

# **KBS INDIA LIMITED**

**26<sup>TH</sup> ANNUAL REPORT**

**2011-2012**

**Board of Directors:**

Mr. Tushar Shah	Chairman & Managing Director
Mrs. Madhu Shah	Director (Upto 11 <sup>th</sup> August, 2012)
Mr. Ketan Shah	Director
Mr. Nilesh Dharia	Director
Mr. Vinod Kumar Bapna	Director
Mr. Ghanshyam Karkera	Director (Upto 11 <sup>th</sup> August, 2012)

**Auditors:**

M/s. Gopal Rao & Associates  
Chartered Accountants  
Mumbai

**Bankers:**

Bank of India, Mumbai

**Registered Office:**

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

**Registrar and Share Transfer Agents:**

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

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## NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of **KBS INDIA LIMITED** will be held on Monday, the 31<sup>st</sup> day of December, 2012 at the Registered Office of the Company at 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai - 400 001 at 4.30 p.m. to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nilesh Dharia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re -appoint M/s. Gopal Rao & Associates, Chartered Accountants, Mumbai (having FRN: 127055W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956(including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of Mr. Tanay Shah, relative of Mr. Tushar Shah, Chairman & Managing Director and Mrs. Madhu Shah, Director of the Company as Quant Research Analyst of the Company w.e.f. 1<sup>st</sup> July, 2012 at a remuneration of Rs. 60,000/- (Rupees Sixty Thousand only) per month be and is hereby approved, with the liberty to the Board of Directors of the Company to revise the terms with respect to remuneration payable to him from time to time, provided that such increased remuneration shall not exceed Rs. 1,50,000/- p. m.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all actions and to do all such deeds, matters and things, as may be required from time to time to give effect to the above resolution."

**By Order of the Board of Directors**

Place : Mumbai  
Date : 3<sup>rd</sup> December, 2012

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

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.
3. Member/Proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed on Monday, the 31<sup>st</sup> day of December, 2012.
5. 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.
6. Shareholders are requested to bring their copies of Annual Report to the meeting.

7. Members are requested to address all correspondences to the Registrar and Share Transfer Agents - M/s. Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400078.
8. Details of director seeking re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement):

Name of Director	Mr. Nilesh Dharia
Date of Birth	12 <sup>th</sup> February, 1961
Nationality	Indian
Date of appointment as Director	11 <sup>th</sup> December, 2007
Designation	Director
Qualification	B.Com , FCA
Experience/Expertise	25 years
Shareholding in the Company Equity shares of Rs. 10/- each	NIL
List of Directorships held in other Companies	NIL
Relationship with existing Directors of the Company	None

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

### Item No. 4

The Board of Directors of the Company appointed Mr. Tanay Shah, relative of Mr. Tushar Shah, Chairman and Managing Director and Mrs. Madhu Shah, Director of the Company as Quant Research Analyst w.e.f. 1<sup>st</sup> July, 2012 at a remuneration of Rs. 60,000/- per month. He holds degree of Bachelor of Arts (B.A.) from Indiana University and has cleared 2<sup>nd</sup> level of Chartered Financial Analyst.

As per the provisions of Section 314(1)(b) of the Companies Act, 1956, the approval of members is required in case of the appointment of any relative of director(s) holding any office or place of profit, if his/her remuneration exceeds Rs. 50,000/- per month.

The approval of members is being sought for appointment of Mr. Tanay Shah as Quant Research Analyst and payment of remuneration to him as set out at Resolution No. 4 of the Notice.

The Board recommends passing of the Special Resolution as set out at item no. 4.

Except Mr. Tushar Shah, none of the directors of the Company are concerned or interested in the said resolution.

**By Order of the Board of Directors**

Place : Mumbai  
Date : 3<sup>rd</sup> December, 2012

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

**DIRECTORS' REPORT**

To,  
The Members of  
**KBS India Limited**

Your Directors have pleasure in presenting herewith 26<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2012.

