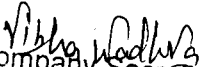


**18th ANNUAL REPORT
2009—2010**

K M CAPITAL LIMITED

For K M CAPITAL LIMITED


Company Secretary

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Ms. Sunita Inder	Director
Shri Mohan Hemandas Mansukhani	Director
Shri Jiten Tiwari	Director

STATUTORY AUDITORS

V B R & ASSOCIATES.
Chartered Accountants,
205, Laxman Palace,
19 Veer Savarkar Block,
Delhi-110092

BANKERS

ICICI Bank Limited

REGISTERED OFFICE

M-3, Commercial Complex, Vikas Puri,
New Delhi - 110018

ANNUAL REPORT 2009-2010

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of K M Capital Limited will be held on Thursday, 30th Day of September 2010, at 2:00 PM at the Registered Office of the Company at M-3, Commercial Complex, Vikas Puri, New Delhi - 110018 to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mohan Hemnadas Mansukhani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint VBR & Associates as auditors of the company and fix their remuneration.

By order of the Board of Directors
for K M CAPITAL LIMITED

Sd/-
Sunita Inder
Director

Place : New Delhi
Date : 2nd September, 2010

NOTES:

1. A member entitled to attend and vote 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. The instrument of proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2010 to 30th September, 2010, both days inclusive.
4. Members are requested to notify the change in their address, if any.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11a.m. and 1.00 p.m. up to the date of this Annual General Meeting.
6. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
7. Members are requested to note that all correspondence relating to share transfer should be addressed to its Registrars and Transfer Agents, M/s. Skyline Financial Services Private Limited, D- 153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110021.

**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT/
APPOINTED DURING THE YEAR
(In pursuance to Clause 49 of the Listing Agreement)**

Shri Mohan Hemandas Mansukhani, Promoter and Non Executive Director

Date of Birth	19.06.1931
Expertise in Specific Functional Area	Experience in financial and capital market.
Directorship in other Companies	NIL
Committee Position	NIL
Shareholding in the Company	NIL

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the Eighteenth Annual Report of K M Capital Limited together with Audited Financial Statements and Auditor's Report for the Financial Year ended as on 31st March 2010. The Financial Highlights for the year under review are given below:

FINANCIAL RESULTS	Rs. In Lacs	
	2009-2010	2008-2009
Total Income	NIL	NIL
Total Expenditure	(3,000)	(3,000)
Profit / (Loss) before Interest and Tax,	(3,000)	(3,000)
Interest	NIL	NIL
Profit / (Loss) before Tax	(3,000)	(3,000)
Profit/Loss before Tax	(3,000)	(3,000)
Provision for Taxation	NIL	NIL
Profit /(Loss) after Tax	(3,000)	(3,000)

PERFORMANCE

During the year under review, the Company has incurred losses. The performance of the Company is expected to be better in the coming years.

DIVIDEND

In view of the brought forward losses, your Directors have been unable to recommend any dividend.

BUSINESS OPERATIONS OVERVIEW & FUTURE OUTLOOK

The Company is planning to raise funds and restart its business activities in the larger scale. The management will emphasize on increasing its Goodwill in the market and will create long term assets for all stakeholders of the Company.

FIXED DEPOSITS

The Company has not accepted any deposits during the financial year under review.

DIRECTORS

In terms of the provisions of Companies Act, 1956 and the Articles of Association of the Company, Shri Mohan Hemandas Mansukhani, Director of the Company is retiring by rotation and being eligible, offers himself for re-appointment as non-executive Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2010 on a 'going

concern' basis.

PARTICULARS OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

A	Energy conservation	--	NIL
B	Research and Development	--	NIL
C	Technology absorption, adaption and innovation	--	NIL
D	Foreign Exchange Earning and Outgo	--	NIL

PERSONNEL AND PARTICULARS OF EMPLOYEES

During the year, the Company did not have any employee drawing a salary of Rs. 5 Lakh per month or more.

