
NOTICE

Notice is hereby given that the Twenty Forth Annual General Meeting of the members of **KBS CAPITAL MANAGEMENT LIMITED** will be held on Monday, the 27th day of September 2010 at the Registered Office of the Company at 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai 400 001 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nilesh Dharia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vinod Kumar Bapna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 269, 198, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for the re-appointment of Mr. Tushar Shah as Managing Director of the Company for a period of 5 (five years) with effect from 1st July 2010 on the following terms and conditions, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment:

Salary : Rs. 1,00,000/- per month.

Perquisites:

1. Provident Fund / Superannuation / Annuity Fund: The Contribution to Superannuation / Annuity Fund shall be in accordance with the Scheme of the Company. Contribution to Provident Fund, Superannuation fund or Annuity fund will not be included in the computation of the ceiling or perquisites to the extent such contribution either singly or put together are not taxable under the Income Tax Act.
2. Gratuity: As per the rules of the Company, payable in accordance with the approved Gratuity Fund and which shall not exceed half a month's salary for each complete year of service shall not be included in the computation of ceiling of remuneration or perquisites as aforesaid.
3. Encashment of Leave: Leave encashment will be provided as per the normal rules of the Company and encashment of such leave at the end of the tenure of service shall not be included in the computation of ceiling of remuneration or perquisites as aforesaid.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Tushar Shah as Managing Director of the Company, the above remuneration be paid as a minimum remuneration as per the provision of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of the aforesaid resolution.”

By Order of the Board of Directors

Place : Mumbai
Date : 29.05.2010

Tushar Shah
Chairman & Managing Director

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 / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of special business is annexed herewith and forming part of this notice.
3. Proxies in order to be effective must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
4. Member / Proxy should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th September 2010 to Monday, 27th September 2010 (both days inclusive).
6. Members desirous of seeking information relating to the Accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting, to enable the company to keep the information ready.
7. Members are requested to address all correspondences to the Registrar and Share Transfer Agents, Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078.
8. Details of directors seeking appointment /re-appointment :

Mr. Nilesh Dharia is B.Com, F.C.A and is a practicing Chartered Accountant with expertise in the field of tax laws. He holds no shares in the Company.

Mr. Vinod Kumar Bapna is Practicing Chartered Accountant. He holds no shares in the Company.

Mr. Tushar Shah is a commerce graduate. He has vast experience of 24 years in the field on stock broking and related services. He holds 2209688 equity shares in the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item no. 5**

The Board of Directors of the Company at their meeting held on 29th May 2010 re-appointed Mr. Tushar Shah as Managing Director of the Company for a period of 5 (five years) with effect from 1st July 2010 on the terms and conditions as set out in the resolution. The said re-appointment was also approved by the Remuneration Committee in its meeting held on 29th May 2010.

The above may be treated as an abstract of the terms and conditions of contract between the Company and Mr. Tushar Shah in terms of provisions of Section 302 of the Companies Act, 1956.

None of the Directors except Mrs. Madhu S. Shah and Mr. Tushar Shah are interested in the resolution.

Your Directors recommend the Ordinary Resolution as set out at item no. 5 of the notice for your approval.

By Order of the Board of Directors

Place : Mumbai
Date : 29.05.2010

Tushar Shah
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members of
KBS Capital Management Limited

Your Directors have pleasure in presenting herewith 24th Annual Reports together with the Audited Accounts of the Company for the financial year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

The financial figures for the year under review are given below: (Amount in Rs.)

Particulars	2009-2010	2008-2009
Income from operation and other Income	82,68,627	77,75,774
Profit (Loss) before Depreciation & Tax	33,51,039	(1,93,704)
Less: Depreciation	6,65,203	7,60,901
Profit (Loss) before Tax	26,85,836	(9,54,605)
Less: Current tax	2,15,345	1,31,591
Deferred Tax	-	-
Fringe Benefits Tax	-	76,196
Profit/(Loss) After Tax	24,70,491	(11,62,392)
Add: Balance brought forward from Previous Year	3,03,42,306	3,15,04,698
Balance carried to Balance Sheet	3,28,12,797	3,03,42,306

OPERATIONS

Your directors are pleased to inform you that the Company has earned a income of Rs. 82.68 Lacs during the year as compared to Rs.77.75 Lacs during the previous year. The Profit before tax has been to Rs. 26.85 Lacs during the year as compared to loss before tax of Rs. 9.54 Lacs in the previous year. After considering the provision for taxation of Rs. 2.15 Lacs, your Company has achieved a net profit of Rs. 24.70 Lacs during the year as compared to loss of Rs. 11.63 Lacs in the previous year.

DIVIDEND

To conserve resources, your Directors do not recommend any payment of dividend for the year ended 31st March 2010.

ISSUE OF GLOBAL DEPOSITORY RECEIPTS (GDRs)

The Company has issued and allotted 1250000 Global Depository Receipts (GDRs) underlying 2500000 equity shares of Rs.10/- each on 19th May 2010. Each GDR represents two underlying equity shares of Rs. 10/- each and issued at an offer price of US\$ 1.95 per GDR equivalent to Rs. 44.35 per share (including premium of Rs. 34.35 per share). The said GDRs are listed on Luxembourg Stock Exchange, Luxembourg.

PUBLIC DEPOSIT

The Company has not accepted any deposits from the public hence provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 are not applicable to the Company.

DIRECTORS

In accordance with Articles of Association of the Company, Mr. Nilesh Dharia and Mr. Vinod Kumar Bapna, Directors of the Company retire by rotation and being eligible offers themselves for re-appointment.

Mr. Tushar Shah was re-appointed as Managing Director of the Company for a period of 5 year w.e.f. 1st July 2010.

AUDITORS

M/s Gopal Rao & Associates, Chartered Accountants, Mumbai will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment as Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting to the next Annual General Meeting of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In Compliance with the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors of your Company confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible 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 31st March 2010 and the profit of the Company for that period;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to the requirements of Clause 49 of the Listing Agreement entered into with the stock exchange, the following have been made a part of the annual report and are attached to this report.

- Corporate Governance Report.
- Certificate of Practising Company Secretary regarding compliance of conditions of Corporate Governance.
- Management Discussion and Analysis.

AUDITORS' REPORT

In respect of remark made by the Auditors' in their report that the Company has not paid the necessary fees/stamp duty to the Registrar of Companies to the extent of the increase in Authorized Share Capital of the Company from Rs. 7 Crore to Rs. 14 Crore, your Directors would like to state that the Company is in process of filing necessary e-Form 5 with the Registrar of Companies and making payment of additional fees and stamp duty as applicable.

PERSONNEL

The employer - employee relation remained cordial throughout the year. The Board places on record its sincere appreciation for the valuable contribution made by employees across all levels of the organization.

The information related to employee in accordance with the provision of Section 217 (2A) of the Companies Act, 1956 is reported to be Nil.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION AND FOREIGN EXCHANGE

Considering the nature of business activities of the Company, your directors have nothing to report regarding particulars with respect to conservation of energy pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988; however, the Company makes its best efforts for conservation of energy.

The Company has not carried out any specific research and development activities. The information related to Technology absorption, adoption and innovation is reported to be Nil.

During the year under review, the Company had no transactions involving foreign exchange, hence foreign exchange earnings and outgo are reported to be Nil.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the provisions of Section 383A of the Companies Act, 1956, the Company has received Secretarial Compliance Certificate from M/s. Manish Ghia & Associates, Practising Company Secretary, Mumbai and attached to this report.