**FINANCIAL HIGHLIGHTS:**

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

(Amount in Rs.)

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
Income from operation and other Income	1,89,19,093	1,35,69,647
Profit before Depreciation & Amortization Expenses, Finance Cost and Tax	24,54,540	20,80,958
Less: Depreciation	5,15,288	5,89,756
Finance Cost	1,02,846	2,09,195
Profit (Loss) before Tax	18,36,406	12,82,007
Less: Current tax	2,75,460	1,76,472
Deferred Tax	-	-
Profit/(Loss) After Tax	15,60,946	11,05,535
Add: Balance brought forward from previous year	3,39,18,331	3,28,12,797
Balance carried to Balance Sheet	3,54,79,278	3,39,18,332

**OPERATIONS:**

The Company had total revenue of Rs. 189.19 Lacs during the year as compared to Rs. 135.69 Lacs during the previous year. The Profit before tax achieved to Rs. 18.36 Lacs during the year as compared to Profit before tax of Rs. 12.82 Lacs in the previous year. After considering the provision for taxation of Rs. 2.75 Lacs, your Company has achieved a net profit of Rs. 15.61 Lacs during the year as compared to Profit of Rs. 11.05 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, 2012.

**DIRECTORS:**

During the period under review, Mrs. Madhu Shah and Mr. Ghanshyam V. Karkera, resigned from the Directorship of the Company w.e.f. 11<sup>th</sup> August, 2012. The Board places on record its appreciation for their valuable contribution during their tenure as Directors of the Company.

In accordance with the provisions of Articles of Association of the Company, Mr. Nilesh Dharia is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Board recommends his re-appointment.

Brief resume of the Director proposed to be re-appointed as stipulated under clause 49 of the Listing Agreement entered into with BSE Limited is given in the notice convening the 26<sup>th</sup> Annual General Meeting of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

(i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material

departures have been made from the same;

- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 31<sup>st</sup> March, 2012 and the Profit of the Company for the period ended on that date;
- (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 the Statutory Auditors of your Company hold such office upto the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend the re-appointment of M/s Gopal Rao & Associates, Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to audit financial accounts for the financial year ending on 31<sup>st</sup> March, 2013.

**PUBLIC DEPOSIT:**

During the year under review, the Company has not accepted any deposits from the public within the meaning of Section 58A & 58AA of the Companies Act, 1956 and rules made thereunder.

**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.

**SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS OF SUBSIDIARY COMPANY:**

The Company has a wholly owned subsidiary company named "KBS Capital Management (Singapore) Pte. Ltd.", Singapore which is engaged in the consultancy services business.

A statement containing brief financial details of the Company's subsidiary for the period ended 31<sup>st</sup> March, 2012 is given in Annexure attached to this Report.

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated February 8, 2011 have granted general exemption from attaching the Balance Sheets of subsidiary companies with the holding company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing consolidated financial statements in the Annual Report, hence the Balance Sheet of subsidiary company is not attached with the Company's Balance Sheet. Further, the annual accounts of the subsidiary company and the related detailed information will be made available upon request to any member of the Company interested in obtaining the same during the Annual General Meeting and are also available for inspection during business hours at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include Financial Results of its subsidiary company are prepared in strict compliance with applicable Accounting Standards.

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

The Company has taken approval from the Registrar of Companies, Maharashtra, Mumbai, vide letter dated 30<sup>th</sup> August, 2012 and has extended the period of holding the Annual General Meeting of the Company for the financial year ended 31<sup>st</sup> March, 2012 by three months i.e. up to 31<sup>st</sup> December, 2012.

**PERSONNEL:**

During the year under review, no employee was in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended. Hence, your directors have nothing to report in this regard.

**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.

**ACKNOWLEDGEMENT**

Your Directors express their gratitude for assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

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

Place : Mumbai  
Date : 3<sup>rd</sup> December, 2012

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

**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, 2012.

(Amount in Rs.)