AUDITORS

M/s VBR & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting, being eligible offer themselves for re-appointment. The Company has received a certificate from them that their re-appointment if made would be within prescribed limits under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors Report is self explanatory and therefore do not call for any further explanation u/s 217(3) of the Companies Act' 1956.

AUDIT COMMITTEE RECOMMENDATIONS

The Audit Committee of the Company has been constituted with Shri Mohan Hemandas Mansukhani and Smt. Sunita Inder as Members and Shri Jiten Tiwari as Chairman of the Committee.

CORPORATE GOVERNANCE REPORT

The Company Compliance with the mandatory Corporate Governance requirement stipulated under Clause 49 of Listing Agreement. It strives to attain high standards of corporate governance while interacting with all our stakeholders. A separate section on Corporate Governance alongwith Certificate from M/s VBR & Associates, Chartered Accountants, confirming level of Compliance is annexed and forms part of the Directors' Report.

APPRECIATION

Your Directors greatly appreciate the efforts of all stakeholders for the support.

For and on Behalf of the Board

Sd/-

Sunita Inder
Director

Sd/-

Mohan Hemandas Mansukhani
Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES & THREATS

The Indian financial services industry has experienced significant growth in the last few years. There has been a considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in the recent years and the entry of sophisticated domestic and international players. Sectors such as banking, asset management and brokerage have been liberalised to allow private sector involvement, which has contributed to the development and modernisation of the financial services sector. This is particularly evident in the non-banking financial services sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance services, where new products and expanding delivery channels have helped these sectors achieve high growth rates.

OPPORTUNITIES

With the strong growth in the economy, Indian companies are in constant pursuit of value creation. Shareholder value is gaining importance in today's times. The pursuit of value creation is leading Indian companies to constantly evaluate alternatives which help meet strategic objectives; be it restructuring of group companies to unlock shareholder value or acquiring/divesting businesses, various strategic options are being exercised by Indian companies. Corporate assets (businesses, brands, companies) changing hands is now a regular phenomenon for Indian corporates. Indian companies are also evaluating different means to raise capital in the equity and debt capital markets.

THREATS

The financial services industry, both domestically and internationally, is undergoing change that has resulted in increasing consolidation and a proliferation of strategic transactions. This consolidation among our competitors could put us at a competitive disadvantage, which could cause us to lose customers, revenue and market share. They could force us to expend greater resources to meet new or additional competitive threats, which could harm our financial condition and operating results.

SEGMENT WISE OR PRODUCT-WISE PERFORMANCE

Your company is not doing any significant business as of now. We plan to offer a range of financial services.

FUTURE OUTLOOK

According to plans, the company is expected to perform better in the coming years.

STRENGTHS

We are focused on increasing our business in a profitable manner and capturing the growth opportunities available in the financial markets.

RISK AND CONCERNS

Business is exposed to external and internal risks. Some risks can be predicted and minimized with careful planning and implementing the measures to mitigate them, while some risks cannot be insured against. Your company has been facing many risks including risk to run business due to shortage of working capital. The tight fund situation may affect company's plans to enlarge its business activities. Due to tight liquidity position, we are not able to lay hands on talented people in the industry. The management of your company is planning to leverage their personal assets to raise funds for the company, to overcome this risk.

The domestic market is showing inflationary tendencies. To curb inflation, the Reserve Bank of India can tighten its monetary policy, which can affect company financial expenses. Fluctuation in value of foreign currencies can also affect export plans of the company.

HUMAN RESOURCES

The company is taking various initiatives to increase human resources for better productivity. To save on costs, the company is appointing non-experienced staff and taking initiatives for internal training and development of skills. This will help in enhancing their emotional and intellectual engagement with the company.

INTERNAL CONTROL SYSTEM AND ADEQUACIES

Your company had started its business from scratch. To grow it faster, the integrity and ethical behavior of management and employees at all levels and compliance of the laws and regulations is very essential. The systems are being put in place to ensure adequate internal controls in operations of the company. Apart from statutory audit, your company has adequate in-house internal audit practices.

FORWARD LOOKING STATEMENT

Statements in this report on Management Discussion and Analysis, describing the company's objectives, projections, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Domestic consumption, price trends, change in government regulations and tax structure can make a difference in company's performance in future.

