

**KBS INDIA LIMITED**  
(Formerly known as KBS CAPITAL MANAGEMENT LIMITED)

**25<sup>th</sup> ANNUAL REPORT**

**2010-2011**

**Board of Directors:**

Mr. Tushar Shah	Chairman & Managing Director
Mrs. Madhu Shah	Director
Mr. Ketan Shah	Director
Mr. Nilesh Dharia	Director
Mr. Vinod Kumar Bapna	Director
Mr. Ghanshyam V. Karkera	Director

**Auditors:**

M/s. Gopal Rao & Associates  
Chartered Accountants  
Mumbai

**Bankers:**

Bank of India, Mumbai  
AXIS Bank, Mumbai

**Registered Office:**

502, Commerce House,  
140, Nagindas Master Road,  
Fort, Mumbai - 400 001.

**Registrar and Share Transfer Agent:**

**LINK INTIME INDIA PRIVATE LIMITED**  
C-13 Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West),  
Mumbai 400 078

<b>CONTENTS</b>	<b>Page Nos.</b>
Notice	1
Directors' Report	3
Management Discussion and Analysis	7
Report on Corporate Governance	9
Auditors' Report	17
Balance Sheet	20
Profit & Loss Account	21
Cash Flow Statement	22
Schedules to the Accounts	23
Significant Accounting Policies & Notes to Accounts	27
Abstract of Balance Sheet	29
Auditors Report on Consolidated Financial Statement	31
Consolidated Balance Sheet	34
Consolidated Profit & Loss Account	35
Consolidated Cash Flow Statement	36
Schedules forming part of Consolidated Accounts	37
Significant Accounting Policies & Notes to Consolidated Accounts	41
Proxy Form and Attendance Slip	

---

---

## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of **KBS INDIA LIMITED** will be held on Friday, the 16<sup>th</sup> day of December 2011 at the Registered Office of the Company at 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai 400 001 at 4.00 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011 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. Ketan Shah, who retires by rotation and being eligible, offers himself for re appointment.
3. To appoint a Director in place of Mr. Ghanshyam Karkera, 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(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the new set of Articles of Associations, as placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved and adopted as new Articles of Association of the Company in the place and exclusion of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and take such steps as may be required to give effect to the above resolution.”

**By Order of the Board of Directors**

Place : Mumbai  
Date : 1<sup>st</sup> November, 2011

**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 Wednesday the 14<sup>th</sup> day of December 2011 to Friday, the 16<sup>th</sup> day of December 2011 (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. Shareholders are requested to bring their copies of Annual Report to the meeting.

8. Members are requested to address all correspondences to the Registrar and Share Transfer Agents M/S. Link Intime India Private Limited (Formerly Known As Intime Spectrum Registry Limited), C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400078.
9. Details of directors seeking re-appointment at the ensuing Annual General Meeting to be held on Friday, the 16th day of December 2011 (in pursuance of the Clause 49 of the Listing Agreement):

<b>Name of Director</b>	Mr. Ketan Shah	Mr. Ghanshyam Karkera
Date of Birth	30 <sup>th</sup> October 1961	18 <sup>th</sup> September 1957
Nationality	Indian	Indian
Date of appointment as Director	24 <sup>th</sup> December 2005	11 <sup>th</sup> December 2007
Designation	Director	Director
Qualification	B.Com	L.L.B., FCS, FCA
Experience/Expertise	7 years	4 years
Shareholding in the Company Equity shares of Rs. 10/- each	9,00,000	Nil
List of Directorships held in other Companies	1. Thrust Engineering Ltd 2. Alchemy Urban Developers Pvt Ltd 3. Hindpur Infra Developers Pvt Ltd 4. Grid Infra Developers Pvt Ltd 5. Motorhood Depot (I) Pvt Ltd 6. Astir Engineers Pvt Ltd 7. Zeal Corrugation Pvt Ltd	1. Karkera Needz Ltd

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

##### ITEM NO. 5

Your Directors considered that the existing Articles of Association of the Company do not cover latest amendments in the Companies Act, 1956 and it is proposed to amend the existing Articles of Association by adopting a new set of Articles of Association of the Company in the place of the existing Articles of Association of the Company.

In terms of Section 31 of the Companies Act, 1956, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

Your directors recommend the passing of Special Resolution as set out at item No. 5 of the Notice for your approval in interest of the Company. None of Directors are interested or concerned in this resolution.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00. p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.

**By Order of the Board of Directors**

**Tushar Shah**  
Chairman & Managing Director

Place : Mumbai

Date : 1<sup>st</sup> November, 2011

## DIRECTORS' REPORT

To,  
The Members of  
**KBS India Limited**  
(Formerly known as **KBS CAPITAL MANAGEMENT LIMITED**)

Your Directors have pleasure in presenting herewith 25<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2011.

### FINANCIAL HIGHLIGHTS:

The financial figures for the year under review are given below:

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Income from operation and other Income	1,35,69,647	82,68,627
Less: Expenses excluding Depreciation	1,16,97,884	49,17,588
Profit (Loss) before Depreciation & Tax	18,71,763	33,51,039
Less: Depreciation	5,89,756	6,65,203
Profit (Loss) before Tax	12,82,007	26,85,836
Less: Current tax	1,76,472	2,15,345
Deferred Tax	-	-
Profit/(Loss) After Tax	11,05,535	24,70,491
Add: Balance brought forward from Previous Year	3,28,12,797	3,03,42,306
Balance carried to Balance Sheet	3,39,18,331	3,28,12,797

### OPERATIONS:

Your Directors are pleased to inform you that the Company has achieved a turnover of Rs. 135.69 Lacs during the year as compared to Rs.82.68 Lacs during the previous year. The Profit before tax achieved to Rs. 12.82 Lacs during the year as compared to Profit before tax of Rs. 26.85 Lacs in the previous year. After considering the provision for taxation of Rs. 1.76 Lacs, your Company has achieved a net profit of Rs. 11.05 Lacs during the year as compared to Profit of Rs. 24.70 Lacs in the previous year.

### DIVIDEND:

In view to conserve the resources for the future business requirement, your Directors do not recommend any payment of dividend for the year ended 31<sup>st</sup> March 2011.

### DIRECTORS:

In accordance with the provisions of Articles of Association of the Company, Mr. Ketan Shah and Mr. Ghanshyam Karkera, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment and your Board recommends their re-appointment.

### 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 31<sup>st</sup> March 2011 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.

**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 conclusion of next Annual General Meeting of the Company.

**PUBLIC DEPOSIT:**

The Company has not accepted any deposits from the public under provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 during the year under review.

**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 Practicing Company Secretary regarding compliance of conditions of Corporate Governance.
- Management Discussion and Analysis.

**CHANGE IN SHARE CAPITAL OF THE COMPANY:**

During the financial year, the paid up capital of the Company was increased as follows:

1. The Company issued and allotted 18,00,000 Warrants on 31<sup>st</sup> December, 2009 convertible into even number of Equity shares at an issue price of Rs. 25.16 (including premium of Rs. 15.16) on preferential basis. The Preferential Allotment was made in accordance with Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. On 29<sup>th</sup> October, 2010, the Company allotted 18,00,000 Equity shares of Rs.10/- each upon conversion of warrants issued on preferential basis.
2. Issued 25,00,000 Equity shares of Rs. 10/- each underlying 12,50,000 Global Depository Receipts (GDRs) 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). Each GDR represents two underlying equity shares of Rs. 10/- each.

Based on the above changes, the issued, subscribed & paid up Capital of the Company has increased to Rs. 90,211,880/- divided into 9,021,188 Equity shares of Rs. 10/- each.

**EXTENSION OF ANNUAL GENERAL MEETING OF THE COMPANY:**

The Company has taken the approval from the Registrar of Companies, Maharashtra, Mumbai, vide letter dated 15th September, 2011 and has extended the period of holding the Annual General Meeting of the Company for the financial year ended 31st March 2011 by three months i.e. up to a period of 26th December 2011 for availing the time for preparation of the Consolidated Financial Statements of the Company.

**SUBSIDIARY COMPANY:**

The Company has incorporated a wholly owned subsidiary company named "KBS Capital Management (Singapore) Pte. Ltd.," Singapore on 4<sup>th</sup> April, 2010. The company which is engaged in the business of consultancy services.

