11.30 a.m. at I – 273, Sector – 3, Bawana Industrial Area, Delhi.

As required under Clause 49 of the Listing Agreement particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM .

2. Financial Calendar:

Financial Calendar (tentative)

Unaudited results for the quarter ending June 30, 2009	July 2009
Unaudited results for the quarter ending September 30, 2009	October 2009
Unaudited results for the quarter ending December 30, 2009	January 2010
Unaudited results for the quarter ending March 31, 2009	April 2010 *
Annual General Meeting for the year ending March 31, 2010	September 2010

*As provided under clause 41 of the listing agreement, Board may also consider publication of Audited results for the financial year 2009-2010 by June 30, 2010 instead of publishing unaudited results for the fourth quarter.

3. Date of Book Closure / Record Date: As mentioned in the Notice of the AGM to be held on

August 18, 2009 to August 24, 2009

4. No dividend has been recommended on Equity shares for the year ended March 31, 2009.

5. Listing of Shares on Stock Exchanges :

Bombay Stock Exchange Limited
Floor 25, P. J. Towers, Dalal Street,
Mumbai 400001

6. Stock Code :

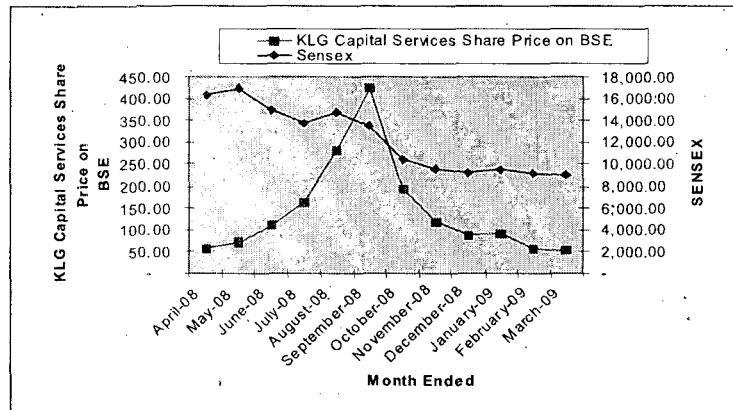
530771

Listing Fees has been paid

7. Market Price Data High, Low during each month in last financial year 2008-09 on the Bombay Stock Exchange.

Month	HIGH	LOW
April, 2008	71.10	46.10
May, 2008	89.30	57.00
June, 2008	131.60	88.05
July, 2008	204.95	118.80
August, 2008	381.25	184.15
September, 2008	563.10	287.20
October, 2008	272.85	114.35
November, 2008	153.10	86.30
December, 2008	110.00	64.10
January, 2009	115.40	67.30
February, 2009	76.00	41.70
March, 2009	71.15	34.25

Share Price Performance in Comparison to BSE Sensex



8. Registrars and Share Transfer Agents of the Company

M/s. Link Intime India Pvt. Limited,
(Formerly Intime Spectrum Registry Ltd.)
A-40, 2nd Floor, Naraina Industrial Area,
Phase II, New Delhi – 110028.
Phone :- 011-4141 0592,93,94
Fax :- 4141 0591
E-mail :- delhi@linkintime.co.in

9. Share Transfer System

The Board has delegated the authority for approving share transfer, transmission, etc, of the Company's securities to the Shareholders / Investors Grievances Committee. A summary of transfer/transmission of securities of the Company so approved by the Shareholders / Investor Grievance Committee is placed before the Board of Directors at every Board Meeting.