The company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance assumes a great deal of importance in the future business strategies of the Company.

II. BOARD OF DIRECTORS

(A) Composition of Board

The Present Board of Directors of the Company comprises three Directors consisting all Non-executive Directors.

Name	Category	Board meeting Attended during the Year	Attended at last AGM	No. of Directorship In other Companies	No. of Committee position held** Chairman /Member
Ms. Sunita Inder	Promoter and Non Executive	5	Yes	4	NIL
Shri Mohan Hemandas Mansukhani	Promoter and Non Executive	5	Yes	-	NIL
Shri Jiten Tiwari	Non- Executive Independent Director	5	Yes	3	NIL

* Exclusive of the Directorship in Private Limited Companies, Non-Corporate Institutions, foreign Companies and Section 25 Companies.

** Includes Audit Committee and the Shareholders / Investors Governance Committee only.

(B) Other provisions as to Board and Committee

The details of the other directorship of the Board and their attendance at the Board meetings held during the year, i.e. between April 1, 2009 to March 31, 2010 is given in the following table:

The Board periodically reviews Compliance reports of all laws applicable to the Company and has put in place procedure to review steps taken by the Company to rectify the instances of non-compliances, if any.

(C) Number of Board Meetings held and dates:

During the financial year 2009-2010 the Board of Directors met five times. The dates of the meetings are 28.04.2009, 28.07.2009, 30.10.2009, 31.10.2009 and 31.01.2010.

(D) Information supplied to the Board:

The Board has complete access to all information with the Company. The information is provided to the Board and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes:

- ✓ Business/Operating Plans,
- ✓ Quarterly, Half yearly and yearly results of the Company
- ✓ Minutes of the Meetings of audit Committees and other Committees of the Board.

The Board periodically reviews compliance of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances if any.

(E) Code of conduct:

The Board will make code of conduct for all the Board members and senior management personnel in the coming Board Meeting.

III. AUDIT COMMITTEE:

(A) Qualified & Independent Audit Committee:

The Audit Committee is functioning as under:

- (i) At present the committee comprises of two Promoter and Non Executive Directors viz Shri Mohan Hemandas Mansukhani, and Smt. Sunita Inder and Non-Executive Independent Directors viz Shri Jiten Tiwari.

- (ii) All the members of the committee are financially literate.
- (iii) Shri Jiten Tiwari was appointed as Chairman of the Audit Committee.
- (iv) The term of reference of the committee have been revised in conformity with the provisions of section 292A of the Companies Act 1956 and the new/revised clause 49 of the listing agreement.

(B) Meetings of Audit Committee

During the year meeting of the Audit Committee was held on 28.04.2009, 28.07.2009, 30.10.2009, 31.10.2009 and 31.01.2010

V. DISCLOSURES

(A) Related Party Transaction

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc that may have any potential conflict of interest with the company.

(B) Disclosure of Accounting Treatment

During the year, there has been no change in the accounting treatment of Accounting Standard applicable to the Company.

(C) Risk Management

In terms of new provision of Clause 49 & contemporary practices of good corporate governance, Company has developed the policies & procedures to assess the risk associated with the Company and minimization thereof and periodically informed the Board of Directors for their review to ensure that the executive management, controls the risk in accordance with the defined policies and procedures adopted by the Company.

Remuneration Committee

At present there is no Remuneration Committee of the Company.

Shareholders'/ Investors' Grievance Committee:

The Shareholders'/ Investors' Grievance Committee presently comprises of two Non-Independent, Executive Directors viz. Shri Mohan Hemandas Mansukhani, and Smt. Sunita Inder and one Independent and Non Executive Director viz. Shri Jiten Tiwari

In compliance with the SEBI guidelines the Company has appointed M/s. Skyline Financial Services Pvt. Limited as RTA (Registered Transfer Agent) to look after the share transfer, transmission, transposition, issuance of duplicate share certificate, share de-materialization / re-materialization etc. independently under the supervision and control of the Shareholders'/Investors' Grievance Committee.