**CONSOLIDATED FINANCIAL STATEMENT OF SUBSIDIARY COMPANY:**

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated 8<sup>th</sup> February 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21<sup>st</sup> February 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary company with holding company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. Accordingly, the Company is

publishing consolidated financial statements in the Annual Report and the Company is not attaching the Balance Sheet of the subsidiary company. Further, as required under the said circular, a statement of financial information of the subsidiary company "KBS Capital Management (Singapore) Pte. Ltd." is given in Annexure attached to this report. The Annual Accounts of the subsidiary company will be made available to the shareholders on request and will also be kept for inspection at the Registered Office of the Company and of the Subsidiary Company during the Office hours on all working days.

**CHANGE OF NAME:**

The name of the Company has been changed from KBS Capital Management Limited to KBS India Limited vide a Special Resolution passed by the members of the Company in the Extra-Ordinary General Meeting held on 24<sup>th</sup> December 2010. The Fresh Certificate of Incorporation consequent upon change in the name of the Company is issued by the Registrar of Companies, Maharashtra, Mumbai on 11<sup>th</sup> January 2011.

**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 organisation.

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.

**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 Director**

**Tushar Shah**  
Chairman & Managing Director

Place: Mumbai

Date: 1<sup>st</sup> November, 2011

## ANNEXURE TO DIRECTOR'S REPORT

Information as required under General Circular No. No.2/2011 No. 51/12/2007-CL-III dated 8<sup>th</sup> February 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Company for the year ended 31<sup>st</sup> March, 2011.

(Amount in Rs.)

Sr. No.	Particulars	KBS Capital Management (Singapore) Pte. Ltd.
1	Financial year ended	31-03-2011
2	Share Capital	90
3	Reserve & Surplus	960332
4	Total Assets	108608044
5	Total Liabilities	107647622
6	Investments (excluding investments in subsidiary companies)	Nil
7	Turnover & Other Income	3713451
8	Profit/(Loss) before Taxation	960332
9	Provision for Taxation	Nil
10	Profit/ (Loss) after Taxation	960332
11	Proposed Dividend	Nil

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

Place: Mumbai  
Date: 1<sup>st</sup> November, 2011

**Tushar Shah**  
**Chairman & Managing Director**



---

---

## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Review

The financial year 2010-11 began on a low profile but picked up the pace during the first half of the year. However, in the second half most of the midcap and small-cap stocks, where most retail investors had holdings, remained sluggish and overall the year was very challenging due to decline in retail participation in the market. Continuous high inflationary environment coupled with steadily increasing interest rates in the economy has kept the capital markets sluggish for quite some time.

High GDP growth rate, driven by significant corporate earnings, is expected to create the need for more intermediaries in the capital market. Lower penetration of the retail investor segment in the capital markets offers a significant opportunity, given the increasing per capita incomes. Robust market and settlement infrastructure, coupled with surveillance systems in India could help provide efficiencies in the operations of the equity markets.

### Opportunity & Threats

Capital market activities in which most of our activities depend on is also influenced by global events and hence is an amount of uncertainty in the near term outlook of the market. The Economic crisis in some countries in the Europe has added some volatility globally and Indian stock market has not yet decoupled from such global trends. The recent increase in inflation rate in India is a cause of concern as it can affect corporate profitability.

### 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.

### Outlook

Due to higher inflation and continuing hike in the interest rates, the company finds that significant increase in retail participation in the capital markets is challenging. Moreover, continuing uncertain global markets especially slow recovery of U.S. Economy and turmoil in European economies and expectations of sovereign defaults, the global economic scenario suggests times of uncertainties and declining appetite for risk. However, we strongly believe that the robust GDP growth of Indian Economy cannot be ignored for too long and we expect increase of retail participation to boost our capital markets in coming days. The growth in number of investors in mutual funds in recent days clearly indicates systematic investments by retail investors which gives a very healthy sign of recovery.

### Internal control system

The Company has an Internal Control System commensurate with its requirements and the size of business. The Audit Committee of the Board reviews the internal control system on a regular basis.

### Financial performance with respect to operational performance

The financial performance of the Company has been discussed by the Directors in their report attached forming part of this Annual Report.

**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.

**Cautionary Statement**

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The Company can not guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the Company's operations are affected by the many external and internal factors, which are beyond the control of the management. Hence the Company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments information or events.

## 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 other 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 19<sup>th</sup> May 2010, 29<sup>th</sup> May 2010, 31<sup>st</sup> July 2010, 23<sup>rd</sup> October 2010, 29<sup>th</sup> October, 2010, 24<sup>th</sup> November 2010 and 22<sup>nd</sup> January 2011. 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:

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.

Name of Directors	Category	No. of Board Meetings Attended	Attendance at last AGM held on 27 <sup>th</sup> September 2010	No. of directorship held in other public companies	Committee Position in other companies	
					Member	Chairman
Shri Tushar Shah	Promoter/ Chairman	6	Yes	-	-	-
Smt. Madhu Shah	Promoter	5	No	-	-	-
Shri Ketan Shah	Non – Executive/ Non-Independent	7	Yes	1	-	-
Shri. Nilesh Dharia	Independent Director	4	No	-	-	-
Shri. Vinod Bapna	Independent Director	5	No	-	-	-
Shri. Ghanshyam Karkera	Independent Director	5	Yes	1	-	-

### 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 12<sup>th</sup> April 2010, 29<sup>th</sup> May 2010, 31<sup>st</sup> July 2010, 23<sup>rd</sup> October 2010 and 22<sup>nd</sup> January 2011. 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 31<sup>st</sup> March 2011 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	4

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 Auditors adequacy of the internal control systems in the Company.
- Discussing with 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

During the year under review, 4 (four) meetings of the Shareholders / Investors Grievance Committee were held on 29<sup>th</sup> May 2010, 31<sup>st</sup> July 2010, 23<sup>rd</sup> October 2010 and 22<sup>nd</sup> January 2011. The number of meetings attended by each member and composition of the Committee during the year ended 31<sup>st</sup> March 2011 is as under:

Name of the Directors	Designation	Meetings	
		Held	Attended
Shri. Ketan Shah	Chairman	4	4
Shri. Tushar Shah	Member	4	3
Smt. Madhu Shah	Member	4	2

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

The composition of the Remuneration Committee as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March 2011 and their shareholding is as follows:

(Amount in Rs.)

Name of the Directors	Salary & Perquisites	Performance Incentive/Bonus	Commission	Sitting Fees	Total	No. of Shares held
Shri Tushar Shah	800000	Nil	Nil	Nil	800000	22,09,688
Smt. Madhu Shah	-	-	-	-	-	8,81,220
Shri Ketan Shah	-	-	-	-	-	9,00,000
Shri Nilesh Dharia	-	-	-	8000	8000	Nil
Shri Vinod Bapna	-	-	-	8000	8000	Nil
Shri Ghanshyam Karkera	-	-	-	20000	20000	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 / Independent Directors except sitting fees.

#### 4. SUBSIDIARY COMPANY

As on 31<sup>st</sup> March 2011, the Company had one subsidiary company:

KBS Capital Management (Singapore) Pte. Ltd., Singapore. The Company being foreign company does not fall under the norms prescribed in Clause 49 of the Listing Agreement for **"Material non-listed Indian subsidiary."**

#### 5. 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
2009-2010	27.09.2010	12.30 p.m.	} 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400 001
2008-2009	30.09.2009	12.30 p.m.	
2007-2008	30.09.2008	12.30 a.m.	

No Special Resolution was passed in the last three Annual General Meetings.

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

#### 6. DISCLOSURES

##### a) Related party transactions

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

##### b) Code of Conduct

The Company has laid down code of conduct 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 Managing Director 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 1<sup>st</sup> November 2011 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 31<sup>st</sup> March 2011 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.

**7. 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 does not have its own website.
- e) The Management Discussion and Analysis is given separately forms a part of this Annual Report.