The Company also obtains from a Company Secretary in practice, half yearly certificate of compliance with regards to the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

10. The Company's distribution of the Shareholding as on March 31, 2009 is given below:

No. of equity Shareholders	No. of Share holders	% to Total Share-holders	No. of Shares	% to Total Shares
Up to – 2500	1058	78.02	67013	2.09
2501 – 5000	125	9.22	48875	1.53
5001 – 10000	84	6.19	68686	2.14
10001 – 20000	36	2.65	54985	1.72
20001 – 30000	12	0.88	31842	0.99
30001 – 40000	7	0.52	23570	0.74
40001 – 50000	5	0.37	23904	0.75
50001 – 100000	8	0.59	67342	2.10
100001 & above	21	1.55	2816183	87.94
Total	1356	100.00	3202400	100.00

KLG Capital Services Limited

11. Shareholding Pattern as on March 31, 2009

Category	No. of holders	No. of shares	% of holding
Indian Promoters	1	1936075	60.46
Foreign Promoters	Nil	Nil	0.00
Mutual Funds	Nil	Nil	0.00
Financial Institutions	Nil	Nil	0.00
Foreign Institutional Investors	Nil	Nil	0.00
Private Corporate Bodies	86	208926	6.52
Public & Others	1250	1048302	32.73
Foreign Nationals/ NRIs	19	9097	0.28
Total	1356	3202400	100.00

12. Dematerialization of shares & liquidity

As on March 31, 2009, 3165368 of the total equity capital is held in demat form with NSDL and CDSL. Around 98.84 % of the shares of the Company are in dematerialised form. Shares of the Company can be traded only in demat form on the Stock Exchanges, Shares of the Company are traded on BSE and hence ensure good liquidity for the investors.

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

As on March 31, 2009, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments .

14. Plant Locations: Not applicable.

15. Addresses for Correspondence

Registered Office:

C-11, Qutub Institutional Area, New Delhi-110016

Corporate Office:

SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai-400023

Address for Investor Correspondence:

For transfer/dematerialization of Shares, Payment of dividend on shares, Corporate actions or change of address or any query relating to the Shares of the Company any other any query or for the annual report:

Contact Details:

M/s Link Intime India Pvt. Ltd.

(Formerly Intime Spectrum Registry Ltd.)

A-40, 2nd Floor, Naraina Area,

Phase – II, New Delhi – 110028.

Phones: 4141 0592, 93, 94

Fax No. : 91-011-41410591

Email: delhi@linkintime.co.in

CEO/ CFO Certification

In accordance with the requirement of Corporate Governance Clause 49(V) of the listing agreement, the Board of Directors of the Company have been furnished with the requisite certificate from the CEO/CFO i.e Whole Time Director of the Company.

Disclosure regarding Directors seeking re-appointment

The personal information about the Directors being appointed/ reappointed is already mentioned in the Notice of the meeting convening Annual General Meeting and therefore is not separately mentioned in this report.

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Shareholders of KLG Capital Services Limited,

We have examined the compliance of conditions of corporate governance by KLG Capital Services Limited for the year ended on 31st March 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with Bombay Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial Statement of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

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

For Aashish K. Bhatt & Associates
Company Secretary in Practise

Aashish Bhatt
Proprietor

Place: Mumbai

Dated: May 29, 2009

KLG Capital Services Limited

Certificate of Whole Time Director on Financial Statements under Clause 49 of the Listing Agreement

I, **Hemant Patel**, Whole Time Director of KLG Capital Services Limited, to the best of my knowledge and belief certify that:

1. I have reviewed the balance sheet and profit & loss account (both consolidated and stand alone) of the company for the year ended March 31, 2009 and all its schedules and notes to accounts as well as the cash flow statements.
2. To the best of my knowledge and information:
 - a. The financial statements and other financial information included in this report, fairly present in all material respects, the financial conditions results of the operations and cash flows of the company as of and for the periods presented in the Annual report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
 - b. The financial statements and other financial information do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - c. These statements together present a true and fair view of the company's affair and are in compliance with existing accounting standards applicable laws and regulations;
 - d. There is no continuing failure of internal controls and all controls are placed in the company.
3. I also certify, that based on my knowledge and the information provided to me, there are no transactions entered into by the Company, which are fraudulent, illegal or in violation of the Company's code of conduct.
4. I along with the company's other certifying officers i.e. the functional heads, are responsible for establishing and maintaining disclosures controls and procedures for the financial reporting of the Company, and I have:-
 - a. Designed such disclosure controls and procedures to ensure that material information relating to the company, including transactions entered into with Foreign subsidiaries and all related party is made known to us by the officials in these entities, particularly during the period in which the Annual report is being prepared; and
 - b. Evaluated the effectiveness of the company's disclosure, controls and procedures.
5. I, along with the other certifying officers of the company, have disclosed based on our most recent evaluation, wherever applicable, to the Company's Statutory auditors and to the Audit Committee of the board of Directors:
 - a. All significant deficiencies in the design or operation of the internal controls, which we are aware could adversely affect the company's ability to record, process, summarize and report financial data and identified any material weakness in the internal controls and taken steps to rectify these deficiencies;
 - b. Whether there were significant changes in the internal controls over financial reporting subsequent to the date of our most recent evaluation, including any corrective actions with regards to significant deficiencies and material weakness;
 - c. Fraud, if any, which we have become aware of and that involves management or other employees who have a significant role in the Company's internal control systems over financial reporting;
 - d. Significant changes in the accounting policies during the year, if any have been disclosed in the notes to the financial statements.

The above is conveyed to the board of directors of the Company.

Place: Mumbai
Date: May 29, 2009

Hemant Rambhai Patel
Whole Time Director

Declaration by the Whole Time Director under Clause 49 of the Listing Agreement

I, **Hemant Rambhai Patel**, Whole Time Director of KLG Capital Services Limited to the best of my knowledge and belief, declare that the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2009

Place: Mumbai
Date: May 29, 2009

Hemant Rambhai Patel
Whole Time Director

AUDITORS' REPORT

To
To the Members of KLG Capital Services Limited

1. We have audited the attached Balance Sheet of KLG Capital Services Limited as at 31st March, 2009 and the Profit & Loss Account 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.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As per the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (The "Act") and in terms of Notification No. DFC 117/DG (SPT) 98 date 02/01/1998 relating to direction of NBFC's audits as per RBI act, 1934 and on the basis of such checks as we considered appropriate under the circumstances and on the basis of information and explanations given to us in the course of audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the financial statements dealt with by this report, read with the Notes to Accounts, comply 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 directors as on 31st March, 2009, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India,
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) In the case of the Profit & Loss Account, of the profit for year ended on that date; and
 - c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For GPS & Associates
Chartered Accountants

Place: Mumbai
Dated: May 29, 2009

H. Y. Gurjar
Partner
M. No. 32485

KLG Capital Services Limited

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our Report of even date)

1. The company does not own any fixed asset; hence we have no comments to offer under this clause.
- ii) The company does not own any inventory; hence we have no comments to offer under this clause.
- iii) According to the information and explanations given to us, the company has *not taken or granted* any loans secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, hence we have no comments to offer under these clauses.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business. During the course of audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems.
- v)
 - (a) According to information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained u/s. 301 of the Act, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions with parties with whom transaction exceeding the value of Rupees Five Lacs have been entered into during the Financial Year, *are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.*
- vi) The company has not accepted deposits from the public. Hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable to the Company. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) We are informed that the Central Government has not prescribed maintenance of cost records under section 209 (i) (d) of the Companies Act, 1956.
- (ix)
 - (a) The company is not covered under the Provident Fund Act and Employees' State Insurance Act.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues outstanding as at 31st March, 2009, for a period of more than 6 months, which have not been deposited with the tax authorities.
- x) The company has no accumulated losses and has not incurred cash losses in the current Financial Year and 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, bank or debenture holders.
- xii) According to the information and 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/nidhi/mutual benefit fund/societies. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company has not dealt in shares, securities, debentures and other investments; hence we have no comments to offer under this clause.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The company has not taken any Term Loan during the year.
- 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 investments.