VI. REPORT ON CORPORATE GOVERNANCE

The quarterly compliance report has been submitted to the stock exchanges where the companies' equity shares are listed in the requisite format and duly signed by the compliance officer.

VII. COMPLIANCE

(i) General Body Meetings:

Details of Location, Date and Time of Annual General Meetings held during last three years are given below:

Particulars	Time	Dated on which held	Venue
17th A.G.M	11.15 A.M	30th September 2009	M-3, Commercial Complex, Vikas Puri, New Delhi - 110018.
16th A.G.M	11.00 P.M	15th September 2008	M-3, Commercial Complex, Vikas Puri, New Delhi - 110018.
15th A.G.M	12.30 P.M	28th September 2007	M-3, Commercial Complex, Vikas Puri, New Delhi - 110018.

The Company has not passed any Special Resolution in the previous Three AGMs.

(ii) Means of Communications

Quarterly/Yearly results were published in newspapers .

(iii) General shareholder information

Annual General Meeting

Day & Date : Thursday, 30th September, 2010
 Time : 2.00 P.M.
 Venue : M-3, Commercial Complex, Vikas Puri, New Delhi - 110018 .

Financial Calendar (Tentative):

-	Next Annual General Meeting	: Sept 2011
-	Unaudited results for the	: End July
	quarter ended June 2009	2009
-	Unaudited results for the	: End October
	quarter/half year ended	2009
	September 2009	
-	Unaudited results for the	: End January
	quarter ended	2010
	December 2009	
-	Un-audited results for the	: End April
	Quarter ended March 2010	2010
-	Audited Results for the	: June/August
	Year ending March 2010	2010

Date of Book Closure:

From 28th day of September 2010 to 30th day of September 2010 (both days inclusive) for the purpose of Annual General Meeting.

Dividend Payment date:

The Board of Directors have not recommended any dividend on equity shares for the financial year 2009-10.

Name of the Stock Exchanges on which the equity shares of the Company are listed:

Delhi, Ahmedabad, Jaipur, Calcutta, Madras and Bombay Stock Exchange Ltd.

Listing Fee:

Listing fee has not been paid to all the Stock Exchanges for the financial year 2009-2010.

Market Price Data:

Stock Market Data is not available, since no share of the Company has been traded during the financial year.

Distribution of shareholding as on 31.03.2009 :

Shareholding of Nominal Value of Rs.	Shareholding of Nominal Value of		Share Amount	
	Number	% to Total	Rs.	% to Total
Upto - 500	2098	92.34	7086000	19.11
501-1000	15	0.66	118000	0.32
1001-2000	13	0.57	136000	0.37
2001-3000	8	0.35	192000	0.52
3001-4000	5	0.22	162000	0.44
4001-5000	3	0.13	128000	0.35
5001-10000	2	0.09	117000	0.32
10001 and above	128	5.63	29150000	78.59
Total	2272	100	37089000	100.00

Shareholding Pattern as on 31st March, 2009 :

Shareholders Category		Number of Shares	% of Shares
(A) Promoter and Promoter Group			
(1) Indian Promoters:			
-Individual/HUF		1040000	28.04
-Bodies Corporate		Nil	Nil
(2) Foreign Promoters:		Nil	Nil
Total Shareholding (A)		1040000	28.04
(B) Public Shareholding			
(1) Institutions:			
Mutual Funds/UTI		Nil	Nil
Financial Institutions/Banks		Nil	Nil
(2) Non-Institutions:			
Bodies Corporate		Nil	Nil
Individuals		2668900	71.96
NRIs/OCBs		Nil	Nil
Total Shareholding (B)		Nil	Nil
Total (A+B)		3708900	100

Registrar & Share Transfer Agents:

M/s. Skyline Financial Services Pvt. Ltd, D- 153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110020.

Address for correspondence:

M/s. Skyline Financial Services Pvt. Ltd

D-153 A, 1st Floor Okhla Industrial Area Phase-I, New Delhi - 110020, contact@skylinerta.com

System of Share Transfer: The aforementioned RTA has its own infrastructure commensurate with the work undertaken and is manned by skilled and trained staff.