**8. GENERAL INFORMATION FOR SHAREHOLDERS****a) Date, Time and Venue of Annual General Meeting**

Time : 4.00 p.m.  
 Date : 16<sup>th</sup> December 2011  
 Day : Friday  
 Venue : 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai 400 001

**b) Financial Calendar : (2011-2012)**

Financial year - 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012  
 First quarter results - On 12<sup>th</sup> August, 2011  
 Second quarter result - By mid of November, 2011  
 Third quarter result - By mid of February, 2012  
 Fourth quarter results - Last week of May, 2012

**c) Date of Book Closure :** 14<sup>th</sup> December 2011 to 16<sup>th</sup> December 2011 (both days inclusive)

**d) Dividend Payment Date :** N.A.

**e) Listing on Stock Exchanges :** BSE Limited

The Company has paid the necessary listing fees for the year 2011-2012

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 BSE 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 2010	40.00	35.00	18,047.86	17,276.80
May 2010	41.85	35.20	17,536.86	15,960.15
June 2010	40.95	36.35	17,919.62	16,318.39
July 2010	44.65	37.70	18,237.56	17,395.58
August 2010	45.00	39.00	18,475.27	17,819.99
September 2010	49.35	39.90	20,267.98	18,027.12
October 2010	47.90	41.75	20,854.55	19,768.96
November 2010	47.00	38.80	21,108.64	18,954.82
December 2010	43.40	38.00	20,552.03	19,074.57
January 2011	45.05	37.80	20,664.80	18,038.48
February 2011	43.50	37.90	18,690.97	17,295.62
March 2011	40.00	36.05	19,575.16	17,792.17

\*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 31<sup>st</sup> March 2011:**

Sr. No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	31,13,128	36.53
2.	Mutual Funds/UTI	-	-
3.	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	121,980	1.43
6.	Bodies Corporate	119,134	1.40
7.	Individuals	19,16,203	22.49
8.	Clearing Member	50,743	0.860
9.	Directors & their relatives & friends	9,00,000	10.56
10.	NRI/OCBs	-	-
11.	Trust	-	-
12.	Foreign Corporate Bodies	-	-
13.	Shares held by Custodians and against which Depository Receipts have been issued		
	- Promoters & Promoters Group	-	-
	- Public	23,00,000	26.73
	<b>TOTAL</b>	<b>85,21,188</b>	<b>100.00</b>

k) The Distribution of Shareholding as on 31<sup>st</sup> March 2011:

Slab of Shares Holding		Distribution of Shareholding as on 31.03.2011			
		Share Holders	Percentage %	Shares	Percentage %
From	To				
1	500	365	66.12	85454	1.00
501	1000	46	8.34	39660	0.47
1001	2000	40	7.25	62705	0.74
2001	3000	20	3.62	50980	0.60
3001	4000	11	1.99	40420	0.47
4001	5000	9	1.63	42615	0.50
5001	10000	23	4.17	177226	2.08
10001 and above		38	6.88	8022128	94.14
<b>TOTAL</b>		<b>552</b>	<b>100.00</b>	<b>8521188</b>	<b>100.00</b>

## l) Dematerialisation of shares and liquidity:

As on 31<sup>st</sup> March 2011 about 72.16% of the Company Equity Shares have been dematerialized.

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

Outstanding 11,50,000 GDRs as on 31<sup>st</sup> March, 2011 represent 23,00,000 Equity Shares constituting 26.99% of the paid up Share Capital of the company, underlying 11,50,000 Global Depository Receipts (GDRs) were outstanding. Each GDR represents two underlying equity shares of Rs. 10/- each. 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 Road, 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 Road, 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 INDIA 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 2010 - 11.

**For KBS India Limited**

Place: Mumbai  
Date: 1<sup>st</sup> November 2011

**Tushar Shah**  
Chairman & Managing Director

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

To the members of  
**KBS INDIA LIMITED**

We have examined the Compliance of the conditions of Corporate Governance by **KBS INDIA LIMITED** for the year ended 31<sup>st</sup> March 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the BSE 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.: 6252  
C. P. No. : 3531

Place : Mumbai  
Date : 1<sup>st</sup> November 2011

**AUDITOR'S REPORT TO THE MEMBERS OF KBS INDIA LIMITED**

1. We have audited the attached Balance sheet of **M/s. KBS INDIA LIMITED** (Formerly known as KBS Capital Management Ltd) as at 31<sup>st</sup> March 2011 together with the Profit & Loss Account & Cash Flow Statement for the year ended as on that date annexed hereto. These financial statements are the responsibility of the Board of Directors of KBS India 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 examinations of those books.
  - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in the sub sections (3C) of the section 211 of the companies Act, 1956.
  - e. On the basis of written representations received from directors, as on 31<sup>st</sup> March 2011 and taken on the record by the Board of Directors, we report none of the Directors are disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. 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 Account 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 the Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March 2011;
  - ii. In the case of the Profit and Loss account, of the Profit for the year ended as on that date.
  - iii. In the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

**For and on behalf of**  
**Gopal Rao & Associates**  
Chartered Accountants  
F.R.No.127055W

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

Place: Mumbai  
Date: 11/08/2011

**KBS INDIA LIMITED**  
**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.
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. In respect of the loans secured or unsecured, granted or taken by the company to/ from companies, firms of other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a. The company has given loan to its subsidiary. In respect of the said loan, the maximum amount outstanding as on 31/03/2011 is Rs. 10,70,57,100.30.
  - b. In our opinion and according to the information and explanation given to us, the rate of interest of interest and other terms and conditions of the loan given by the Company, are not prejudicial to the interest of the Company.
  - c. The principal amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand.
  - d. In respect of the said loans, the same are repayable and therefore the question of overdue amounts does not arise. In respect of the interest, there are no overdue amounts.
  - e. The company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
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' enclosed.

- 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 made 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 raised money by issue of GDRs, 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 and on behalf of**  
**GOPAL RAO & ASSOCIATES.**  
Chartered Accountants  
F.R.No.127055W

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

Place: Mumbai.  
Date: 11/08/2011

**BALANCE SHEET AS ON 31ST MARCH, 2011**

PARTICULARS	Sch. No.	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
a) CAPITAL	1	90,211,880	47,211,880
b) EQUITY SHARE WARRANT (refer note B)		-	11,322,000
c) RESERVES & SURPLUS	2	154,657,223	43,072,920
<b>2. LOAN FUNDS</b>			
a) SECURED LOANS	3	-	-
b) UNSECURED LOANS	4	3,205,500	19,399,558
Deferred Tax Liability			1,046,426
<b>TOTAL</b>		<b><u>248,074,603</u></b>	<b><u>122,052,784</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
Gross Block	5	36,813,261	36,528,875
Less: Depreciation		13,374,530	12,868,067
Net Block		23,438,731	23,660,808
<b>2. INVESTMENTS</b>			
	6	8,269,580	3,150
<b>3. CURRENT ASSETS LOANS &amp; ADVANCES:</b>			
a) Current Assets	7	93,968,407	84,654,312
b) Loans, Advances & Deposits	8	144,859,858	19,842,643
	(A)	238,828,265	104,496,955
<b>LESS :</b>			
<b>4. CURRENT LIABILITIES &amp; PROVISIONS:</b>			
a) Liabilities	9	22,080,656	5,705,304
b) Provisions		381,317	402,826
	(B)	22,461,973	6,108,130
<b>NET CURRENT ASSETS</b>	<b>(A-B)</b>	216,366,292	98,388,826
MISCELLANEOUS EXPENDITURE	10	-	-
<b>TOTAL</b>		<b><u>248,074,603</u></b>	<b><u>122,052,784</u></b>
<i>Earning Per Share (Basic &amp; Diluted)</i>		N.A	N.A
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

Chairman & Managing Director

Ketan S. Shah

Director

PLACE :- MUMBAI

DATE :- 11/08/2011

---



---

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**


---

PARTICULARS	Sch. No.	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
<b>INCOME</b>			
Income from Brokerage		3,358,677	3,698,146
Income from Share Trading		6,202,344	
Other Income	11	4,008,626	4,570,481
<b>Total Income</b>		<u>13,569,647</u>	<u>8,268,627</u>
<b>EXPENDITURE</b>			
Expenses	12	11,488,688	4,806,753
Finance Charges	13	209,195	110,835
Depreciation		589,756	665,203
<b>Total Expenditure</b>		<u>12,287,640</u>	<u>5,582,791</u>
Profit / (Loss) before Taxation		1,282,007	2,685,837
Less: Provision for - Current Tax		176,472	215,345
- Deferred Tax		-	-
- Fringe Benefit Tax		-	-
Short/Excess Provision For Tax in C. Y.			-
Profit / (Loss) after Taxation		1,105,535	2,470,491
Balance Carried from Previous Yr.		32,812,797	30,342,306
Balance Carried to Balance Sheet		<u>33,918,331</u>	<u>32,812,797</u>