ACKNOWLEDGEMENTS

Your Directors express their gratitude for assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors 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 Employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29.05.2010

Tushar Shah
Chairman & Managing Director

FORM
[See Rule 3]

Compliance Certificate

Authorised Share Capital : Rs. 140,000,000/-
CIN : L51900MH1985PLC035718

To,
The Members,
KBS CAPITAL MANAGEMENT LIMITED
502 Commerce House,
140 Nagindas Master Road,
Fort, Mumbai - 400 001

We have examined the registers, records, books and papers of **KBS CAPITAL MANAGEMENT LIMITED (the Company)** as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company, for the financial year ended on **31st March 2010 (Financial year)**. In our opinion and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Companies Act, 1956 and the rules made there under and entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Maharashtra, Mumbai, within time the prescribed under the act and rules made thereunder and has paid necessary additional fees for the documents for the forms filed after the time prescribed under the Act. The Company has not filed any documents with the Regional Director, Central Government, Company Law Board or any other authorities under the Act.
3. The Company, being a Public Limited Company, has the minimum prescribed paid-up share capital. As on 31st March 2010, the paid up capital of the Company was Rs. 47,211,880/- (Rupees Four Crore Seventy Two Lacs Eleven Thousand Ninety Eight Hundred Eighty only) and the restrictive provisions of Section 3(1) (iii) of the Act are not applicable.
4. The Board of Directors duly met 7 (Seven) times respectively on **21st April 2009, 30th June 2009, 31st July 2009, 30th October 2009, 24th November 2009, 29th January 2010 and 27th March 2010** and as per information and explanation given by the management, proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose. No resolution was passed through circulation.
5. The Company has closed its Register of Members from **29th September 2009 to 30th September 2009** (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31st March 2009** was held on **30th September 2009** and as per information and explanation given by the management, the Company has given adequate notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra - Ordinary General Meeting was held during the financial year. The Company obtained approval of its shareholders for certain matters through postal ballot process under Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the results of which were declared on 31st December, 2009 and has complied with the provisions of the Act.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any

approvals from the Board of Directors, Members or Central Government.

12. The Company has not issued any duplicate certificates during the financial year.
13. The Company:
 - (i) has delivered all share certificates on transfer / transmission thereof in accordance with the provisions of the Act. There was no allotment of securities during the financial year.
 - (ii) was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants for dividend to the members of the Company as no dividend was declared during the financial year.
 - (iv) does not have any amount lying on accounts of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and which is required to transfer to Investors Education and Protection Fund.
 - (v) has duly complied with the requirements of section 217 of the Act
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors / Director and appointment of directors retiring by rotation was duly made during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. There are no events during the financial year, which require obtaining any approvals of the Central Government, Company Law Board, Regional Director or such other authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued shares/debentures/any other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the registers kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year.

29. The Company has altered the provisions of the Memorandum with respect to share capital of the Company upon increase in Authorized Share Capital of the Company from Rs. 7 Crore to Rs. 14 Crore during the financial year under scrutiny. The Company is in process of filing necessary e-Form 5 with the Registrar of Companies, Maharashtra, Mumbai.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

For Manish Ghia and Associates
Company Secretaries

Manish L. Ghia
Partner
M. No. ACS 7254
C. P. No.3531

Place : Mumbai
Date : 29th May, 2010

ANNEXURE "A"

Registers Maintained by KBS CAPITAL MANAGEMENT LIMITED

- 1) Register of Members under section 150 of the Companies Act, 1956.
- 2) Register and Returns under section 163 of the Companies Act, 1956.
- 3) Minutes Book of the Meetings of Board of Directors and General Meetings under Section 193 of the Companies Act, 1956.
- 4) Register of Directors under Section 303 of the Companies Act, 1956.
- 5) Register of Contracts and Disclosure of Directors Interest under section 301 of the Companies Act, 1956.
- 6) Register of Directors shareholdings under section 307 of the Companies Act, 1956.
- 7) Register of Directors Attendance.
- 8) Register of Shareholders' / Proxy Attendance.
- 9) Register of Share Transfers / Transmission.
- 10) Register of Investment under section 372A of the Companies Act, 1956.

Annexure "B"

Forms and Returns filed by the Company, KBS Capital Management Limited

A) With the Registrar of Companies, Maharashtra during the financial year ended on 31st March 2010

Sr. No.	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional fees paid Yes / N.A.
1	66	383A	Compliance Certificate under Section 383A of the Companies Act, 1956 for the year ended on 31 st March 2009.	26.11.2009	No	Yes
2	20B	159(1)	Schedule V (Annual Return) as on the date of Annual General Meeting i.e. 30 th September, 2009.	30.11.2009	Yes	N.A.
3	62	192A	Intimation to the Registrar of the Companies about calendar of events for holding the Postal Ballot Process.	15.12.2009	Yes	N.A.
4	23AC/ ACA	220(1)	Schedule VI (Annual Accounts) for the Financial year ended 31 st March 2009.	06.01.2010	No	Yes
5	23	192(1)	Registration of Ordinary and Special Resolution passed by the members of the company through postal ballot process, the results of which declared on 31 st December, 2009.	23.01.2010	Yes	N.A.

B) With the Office of the Regional Director, Western Region Bench at Mumbai during the financial year ended on 31st March 2010.

Nil

C) With the Office of the Ministry of Corporate Affairs (Central Government) at Delhi during the financial year ended on 31st March 2010.

Nil

D) With any other Authorities as prescribed under the Act, during the financial year ended on 31st March 2010.

Nil

Management Discussion and Analysis

1. Indian Economy and Capital Market

Indian Economy Macro Prospective

Indian economy is back on track in financial year 2009-10 with GDP growth of 7.4% after an interruption in its growth momentum due to global financial crisis during financial year 2008-09. After having an annual average growth of 8.9% during 2003-2008, India faced a cyclical downturn in financial year 2008-09.

The recovery of the Indian economy started in the first quarter of 2009-10 when the GDP growth bounced back to around 6.1% vis-à-vis 5.8% growth in fourth quarter of fiscal year 2008-09. The recovery strengthened significantly, especially from the second quarter of 2009-10, driven by a strong momentum in industrial output and a better performance of service sector. Though, the monsoon was erratic, showing a significant shortfall, leading to widespread drought and relatively poor agriculture production, the Indian economy is has done well with GDP growth of 7.4%. The recovery was also evident from healthy growth in Index of Industrial Production (IIP), which was led by the manufacturing sector with the average growth at 10.5% in April 2009 to March 2010 compared to just over 3% in the corresponding period last year.

Inflation, measured by Whole Price Index (WPI) remained significantly volatile in 2009-10, and towards the end of the fiscal, the pace of increase in the prices became a major concern. Rising food prices, increase in the prices of petrol and diesel and also a waning of the base effect of the last year accounted for the sharp rise in inflation. While prices of most of non-food commodities moved in line with the international commodity prices, domestic food prices exhibited contrarian movement in relation to the respective international prices. As per the latest monthly data available on WPI, inflation was at 9.9% in March 2010. There are signs that the high food prices are getting transmitted to other non-food items, thereby creating concerns over a more generalized inflation in the months ahead.

In 2008-09 the Monetary Policy of RBI was prioritized towards arresting moderation in growth and by the end-March 2009, RBI had reduced the CRR and the Repo Rate by 4% each (to 5.00% for both) from its peak levels while the Reverse Repo rate was reduced from 6.00% to 3.25%, a drop of 2.75%. During 2009-10, the stance of Monetary Policy was geared towards supporting early recovery of the growth momentum while facilitating large borrowing programme of the Government. RBI has been continuously monitoring the inflation and has taken prudent steps for the same. In October 2009, the mandatory SLR requirement was restored back to its earlier level of 25%. The CRR requirement was raised by 0.75% on 29th January 2010 to end FY10 at 5.75%. The Repo and the Reverse Repo rates were also increased, by 25 bps each on 19th March 2010 to end at 3.50% and 5.00% respectively. Liquidity conditions remained hugely in surplus in 2009-10.