Sr. No.	Particulars	KBS Capital Management (Singapore) Pte. Ltd.
1.	Financial year ended	31-03-2012
2.	Share Capital	90
3.	Reserve & Surplus	1599437
4.	Total Assets	2924743
5.	Total Liabilities	1325306
6.	Investments (excluding investments in subsidiary companies)	Nil
7.	Turnover & Other Income	4165877
8.	Profit/(Loss) before Taxation	499066
9.	Provision for Taxation	Nil
10.	Profit/ (Loss) after Taxation	499066
11.	Proposed Dividend	Nil

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 3<sup>rd</sup> December, 2012

**Tushar Shah**  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of the Indian Economy.

The current macro-economic scenario in India is characterized by an emerging conflict, where we see a sustained momentum in national consumption and the weakening pace of investment activity. In the early period of the economic recovery in FY10, investments grew sharply, largely reflecting the inventory re-stocking cycle. However, the momentum seems to be slowing as is reflected in the more recent quarterly GDP and monthly IIP data. The trends in the order books of large capital goods companies also appear sluggish. Sharp rise in cost of capital due to continual liquidity shortage observed since July 2010, heavy government borrowing, inflationary pressures and the ensuing interest rate hikes by the Reserve Bank of India and a slowdown in reform and approval process from the government seem to have weighed on business sentiments during the beginning of FY12. India's growth rate slowed in quarter July to September to 5.3%, putting pressure on the government to implement more reforms and ease monetary policy.

The prioritizing of current economic expansion in favor of investment requires tackling the inflationary pressures while keeping a lid on fiscal spending. While there have been early signs of the government accelerating the reform/approval process for projects, the issues of inflation and fiscal spending have not shown any convincing signs of abatement. It must be noted that the Indian government has taken various steps, including opening its retail and aviation sectors to foreign investment, in an attempt to boost its growth rate. Weaker global demand for exports, a dip in foreign investment and a political stalemate over key reforms have been cited as key reasons behind the drop in the growth rate. At the same time, the RBI has - twice in two months - lowered the amount of money that banks need to keep in reserve to try to boost lending. The moves are expected to inject 275bn rupees (\$5bn) into the markets. These measures, coupled with signs of improvement in major economies such as the US, are likely to have a positive impact on growth in the coming months.

However, India is clearly becoming a more and more important player on the world stage in G20 context, in terms of its role in the global economy. India is expected to be the second largest manufacturing country in the next five years, followed by Brazil as the third ranked country and is still expected to grow at a healthy rate in the long term.

Some of the other important economic developments in the country are as follows:

The cumulative amount of foreign direct investments (FDI) equity inflows into India were worth US\$ 179,025 million between April, 2000 to August, 2012, of which US\$ 8,166 million was recorded during the April, 2012 to August, 2012 period.

Total exports from the Indian services sector stood at US\$ 11.94 billion in September, 2012, up 6.3 per cent from US\$ 11.23 billion in September, 2011, as per data released by the Reserve Bank of India (RBI)

Foreign Institutional Investors (FIIs) remain substantially bullish on Indian markets and have invested over US\$ 13 billion into Indian stocks so far in 2012. Foreign Institutional Investors (FIIs) made a net investment of Rs 11,364 Crores (US\$ 2.05 billion) in the equity market and of Rs 7,851.70 Crores (US\$ 1.41 billion) in the debt market upto October 12, 2012 in the current year, according to data released by the Securities and Exchange Board of India (SEBI).

Mergers & Acquisitions (M&A) and Private Equity (PE) deal activities witnessed an increase in October, 2012 with cumulative value worth US\$ 3.1 billion from 90 transactions.