---

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**  
Chairman & Managing Director

**Ketan S. Shah**  
Director

**PLACE :- MUMBAI**

**DATE :- 11/08/2011**

---

**CASH FLOW STATEMENT AS AT 31<sup>ST</sup> MARCH, 2011**

PARTICULARS	31.03.2010 Rs	31.03.2011 Rs
<b>Cash Flow from operating activities:</b>		
<b>Net Profit/(Loss) before taxation</b>	<b>2,685,836</b>	<b>1,282,007</b>
Adjustment for:		
Depreciation Expense	665,203	589,756
Deferred revenue expenditure w/off	311,789	-
Preliminary exp w/off	-	-
Interest on motor loan	11,435	-
Interest on other loan	43,750	103,262
Interest on Bank Loan	38	-
(Gain)/loss on disposal of investments	(2,813,347)	(440,337)
Interest Income on FD	(101,432)	(3,497,752)
Dividend Income	(52,023)	(17,473)
<b>Operating Profit/(Loss) before Working Capital</b>	<b>751,248</b>	<b>(1,980,537)</b>
(Increase)/Decrease in stocks	-	-
(Increase)/Decrease in trade an other recievables	(974,824)	804,700
(Increase)/Decrease in Adv and Dep (Current)	(11,998,344)	(125,184,306)
(Decrease)/Increase in payables and accruals	(3,389,980)	3,545,570
<b>Cash (absorbed by)/generated from Operations</b>	<b>(15,611,900)</b>	<b>(122,814,574)</b>
Taxation	(183,839)	-
<b>Net cash (absorbed by)/generated from operating</b>	<b>(15,795,739)</b>	<b>(122,814,574)</b>
<b>Cash Flows from Investing activities:</b>		
Purchase of Fixed Assets	(33,848)	(367,679)
Investments	4,319,724	(8,266,430)
Loan repaid for car loan	(295,025)	-
Additonal loans given during the year	-	-
Interest received	101,432	3,497,752
Profit on sale of investments	-	440,337
Dividend received	52,023	17,473
<b>Net cash (absorbed by)/generated from Investing</b>	<b>4,144,306</b>	<b>(4,678,547)</b>
<b>Cash Flows from Financing activities:</b>		
Other Loans repaid	(100,000)	(16,194,058)
Bank Loan Taken	-	12,927,885
ICD Deposit Repaid	-	-
Issue of Equity Warrant	11,322,000	(11,322,000)
Fresh issue of equity capital -		
Conversion of warrant into Equity shares		18,000,000
Issue of shares under GDR		25,000,000
Securities premium on GDR and Warrant		109,303,350
Interest Paid	(55,223)	(103,262)
<b>Net cash (absorbed by)/generated from Financing</b>	<b>11,166,777</b>	<b>137,611,915</b>
<b>Net (Decrease)/Increase in cash and Cash Equivalents</b>	<b>(484,656)</b>	<b>10,118,794</b>
<b>Cash and Cash Equivalents as at 31st March 2008</b>	<b>4,712,057</b>	
<b>Cash and Cash Equivalents as at 31st March 2009</b>	<b>4,227,402</b>	
<b>Cash and Cash Equivalents as at 31st March 2010</b>	<b>4,227,402</b>	
<b>Cash and Cash Equivalents as at 31st March 2011</b>		<b>14,346,196</b>

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

For Gopal Rao &amp; Associates

Chartered Accountants  
F.R.No.127055W

N. G. Rao

Proprietor

Tushar Shah

Chairman &amp; Managing Director

Ketan S. Shah

Director

PLACE :- MUMBAI

DATE :- 11/08/2011



## SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011

PARTICULARS	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>SCHEDULE - 1      SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
120,000,00 Equity Shares @ Rs. 10/- each	120,000,000.00	120,000,000.00
2,00,000 Redeemable Preference Shares @ Rs. 100/- each	20,000,000.00	20,000,000.00
<b>TOTAL</b>	<b><u>140,000,000.00</u></b>	<b><u>140,000,000.00</u></b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
85,21,188 Equity shares @ Rs. 10/- each fully paid up (Out of the above Share Capital 23,00,000 Equity Shares of Rs 10 each fully paid up has been issued to Foreign Depository as underlying shares against 11,50,000 GDRs issued during the year)	85,211,880.00	42,211,880.00
50,000 0% Redeemable Pref. Shares @ Rs. 100/- each	5,000,000.00	5,000,000.00
<b>TOTAL</b>	<b><u>90,211,880.00</u></b>	<b><u>47,211,880.00</u></b>
<b>Note B</b>		
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
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>11,322,000.00</u></b>
<b>SCHEDULE - 2      RESERVES AND SURPLUS</b>		
Share Premium Account	112,689,850.00	3,386,500.00
Capital Reserve	936,569.26	936,569.26
General Reserve	5,000,000.00	5,000,000.00
Profit & Loss Account		
Opening Balance:	33,749,850.62	
Add: Deferred Tax Liability	1,046,426.00	
Add: Current Tax Liability	98,102.00	
Add: Excess provision of Income Tax	11,200.00	
Add : Excess Provision for FBT	44,690.00	
Less: Advance Tax	(25,000.00)	
Add : Profit During the year	1,105,534.85	
	36,030,803.47	33,749,850.62
<b>TOTAL</b>	<b><u>154,657,222.73</u></b>	<b><u>43,072,919.88</u></b>
<b>SCHEDULE - 3      SECURED LOANS</b>		
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>SCHEDULE - 4      UNSECURED LOANS</b>		
From Individuals / Firms	1,705,500.00	2,405,500.00
From Companies	1,500,000.00	16,994,057.95
<b>TOTAL</b>	<b><u>3,205,500.00</u></b>	<b><u>19,399,557.95</u></b>

**SCHEDULE - 5 : FIXED ASSETS AS ON 31<sup>ST</sup> MARCH 2011**

(Amount in Rs.)

ASSETS	GROSS BLOCK		DEPRECIATION			NET BLOCK			
	COST AS AT 01.04.2010	ADDITIONS / (DEDUCTION) DURING THE YEAR	COST AS AT 31.03.2011	BALANCE AS ON 01.04.2010	RATE OF DEP %	DURING THE YEAR	BALANCE AS ON 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
BSE STOCK EXCHANGE MEMBERSHIP CARD	10,000,000.00	-	10,000,000.00	0	0	0	0	10,000,000.00	10,000,000.00
NSE. CARD DEPOSIT	7,650,000.00	-	7,650,000.00	0	0	0	0	7,650,000.00	7,650,000.00
VSE CARD	1,951,000.00	-	1,951,000.00	0	0	0	0	1,951,000.00	1,951,000.00
OTC EXCH CARD DEP.	500,000.00	-	500,000.00	0	0	0	0	500,000.00	500,000.00
COMPUTER	7,592,242.00	366,130.00	7,958,372.00	6,083,452.00	13.91	245,667.00	6,329,119.00	1,629,253.00	1,508,790.00
WEBSITE	4,258,303.00	-	4,258,303.00	3,241,914.00	13.91	141,380.00	3,383,294.00	875,009.00	1,016,389.00
MOTOR CAR (EL-6218)	863,482.00	-	863,482.00	695,435.00	25.89	43,507.00	738,942.00	124,540.00	168,047.00
MOTOR CAR (EL-6562)	876,276.00	-	876,276.00	705,739.00	25.89	44,152.00	749,891.00	126,385.00	170,537.00
AIR CONDITIONER	626,867.00	-	626,867.00	476,210.00	13.91	20,956.00	497,166.00	129,701.00	150,657.00
OFFICE EQUIPMENT	762,311.25	1,549.00	763,860.25	646,881.25	13.91	16,272.00	663,153.25	100,707.00	115,430.00
FURNITURE & FIXTURES	1,365,100.95	-	1,365,100.95	935,142.95	18.1	77,822.00	1,012,964.95	352,136.00	429,958.00
TOTAL	36,445,582.20	367,679.00	36,813,261.20	12,784,774.20	-	589,756.00	13,374,530.20	23,438,731.00	23,660,808.00
	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