During 2008-09, the adverse impact of the global financial market turmoil was felt in the form of a reversal of FII flows and decline in long-term and short-term debt flows. As the global financial markets stabilized, flows into the Indian economy through FII, FDI and most of the debt categories improved. Further, the outcome of the general elections created positive market sentiments on reforms and disinvestments, leading to a sharp move up in the equity markets. These led to an appreciation for the rupee against USD, from around INR 51.0 per USD in end-March 2009, ending the FY10 at around INR 44.92 per USD.

Indian Capital Market

Post-General Election, with clear victory of the ruling party, set the positive mood for the market in the May'09, there was a sharp pick up in the Capital Markets and average daily volume in the 2009-10 was 57% higher than that in 2008-09 in cash segment and 27% in derivative segment. BSE Sensex was up by 77% by end FY10 over FY09. Primary market issuances were back in the Capital Markets. The market witnessed sharp recovery after touching intermittent low in Mar'09. The impressive corporate earnings, as an outcome of positive impact of stimulus packages along with signs of recovery in global economy gave impetus to Indian stock market.

2. Risks and concerns

The US economy has shown signs of recovery, other global economies are also under recovery phase, however European region has been facing some problem, of which according to us, impact on India would be minor. Indian IIP figures have been showing steady improvement, corporate earnings have been improving; in spite of partial roll back of the stimulus package announced by the Indian Govt and RBI. However, we have some worries in terms of inflation, bloated fiscal deficit, raising food grains prices, for which appropriate actions have been taken by RBI. Indian stock markets are expected to remain buoyant during the current fiscal on the back of robust corporate earnings, other economic indicators and heavy FII inflows.

Employee retention is of a concern with ever increasing number of players in the industry resulting in growing number of opportunities for professionals. Higher attrition rate may affect the performance of the company. As the company uses the

network systems for off line and on line broking, breakdown in systems can affect the turnover and revenues. The company has installed 100% system redundancy to ensure uninterrupted quick connectivity.

3. Risk management system

Your company has proper and adequate system of internal controls commensurate with the size and nature of its business. However, strengthening of internal control systems is an ongoing exercise. Your company manages risks associated with broking operations using internally developed credit monitoring system implemented through fully automated risk management software and selective direct monitoring of certain operating parameters. The automated risk management procedures rely primarily on internally developed risk management system and systems provided by system vendors. The company manages business risks through strict compliance and internal checks. It will not be out of context to state that the system has worked very effectively during the year under review.

Further the company has an independent internal audit system. The process of internal audit involves, reviewing of existing controls and systems. Internal Audit also recommends the actions for strengthening of the business processes. The internal audit ensures adherence to operating guidelines, regulatory and legal requirements. The Audit committee of the board periodically reviews the reports of the Internal Auditors and takes corrective actions wherever necessary.

4. Internal control system

As noted by the auditors in their report, the Company has an Internal Control System commensurate with its requirements and the size of business.

5. Opportunities and threats

Your Company has embarked on capitalizing the opportunities on the Wealth Management Services front and is also exploring Portfolio Management Service, Currency and Derivatives segment. There is an increasing demand for the advisory services and more awareness on investment planning among investors. Your Company recognizes that sound investment planning advice along with the Company being able to offer bouquet of investment products to its customers besides transaction execution capabilities is a key thrust area and thereby is planning to focus on the same.

The Stock broking Industry has witnessed intense competition, falling brokerage rates and the entry of several big players. Your Company continues to achieve cost efficiencies through the application of technology and targeting niche areas with better margins.

6. Outlook

India continues to remain the one of the fastest growing economy. India is likely to remain an attractive long-term investments destination for foreign investors. There has been considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in recent years and the entry of sophisticated domestic and international players. Strong economic growth, favorable demographics, increased geographic penetration, growth of small and medium enterprises and the increasing needs for capital among Indian corporations are expected to continue to drive India's financial services industry. The International Monetary Fund (IMF) also has revised upwards India's growth forecast from 8.8% in April 2010 to 9.5% for fiscal 2010.

For a long term, your company feels the need to adequately capitalize itself and during the current year, your company is hopeful for raising some capital. With this capital raising, your company plans to enter into F&O segment of securities, commodity brokerage and to strengthen institutional broking. Your company also plans to enter into wealth management services, depository services and financial advisory service through different subsidiaries. The company is bullish on the long-term scenario of the capital markets. Your company is well positioned to reap the benefits of this growth. Your company has become a one-stop shop for investors, with the company offering services ranging from advisory services, broking services, portfolio management, depository services and mutual fund and insurance products distribution.

7. Cautionary statement

The statements in this document, other than factual / historical information, contain the words or phrases such as "believe", "expect", "plan", "objective" and other similar words, which are forward looking in nature. Such forward looking statements may be subject to a variety of risks and uncertainties that could result in actual results differing materially from those indicated in this document. The Company is not under any obligation to update such forward looking statements after this date.

8. Human resource

Being a part of the financial service sector your company values human resource as human capital, it is equally important as financial capital for the growth of the Company. Your company strongly believes that Human Resources are important to the success of any company and your company is taking all possible steps to employ, develop and retain the appropriate quality of resources to aid the company in achieving success. Your company continuously endeavors to attract and retain professional talent.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at strengthening the confidence of the shareholders in the Company and building a long term relationship of trust with them by maintaining transparency and periodical disclosures. The Company believes in maintaining high standards of quality and ethical conduct, in its operations.

2. BOARD OF DIRECTORS

The Board of Directors provides strategic direction and thrust to the operations of the Company. The Board has six directors. Out of these, two directors are promoter directors and one is non-executive non-independent director and three are independent directors.

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairman of other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meeting. Matter discussed at Board meeting generally relate to Company's business operations, quarterly results of the Company, review of the reports and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

During the year under review, the Board of Directors met 7 (seven) times on 21st April 2009, 30th June 2009, 31st July 2009, 30th October 2009, 24th November 2009, 29th January 2010 and 27th March 2010. As stipulated, the gap between two board meetings did not exceeded 120 days.

Attendance of Directors at the Board Meetings, last Annual General Meeting and number of other directorships and Chairmanships / Memberships in committees of each director in various companies as follows:

Name of Directors	Category	No. of Board Meetings Attended	Attendance at last AGM held on 30 th September 2009	No. of directorship held in other public companies	Committee Position in other companies	
					Member	Chairman
Shri Tushar Shah	Promoter/ Chairman	7	Present	-	-	-
Smt. Madhu Shah	Promoter	7	Present	-	-	-
Shri Ketan Shah	Non – Executive/ Non-Independent	7	Present	1	-	-
Shri. Nilesh Dharia	Independent	7	No	-	-	-
Shri. Vinod Bapna	Independent	7	No	-	-	-
Shri. Ghanshyam Karkera	Independent	7	Present	1	-	-

None of the Directors hold Directorships in more than 15 Public limited Companies, membership in more than 10 committees and Chairmanship in more than 5 committees.

3. BOARD COMMITTEES

a. Audit Committee

The Committee comprises of two independent and one promoter director having financial background and knowledge in the areas of business of the Company.

During the year under review, 5 (five) meetings of the Audit Committee were held on 21st April 2009, 30th June 2009, 31st July 2009, 30th October 2009 and 29th January 2010. As stipulated, the gap between two committee meetings did not exceeded 120 days.