### Indian Capital Markets.

During the year, the equity markets continued to be affected by a lack of interest by retail investors, however markets have remained positive this year on the back of robust FII inflows. The interest rate hikes by the Reserve Bank of India in order to temper inflation also affected capital raising activity through bonds as well as corporate borrowing costs, however there have been many signals since the beginning of the year that would indicate that the RBI is now ready to focus more on the growth story and start cutting rates soon. The commodity markets were also volatile in view of pressure on global commodity prices. We see the concerns persisting in the early part of the year ahead of us. However, with an expected boost in the infrastructure expenditure and with the industries already facing capacity crunch, we expect domestic investment activity to revive in the latter half of the coming year.

However, High FII net inflows continued in FY12, boosting the Nifty to reach near 6000 levels once again signaling the conviction of the foreign investors in the long- term potential of the Indian markets as there has been a revival in share market turnover. Inflows from foreign institutional investors, the main driver of Indian equities, topped US \$20 billion in the first 11 months of the calendar year-the second highest since 1993, when India opened the doors to this class of investors.

A rise in global liquidity, following quantitative easing by central banks in Europe and the US, is seeing money flowing into emerging market stocks. A cheaper rupee has also made Indian markets attractive as the dollar stretches further. The rupee has fallen 2.96% against the dollar since January. After a lull in the middle of the year, the market gathered steam in September with the government kicking off a long-pending economic reform process with the relaxation of foreign investment norms in airlines and retail, among other measures, ending a lengthy policy impasse. Investors were also buoyed by hopes at the time that US lawmakers would agree on a budget deal by the year end to avoid a fiscal crisis. As investor optimism picks up, global fund preferences are changing and money is moving from Europe, Russia and the Middle East markets to emerging market stocks that offer comparatively higher returns.

Investors continue to chase GDP growth stories, where India, despite its many woes and blockages, continues to grow at more than 5%. A combination of quantitative easing and a sense that the worst is behind the Indian economy suggests that this liquidity will continue to come to India. Bullishness is slowly returning to the market as India's central bank is expected to cut its policy rate in January, pushing down the cost of money even as there are signs of so-called core inflation, or non-food, non-oil, manufacturing inflation, easing in Asia's third largest economy.

Historical trends show that the proportion of cash volumes in developed markets like America and Europe, where both cash and F&O segments are matured, is around 30-40%. In India, it has been close to the 25% mark. The cash segment in India is expected to mirror the global markets and return to its historical average over the medium to long term. As the Indian markets show a sustained, positive growth, this will drive up retail participation directly or through IPOs, which in turn would increase Cash market participation and volumes. As players focusing on the cash side of the business have traditionally seen higher profitability levels, they are expected to witness higher profitability growth as the above trend reversal unfolds.

### **Risks and Concerns**

The laggard recovery of the US economy and the "Fiscal Cliff" issue combined with the turmoil in the European nations has the potential to stifle India's growth. The Indian IIP figures have not been very convincing, while corporate earnings have suffered due to the staggered interest rate hikes by the Reserve Bank of India. We still have some worries in terms of inflation, bloated fiscal deficit and raising food grains prices. However, the Reserve Bank of India has undertaken appropriate measures to temper these problems and inflationary concerns are expected to abate early next year. However, it must be noted that if the global situation worsens, there are chances of a significant decline in Indian capital market participation from the FII's and would adversely impact our business.

Employee retention is of a concern with ever increasing number of players in the industry resulting in growing number of opportunities for professionals. Higher attrition rate may affect the performance of the Company. As the Company uses the network systems for off line and on line broking, breakdown in systems can affect the turnover and revenues. However, the Company has installed 100% system redundancy to ensure uninterrupted quick connectivity.

### **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.

### **Internal Control System**

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

### **Opportunities and Threats**

Your Company has embarked on capitalizing the opportunities on the Wealth Management Services front and is also

exploring Portfolio Management Service, Currency and Derivatives segment. Your Company has already entered into the F&O segment in the past year. The robust growth over the years in per capita income levels and savings rate presents an immense opportunity for financial services companies like us. The immense growth in the F&O segments as well as the increasing amount of FII inflows are very reassuring for the Company and an entry into this new segment would greatly benefit the Company.