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- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures; hence we have no comments to offer under this clause.
- xx) The Company has not raised any money by public issues during the year; hence we have no comments to offer under this clause.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year that causes the financial statements to be materially misstated.
- xxii) In the case of non-Banking financial companies:
 - A. The Company has received the registration certificate from RBI vide Registration No. B-14.00140 dated 16.10.2002.
 - B. The Company has not accepted any public deposits.
 - C.
 - i) The Board of Directors has already been passed the board resolution dated 2nd February 1998 regarding Non Acceptance of Public Deposit & submitted with RBI on dated 23rd February 1998.
 - ii) The company has not accepted any public deposit during the year under Audit.
 - iii) The company has complied with the prudential norms relating to income recognition, Accounting Standard, Assets Classification and provisioning for Bad and Doubtful Debts as applicable.
 - D. The Company has not invested its assets more than 90% in the securities of its Group / Holding / Subsidiary Companies as long-term investments.
 - E. The company does not hold any securities of Group / Holding / Subsidiary Companies as investments.

For GPS & Associates
Chartered Accountants

Place: Mumbai
Dated: May 29, 2009

H. Y. Gurjar
Partner
M. No. 32485

KLG Capital Services Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	Current Year		Previous Year
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SOURCES OF FUNDS				
Shareholders Funds				
Share Capital	1	32,024,000		32,024,000
Reserves and Surplus	2	6,714,212		5,137,000
			38,738,212	37,161,000
TOTAL			38,738,212	37,161,000
APPLICATION OF FUNDS :				
Fixed Assets				
Gross Block	3	-		148,439
Less : Depreciation		-		138,827
Less : Sales of Assets				9,612
NET BLOCK				
Current Assets, Loans and Advances				
Cash and Bank Balances	4	434,241		164,266
Loans and Advances	5	41,639,564		37,009,410
		42,073,805		37,173,676
LESS :				
Current Liabilities and Provisions				
Current Liabilities	6	2,634,540		10,000
Provisions		701,053		2,676
		3,335,593		12,676
NET CURRENT ASSETS			38,738,212	37,161,000
TOTAL			38,738,212	37,161,000
Significant Accounting Policies and Notes on Accounts	11			

AS PER OUR REPORT OF EVEN DATE

For GPS & Associates
Chartered Accountants

For and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No. 32485

(Neha Mathur)
Company Secretary

(Hemant R. Patel)
Director

(Praveen Mohnot)
Director

Place : Mumbai
Date : May 29, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
INCOME			
Income from Operation	7	4,950,000	-
Income from Shares & Securities-Net		-	689,084
Other Income	8	-	40,210
		<u>4,950,000</u>	<u>729,294</u>
EXPENDITURE			
Operating, Administrative & Other Expenses	9	2,385,846	101,201
Personnel Expenses	10	286,658	285,967
Depreciation	3	-	-
		<u>2,672,504</u>	<u>387,168</u>
Profit/(Loss) before tax		2,277,496	342,126
Provision For Taxation			
- Current Tax		700,000	-
- Securities Transaction tax paid		-	263,655
- Fringe Benefit Tax		285	2,676
		<u>1,577,211</u>	<u>75,795</u>
Profit/(Loss) after tax		1,577,211	75,795
Balance brought forward		4,109,599	4,048,963
		<u>5,686,811</u>	<u>4,124,758</u>
PROFIT AVAILABLE FOR APPROPRIATION			
APPROPRIATION TO :			
- Amount transfer to Reserve Fund		(315,442)	(15,159)
Balance Carried to Balance Sheet		<u>5,371,369</u>	<u>4,109,599</u>
Earning per share(Basic and Diluted)		0.49	0.02
Significant Accounting Policies and Notes on Accounts	11		