De-materialisation of shares and liquidity: Company's shares are not available in Demat Form.

Outstanding GDRs/ADRs, and Convertible Bonds, Conversion date and likely impact on equity: Not Applicable.

For and behalf of Board

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

Date : 6th September, 2010
Place : New Delhi

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF K M CAPITAL LIMITED

We have examined the compliance of conditions of Corporate Governance by K M Capital Limited for the year ended March 31, 2010 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

**For VBR & Associates
Chartered Accountants**

**Sd/-
Vijay Bansal
Partner**

**Membership No. 88744
Firm's Registration No. 013174N**

**Place : New Delhi
Date : 6th Sep, 2010**

CEO AND CFO CERTIFICATION PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT:

This is to certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For K M Capital Limited

Place: New Delhi
Date: 06.09.2010

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

**ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(1) (D) (ii)
OF THE LISTING AGREEMENT**

As per the requirement of clause 49 (1) (D)(ii) of the Listing Agreement, I, Sunita Inder, Director hereby declare that all the Board Members and Senior Management Personnel of the company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year 2009-10.

Place : New Delhi
Date : 06.09.2010

Sd/-
Sunita Inder
Director

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES: -

(a) Basis of Accounting :-

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.

(b) Profit & Loss Account has been recognized on Mercantile Basis.

II. NOTES TO ACCOUNTS :-

- 1) Previous Year's figures have been regrouped or recast, wherever applicable.
- 2) There was no employee who was in receipt of remuneration aggregating of Rs. 6,00,000.00 or More in a year or Rs. 50,000.00 or More per month.
- 3) Balances of Debtors, Creditors and advances remain unconfirmed.
- 4) Contingent liabilities of company - Nil
- 5) Cash & Bank Balances have been taken on the basis of certificate of Management in this regard.
- 6) Bank Transactions remain unconfirmed as no bank statement is provided to the auditor.
- 7) Audit Fees Payable for the Year 2009-10 is Rs. 3000.00
- 8) Investment of the Company not physically verified by the auditor.
- 9) Fixed Assets not verified by the auditor.

For VBR & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm's Membership No. 013174N

Sd/-
Vijaya Bansal
Partner
Membership No. 88744

FOR & ON BEHALF OF THE BOARD

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

AUDITORS' REPORT

The Members,
K M CAPITAL LIMITED
New Delhi

We have audited the attached Balance Sheet of M/S K M CAPITAL LIMITED as at 31st March 2010 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in the terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account, as required by Law, have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the accounting standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956, and
- f) in our opinion and to the best of our information and explanations given to us, the said 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 31st March 2010; and
 - ii) in the case of the Profit & Loss Account, of the Loss for the year ended on that date.
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For VBR & Associates
CHARTERED ACCOUNTANTS

Sd/-
Vijay Bansal
PARTNER

Membership No. 88744
Firm's Registration No. 013174N

Place: Delhi
Date: 02.09.2010

ANNEXURE TO THE AUDITORS' REPORT

Annexure Referred to in paragraph 3 of our Auditor's Report of even date on the financial statements for the year ended 31.03.2010 of K M Capital Limited

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that: -

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of a major portion of fixed assets as at 31st March 2010 was conducted by the management during the year. No material discrepancies were noticed on such verification, as confirmed by the management. The frequency of verification is reasonable.
- (c) The company does not possess any Plant & Machinery. No purchases of Plant & Machinery made during the financial year.
- (ii) Not applicable since no inventory bought and/ or held during the year.
- (iii) (a) The Company has not granted any fresh loans during the year to Companies, firms and/ or other parties listed in the registers maintained under section 301 of the Companies Act, 1956 and/ or to the Companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956. The Company has not given any fresh loans and/ or advances in the nature of loans to any person during the year under review.
- (b) The Company has not taken any fresh loan from Companies, firms and / or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/ or from the Companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system, commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) (a) There is no transaction made in pursuance of contracts or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956; hence, not applicable.
- (vi) Company has not accepted any public deposits during the year in contravention to the provisions of section 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) In our opinion and according to information and explanations given to us, the maintenance of cost records, under section 209(1)(d) of the Companies Act, 1956 has not been prescribed for the company.
- (ix) (a) According to the information and explanations given to us, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Wealth Tax, Custom Duty, Excise Duty, etc. as referred are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2010 for a period of more than six months, from the date they became payable.
- (c) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2010 for a period of more than six months, from the date they became payable.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions or bank.
- (xi) In our opinion and according to the information and explanations given 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.
- (xii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society.
- (xiii) In our opinion, and according to the information and explanations given to us the company is not in the business of dealing or trading in shares, securities, debentures and other investments.