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 FORMING PART OF BALANCE SHEET AS ON 31.03.2011**


---

PARTICULARS	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>SCHEDULE - 6 INVESTMENTS</b>		
Investments	8,269,579.70	3,150.00
<b>TOTAL</b>	<b><u>8,269,579.70</u></b>	<b><u>3,150.00</u></b>
<b>SCHEDULE - 7 CURRENT ASSETS</b>		
<b>Stock in Trade ( At cost or Market Value, Whichever is Lower)</b>	398,750.00	398,750.00
Sundry Debtors ( Unsecured, Considered Good)	79,223,460.93	80,028,160.58
Cash Balance	3,167,178.15	2,472,795.15
Bank Balances	11,179,017.81	1,754,606.74
<b>TOTAL</b>	<b><u>93,968,406.89</u></b>	<b><u>84,654,312.47</u></b>
<b>SCHEDULE - 8 LOANS, ADVANCES AND DEPOSITS</b>		
AR I C O K ( Considered Good )	142,717,279.43	17,844,919.02
Sundry Deposits	2,142,579.00	1,997,724.00
<b>TOTAL</b>	<b><u>144,859,858.43</u></b>	<b><u>19,842,643.02</u></b>
<b>SCHEDULE - 9 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors	8,646.21	233,646.21
Other Liabilities	6,503,889.55	2,733,319.86
Credit Balances With Banks	15,568,120.53	2,640,235.59
Current Tax Liability	-	98,102.00
<b>TOTAL</b>	<b><u>22,080,656.29</u></b>	<b><u>5,705,303.66</u></b>
<b>b) Provisions</b>	<b><u>381,317.00</u></b>	<b><u>402,826.00</u></b>
<b>SCHEDULE - 10 MISCELLANEOUS EXPENDITURE</b>		
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

<b>PARTICULARS</b>	<b>Year Ended 31.03.2011 Rs.</b>	<b>Year Ended 31.03.2010 Rs.</b>
<b>SCHEDULE - 11 OTHER INCOME</b>		
Interest Received from Bank F.D.	80,331.03	101,432.45
Interest Received on ICD	1,027,726.00	-
Other Interest	2,389,695.00	-
Miscellaneous Income	53,064.16	11,319.93
Dividend Received	17,472.50	52,023.00
Profit on Sale of Investment	440,337.00	2,813,347.14
Research Services Fees	-	1,450,589.00
Sundry Balances Written Off	-	141,769.61
<b>TOTAL</b>	<b>4,008,625.69</b>	<b>4,570,481.13</b>
<b>SCHEDULE - 12 EXPENSES</b>		
Transaction Exp	1,439,836.25	895,979.90
Payment to Employees	3,587,906.00	1,760,259.00
Administrative Exp	4,112,758.45	823,928.20
Electricity Exp	244,445.00	239,604.00
Telephone Exp	273,405.30	417,121.00
Stamp Paper Charges	3,820.00	8,410.00
STT on Share Trading	335,458.00	-
Service Tax on Share Trading	88,739.41	-
Expenses on Share Trading	114,353.87	-
Miscellaneous Exp	-	6,825.00
Listing Application Fees	52,575.00	55,150.00
Listing Fees	412,243.00	110,300.00
Issue Expenses	112,000.00	-
Research & Development	66,180.00	-
Installment Difference Exp.	-	-
Legal Expenses	511.00	1,520.00
BSE BDC Close Out A/c	-	10,675.00
Payment to Auditors towards :		
Audit Fees	40,000.00	-
Tax Audit Fees	10,000.00	-
Income Tax Consultancy charges	10,000.00	-
Certification Charges	20,000.00	-
	80,000.00	80,000.00
Service Tax	-	8,240.00
Internal Audit Fees	60,515.00	55,150.00
Deferred Revenue Exp W/off	-	311,788.65
<b>TOTAL</b>	<b>10,984,746.28</b>	<b>4,784,950.75</b>
<b>MISCELLANEOUS EXPENSES</b>		
ROC Exp	503,942.00	3,500.00
Loss on Sale of Xerox Machine	-	18,302.00
<b>Total</b>	<b>503,942.00</b>	<b>21,802.00</b>
	<b>11,488,688.28</b>	<b>4,806,752.75</b>
<b>SCHEDULE - 13 FINANCE CHARGES</b>		
Bank Charges & Commission	105,933.39	55,611.83
Bank Interest Paid	-	38.00
Interest on Motorcar Loan	-	11,435.00
Other Interest	103,262.00	43,750.00
<b>Total</b>	<b>209,195.39</b>	<b>110,834.83</b>

**SCHEDULE 14****M/S. KBS INDIA LIMITED (Formerly known as KBS CAPITAL MANAGEMENT LIMITED)****NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011****I. 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:**

Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is not made as there is no decline in the value of the investments.

**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.

2. Balances of Sundry Debtors, Sundry Creditors and payables, deposits, loans & advances given or taken from the parties, are subject to confirmation.
3. 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.
4. 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: ONE (Previous year: Nil)
5. 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.
6. Details of Auditors Remuneration (inclusive of Service Tax):

	<b>Current Year</b>	<b>Previous Year</b>
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>

**7. DEFERRED TAX LIABILITY/(ASSETS):**

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 account as under:

As on 31st March 2011, the Depreciation as per Companies Act, 1956	<u>Rs. 5,89,756/-</u>
As on 31st March 2011, the Depreciation as per Income Tax Act, 1961	<u>Rs. 4,46,624/-</u>
Current year Timing Difference	<u>Rs. 1,43,132/-</u>
Deferred Tax Asset not recognized @30.90% on Rs. 1,43,132/-	<u>Rs. 44,228/-</u>

8. As required by 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:

<b>PARTICULARS</b>	<b>F.Y.2010-11</b>	<b>F.Y.2009-10</b>
Profit/(Loss) available to the Equity Shareholders	Rs.12,82,007/-	Rs.24,70,491/-
Weighted average No. of equity share for Basic EPS	74,12,855	42,21,188
Nominal Value of equity shares	Rs. 10/-	Rs. 10/-
Earning Per Share (Basic/ Diluted)	Rs.0.17/-	Rs.0.59/-

9. **CONTINGENT LIABILITY NOT ASCERTAINED:**  
In the opinion of management there are no contingent liabilities for the year.
10. 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.
11. The Company has loaned an amount equivalent of US \$23, 52,202 (Rs 10, 70, 01, 703/-) as on 19/05/2010 to its 100% subsidiary KBS Capital Management (Singapore) PTE. The foreign currency rate fluctuation on the above as on 31/03/2011 is Rs. 19, 75,848, debited to the Profit & Loss Account is in accordance with AS 11(Revised). The Effects of Changes in Foreign Exchange Rates.
12. In the opinion of the management , the following Debtors shown in the Balance sheet are consider more than six months:

<b>Sr No.</b>	<b>Name of Debtors</b>	<b>Balance as on 31.03.2011</b>
1.	Kanazawa Holding P. Ltd	16,34,308.11
2.	Shah K.P.Associates	17,21,483.15
3.	Ashok Brijmohan Kacker	1,95,883.46
	Total Amount	35,51,674.72

13. The Company has issued 12,50,000 GDRs @ Rs 88.7056 each GDRs equivalent to 2 Equity Shares of Rs 10 each. An amount of Rs 34.3528 per share is credited to the Share Premium Account. As on 31/03/2011 1, 00,000 GDRs equivalent to 2,00,000 Equity Shares have been converted.
14. The name of the company was changed from KBS Capital Management Limited to KBS India Limited w.e.f. 11/01/2011.
15. Previous year's figures have been regrouped wherever necessary to confirm the classification adopted in the current year.