The number of meetings attended by each member during the year ended 31st March 2010 is as under:

Name of the Directors	Designation	Meetings	
		Held	Attended
Shri. Ghanshyam Karkera	Chairman	5	5
Shri. Vinod Bapna	Member	5	5
Shri Tushar Shah	Member	5	5

The terms of reference of the Committee are wide. The members have access to all the required information from the Company. The brief descriptions of terms of reference are as follows: Reviewing the performance of the Company as reflected in the financial statements, as also compliance with accounting policies and practices, regulatory requirements concerning the said financial statements.

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/removal of Statutory auditors, fixation of audit fees and also approval of payments for any other services.
- Review with management the quarterly/half yearly and annual financial statements with the primary focus on accounting policies and practices, compliances with accounting standards and with the stock exchange and legal requirements concerning the financial statements.
- Reviewing with management, Statutory and internal auditors adequacy of the internal control systems in the Company.
- Discussing with internal and Statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Reviewing the Company's financial and risk management policies.

b. Shareholders / Investors Grievance Committee

The composition of the committee is as under:

Name	Designation	Category
Shri Ketan Shah	Chairman	Non-Executive / Non Independent
Shri Tushar Shah	Member	Promoter
Smt. Madhu Shah	Member	Promoter

The Committee meets as and when required, to deal with the matters relating to transfer/transmission of shares, and monitors redressal of complaints from shareholders relating to transfer, non receipt of balance sheet, dematerialization of shares, etc.

No investor complaint was received during the year.

Shri Baliram Satale is Compliance Officer of the Company.

c. Remuneration Committee

During the year under review the Company has constituted Remuneration Committee as on 29th January 2010 to decide the remuneration packages for executive directors including pension rights and any compensation payment.

The composition of the Remuneration Committee as on 31st March 2010 was as follows:

Name	Designation
Shri Ganshyam Karkera	Chairman
Shri Vinod Bapna	Member
Shri Tushar Shah	Member

No meeting was held during the year under review.

The details of remuneration paid to the Directors during the year ended 31st March 2010 and their shareholding is as follows:

Name of the Directors	Salary & Perquisites	Performance Incentive/Bonus	Commission	Sitting Fees	Total	No. of Shares held
Shri Tushar Shah	-	-	-	-	-	22,09,688
Smt. Madhu Shah	-	-	-	-	-	8,81,220
Shri Ketan Shah	-	-	-	-	-	Nil

Presently the Company does not have any scheme to grant stock options either to the Whole-time directors or employees.

No remuneration is paid to non-executive directors.

4. GENERAL BODY MEETINGS

Details of location, date and time where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue
2008-2009	30.09.2009	12.30 p.m.	} 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400 001
2007-2008	30.09.2008	12.30 a.m.	
2006-2007	29.09.2007	11.30 a.m.	

No Special Resolution was passed in last 3 Annual General Meetings.

The following Special Resolutions were passed during the financial year 2009-10 through postal ballot process, the results of which were declared on 31st December 2009.

Sr. No.	Particulars of Resolution	Type of Resolution
1.	Issue of shares by way of private placement, Qualified Institutional Placements (QIPs)/Foreign Currency Convertible Bonds (FCCBs)/Global Depository Receipts (GDRs) / American Depository Receipts (ADRs).	Special Resolution
2.	Issue of warrants convertible into even number of equity shares of Rs. 10/- each of the Company on preferential basis.	Special Resolution

No Special Resolution is proposed to be passed through postal ballot.

* Postal Ballot

The Company issued Postal Ballot Notice to its shareholders on 30th November 2009 to seek their consent for the following matters:

- Increase in Authorized Share Capital and consequent alterations in Memorandum of Association of the Company;
- Issue of shares by way of private placement, Qualified Institutional Placements (QIPs) / Foreign Currency Convertible Bonds (FCCBs) / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs); and
- Issue of warrants convertible into equity shares of the Company on preferential basis.

The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Manish L. Ghia, Practicing Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 31st December 2009.

The details of resolutions passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In favour	Against
1.	Ordinary Resolution under Section 94 of the Companies Act, 1956 for increase in Authorized Share Capital of the Company from Rs. 7 Crores to Rs. 14 Crores and consequent alterations pursuant to Section 16 of the Act in existing clause V of the Memorandum of Association of the Company.	26	26	3293570	3293570	0
2.	Special Resolution under Section 81 (1A) of the Companies Act, 1956 for issue of shares by way of Private Placement, Qualified Institutional Placements (QIPs) / Foreign Currency Convertible Bonds (FCCBs) / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) or other permissible instruments upto US \$ 15 Millions.	26	26	3293570	3293570	0
3.	Special Resolution under Section 81 (1A) of the Companies Act, 1956 for offering and issue of 18,00,000 warrants convertible into even number of equity shares of Rs. 10/ each on preferential basis to other than promoters at a price as may be determined as per the provisions of SEBI (ICDR) Regulations, 2009.	26	26	3293570	3293570	0

All the resolutions were passed with requisite majority.

5. DISCLOSURES

a) Related party transactions

During the year under review, there were no related party transactions with its promoters, directors, management and subsidiaries that had a potential conflict of interest of the Company at large.

b) Code of Conduct

The Company has during the year laid down code of conduct on 21st April 2009 for the Directors, Senior Management Personnel of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Executive Director & CEO of the Company, forms part of this report, which along with the Auditors' Certificate on compliance of clause 49 of the Listing Agreement by the Company.

c) Compliance by the Company

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities. No penalties or strictures have been imposed by the Stock Exchanges, SEBI or any statutory authority on the Company.

d) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent possible.

e) Disclosures of Risk Management

The Company has initiated the risk assessment and minimizes procedures.

f) CEO / CFO Certification

In terms of the requirement of Clause 49(V) of the listing agreement, Mr. Tushar Shah, Chairman and Managing Director of the Company has submitted necessary certificate to Board at their meeting held on 29th May 2010 stating the particulars as specified under the said clause.

g) Review of Directors Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

h) Whistler Blower Policy

The Company has not adopted any formal Whistler Blower Policy. However, the Company has not denied access to any personnel to approach the Audit Committee.

i) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all the mandatory requirements, subject to composition of Board of Directors and appointment of Audit Committee, of the Clause 49 of the Listing Agreement. The details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant sections of this report.

6. MEANS OF COMMUNICATION

- a) At present half yearly report on accounts is not being sent to each household of shareholders.
- b) The quarterly, half - yearly and full year results are published in Business Standard and Mumbai Lakhsyadeep.
- c) At present, the Company does not make presentation to institutional investors and Analysts.
- d) The Company has no its own website.
- e) The Management Discussion and Analysis is given separately forms a part of this Annual Report.