- (xiv) In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company
- (xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that no short-term funds have been utilized for long term investments. Further no long term funds have been used to finance short term assets, except working capital.
- (xvi) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year.
- (xvii) The company has not issued any debentures during the year.
- (xviii) The company has not raised any money by way of Public Issue during the year.
- (xix) To the best of our knowledge & belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For VBR & Associates
CHARTERED ACCOUNTANTS
Firm's Registration No. 013174N**

**Place: Delhi
Date: 02.09.2010**

**Sd/-
Vijay Bansal
Partner
Membership No. 88744**

K M CAPITAL LIMITED
BALANCE SHEET AS AT 31.03.2010

		Amount (Rs.)	
	SCHEDULE NO.	As At 31.03.2010	As At 31.03.2009
SOURCES OF FUNDS			
Share Capital	1	37089000	37,089,000
TOTAL Rs.		37089000	37,089,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	4823000	4823000
Less:- Depreciation		227000	227000
		4596000	4596000
INVESTMENT	3	2058000	2058000
CURRENT ASSETS & LOAN & ADVANCES	4	19680000	19683000
Less:- Current Liabilities & Provision	5	1848000	1848000
Net Current Assets		17835000	17835000
MISCELLANEOUS EXPENDITURE	6		
Profit & Loss Account		12600000	12600000
TOTAL Rs.		37089000	37089000

As per our Audit report of even date attached

For VBR & Associates
Chartered Accountants

Sd/-
Vijay Bansal
Partner
M.No. 88744

Place : Delhi
Dated : 02.09.2010

For K M Capital Limited

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

K M CAPITAL LIMITED
SCHEDULE MARCH 31, 2010

	Amount (Rs.)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
12000000 Equity Shares of Rs. 10/- each.	120,000,000	120,000,000
ISSUED, SUBSCRIBED & PAID UP		
3708900 Equity shares of Rs 10/- allotted as fully paid	37,089,000	37,089,000
3708900 Equity Shares of Rs. 10/- each. Fully paid in cash	37,089,000	37,089,000
Total 3708900 Equity Shares of Rs. 10/- each fully paid in cash	37,089,000	37,089,000
As per Balance Sheet :	37,089,000	37,089,000
SCHEDULE - 2 : FIXED ASSETS		
GROSS BLOCK:		
Commercial Building	4,823,000	4,823,000
Less: Depreciation	227,000	227,000
NET BLOCK	4,596,000	4,596,000
SCHEDULE - 3 : INVESTMENTS		
Investment in shares of Companies(At Cost):		
Punsumi Foils Ltd. 50000 Shares	500,000	500,000
Koa Tools Ltd. 15000 Shares	150,000	150,000
Onida Saka Ltd. 10000 Shaes	440,000	440,000
Onida Savak Ltd. 12000 Shares	300,000	300,000
Picadilly Sugars & Allied Ind. Ltd. 10000 Shaes	150,000	150,000
Rana Sugars Ltd. 10000 Shares	180,000	180,000
Tauras Limited 23000 Shares	230,000	230,000
Dewan Rubbers Ltd. 4000 Shares	108,000	108,000
	2,058,000	2,058,000
SCHEDULE - 4 : CURRENT ASSETS, LOANS & ADVANCES		
LOANS & ADVANCES		
(Unsecured, Considered Good)		
i) Advances recoverable in cash or kind or for value to be received	19,680,000	19,683,000
Total:-	19,680,000	19,683,000
SCHEDULE - 5: CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
	1,848,000	1,848,000
	1,848,000	1,848,000
SCHEDULE-6: Miscellaneous Expenditure		
Profit & Loss Account		
Opening balance	12,600,000	12,597,000
Add: During the year	3,000	3,000
As per Balance Sheet :	Total :- 12,603,000.00	12,600,000.00