There is an increasing demand for the advisory services and more awareness on investment planning among investors. Your Company recognizes that sound investment planning advice along with the Company being able to offer bouquet of investment products to its customers besides transaction execution capabilities is a key thrust area and thereby is planning to focus on the same. The Stock Broking Industry has witnessed intense competition, falling brokerage rates and the entry of several big players. However, Your Company continues to achieve cost efficiencies through the application of technology and targeting niche areas with better margins.

### **Outlook**

Despite the global turmoil, India continues to remain the one of the fastest growing economies. India is likely to remain an attractive long-term investments destination for foreign investors. There has been considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in recent years and the entry of sophisticated domestic and international players. Strong economic growth, favorable demographics, increased geographic penetration; growth of small and medium enterprises and the increasing needs for capital among Indian corporations are expected to continue to drive India's financial services industry.

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

### **Discussion on financial performance with respect to operational performance**

The Company earned total revenue of Rs. 189.19 lacs during the year as compared to Rs. 135.69 Lacs during the previous year. The Profit before tax achieved to Rs. 18.36 Lacs during the year as compared to Profit before tax of Rs. 12.82 Lacs in the previous year. After considering the provision for taxation of Rs. 2.75 Lacs, your Company has achieved a net profit of Rs. 15.61 Lacs during the year as compared to Profit of Rs. 11.05 Lacs in the previous year.

### **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**

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

## 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. As on 31<sup>st</sup> March, 2012 the Board had six directors. Out of these, two are Promoter Directors, 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. Matters 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 5 (five) times on 29<sup>th</sup> April, 2011, 14<sup>th</sup> May, 2011, 11<sup>th</sup> August, 2011, 1<sup>st</sup> November, 2011 and 10<sup>th</sup> February, 2012. As stipulated, the gap between two board meetings did not exceed four calendar months.

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 are as follows:

Name of Director	Category	No. of Board Meetings Attended	Attendance at last AGM held on 16 <sup>th</sup> December, 2011	No. of directorship held in other public companies	Committee Position in other companies	
					Member	Chairman
Shri Tushar Shah	Promoter/ Chairman and Managing Director	5	Yes	-	-	-
Smt. Madhu Shah	Promoter / Director	2	Yes	-	-	-
Shri Ketan Shah	Non - Executive / Non - Independent Director	4	Yes	-	-	-
Shri Nilesh Dharia	Independent Director	4	Yes	-	-	-
Shri Vinod Bapna	Independent Director	4	Yes	-	-	-
Shri Ghanshyam Karkera	Independent Director	3	Yes	-	-	-

#### Note :

- 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.
- The directorship held by directors as mentioned above do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Companies.

### 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, 4 (four) meetings of the Audit Committee were held on 14<sup>th</sup> May, 2011, 11<sup>th</sup> August, 2011, 1<sup>st</sup> November, 2011 and 10<sup>th</sup> February, 2012.

The number of meetings attended by each member during the year ended 31<sup>st</sup> March, 2012 is as under:

Name	Designation	No. of Meetings	
		Held	Attended
Shri Ganshyam Karkera <sup>1</sup>	Chairman	4	2
Shri Vinod Bapna	Member	4	4
Shri Tushar Shah	Member	4	4
Shri Nilesh Dharia <sup>2</sup>	Chairman	4	2

**Note :**

1. Ceased to be Member of the Committee w.e.f 11<sup>th</sup> August, 2011.
2. Appointed as Chairman of the Committee w.e.f 11<sup>th</sup> August, 2011.

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 and 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.

Shri Nehal Shah, Compliance Officer, acts as the Secretary of the Committee.