7. GENERAL INFORMATION FOR SHAREHOLDERS**a) Annual General Meeting**

Time : 12.30 p.m.
Date : 27th September 2010
Venue : 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai 400 001

b) Financial Calendar : (2010-2011)

Financial year - 1st April 2010 to 31st March 2011
First quarter results - By mid of August, 2010
Second quarter result - By mid of November, 2010
Third quarter result - By mid of February, 2010
Fourth quarter results - Last week of May, 2011

c) Date of Book Closure : 24th September 2010 to 27th September 2010 (both days inclusive)**d) Dividend Payment Date : N.A.****e) Listing on Stock Exchanges : Bombay Stock Exchange Limited**

The Company has paid the necessary listing fees for the year 2010-2011

f) Stock Code : BSE : 530357**g) ISIN : INE883D01015**

- h) Market Price Data & comparison with BSE Sensex: The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited at the end of each month in last financial year are as follows:

Month	Company's shares price at BSE*		BSE Sensex*	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April 2009	20.85	19.85	11,492.10	9,546.29
May 2009	19.85	18.90	14,930.54	11,621.30
June 2009	22.55	19.80	15,600.30	14,016.95
July 2009	24.75	22.00	15,732.81	13,219.99
August 2009	27.85	20.50	16,002.46	14,684.45
September 2009	31.95	25.70	17,142.52	15,356.72
October 2009	29.25	22.00	17,493.17	15,805.20
November 2009	29.95	21.20	17,290.48	15,330.56
December 2009	37.00	22.80	17,530.94	16,577.78
January 2010	53.00	32.00	17,790.33	15,982.08
February 2010	43.50	33.55	16,669.25	15,651.99
March 2010	45.40	34.10	17,793.01	16,438.45

*Source: www.bseindia.com

i) **Share Transfer System :**

All shares sent for transfer in physical form are registered by the Company's Registrar and Share Transfer Agents within a maximum period of 30 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are promptly processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CSDL) within 15 days.

j) **Shareholding pattern as at 31st March 2010:**

Sr. No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	31,13,128	73.75
2.	Mutual Funds/UTI	-	-
3.	Banks/Financial Institutions/ Insurance Companies (Central/State Govt. Institutions/ Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	-	-
6.	Bodies Corporate	173,080	4.10
7.	Individuals	931,513	22.07
8.	Clearing Member	3,467	0.08
9.	NRI/OCBs	-	-
10.	Trust	-	-
11.	Foreign Corporate Bodies	-	-
	TOTAL	42,21,188	100.00

k) **The Distribution of Shareholding as on 31st March 2010:**

Distribution of Share holding as on 31 st March 2010					
Slab of Shares Holding		Share Holders	Percentage %	Amount Rs.	Percentage %
From	To				
1	500	270	56.73	83989	1.99
501	1000	48	10.08	41937	0.99
1001	2000	55	11.56	89445	2.12
2001	3000	25	5.25	62656	1.48
3001	4000	15	3.15	54279	1.29
4001	5000	5	1.05	24500	0.58
5001	10000	27	5.67	184952	4.38
10001	and above	31	6.51	3679430	87.17
	TOTAL	476	100.00	42211880	100.00

l) Dematerialisation of shares and liquidity:

As on 31st March 2010 about 19.40% of the Company Equity Shares have been dematerialized.

m) Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity.

The Company has issued and allotted 1250000 Global Depository Receipts (GDRs) underlying 2500000 equity shares of Rs.10/- each on 19th May 2010. Each GDR represents two underlying equity shares of Rs. 10/- each and issued at an offer price of US\$ 1.95 per GDR equivalent to Rs. 44.35 per share (including premium of Rs. 34.35 per share). The said GDRs are listed on Luxembourg Stock Exchange, Luxembourg.

n) Registrar and Share Transfer Agents:

Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel No.: 022 - 2596 3838 Fax No.: 022 - 2594 6969

o) Address for investor correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any address, non-receipt of dividend or any other query relating to shares, please write to:

Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel No.: 022 - 2596 3838 Fax No.: 022 - 2594 6969

For general correspondence:

Compliance Officer
Mr. Baliram Satale
502, Commerce House,
140, Nagindas Master Road,
Fort, Mumbai 400 001
Tel No. : 022 -2264 2670

CEO's DECLARATION ON CODE OF CONDUCT

To
The Members of
KBS CAPITAL MANAGEMENT LIMITED

I, Tushar Shah, Chairman & Managing Director of the Company declare that all Board Members and Senior Management \ Personnel of the Company have affirmed compliance with the Code of Conduct during the year 2009 - 10.

For KBS Capital Management Limited

Place: Mumbai
Date: 29.05.2010

Tushar Shah
Chairman & Managing Director

**CERTIFICATE OF COMPLIANCE FROM
THE PRACTICING COMPANY SECRETARY**

To the members of
KBS CAPITAL MANAGEMENT LIMITED

We have examined the Compliance of the conditions of Corporate Governance by **KBS CAPITAL MANAGEMENT LIMITED** for the year ended 31st March 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our Examination was limited to the 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 the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and the representations made by management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that in respect of investor Grievances received, generally no investor grievances are pending for a period exceeding one month against the company as per records maintained by the Company in present.

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 **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner
Membership No.: 7254
C. P. No. : 3531

Place : Mumbai
Date : 29.05.2010

AUDITOR'S REPORT TO THE MEMBERS OF KBS CAPITAL MANAGEMENT LTD.

1. We have audited the attached Balance sheet of M/s. KBS Capital Management Ltd. as at 31st March 2010 together with the Profit & Loss Account for the year ended as on that date annexed hereto. These financial statements are the responsibility of the Board of Directors of KBS Capital Management Ltd. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 amount and disclosure 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.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered necessary and appropriate, and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in the paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion the company has kept proper books of account as required by the law so far as appears from our examination of those books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d. During the year, the Company has passed an Ordinary Resolution through the Postal Ballot process, result of which was declared on 31st December 2009 increasing the Authorized capital of the company from 7 crore to 14 crore. The necessary fees/stamp duty has not been paid to the Registrar of Companies and to that extent the increase in share capital is defective. The Liability towards stamp duty / registration fees and additional fees payable for delayed filing of e-form 5 has not been provided in the accounts.
 - e. In our opinion the Balance Sheet, and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in the sub-sections (3C) of section 211 of the Companies Act, 1956.
 - f. On the basis of written representations received from directors, as on 31st March 2010 and taken on the record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - g. 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 Policies and Notes to Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of Balance Sheet of the state of affairs of the company as at 31st March 2010;
and
 - ii. In the case of the Profit and Loss account, of the loss for the year ended as on that date.

For Gopal Rao & Associates
Chartered Accountants
F.R.No.127055W

N. G. Rao
(Proprietor)
Membership No. 33665.

Place : Mumbai
Date : 29.05.2010

Annexure to the Auditor's Report.
(Referred to in paragraph 3 of our report of Even Date)

1.
 - a. The Company has maintained proper record showing particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us Fixed Assets according to the practice of the company are physically verified by the management at reasonable intervals, which in our opinion, is reasonable, looking to the size of the company and the nature of the business. No material discrepancies were noticed on such verification.
 - c. During the year, the company has sold Xerox Machine.
2.
 - a. The Company is a stock broking company and has its inventory in shares. As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the 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. On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical inventory and the book records were not material and have been properly dealt with in the books of account.
3.
 - a. According to the information and explanation given to us, the Company has not granted unsecured loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. According to the information and explanation given to us, the Company has not taken any unsecured loans from the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - c. As there are no stipulation for the recovery and payment of principal amount and interest, the question of regularity in recovery and payment of principal and interest does not arise. According to the information given to us, the loans taken and granted to the parties referred herein above are not prima-facie prejudicial to the interest of the company.
 - d. There are no overdue amounts of such loans as on 31st March 2010.
4. In our opinion and according to the information and explanation given to us, generally there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase of shares, fixed assets and for sale of the shares. Further, on the basis of our examinations of books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct this major weakness in the aforesaid internal control procedures.
5. According to the information and explanations provided by the management, we are of the opinion that, the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. The company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under apply.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9.
 - a. According to the records of the company examined by us, and as per the information and explanations given to us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including Income tax, Wealth tax, Service tax and other statutory dues with the appropriate authorities. However, the undisputed statutory dues outstanding for more than six months are as per Annexure 'A' attached.
 - b. According to the information and explanations given to us and on the basis of examination of the documents and records, there are no disputed statutory dues, which are not been deposited with the appropriate authorities.
10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses during the year under report.

11. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank.
12. As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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.
14. On the basis of the records examined by us and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of dealings in shares and securities and other investment and timely entries have been made therein. The aforesaid securities have been held by the Company except to the extent of exemption granted under section 49 of the Companies Act, 1956.
15. According to information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable.
16. As explained to us, the Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company, there are no funds raised on a short-term basis, which have been used for long-term investment, and vice versa.
18. 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.
19. As per information & explanations given to us, and on the basis of the records and documents examined by us, the Company has not issued any secured debentures during the year.
20. As per information & explanations given to us, and on the basis of the records and documents examined by us, The Company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For GOPAL RAO & ASSOCIATES.
Chartered Accountants
F.R.No.127055W

(N.G.Rao)
Proprietor
M.No. 33665

Place: Mumbai.
Date : 29.05.2010

Annexure A

Name of the Statue	Nature of the Dues	Amount (Rs.)	Period to which t relates
Service Tax	Service Tax	2,21,084.48	2005-06
Service Tax	Service Tax	3,23,615.33	2006-07
Service Tax	Service Tax	83,763.12	2007-08
Service Tax	Service Tax	7,28,096.35	2008-09
Total		13,56,559.28	

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Sch. No.	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
<u>SOURCES OF FUNDS</u>			
1. SHARE HOLDERS FUNDS			
a) CAPITAL	1	47,211,880	47,211,880
b) EQUITY SHARE WARRANT (refer note A)		11,322,000	-
c) RESERVES & SURPLUS	2	43,072,920	40,570,923
2. LOAN FUNDS			
a) SECURED LOANS	3	-	295,025
b) UNSECURED LOANS	4	19,399,558	19,499,558
Deferred Tax Liability		1,046,426	1,046,426
TOTAL		122,052,784	108,623,812
<u>APPLICATION OF FUNDS</u>			
1. FIXED ASSETS			
Gross Block	5	36,528,875	36,495,027
Less: Depreciation		12,868,067	12,202,864
Net Block		23,660,808	24,292,163
2. INVESTMENTS			
	6	3,150	1,509,527
3. CURRENT ASSETS LOANS & ADVANCES:			
a) Current Assets	7	84,654,312	84,164,144
b) Loans, Advances & Deposits	8	19,842,643	7,844,299
	(A)	104,496,955	92,008,442
LESS :			
4. CURRENT LIABILITIES & PROVISIONS:			
a) Liabilities	9	5,705,304	9,279,122
b) Provisions		402,826	218,987
	(B)	6,108,130	9,498,109
NET CURRENT ASSETS	(A-B)	98,388,826	82,510,333
MISCELLANEOUS EXPENDITURE	10	-	311,789
TOTAL		122,052,784	108,623,812
Notes to Accounts	14		

The schedules referred to above and accompanying notes form an integral part of this Balance Sheet.

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

For Gopal Rao & Associates

Chartered Accountants
F.R.No.127055W

N. G. Rao

Proprietor

Tushar Shah

Managing Director

Madhu S. Shah

Director

PLACE :- MUMBAI

DATE :- 29.05.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Sch. No.	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
INCOME			
Income from Brokerage		3,698,146	2,226,277
Other Income	11	4,570,481	5,549,497
Total Income		<u>8,268,627</u>	<u>7,775,774</u>
EXPENDITURE			
Expenses	12	4,806,753	7,043,432
Finance Charges	13	110,835	926,045
Depreciation		665,203	760,901
Total Expenditure		<u>5,582,791</u>	<u>8,730,378</u>
Profit / (Loss) before Taxation		2,685,836	(954,605)
Less: Provision for - Current Tax		215,345	131,591
- Deferred Tax		-	-
- Fringe Benefit Tax		-	76,196
Short/Excess Provision For Tax in C. Y.			-
Profit / (Loss) after Taxation		<u>2,470,491</u>	<u>(1,162,392)</u>
Balance Carried from Previous Yr.		30,342,306	31,504,698
 Balance Carried to Balance Sheet		<u><u>32,812,797</u></u>	<u><u>30,342,306</u></u>
Earning Per Share (Basic)		0.58	(0.28)
Earning Per Share (Diluted)		0.55	(0.28)
Notes to Accounts	14		

The schedules referred to above and accompanying notes form an integral part of this Balance Sheet.

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

For Gopal Rao & Associates

Chartered Accountants
F.R.No.127055W

N. G. Rao

Proprietor

Tushar Shah

Managing Director

Madhu S. Shah

Director

PLACE :- MUMBAI

DATE :- 29.05.2010

CASH FLOW STATEMENT AS AT 31ST MARCH, 2010

PARTICULARS	31.03.2010 Rs	31.03.2009 Rs
Cash Flow from operating activities:		
Net Profit/(Loss) before taxation	2,685,836	(954,605)
Adjustment for:		
Depreciation Expenses	665,203	760,901
Deferred Revenue expenditure w/off	311,789	311,789
Preliminary exp w/off	-	190,369
Interest on Motor Loan	11,435	35,218
Interest on Other Loan	43,750	23,617
Interest on Bank Loan	38	830,040
(Gain)/loss on disposal of Fixed assets	18,302	-
(Gain)/loss on disposal of Investements	(2,813,347)	-
Sundry Balances written off/Discounts,rebates	(152,333)	-
Interest Income on FD	(101,432)	(921,993)
Dividend Income	(52,023)	(27,504)
Operating Profit/Loss before working capital	617,217	247,832
(Increase)/Decrease in stocks	-	-
(Increase)/Decrease in trade an other recievables	(974,824)	(2,561,264)
(Increase)/Decrease in Adv and dep (Current)	(11,998,344)	943,210
Increase/(Decrease) in Payable and accurals	(3,389,980)	(3,720,975)
Cash (absorbed by)/generated from Operations	(15,745,931)	(5,091,197)
Taxation	(31,506)	697,760
Net cash (absorbed by)/generated from operating activities	(15,777,437)	(4,393,437)
Cash Flows from Investing activities:		
Purchase of Fixed Assets	(52,150)	(2,829,267)
Proceeds from sale of Investments	4,319,724	-
Loan repaid for car loan	(295,025)	(299,102)
Interest received	101,432	921,993
Dividend received	52,023	27,504
Net cash (absorbed by)/generated from Investing activities	4,126,004	(2,178,872)
Cash Flows from Financing Activities		
Issue of Share warrants	11,322,000	-
Other Loans Repaid	-	(8,948,732)
Unsecured Loan paid	(100,000)	(1,000,000)
Interest Paid	(55,223)	(888,874)
Net cash (absorbed by)/generated from Financing activities	11,166,777	(10,837,606)
Net (Decrease)/Increase in Cash and Cash Equivalents	(484,656)	(17,409,915)
Cash and Cash Equivalents as at 31st March 2009	4,712,057	22,121,972
Cash and Cash Equivalents as at 31st March 2010	4,227,401	4,712,057

The schedules referred to above and accompanying notes form an integral part of this Balance Sheet.