K M CAPITAL LIMITED

AUDITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2010

		Amount (Rs.)	
	SCHEDULE ANNEXED	31.03.2010	31.03.2009
INCOME		-	-
INCOME		-	-
	TOTAL :-	-	-
EXPENDITURE		-	-
DEPRECIATION		3000	3000
GENERAL ADMINISTRATIVE EXPENSES			
	TOTAL :-	3000	3000
PROFIT BEFORE DEPRECIATION (LOSS)		-3000	-3000
DEPRECIATION		-	-
PROFIT BEFORE TAX		-3000	-3000
PROVISION FOR TAXATION :			
- CURRENT TAX		-3000	-3000
PROFIT AFTER TAX			
BROUGHT FORWARD PROFIT/(LOSS) FROM LAST YEAR		12,600,000	12,597,000
BALANCE CARRIED OVER TO BALANCE SHEET		12,603,000	12,600,000

For VBR & Associates
Chartered Accountants

Sd/-
Vijay Bansal
Partner
M.No. 88744

Place : Delhi
Dated : 02.09.2010

For K M Capital Limited

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

K M CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

[All amounts in Indian Rupees, except share data including share price, unless otherwise stated]

SCHEDULE 7: NOTES FORMING PART OF THE ACCOUNTS

1. Nature of Operations

K M Capital Limited ('the Company') was incorporated at National Capital Territory of Delhi and Haryana on April 22, 1992 to carry on in India or abroad the business to act as advisors in the area of Capital Market, both primary and secondary, for the benefit of individuals, Associations, Firms, companies, corporations, authorities, organisations, institutions, or any other entity in India or any part of the world

2. Statement of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Income Taxes:

Tax expense comprises of current & deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the period.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

g) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

h) Cash and Cash equivalents

Cash and Cash equivalents in the Balance Sheet comprises cash at bank and in hand and short term investments with an original maturity of three months or less.

3. Payments to Auditors (on accrual basis)

	Period ended March 31, 2010
	2720
Audit fees	280
Service Tax on audit fees	3,000
Total	

4. Related Party

Names of related parties
Key Management Personnel

Mr. Mohandas Hemandas Mansukhani
Mrs. Sunita Inder

5. Earnings per share (EPS)

The calculations of earning per share are based on the profit and number of shares as computed below:

Particulars	Period ended March 31, 2011
Net profit for calculation of basic EPS	(3,000)
Net profit for calculation of diluted EPS	(3,000)
Weighted average number of equity shares in calculating basic EPS	3708900
Weighted average number of equity shares in calculating diluted EPS	3708900
Basic EPS	(0)
Diluted EPS	(0)

6. Additional information pursuant to paragraph 3, 4C and 4D of Part II, Schedule VI to the Companies Act, 1956 to the extent either nil or not applicable, has not been furnished.
7. The previous year figures have been re-grouped or re-arranged wherever deem necessary to make them comparable with current year figures.

As per our report of even date.

For VBR & Associates
Chartered Accountants

Sd/-
Vijay Bansal
Partner
M.No. 88744

For and on behalf of the Board of Directors

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

Place : Delhi
Dated: 2nd September, 2010

K M CAPITAL LIMITED**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1. Registration Details**

Registration no.	48421	State Code	055
Balance Sheet Date	31-03-2010		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Issue	NIL
Preferential Allotment	NIL	Convertible Warrants	NIL

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

Total Liabilities	1,848,000	Total Assets	24,276,000
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Sources of Fund

Paid Up Capital	37,089,000	Convertible warrants	NIL
Reserves and Surplus	NIL	Secured Loans	NIL

Application of Funds

Net Fixed Assets	4,596,000	Investments	2,058,000
Net Current Assets	19,680,000	Deferred Tax Assets	NIL
Accumulated Losses	12,600,000	Misc. Expenditure	NIL

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

Turnover	NIL	Total Expenditure	(3,000)
Profit / Loss Before Tax	(3,000)		
Profit / Loss After Tax	(3,000)		
Earning Per Share	NIL	Dividend Rate %	NIL

5. Generic Names of Three Principal Products/ Services of the company (as per monetary terms)

Item Code no. (ITC Code)	NA
Product Description	Merchant Banker.