**For Gopal Rao & Associates**

Chartered Accountants  
F.R.No.127055W

**N. G. Rao**

Proprietor

**PLACE :- MUMBAI**

**DATE :- 11/08/2011**

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

**Tushar Shah**

Chairman & Managing Director

**Ketan S. Shah**

Director

**KBS INDIA LIMITED**  
(Formerly known as KBS Capital Management Limited)

**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	31/03/2011		

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

Public Issue(GDR):	25000	Right Issue:	NIL
Bonus Issue:	NIL	Private Placement:	18000

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

Total Liabilities:	248,074.63	Total Assets:	248,074.63
--------------------	------------	---------------	------------

**Sources of Funds :**

Paid up Capital:	90,211.88	Reserves & Surplus:	154,657.22
Equity Share Warrant :	0.00	Unsecured Loans:	3,205.50
Secured Loans:	0.00		

**Application of Funds:**

Net Fixed Assets:	23,438.73	Investments	8,269.58
Net Current Assets:	216,366.29	Misc.Expenditure:	0.00
Accumulated Losses:	NIL		

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

Turnover (Gross Revenue)	13,569.64	Total Expenditure	12,287.64
Before Tax	1,282.00	Profit/Loss After Tax	1,105.53
Earning per Share: (Rs.)	0.17	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 & Associates**

Chartered Accountants  
F.R.No.127055W

**N. G. Rao**

Proprietor

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

**Tushar Shah**  
Chairman and  
Managing Director

**Ketan Shah**  
Director

**PLACE :- MUMBAI**

**DATE :- 11/08/2011**

# CONSOLIDATED FINANCIAL STATEMENTS



---

---

## AUDITOR'S REPORT TO THE MEMBERS OF KBS INDIA LIMITED

1. We have audited the attached Consolidated Balance sheet of **M/s. KBS INDIA LIMITED (Formerly known as KBS Capital Management Ltd)** and its subsidiary as at 31<sup>st</sup> March 2011 together with the Consolidated Profit & Loss Account and Cash Flow Statement for the year ended as on that date annexed hereto. These financial statements are the responsibility of the Board of Directors of KBS India 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. We report that the Consolidated Financial Statements have been prepared by the management of KBS India Limited in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statement, issued by the ICAI.
4. Based on our audit and the management's certification, in our opinion, the Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In the case of the Consolidated Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March 2011;
  - ii. In the case of the Consolidated Profit and Loss account, of the Profit for the year ended as on that date.
  - iii. In the case of the Consolidated Cash Flow Statement of the Cash Flow for the year ended as on that date.

**For and on behalf of**  
**Gopal Rao & Associates**  
Chartered Accountants  
F.R.No.127055W

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

Place: Mumbai  
Date: 1<sup>st</sup> November, 2011

---

---

**KBS INDIA LIMITED**  
**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.
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. In respect of the loans secured or unsecured, granted or taken by the company to / from companies, firms of other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a. The company has given loan to its subsidiary. In respect of the said loan, the maximum amount outstanding as on 31/03/2011 is Rs. 10,70,57,100.30/-.
  - b. In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loan given by the Company, are not prejudicial to the interest of the Company.
  - c. The principal amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand.
  - d. In respect of the said loans, the same are repayable and therefore the question of overdue amounts does not arise. In respect of the interest, there are no overdue amounts.
  - e. The company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
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' enclosed.

- 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 made 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 raised money by issue of GDRs, 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 and on behalf of  
GOPAL RAO & ASSOCIATES.**

Chartered Accountants  
F.R.No.127055W

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

Place: Mumbai.  
Date: 1<sup>st</sup> November, 2011

**CONSOLIDATED BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2011**

PARTICULARS	Sch. No.	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
a) CAPITAL	1	90,211,880	47,211,880
b) EQUITY SHARE WARRANT (refer note B)		-	11,322,000
c) RESERVES & SURPLUS	2	155,611,691	43,072,920
<b>2. LOAN FUNDS</b>			
a) SECURED LOANS	3	-	-
b) UNSECURED LOANS	4	3,205,500	19,399,558
<b>3. MINORITY INTEREST</b>			
Deferred Tax Liability		-	1,046,426
<b>TOTAL</b>		<b><u>249,029,071</u></b>	<b><u>122,052,784</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
Gross Block	5	36,813,261	36,528,875
Less: Depreciation		13,374,530	12,868,067
Net Block		<u>23,438,731</u>	<u>23,660,808</u>
<b>2. INVESTMENTS</b>			
	6	8,269,487	3,150
<b>3. CURRENT ASSETS LOANS &amp; ADVANCES:</b>			
a) Current Assets	7	93,996,447	84,654,312
b) Loans, Advances & Deposits	8	146,261,589	19,842,643
	<b>(A)</b>	<u>240,258,036</u>	<u>104,496,955</u>
<b>LESS :</b>			
<b>4. CURRENT LIABILITIES &amp; PROVISIONS:</b>			
a) Liabilities	9	22,555,867	5,705,304
b) Provisions		381,317	402,826
	<b>(B)</b>	<u>22,937,184</u>	<u>6,108,130</u>
<b>NET CURRENT ASSETS</b>	<b>(A-B)</b>	<u>217,320,853</u>	<u>98,388,826</u>
MISCELLANEOUS EXPENDITURE	10	-	-
<b>TOTAL</b>		<b><u>249,029,071</u></b>	<b><u>122,052,784</u></b>
<b>Earning Per Share (Basic &amp; Diluted)</b>		N.A	N.A
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

Chairman & Managing Director

Ketan S. Shah

Director

PLACE :- MUMBAI

DATE :- 01/11/2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	Sch. No.	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
<b>INCOME</b>			
Income from Brokerage		3,358,677	3,698,146
Income From Consultancy		676,050	-
Income from Share Trading		6,202,344	-
Other Income	11	7,080,957	4,570,481
<b>Total Income</b>		<u>17,318,028</u>	<u>8,268,627</u>
<b>EXPENDITURE</b>			
Expenses	12	11,855,513	4,806,753
Finance Charges	13	2,621,387	110,835
Depreciation		589,756	665,203
<b>Total Expenditure</b>		<u>15,066,656</u>	<u>5,582,791</u>
Profit / (Loss) before Taxation		2,251,372	2,685,837
Less: Provision for - Current Tax		176,472	215,345
- Deferred Tax		-	-
- Fringe Benefit Tax		-	-
Short/Excess Provision For Tax in C. Y.			-
Profit / (Loss) after Taxation		2,074,900	2,470,491
Balance Carried from Previous Yr.		32,812,797	30,342,306
Balance Carried to Balance Sheet		<u>34,887,697</u>	<u>32,812,797</u>

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**

Chairman & Managing Director

**Ketan S. Shah**

Director

**PLACE :- MUMBAI**

**DATE :- 01/11/2011**

**CONSOLIDATED CASH FLOW STATEMENT AS AT 31<sup>ST</sup> MARCH, 2011**

PARTICULARS	31.03.2010 Rs	31.03.2011 Rs
<b>Cash Flow from operating activities:</b>		
<b>Net Profit/(Loss) before taxation</b>	<b>2,685,837</b>	<b>2,251,372</b>
<b>Adjustment for:</b>		
Depreciation Expense	665,203	589,756
Deferred revenue expenditure w/off	311,789	-
Preliminary exp w/off	-	-
Interest on motor loan	11,435	-
Interest on other loan	43,750	103,262
Interest on Bank Loan	38	-
(Gain)/loss on disposal of investments	(2,813,347)	(440,337)
Interest Income on FD	(101,432)	(6,570,084)
Dividend Income	(52,023)	(17,473)
<b>Operating Profit/(Loss) before Working Capital</b>	<b>751,249</b>	<b>(4,083,504)</b>
(Increase)/Decrease in stocks	-	-
(Increase)/Decrease in trade and other receivables	(974,824)	804,700
(Increase)/Decrease in Adv and Dep (Current)	(11,998,344)	<b>(126,600,934)</b>
(Decrease)/Increase in payables and accruals	(3,389,980)	4,020,780
<b>Cash (absorbed by)/generated from Operations</b>	<b>(15,611,899)</b>	<b>(125,858,958)</b>
Taxation	(183,839)	-
<b>Net cash (absorbed by)/generated from operating activities</b>	<b>(15,795,738)</b>	<b>(125,858,958)</b>
Cash Flows from Investing activities:		
Purchase of Fixed Assets	(33,848)	(367,679)
Investments	4,319,724	(8,266,337)
Loan repaid for car loan	(295,025)	-
Additional loans given during the year	-	-
Interest received	101,432	6,570,084
Profit on sale of investments	-	440,337
Dividend received	52,023	17,473
<b>Net cash (absorbed by)/generated from Investing activities</b>	<b>4,144,306</b>	<b>(1,606,123)</b>
Cash Flows from Financing activities:		
Other Loans repaid	(100,000)	(16,194,058)
Bank Loan Taken	-	12,927,885
ICD Deposit Repaid	-	-
Issue of Equity Warrant	11,322,000	(11,322,000)
Fresh issue of equity capital -		
Conversion of warrant into Equity shares		18,000,000
Issue of shares under GDR		25,000,000
Securities premium on GDR and Warrant		109,303,350
Interest Paid	(55,223)	(103,262)
<b>Net cash (absorbed by)/generated from Financing activities</b>	<b>11,166,777</b>	<b>137,611,915</b>
<b>Net (Decrease)/Increase in cash and Cash Equivalents</b>	<b>(484,656)</b>	<b>10,146,834</b>
<b>Cash and Cash Equivalents as at 31st March 2008</b>	<b>4,712,057</b>	
<b>Cash and Cash Equivalents as at 31st March 2009</b>	<b>4,227,402</b>	
<b>Cash and Cash Equivalents as at 31st March 2010</b>	<b>4,227,402</b>	
<b>Cash and Cash Equivalents as at 31st March 2011</b>		<b>14,374,236</b>