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

For Gopal Rao & Associates

Chartered Accountants
F.R.No.127055W

N. G. Rao

Proprietor

PLACE :- MUMBAI

DATE :- 29.05.2010

Tushar Shah

Managing Director

Madhu S. Shah

Director

SCHEDULES TO THE BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE - 1 SHARE CAPITAL		
AUTHORISED		
1,20,00,000 Equity Shares @ Rs. 10/- each	120,000,000.00	50,000,000.00
2,00,000 Redeemable Preference Shares @ Rs. 100/- each	20,000,000.00	20,000,000.00
TOTAL	140,000,000.00	70,000,000.00
 ISSUED, SUBSCRIBED AND PAID UP		
42,21,188 Equity shares @ Rs. 10/- each fully paid up	42,211,880.00	42,211,880.00
50,000 0% Redeemable Pref. Shares @ Rs. 100/- each	5,000,000.00	5,000,000.00
TOTAL	47,211,880.00	47,211,880.00
 Note A		
18,00,000 Convertible Equity Share Warrant of Rs 25.16 each to be converted on being fully paid Equity Shares of Rs 10 each at a Premium of Rs 15.16 each	11,322,000.00	-
TOTAL	11,322,000.00	-
 SCHEDULE - 2 RESERVES AND SURPLUS		
Share Premium Account	3,386,500.00	3,386,500.00
Capital Reserve	936,569.26	936,569.26
General Reserve	5,000,000.00	5,000,000.00
<u>Profit & Loss Account</u>		
Opening Balance:	31,247,853.57	
Add : Excess Provision for FBT	31,506.00	
Add : Profit During the year	2,470,491.05	
	33,749,850.62	31,247,853.57
TOTAL	43,072,919.88	40,570,922.83
 SCHEDULE - 3 SECURED LOANS		
ICICI Bank Car Loan	-	142,102.00
ICICI Bank Car Loan (Secured against 2 Motor Cars)	-	152,923.00
TOTAL	-	295,025.00
 SCHEDULE - 4 UNSECURED LOANS		
From Individuals / Firms	2,405,500.00	2,505,500.00
From Companies	16,994,057.95	16,994,057.95
TOTAL	19,399,557.95	19,499,557.95

SCHEDULE - 5 : FIXED ASSETS AS ON 31ST MARCH 2010

(Amount in Rs.)

ASSETS	GROSS BLOCK		DEPRECIATION				NET BLOCK		
	COST AS AT 01.04.2009	ADDITIONS / (DEDUCTION) DURING THE YEAR)	COST AS AT 31.03.2010	BALANCE AS ON 01.04.2009	RATE OF DEP %	DURING THE YEAR	BALANCE AS ON 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
BSE STOCK EXCHANGE MEMBERSHIP CARD	10,000,000.00	0	10,000,000.00	0	0	0	0	10,000,000.00	10,000,000.00
NSE. CARD DEPOSIT	7,650,000.00	0	7,650,000.00	0	0	0	0	7,650,000.00	7,650,000.00
VSE CARD	1,951,000.00	0	1,951,000.00	0	0	0	0	1,951,000.00	1,951,000.00
OTC EXCH CARD DEP.	500,000.00	0	500,000.00	0	0	0	0	500,000.00	500,000.00
COMPUTER	7,557,592.00	34650	7,592,242.00	5,842,045.00	13.91	241,407.00	6083452	1,508,790.00	1,715,547.00
WEBSITE	4,258,303.00	0	4,258,303.00	3,077,691.00	13.91	164,223.00	3241914	1,016,389.00	1,180,612.00
MOTOR CAR (EL-6218)	863,482.00	0	863,482.00	636,728.00	25.89	58,707.00	695435	168,047.00	226,754.00
MOTOR CAR (EL-6562)	876,276.00	0	876,276.00	646,162.00	25.89	59,577.00	705739	170,537.00	230,114.00
XEROX MACHINE	103,595.00	-20302	83,293.00	80,019.00	13.91	3,274.00	83293	0.00	23,576.00
AIR CONDITIONER	607,367.00	19500	626,867.00	451,867.00	13.91	24,343.00	476210	150,657.00	155,500.00
OFFICE EQUIPMENT	762,311.25	0	762,311.25	628,230.25	13.91	18,651.00	646881.25	115,430.00	134,081.00
FURNITURE & FIXTURES	1,365,100.95	0	1,365,100.95	840,121.95	18.1	95,021.00	935142.95	429,958.00	524,979.00
TOTAL	36,495,027.20	33,848.00	36,528,875.20	12,202,864.20	-	665,203.00	12,868,067.20	23,660,808.00	24,292,163.00
	33,665,760.20	2,829,267.00	36,495,027.20	11,441,963.20	-	760,901.00	12,202,864.20	24,292,163.00	24,723,797.00

NOTE : 1. Figures shown below total are of previous year.

2. Depreciation is calculated at the rates specified in schedule XIV of the Companies Act, 1956 based on W.D.V. method

SCHEDULES TO THE BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
SCHEDULE - 6 INVESTMENTS		
Unquoted Investment at Cost	3,150.00	1,509,527.00
TOTAL	3,150.00	1,509,527.00
SCHEDULE - 7 CURRENT ASSETS		
Stock in Trade (At cost or Market Value, Whichever is Lower)	398,750.00	398,750.00
Sundry Debtors (Unsecured, Considered Good)	80,028,160.58	79,053,336.58
Cash Balance	2,472,795.15	2,061,318.15
Bank Balances	1,754,606.74	2,650,739.05
TOTAL	84,654,312.47	84,164,143.78
SCHEDULE - 8 LOANS, ADVANCES AND DEPOSITS		
AR I C O K (Considered Good)	17,844,919.02	5,846,574.57
Sundry Deposits	1,997,724.00	1,997,724.00
TOTAL	19,842,643.02	7,844,298.57
SCHEDULE - 9 CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities		
Sundry Creditors	233,646.21	1,369,456.25
Other Liabilities	2,733,319.86	3,387,801.11
Credit Balances With Banks	2,640,235.59	4,282,303.37
Sub Brokerage Payable	-	141,459.49
Current Tax Liability	98,102.00	98,102.00
TOTAL	5,705,303.66	9,279,122.22
b) Provisions	402,826.00	218,987.00
SCHEDULE - 10 MISCELLANEOUS EXPENDITURE		
Deferred Revenue Exp	-	311,788.65
TOTAL	-	311,788.65

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2010	31.03.2009
	RS.	RS.
SCHEDULE - 11 OTHER INCOME		
Interest Received from Bank F.D.	101,432.45	921,992.91
Miscellaneous Income	11,319.93	-
Dividend Received	52,023.00	27,503.76
Profit on Sale of Investment	2,813,347.14	-
Asset Advisory Fees	-	4,600,000.00
Research Services Fees	1,450,589.00	-
Sundry Balances Written Off	141,769.61	-
TOTAL	4,570,481.13	5,549,496.67
SCHEDULE - 12 EXPENSES		
Transaction Exp	891,230.90	758,120.94
Payment to Employees	1,760,259.00	1,255,262.00
Administrative Exp	823,928.20	897,071.28
Electricity Exp	239,604.00	199,186.00
Telephone Exp	417,121.00	556,429.78
Stamp Paper Charges	8,410.00	3,100.00
Discount & Rebates	-	4,603.78
B.S.E. STT Charges A/c	4,749.00	4,993.00
N.S.E. STT A/c	-	-
Festival Expenses	-	3,600.00
Miscellaneous Exp	6,825.00	-
Listing Fees	55,150.00	171,084.00
Listing Application Fees	110,300.00	-
Installment Difference Exp.	-	12,667.40
Labour Charges	-	460,000.00
Rent A/c	-	2,027,500.00
Legal Expenses	1,520.00	1,000.00
BSE BDC Close Out A/c	10,675.00	-
<u>Payment to Auditors towards :</u>		
Audit Fees	44,120.00	-
Tax Audit Fees	11,030.00	-
Income Tax Consultancy charges	11,030.00	-
Certification Charges	22,060.00	-
	88,240.00	88,240.00
Internal Audit Fees	55,150.00	44,944.00
Deferred Revenue Exp W/off	311,788.65	311,789.00
Preliminary Exp W/off A/c	-	190,369.05
TOTAL	4,784,950.75	6,989,960.23
SCHEDULE - ' 12 ' EXPENSES		
MISCELLANEOUS EXPENSES		
ROC Exp	3,500.00	53,472.00
Loss on Sale of Xerox Machine	18,302.00	-
Total	21,802.00	53,472.00
	4,806,752.75	7,043,432.23
SCHEDULE - 13 FINANCE CHARGES		
Bank Charges & Commission	55,611.83	37,170.45
Bank Interest Paid	38.00	830,040.12
Interest on Motorcar Loan	11,435.00	35,218.00
Other Interest	43,750.00	23,616.50
Total	110,834.83	926,045.07