AS PER OUR REPORT OF EVEN DATE

For GPS & Associates
Chartered Accountants

For and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No. 32485

(Neha Mathur)
Company Secretary

(Hemant R. Patel)
Director

(Praveen Mohnot)
Director

Place : Mumbai
Date : May 29, 2009

KLG Capital Services Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
A) Cash flow from operating activities		
Net profit before tax & extraordinary items	1,577,211	75,795
Adjustment for		
Depreciation	-	-
Misc. Expenditure	-	-
Profit on Sale of Fixed Assets	-	-
Operating Profit before working capital changes	1,577,211	75,795
Adjustment for working capital Changes		
(Increase)/Decrease in Debtors	-	-
(Increase)/Decrease in Inventories	-	5,119,060
(Increase)/Decrease in Advance Payment	(4,630,154)	(5,171,993)
Increase/(Decrease) in Current Liability	2,624,540	(1,112)
Increase/(Decrease) in Provision	698,377	(302)
Cash generated from Operations	269,974	21,448
Direct taxes	-	-
Cash flow before extraordinary items	269,974	21,448
Extraordinary items	-	-
Cash flow from operating activities	(A) 269,974	21,448
B. Cash flow from Investing activities		
Purchase Fixed Assets	-	-
Sales of Fixed Assets	-	9,612
Purchase of Investment	-	-
Sale of Investment	-	-
Net cash used in Investment activities	(B) -	9,612
C. Cash flow from Financing activities		
Increase/(Decrease) in Term Loan (Net of Repayment)	-	-
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	-	-
Proceeds from issue of Share Capital	-	-
Dividend Paid (Net)	-	-
Net cash used in financing activities	(C) -	-
Net increase / decrease in cash and cash equivalents	(A+B+C) 269,974	31,060
Cash & cash equivalents as at 01.04.2008	164,266	133,206
(opening balance) cash in hand & balance with banks		
Cash & cash equivalents as at 31.03.2009	434,241	164,266
(closing balance) cash in hand & balance with banks		

Note: Figures in brackets represent outflows

AS PER OUR REPORT OF EVEN DATE

For GPS & Associates
Chartered Accountants

For and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No. 32485

(Neha Mathur)
Company Secretary

(Hemant R. Patel)
Director

(Praveen Mohnot)
Director

Place : Mumbai
Date : May 29, 2009

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Schedules attached to and forming a part of the Balance Sheet as at 31.03.2009

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
35,00,000 Equity Shares of Rs.10/- each	35,000,000	35,000,000
Issued,Subscribed and paid up		
32,02,400 Equity Shares of Rs.10/- Each (Fully Paid up)	32,024,000	32,024,000
	<u>32,024,000</u>	<u>32,024,000</u>
SCHEDULE '2'		
RESERVES AND SURPLUS		
General Reserve	1012242	1012242
Statutory Reserve Fund	330601	15159
Profit & Loss Account	5371369	4109599
	<u>6714212</u>	<u>5,137,000</u>

SCHEDULE '3' : Fixed Assets

Fixed Assets	Gross Block				Depreciation				Net Block	
	As at 1st April 2008	Additions Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2009	Up to 31st April 2008	Provided During the year	Deductions/ Adjustments during the year	Up to 31st March 2009	As at 31st March 2009	As at 31st March 2008
	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Previous Year	148,439	-	148,439	-	138,827	-	138,827	-	-	9,612

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
SCHEDULE '4'		
CASH , BANK BALANCES & MARGIN MONEY		
Cash on hand / Transit	89,695	148,289
Balance with Scheduled Banks (In Current Account)	344,546	15,977
	<u>434,241</u>	<u>164,266</u>
SCHEDULE '5'		
LOANS & ADVANCES		
(Unsecured & Considered Good)		
Advances	41,639,564	37,009,410
	<u>41,639,564</u>	<u>37,009,410</u>
SCHEDULE '6'		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors		
Creditor For Expenses	2,395,163	10,000
Others - Duties and Taxes	239,377	-
	<u>2,634,540</u>	<u>10,000</u>
B. PROVISIONS		
Provision for Expenses	972	-
Provision for Income tax A.Y.2009-10	700,000	-
Provision for FBT	81	2,676
	<u>701,053</u>	<u>2,676</u>