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**

Chairman & Managing Director

**Ketan S. Shah**

Director

**PLACE :- MUMBAI**

**DATE :- 01/11/2011**

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS ON 31.03.2011

PARTICULARS	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>SCHEDULE - 1 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
120,000,00 Equity Shares @ Rs. 10/- each	120,000,000.00	120,000,000.00
2,00,000 Redeemable Preference Shares @ Rs. 100/- each	20,000,000.00	20,000,000.00
<b>TOTAL</b>	<b><u>140,000,000.00</u></b>	<b><u>140,000,000.00</u></b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
85,21,188 Equity shares @ Rs. 10/- each fully paid up <b>(Out of the above Share Capital 23,00,000 Equity Shares of Rs 10 each fully paid up has been issued to Foreign Depository as underlying shares against 11,50,000 GDRs issued during the year)</b>	85,211,880.00	42,211,880.00
50,000 0% Redeemable Pref. Shares @ Rs. 100/- each	5,000,000.00	5,000,000.00
<b>TOTAL</b>	<b><u>90,211,880.00</u></b>	<b><u>47,211,880.00</u></b>
<b>Note B</b>		
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
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>11,322,000.00</u></b>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
Share Premium Account	112,689,850.00	3,386,500.00
Capital Reserve	936,569.26	936,569.26
General Reserve	5,000,000.00	5,000,000.00
Profit & Loss Account		
Opening Balance:	33,749,850.62	
Add: Deferred Tax Liability	1,046,426.00	
Add: Current Tax Liability	98,102.00	
Add: Excess provision of Income Tax	11,200.00	
Add : Excess Provision for FBT	44,690.00	
Less: Advance Tax	(25,000.00)	
Less: Foreign Currency Translation Loss	(14,897.40)	
Add : Profit During the year	2,074,900.41	
	<u>36,985,271.63</u>	<u>33,749,850.62</u>
<b>TOTAL</b>	<b><u>155,611,690.89</u></b>	<b><u>43,072,919.88</u></b>
<b>SCHEDULE - 3 SECURED LOANS</b>		
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>SCHEDULE - 4 UNSECURED LOANS</b>		
From Individuals / Firms	1,705,500.00	2,405,500.00
From Companies	1,500,000.00	16,994,057.95
<b>TOTAL</b>	<b><u>3,205,500.00</u></b>	<b><u>19,399,557.95</u></b>

**SCHEDULE - 5 : FIXED ASSETS AS ON 31<sup>ST</sup> MARCH 2011**

(Amount in Rs.)

ASSETS	GROSS BLOCK		DEPRECIATION			NET BLOCK			
	COST AS AT 01.04.2010	ADDITIONS / (DEDUCTION) DURING THE YEAR)	COST AS AT 31.03.2011	BALANCE AS ON 01.04.2010	RATE OF DEP %	DURING THE YEAR	BALANCE AS ON 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
BSE STOCK EXCHANGE MEMBERSHIP CARD	10,000,000.00	-	10,000,000.00	0	0	0	0	10,000,000.00	10,000,000.00
NSE. CARD DEPOSIT	7,650,000.00	-	7,650,000.00	0	0	0	0	7,650,000.00	7,650,000.00
VSE CARD	1,951,000.00	-	1,951,000.00	0	0	0	0	1,951,000.00	1,951,000.00
OTC EXCH CARD DEP.	500,000.00	-	500,000.00	0	0	0	0	500,000.00	500,000.00
COMPUTER	7,592,242.00	366,130.00	7,958,372.00	6,083,452.00	13.91	245,667.00	6,329,119.00	1,629,253.00	1,508,790.00
WEBSITE	4,258,303.00	-	4,258,303.00	3,241,914.00	13.91	141,380.00	3,383,294.00	875,009.00	1,016,389.00
MOTOR CAR (EL-6218)	863,482.00	-	863,482.00	695,435.00	25.89	43,507.00	738,942.00	124,540.00	168,047.00
MOTOR CAR (EL-6562)	876,276.00	-	876,276.00	705,739.00	25.89	44,152.00	749,891.00	126,385.00	170,537.00
AIR CONDITIONER	626,867.00	-	626,867.00	476,210.00	13.91	20,956.00	497,166.00	129,701.00	150,657.00
OFFICE EQUIPMENT	762,311.25	1,549.00	763,860.25	646,881.25	13.91	16,272.00	663,153.25	100,707.00	115,430.00
FURNITURE & FIXTURES	1,365,100.95	-	1,365,100.95	935,142.95	18.1	77,822.00	1,012,964.95	352,136.00	429,958.00
TOTAL	36,445,582.20	367,679.00	36,813,261.20	12,784,774.20	-	589,756.00	13,374,530.20	23,438,731.00	23,660,808.00
	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

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 31<sup>st</sup> MARCH, 2011