For VBR & Associates
Chartered Accountants

For K. M. Capital Limited

Sd/-
Vijay Bansal
Partner
M.No. 88744

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

Place : Delhi
Dated: 02.09.2010

K M CAPITAL LIMITED**STATEMENT OF CASH FLOWS AS ON MARCH 31, 2010**

	Amount (Rs.)	
	31.03.2010	31.03.2009
Cash flows from operating activities		
Profit before taxation	-3000	-3000
Adjustments for:		
Depreciation	0	0
Investment income	0	0
Preliminary Expenses Written Off	0	0
Interest expense	0	0
Profit / (Loss) on the sale of property, plant & equipment	0	0
Working capital changes:		
(Increase) / Decrease in trade and other receivables	0	0
(Increase) / Decrease in inventories	0	0
Increase / (Decrease) in trade payables	0	0
Cash generated from operations	0	0
Interest paid	0	0
Income taxes paid	0	0
Dividends paid	0	0
Net cash from operating activities	-3000	-3000
Cash flows from investing activities		
Business acquisitions, net of cash acquired	0	0
Purchase of property, plant and equipment	0	0
Proceeds from sale of equipment	0	0
Acquisition of portfolio investments	0	0
Investment income	0	0
Net cash used in investing activities	0	0
Cash flows from financing activities		
Proceeds from issue of share capital	0	0
Proceeds from long-term borrowings	0	0
Payment of long-term borrowings	0	0
Net cash used in financing activities	0	0
Net increase in cash and cash equivalents	0	0
Cash and cash equivalents at beginning of period	0	0
Cash and cash equivalents at end of period	0	0

As per our Audit report of even date attached

For VBR & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Vijay Bansal
Partner
M.No. 88744

Sd/-
Sunita Inder
Director

Sd/-
Mohan Hemandas Mansukhani
Director

Place : Delhi
Dated: 02.09.2010

K M CAPITAL LIMITED

M-18, Commercial Complex, Vikas Puri, New Delhi – 110018.

PROXY FORM

Folio No. _____

No. of Shares held: _____

I / we _____ of in the District of _____
 _____ being a member / members of the above named Company hereby appoint
 _____ of
 _____ in the District of _____ as
 my proxy to vote for me/us on my/ our behalf at the 18th Annual General of the Company to be held on Thursday,
 30th day of September 2010 at 2.00 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2010

Affix
Revenue
Stamp

Signature _____

Note : This form in order to be effective should be duly stamped, completed and signed must be deposited with the Company's
 Registered Office not less than 48 hours before the time for holding the aforesaid Meeting.

K M CAPITAL LIMITED

M-3, Commercial Complex, Vikas Puri, New Delhi – 110018

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

I hereby record my presence at the 18th ANNUAL GENERAL MEETING OF K M CAPITAL LIMITED at M-3, Commercial Complex,
 Vikas Puri, New Delhi - 110018 at 2.00 P.M. on Thursday, 30th day of September 2010.

Folio No. _____

No. of Shares held: _____

Name of the Shareholder
(Block Letters)

Signature _____

Name of the Proxy*
(Block Letters)

Signature _____

* To be filled if Proxy attends instead of member

NOTES

- Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signature registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary. Under no circumstances will any duplicate slip be issued at the entrance to the meeting hall.
- No Gifts/Coupons will be distributed at the meeting.

For K M CAPITAL LIMITED

BOOK-POST

For K M CAPITAL LIMITED


Company Secretary

If undelivered please return to:

K M CAPITAL LIMITED

M-3, Commercial Complex, Vikas Puri, New Delhi - 110018