KLG Capital Services Limited

Schedules attached to and forming a part of the Balance Sheet as at 31.03.2009

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
SCHEDULE '7'		
INCOME FROM OPERATIONS		
Income from Operation Finance Services	4,950,000	-
	<u>4,950,000</u>	<u>-</u>
SCHEDULE '8'		
OTHER INCOME		
Dividend (Investments)	-	12,910
Income from Mutual Fund	-	-
Interest Income	-	27,300
	<u>-</u>	<u>40,210</u>
SCHEDULE '9'		
OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement	14,290	12,050
AGM / Board meeting Expenses	2,828	-
Auditors Remuneration	27,575	6,700
Bank charges	1,580	332
Books, Magazines & Periodicals	-	2,817
Depository Expenses	-	933
Fee, Taxes & legal charges	20,290	11,500
Filing Fees	6,500	-
internal Audit fees	-	3,300
Miscellaneous	777	1,727
Operating Expenses	2,029,500	-
Postage & Courier	620	4,597
Photostate & Typing	621	6,190
Printing & Stationary	12,435	8,563
Rent Expenses	22,060	-
Professional Charges	187,764	21,154
Sitting Fees	45,000	-
Telephone and Telegraph	2,862	15,333
Travelling & Conveyance	2,294	6,005
Web Design Expenses	8,850	-
TOTAL	<u>2,385,846</u>	<u>101,201</u>
SCHEDULE : 10		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	286,658	279,600
Staff Welfare , Staff Allowances	-	6,367
	<u>286,658</u>	<u>285,967</u>

Schedules attached to and forming a part of the Balance Sheet as at 31.03.2009 and Profit and Loss Account for the year ended on that date.

SCHEDULE '11'

01. SIGNIFICATION ACCOUNTING POLICES

A. Basis of preparation of Accounts

The financial statements are prepared on accrual basis, following the historical cost convention in accordance with the Generally accepted accounting principles (GAAP) which are consistently adopted by the Company, and in compliance with the Accounting Standard issued by the Institute of Chartered Accountants of India and provisions of the Companies Act 1956, to the extent applicable.

B. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Any differences between the actual results and the estimates are recognized in the period in which the results are known / materialized.

C. Fixed Assets

Fixed Assets are stated at cost , Less accumulated depreciation and impairment loss, if any

D. Depreciation

The Company follows the written down value method of Depreciation (WDV). The Rates of Depreciation charged on all fixed assets are those specified in Schedule XIV to Companies Act.1956.

E. Revenue Recognition

All the incomes are accounted on accrual basis.

F. Employee Benefits

01. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is render.
02. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has render services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long term benefits are charged to the profit and loss account.

G. Retirement Benefits

Company has policy of making provision for retirement benefits as and when the liability arises.

H. Provision for Current and Deferred Tax.

Provision for current tax is made after taking into consideration benefits admissable under the provisions of the Income tax Act,1961. Deferred tax resulting from "time differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on balance sheet date. The effect of deferred tax asset & liabilities of a change in tax rates is recognised in the profit & loss account in the year of change.

02. NOTES ON ACCOUNTS

- a. Previous year figures have been regrouped or rearranged wherever necessary.
- b. Figures are rounded of to nearest rupees.
- c. In the opinion of the Management current assets, advances are approximately of the value stated if realized in the ordinary course of business except otherwise stated.
- d. Related Party Discloser :(As Identified By Management)

List of Related Parties

01. Major Shareholder having control over the company
Awaita Properties Pvt. Ltd.
02. Key Management Personnel
Hemant Patel (Whole Time Director)
03. Companies under Common Control
Awaita Properties Pvt. Ltd.
SKIL Infrastructure Ltd.

KLG Capital Services Limited

- e. Disclosure of related party transactions between the company and related parties for the year ended March 31, 2009.