PARTICULARS	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>SCHEDULE - 6 INVESTMENTS</b>		
Investments	8,269,487.00	3,150.00
<b>TOTAL</b>	<b><u>8,269,487.00</u></b>	<b><u>3,150.00</u></b>
<b>SCHEDULE - 7 CURRENT ASSETS</b>		
<b>Stock in Trade ( At cost or Market Value, Whichever is Lower)</b>	398,750.00	398,750.00
Sundry Debtors ( Unsecured, Considered Good)	79,223,460.93	80,028,160.58
Cash Balance	3,167,178.15	2,472,795.15
Bank Balances	11,207,058.04	1,754,606.74
<b>TOTAL</b>	<b><u>93,996,447.12</u></b>	<b><u>84,654,312.47</u></b>
<b>SCHEDULE - 8 LOANS, ADVANCES AND DEPOSITS</b>		
A R I C O K ( Considered Good )	144,119,010.16	17,844,919.02
Sundry Deposits	2,142,579.00	1,997,724.00
<b>TOTAL</b>	<b><u>146,261,589.16</u></b>	<b><u>19,842,643.02</u></b>
<b>SCHEDULE - 9 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors	8,646.21	233,646.21
Other Liabilities	6,979,099.98	2,733,319.86
Credit Balances With Banks	15,568,120.53	2,640,235.59
Current Tax Liability	-	98,102.00
<b>TOTAL</b>	<b><u>22,555,866.72</u></b>	<b><u>5,705,303.66</u></b>
<b>b) Provisions</b>		
	<b><u>381,317.00</u></b>	<b><u>402,826.00</u></b>
<b>SCHEDULE - 10 MISCELLANEOUS EXPENDITURE</b>		
	-	-
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	YEAR ENDED 31.03.2011 RS.	YEAR ENDED 31.03.2010 RS.
<b>SCHEDULE - 11 OTHER INCOME</b>		
Interest Received from Bank F.D.	80,331.03	101,432.45
Interest Received on ICD	1,027,726.00	-
Other Interest	2,389,695.00	-
Miscellaneous Income	53,064.16	11,319.93
Dividend Received	17,472.50	52,023.00
Profit on Sale of Investment	440,337.00	2,813,347.14
Research Services Fees	-	1,450,589.00
Sundry Balances Written Off	-	141,769.61
Interest Income of KBS(Singapore) PTE	3,072,331.76	-
<b>TOTAL</b>	<b>7,080,957.45</b>	<b>4,570,481.13</b>
<b>SCHEDULE - 12 EXPENSES</b>		
Transaction Exp	1,439,836.25	895,979.90
Payment to Employees	3,587,906.00	1,760,259.00
Administrative Exp	4,479,583.18	823,928.20
Electricity Exp	244,445.00	239,604.00
Telephone Exp	273,405.30	417,121.00
Stamp Paper Charges	3,820.00	8,410.00
STT on Share Trading	335,458.00	-
Service Tax on Share Trading	88,739.41	-
Expenses on Share Trading	114,353.87	-
Miscellaneous Exp	-	6,825.00
Listing Application Fees	52,575.00	55,150.00
Listing Fees	412,243.00	110,300.00
Issue Expenses	112,000.00	-
Research & Development	66,180.00	-
Installment Difference Exp.	-	-
Legal Expenses	511.00	1,520.00
BSE BDC Close Out A/c	-	10,675.00
Payment to Auditors towards :		
Audit Fees	40,000.00	-
Tax Audit Fees	10,000.00	-
Income Tax Consultancy charges	10,000.00	-
Certification Charges	20,000.00	-
	80,000.00	80,000.00
Service Tax	-	8,240.00
Internal Audit Fees	60,515.00	55,150.00
Deferred Revenue Exp W/off	-	311,788.65
<b>TOTAL</b>	<b>11,351,571.01</b>	<b>4,784,950.75</b>
<b>MISCELLANEOUS EXPENSES</b>		
ROC Exp	503,942.00	3,500.00
Loss on Sale of Xerox Machine	-	18,302.00
<b>Total</b>	<b>503,942.00</b>	<b>21,802.00</b>
	<b>11,855,513.01</b>	<b>4,806,752.75</b>
<b>SCHEDULE - 13 FINANCE CHARGES</b>		
Bank Charges & Commission	105,933.39	55,611.83
Bank Interest Paid	-	38.00
Interest on Motorcar Loan	-	11,435.00
Other Interest	103,262.00	43,750.00
Finance Cost	2,412,191.47	-
<b>Total</b>	<b>2,621,386.86</b>	<b>110,834.83</b>

**SCHEDULE 14****KBS INDIA LIMITED (Formerly known as KBS CAPITAL MANAGEMENT LIMITED)****NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011****I. 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:**

Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is not made as there is no decline in the value of the investments.

**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.

2. Balances of Sundry Debtors, Sundry Creditors and payables, deposits, loans & advances given or taken from the parties, are subject to confirmation.
3. 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.
4. 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: ONE (Previous year: Nil)
5. 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.
6. Details of Auditors Remuneration (inclusive of Service Tax):

	<b>Current Year</b>	<b>Previous Year</b>
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>

**7. DEFERRED TAX LIABILITY/(ASSETS):**

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 account as under:

As on 31st March 2011, the Depreciation as per Companies Act, 1956	<u>Rs. 5,89,756/-</u>
As on 31st March 2011, the Depreciation as per Income Tax Act, 1961	<u>Rs. 4,46,624/-</u>
Current year Timing Difference	<u>Rs. 1,43,132/-</u>
Deferred Tax Asset not recognized @30.90% on Rs. 1,43,132/-	<u>Rs. 44,228/-</u>

8. As required by 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:

<b>PARTICULARS</b>	<b>F.Y.2010-11</b>	<b>F.Y.2009-10</b>
Profit/(Loss) available to the Equity Shareholders	Rs.20,74,900/-	Rs.24,70,491/-
Weighted average No. of equity share for Basic EPS	74,12,855	42,21,188
Nominal Value of equity shares	Rs. 10/-	Rs. 10/-
Earning Per Share (Basic/ Diluted)	Rs.0.28/-	Rs.0.59/-

9. **CONTINGENT LIABILITY NOT ASCERTAINED:**  
In the opinion of management there are no contingent liabilities for the year.
10. 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.
11. The Company has loaned an amount equivalent of US \$23, 52,202 (Rs 10, 70, 01, 703/-) as on 19/05/2010 to its 100% subsidiary KBS Capital Management (Singapore) PTE. The foreign currency rate fluctuation on the above as on 31/03/2011 is Rs. 19, 75,848, debited to the Profit & Loss Account is in accordance with AS 11(Revised) The Effects of Changes in Foreign Exchange Rates.
12. In the opinion of the management, the following Debtors shown in the Balance sheet are consider more than six months:

<b>Sr No.</b>	<b>Name of Debtors</b>	<b>Balance as on 31.03.2011</b>
1.	Kanazawa Holding P. Ltd	16,34,308.11
2.	Shah K.P.Associates	17,21,483.15
3.	Ashok Brijmohan Kacker	1,95,883.46
	Total Amount	35,51,674.72

13. The Company has issued 12,50,000 GDRs @ Rs 88.7056 each GDRs equivalent to 2 Equity Shares of Rs 10 each. An amount of Rs 34.3528 per share is credited to the Share Premium Account. As on 31/03/2011 1, 00,000 GDRs equivalent to 2,00,000 Equity Shares have been converted.
14. The name of the company was changed from KBS Capital Management Limited to KBS India Limited w.e.f. 11/01/2011.
15. Previous year's figures have been regrouped wherever necessary to confirm the classification adopted in the current year.
16. **Principal of Consolidation:**
- The consolidated financial statements relate to KBS India Limited, the holding company and its foreign subsidiary. The consolidation of accounts of the company with its subsidiary has been prepared in accordance with the Accounting Standard (AS) 21 'Consolidated financial Statements' taking into considerations the stipulations mentioned in Accounting Standard (AS) 11 'The Effects of Changes in Foreign Exchange Rates'. The financial statements of the parent and its Foreign Subsidiary are combined on a line by line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated.
  - Foreign Currency Translation Loss of Rs 14,897.40 is been reduced from the Profit & Loss Account.
  - As it is a 100% Foreign Subsidiary the Minority Interest is NIL
  - The financial statements of the subsidiary used in the consolidation are for the period from 23/04/2010 to 31/03/2011.

16. Since, the Foreign Subsidiary came into existence during the year, previous year figures are of the holding company.

**For Gopal Rao & Associates**

Chartered Accountants  
F.R.No.127055W

**N. G. Rao**  
Proprietor

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

**Tushar Shah**  
Chairman & Managing Director

**Ketan S. Shah**  
Director

**PLACE :- MUMBAI**

**DATE :- 1/11/2011**

**KBS INDIA LIMITED**

Regd. Office : 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400001

**PROXY FORM**

25<sup>th</sup> Annual General Meeting 16<sup>th</sup> December 2011

Folio No.....

Client ID :.....

No. of shares held .....

D.P. ID :.....

I/We.....  
of ..... in the district of ..... being member(s) of  
**KBS INDIA LIMITED** hereby appoint ..... of  
.....in the district of ..... or failing him  
..... of ..... in the district  
of ..... as my / our proxy to vote for me / us on my / our behalf at the **25<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held on Friday, the 16<sup>th</sup> day of December 2011 at 4.00 p.m. at the Registered Office of the Company, 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai - 400 001 and at any adjournment thereof.

Place : .....

Date : .....

Please  
affix Rupee 1  
Revenue  
Stamp

.....  
Signature of Member

Note: This Proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

**KBS INDIA LIMITED**

Regd. Office : 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400001

**ATTENDANCE SLIP**

25<sup>th</sup> Annual General Meeting 16<sup>th</sup> December 2011

Folio No.....

Client ID :.....

No. of shares held .....

D.P. ID :.....

I ..... (Name in Block Letters)  
hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company to be held at the Registered Office of the Company, 502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai - 400 001 on Friday, the 16<sup>th</sup> December 2011 at 4.00 p.m.

.....  
Member's/Proxy's Signature

**Note :** Please fill in this attendance slip and hand it over at the Entrance of the Meeting Hall.





BOOK - POST

*If undelivered, please return to:*

**KBS India Limited**  
502, Commerce House,  
140, Nagindas Master Road,  
Fort, Mumbai-400001.