**b. Shareholders' / Investors' Grievance Committee**

During the year under review, 4 (four) meetings of the Shareholders' / Investors' Grievance Committee were held on 14<sup>th</sup> May, 2011, 11<sup>th</sup> August, 2011, 1<sup>st</sup> November, 2011 and 10<sup>th</sup> February, 2012. The number of meetings attended by each member and composition of the Committee during the year ended 31<sup>st</sup> March, 2012 is as under:

Name	Designation	No. of Meetings	
		Held	Attended
Shri Tushar Shah	Chairman	4	4
Shri Ketan 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 Nehal Shah is the Compliance Officer of the Company.

**c. Remuneration Committee**

The composition of the Remuneration Committee as on 31<sup>st</sup> March, 2012 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.

Shri Nehal Shah, Compliance Officer, acts as the Secretary of the Committee.

The details of remuneration paid to the Directors during the year ended 31<sup>st</sup> March, 2012 and their shareholding is as follows:

Name of the Directors	Salary & Perquisites	Performance Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares held
Shri Tushar Shah	12,00,000	-	-	-	12,00,000	22,09,688
Smt. Madhu Shah	-	-	-	-	-	8,81,220
Shri Ketan Shah	-	-	-	-	-	9,00,000
Shri Nilesh Dharia	-	-	-	16,000	16,000	-
Shri Vinod Bapna	-	-	-	8,000	8,000	-
Shri Ghanshyam Karkera	-	-	-	16,000	16,000	-

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. 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
2010-2011	16 <sup>th</sup> December, 2011	4.00 p.m.	502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai - 400 001
2009-2010	27 <sup>th</sup> September, 2010	12.30 p.m.	
2008-2009	30 <sup>th</sup> September, 2009	12.30 p.m.	

Details of Special Resolutions passed in the previous three Annual General Meetings are as under.

Date	Purpose of Special Resolution
16 <sup>th</sup> December, 2011	Special Resolution was passed for alteration of Articles of Association of the Company.
27 <sup>th</sup> September, 2010	No special resolution was passed.
30 <sup>th</sup> September, 2009	No special resolution was passed.

No Special Resolution was passed through Postal Ballot during the financial year 2011-12. None of the business proposed to be transacted in the ensuing Annual general Meeting require passing a Special Resolution through Postal Ballot process.

#### 5. 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 and 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.

##### 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 Exchange, 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 a certificate from Shri Tushar Shah, Chairman and Managing Director of the Company, in respect of financial year ended 31<sup>st</sup> March, 2012 was placed before the Board.

**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, 2012 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 Clause 49 of the Listing Agreement. The details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant sections of this report.

**6. MEANS OF COMMUNICATION**

- a) At present half yearly report on accounts is not being sent to each household of shareholders.
- b) The quarterly, half - yearly and yearly results are published in Business Standard and Mahanayak.
- c) At present, the Company does not make presentation to institutional investors and analysts.
- d) The Management Discussion and Analysis given separately forms part of this Annual Report.

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

Time : 4.30 p.m.

Date : 31<sup>st</sup> December, 2012

Day : Monday

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

**b) Financial Calendar : (2012-2013)**

Financial year	- 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013
First quarter results	- On 11 <sup>th</sup> August, 2012
Second quarter result	- On 8 <sup>th</sup> November, 2012
Third quarter result	- By 14 <sup>th</sup> February, 2013
Fourth quarter results (Audited)	- By 30 <sup>th</sup> May, 2013

**c) Date of Book Closure : 31<sup>st</sup> December, 2012****d) Dividend Payment Date : N.A.****e) Listing on Stock Exchanges : BSE Limited**

The Company has paid the necessary listing fees for the year 2012-2013.