	As At 31 March, 2009 (Amount in Rs.)	As At 31 March, 2008 (Amount in Rs.)
01. Rent Paid		
Awaita Properties Pvt. Ltd.	22,060	-
02. Reimbursement of Expenses		
SKIL Infrastructure Ltd	20,29,500	-
03. Advance Received (Liability)		
Awaita Properties Pvt. Ltd.	465,474	-
04. Deposit against use of Office Premises		
Awaita Properties Pvt. Ltd.	4,000,000	-

- f. Director's Remuneration :- No remuneration has been paid to any of the Directors.
- g. Foreign Currency Transactions :- There is no income or expenditure in foreign currency during the year.
- h. The Company does not have on its records any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any relating to amounts unpaid at the year and together with interest paid / payable as required under the said act have not been furnished.

i. **Payment to auditors**

	As At 31 March, 2009 (Amount in Rs.)	As At 31 March, 2008 (Amount in Rs.)
a) As auditors	25,000.00	6,700.00
b) Service tax	3,635.00	-
c) Certification & Other Matters	10,000.00	-
Total	38,635.00	6,700.00

- j. Management has policy of making provision of leave encashment on accrual basis as per 'AS 15 regarding Retirement benefits'.
- k. As there is no element creating temporary difference in liability of tax as per Income tax Act, 1961 and as per Companies Act, 1956, the Deferred Tax calculation as per AS 22 'Accounting for Taxes on Income' is not applicable.
- l. Earning Per Share

Particulars	As At 31 March 2009 (Amount in Rs.)	As At 31 March, 2008 (Amount in Rs.)
Net Profit / (Loss) After Tax available for		
Equity Share Holders	1,577,211	75,795
Weighted Average Number of Equity Shares		
of Rs. 10/- each outstanding during the year	3,202,400	3,202,400
Basic / Diluted Earning Per Share Rs.	0.49	0.02

AS PER OUR REPORT OF EVEN DATE

For GPS & Associates
Chartered Accountants

For and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No. 32485

(Neha Mathur)
Company Secretary

(Hemant R. Patel)
Director

(Praveen Mohnot)
Director

Place : Mumbai
Date : May 29, 2009

Disclosures of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Liabilities Side

Rs. In Lakhs

	Amount Outstanding	Amount Overdue
1 Loans and Advances availed by the NBFCs inclusive of Interest accrued thereon but not paid	0.00	0.00
a. Debentures	0.00	0.00
Secured	0.00	0.00
Unsecured (other than falling within the meaning of Public Deposits)	0.00	0.00
b. Deferred Credits	0.00	0.00
c. Term Loans	0.00	0.00
d. Inter-corporate loans and borrowing	0.00	0.00
e. Commercial Paper	0.00	0.00
f. Other loans	0.00	0.00
Total	0.00	0.00

Asset Side

Rs. In Lakhs

	Amount Outstanding
2 Break up of Loans and Advances including bills receivables (other than those included in [4] below):	
a. Secured	0.00
b. Unsecured	0.00
Total	0.00
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	0.00
b. Operating Lease	0.00
(ii) Stock on hire including hire charges under sundry debtors:	
a. Assets on hire	0.00
b. Repossessed Assets	0.00
(iii) Other loans counting towards AFC activities:	
a. Loans where assets have been repossessed	0.00
b. Loans other than (a) above	0.00
Total	0.00

KLG Capital Services Limited

Asset Side

Rs. In Lakhs

	Amount Outstanding
4 Break-up of Investments:	
Current Investments:	
1. <u>Quoted:</u>	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00
2. <u>Unquoted:</u>	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00
Long Term Investments:	
1. <u>Quoted:</u>	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00
2. <u>Unquoted:</u>	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00

5 Borrower group-wise classification of assets financed as in (2) and (3) above: Rs. In Lakhs

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
a. Subsidiaries	0.00	0.00	0.00
b. Companies in the same group	0.00	0.00	0.00
c. Other related parties	0.00	0.00	0.00
2. Other than related parties	0.00	0.00	0.00
Total	0.00	0.00	0.00