SCHEDULE 14

NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES:

i. **Accounting concepts:**

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on Accrual Basis. The Accounts are prepared on historical cost basis as a going concern. Accounting policies not referred to otherwise are consistent with Generally Accepted Accounting Principles.

ii. **Fixed Assets:**

Fixed Assets are stated at cost less depreciation.

iii. **Depreciation:**

Depreciation on Fixed Assets is charged in the account on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.

iv. **Investments:**

Investments are shown at cost.

v. **Inventories:**

Shares that are deposited with Bombay Stock Exchange are valued at Cost.

vi. **Brokerage earned:**

Brokerage earned is accounted on the basis of transaction done during the accounting year irrespective of whether the same are settled during the year or not. Brokerage earned is shown as net i.e. after deduction of Brokerage paid.

vii. **Retirement benefits:**

No provision for future liabilities made in respect of gratuity, leave encashment, etc.

viii **Advances from sister concern:**

Advances from sister concern include money borrowed from time to time and repaid for which no interest is paid or provided.

ix **Deferred Revenue Expenditure:**

During the year company has written off Rs. 3, 11,789/- from deferred revenue expenditure and debited to Profit & Loss Account.

2. Balances of Sundry Debtors, Sundry Creditors and payables, deposits, loans & advances given or taken from the parties, are subject to confirmation.
3. The estimated amount of contract remaining to be executed on Capital Account and not provided for: Nil
Previous year Rs : Nil
4. As Company being share and stock broking and Investment Company additional information as required under part II of Schedule VI of Companies Act, 1956, is irrelevant and not applicable.
5. (a) Earning in foreign Currency : Rs. Nil (Previous year Rs. : Nil)
(b) Expenditure in foreign currency : Rs. Nil (Previous year Rs. : Nil)
6. Number of Employees of the Company in respect of or entitled to receive emolument in the aggregate of Rs. 12,00,000/- or more per annum or Rs. 1,00,000/- or more per month employed for part of the year: Nil. (Previous year: Nil)
7. As there is no remuneration paid in excess of the minimum limit as specified under section 349 of the Companies Act, 1956 to the Managerial Persons, calculation of net profit under the said section 349 is not required.
8. Details of Auditors Remuneration:

	Current Year	Previous Year
Audit Fees	44,120/-	44,120/-
Tax Audit Fees	11,030/-	11,030/-
Certification Charges	22,060/-	22,060/-
Income Tax Consultancy Charges	11,030/-	11,030/-
	<u>88,240/-</u>	<u>88,240/-</u>

9. Deferred Tax Liability/(Assets):

The concept of Deferred Revenue Expenditure was recognized by the Companies Act, 1956. However, this concept was not recognized by the Income Tax Act, 1961, hence same was disallowable in the tax computation. As per AS 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the net deferred tax liability/asset provided in the books of accounts as under:

As on 31 st March 2010, the Depreciation as per Companies Act, 1956	Rs. 6,65,203/-
As on 31 st March 2010, the Depreciation as per Income Tax Act, 1961	Rs. 3,65,474/-
Current year permanent differential	Rs. 2,99,729/-
Deferred Tax Asset not recognized @33.9966% on Rs. 2,99,729/-	Rs. 1,01,898/-

10. As required by Accounting Standard AS 20 "Earning Per Share", issued by the Institute of Chartered Accountants of India, the Earning Per Share (EPS) is calculated by dividing the profit attributable to the equity share holders by the average number of equity shares outstanding during the year and is ascertained as follows:

PARTICULARS	2009-10	2008-09
Profit/(Loss) available to the Equity Shareholders	Rs.24,70,491/-	Rs.(11,62,392/-)
Weighted average No. of equity share for Basic EPS	42,21,188	42,21,188
Nominal Value of equity shares	Rs. 10	Rs. 10
Earning Per Share (Basic/ Diluted)	Rs. 0.58	Rs. (0.28)

11. Contingent liability not ascertained:

In the opinion of management there are no contingent liabilities for the year.

12. In the opinion of the management, Current Assets, Deposits, Loans and advances have value equal to the amounts shown in the Balance Sheet. The provision for depreciation and all the liabilities is not in excess of the amount reasonably necessary.

13. In the opinion of the management, the following Debtors shown in the Balance sheet are consider more than six months:

Sr No.	Name of Debtors	Balance as on 31.03.2010
1.	Kanazawa Holding P. Ltd	16,34,308.11
2.	Panther Fincap &Mgt.SER. Ltd.	2,51,422.50
3	Shah K.P.Associates	17,21,483.15
4	Bhakti Share & Stock P. Ltd	65,153.68
5	Ashok Brijmohan Kacker	5,24,951.37
Total Amount		41,97,318.81

14. Events after Balance Sheet Date:

The company has issued and allotted 12.50 Lakhs Global Depository Receipts (GDRs) underlying 25 Lakhs equity shares of Rs.10/- each on 19th May 2010 and is of the opinion that although the requirement for filing e-form 5 with the Registrar of Companies, Maharashtra, Mumbai with in a period of 30 days of passing resolution i.e. by or up to 30th January 2010 is not complied with, the issue and allotment of GDRs is regular and not violating the provision of the Companies Act 1956.

15. Previous years figures have been regrouped wherever necessary to confirm the classification adopted in the current year.

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

For Gopal Rao & Associates

Chartered Accountants
F.R.No.127055W

N. G. Rao
Proprietor

Tushar Shah
Managing Director

Madhu S. Shah
Director

PLACE :- MUMBAI

DATE :- 29.05.2010

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business profiles

I. Registration Details :

Registration No.	35718	State Code:	11
Balance Sheet Date	31/03/2010		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue:	NIL	Right Issue:	NIL
Bonus Issue:	NIL	Private Placement:	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities:	128,161	Total Assets:	128,161
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Sources of Funds :

Paid up Capital:	47,211.88	Reserves & Surplus:	43,072.92
Secured Loans:	11,322.00	Unsecured Loans:	19,399.56

Application of Funds:

Net Fixed Assets:	23,660.81	Investments	3.15
Net Current Assets:	98,388.83	Misc. Expenditure:	0.00
Accumulated Losses:	NIL		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	8,268.63	Total Expenditure	5,582.79
Before Tax	2,685.84	Profit/Loss After Tax	2,470.49
Earning per Share: (Rs.)	0.58	Dividend Rate	NIL

V. Generic name of three Products/Services of Company (as per monetary terms)

Item Code No. : N.A.

Product Description: N.A.

For Gopal Rao & AssociatesChartered Accountants
F.R.No.127055W**N. G. Rao**

Proprietor

For and on behalf of the Board of Directors**Tushar Shah**

Managing Director

Madhu S. Shah

Director

PLACE :- MUMBAI**DATE :- 29.05.2010**