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Rs. In Lakhs

Category	Market Value / Break up of fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
a. Subsidiaries	0.00	0.00
b. Companies in the same group	0.00	0.00
c. Other related parties	0.00	0.00
2. Other than related parties	0.00	0.00
Total	0.00	0.00

Other Information	Amount
(i) Gross Non-performing Assets	
a. Related parties	0.00
b. Other than related parties	0.00
(ii) Net Non-performing Assets	
a. Related parties	0.00
b. Other than related parties	0.00
(iii) Assets acquired in satisfaction of debt	0.00

AS PER OUR REPORT OF EVEN DATE

**For GPS & Associates
Chartered Accountants**

For and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No. 32485

(Neha Mathur)
Company Secretary

(Hemant R. Patel)
Director

(Praveen Mohnot)
Director

Place : Mumbai
Date : May 29, 2009

KLG Capital Services Limited

KLG CAPITAL SERVICES LTD.

Information Pursuant to the Provision of Part IV of Schedule VI of the Companies Act, 1956 BALANCE SHEET ABSTRACTS AND BUSINESS PROFILE

I Registration Details	
Reg. No.	L74899DL1994PLC057413 of 1994
State Code	55
Balance Sheet Date	31st March 2009
II Capital raised during the year	Amount (Rs.)
Public Issue	-- NIL--
Right Issue	-- NIL--
Bonus Issue	--NIL--
Private Placement	-- NIL--
III Position of Mobilisation and Deployment of Funds	
Total Liabilities	3,87,38,212
Total Assets	3,87,38,212
Sources of Funds	
Paid up Capital	3,20,24,000
Reserves & Surplus	67,14,212
Secured Loan	-- NIL--
Unsecured Loan	-- NIL--
Deferred Tax	-- NIL--
Application of Funds	
Net Fixed Assets	-- NIL--
Investments	-- NIL--
Net Current Expenses	3,87,38,212
Miscellaneous expenditure	-- NIL--
IV Performance of the Company	
Turnover including other income	49,50,000
Total Expenditure including Depreciation	26,72,504
Profit Before Tax	22,77,496
Profit After Tax	15,77,211
Earning Per Share:	0.49
Dividend Rate:	- NIL--
VI Generic Names of the Three Principal Products / Services of the Company:	
(As per monetary terms)	
Item Code No. (ITC Code)	: Not Applicable
Product Description	: Not Applicable

AS PER OUR REPORT OF EVEN DATE

For GPS & Associates
Chartered Accountants

For and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No. 32485

(Neha Mathur)
Company Secretary

(Hemant R. Patel)
Director

(Praveen Mohnot)
Director

Place : Mumbai
Date : May 29, 2009

ATTENDANCE SLIP
KLG CAPITAL SERVICES LIMITED

C-11, Qutub Institutional Area, New Delhi-110016

Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 15TH ANNUAL GENERAL MEETING of the Company at I-273, Sector -3, Bawana Industrial Area, Delhi on Monday of August 24, 2009 at 11.30 a.m.

Name of the Shareholder

Signature

FOLIO NO. : _____

NO. OF SHARES _____

D.P. ID No. : _____

Full Name of Proxy

Note: No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

Tear here

PROXY FORM
KLG CAPITAL SERVICES LIMITED

C-11, Qutub Institutional Area, New Delhi-110016

I / We _____ of _____ in
the District of _____ being a Member/Members of above named
Company hereby appoint _____ of _____
in the district _____ of _____ or _____
failing _____ him _____
of _____ in the District of _____ as my / our proxy vote for
me/us on my/our behalf at the 15th ANNUAL GENERAL MEETING of the Company to be held on Monday of
August 24, 2009 and at any adjournment thereof.

Signed this _____ day of _____, 2009.

Reg. Folio No. _____

DP ID No. _____

No. of Shares _____

Revenue Stamp Re. 1/-

Signature

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Book-Post

KLG CAPITAL SERVICES LIMITED

Regd. Office : C-11, Qutub Institutional Area, New Delhi-110016

Coporate Office : SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai - 400 023