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 and BSE Sensex during each month in last financial year are as follows:

Month	Company's shares price at BSE*		BSE Sensex*	
	High (Rs.)	Low (Rs.)	High (Points)	Low (Points)
April, 2011	36.90	36.90	19811.14	18976.19
May, 2011	39.50	33.45	19253.87	17786.13
June, 2011	42.50	38.75	18873.39	17314.38
July, 2011	38.40	38.40	19131.70	18131.86
August, 2011	40.00	34.80	18440.07	15765.53
September, 2011	35.75	25.70	17211.80	15801.01
October, 2011	38.65	33.25	17908.13	15745.43
November, 2011	39.80	32.45	17702.26	15478.69
December, 2011	35.60	26.00	17003.71	15135.86
January, 2012	33.25	31.60	17258.97	15358.02
February, 2012	30.05	18.15	18523.78	17061.55
March, 2012	19.95	15.75	18040.69	16920.61

\*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 (India) Limited (CDSL) within 15 days.

j) **Shareholding Pattern as at 31<sup>st</sup> March, 2012 (Equity):**

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	1.44
6.	Bodies Corporate	94,129	1.10
7.	Individuals	19,80,366	23.24
8.	Clearing Member	11,585	0.14
9.	Directors and their relatives and 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	- 26.99
	<b>TOTAL</b>	<b>85,21,188</b>	<b>100.00</b>



k) **The Distribution of Shareholding as on 31<sup>st</sup> March, 2012 (Equity) :**

Slab of Shares Holding		Share Holders	Percentage %	Shares	Percentage %
From	To				
1	500	442	70.72	88,177	1.04
501	1000	46	7.36	39,965	0.47
1001	2000	41	6.56	65,119	0.76
2001	3000	17	2.72	43,789	0.51
3001	4000	12	1.92	43,866	0.51
4001	5000	8	1.28	38,200	0.45
5001	10000	24	3.84	1,81,164	2.13
10001 and above		35	5.60	8,020,908	94.13
<b>TOTAL</b>		<b>625</b>	<b>100.00</b>	<b>85,21,188</b>	<b>100.00</b>

l) **Dematerialisation of shares and liquidity:**

As on 31<sup>st</sup> March, 2012 about 98.25% 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, 2012 represent 23,00,000 Equity Shares constituting 26.99% of the paid up Share Capital of the Company. 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

p) **Address for investor correspondence:**

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

**Link Intime India Private Limited**

Unit: KBS India 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. Nehal Shah**

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

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**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 2011-12.

**For KBS India Limited**

Place : Mumbai  
Date : 3<sup>rd</sup> December, 2012

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

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of  
**KBS INDIA LIMITED**

We have examined the Compliance of the conditions of Corporate Governance of KBS INDIA LIMITED for the year ended 31<sup>st</sup> March, 2012 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's 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.: FCS 6252

C. P. No. : 3531

Place : Mumbai  
Date : 3<sup>rd</sup> December, 2012

**AUDITORS' 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, 2012 together with the Statement of Profit & Loss 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, 2012 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, 2012 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, 2012;
  - ii. In the case of the Statement of Profit and Loss, of the Profit for the year ended as on that date.
  - iii. In the case of the Cash Flow Statement, of the Cash Flows for the year ended as on that date.

**For and on behalf of****Gopal Rao & Associates**

Chartered Accountants

Firm Registration No. 127055W

**N. G. Rao**

(Proprietor)

Membership No. 33665.

Place: Mumbai

Date: 3<sup>rd</sup> December, 2012.

**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<sup>st</sup> March, 2012 is Rs. 10,41,63,087/-.
  - 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.

- 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 not raised money 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  
Firm Registration No. 127055W

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

Place: Mumbai  
Date: 3<sup>rd</sup> December, 2012.

**BALANCE SHEET FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	As on 31 <sup>st</sup> March, 2012 Rs.	As on 31 <sup>st</sup> March, 2011 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	1	90,211,880	90,211,880
(b) Reserves and Surplus	2	156,218,169	154,657,223
(c) Money received against share warrants		-	-
<b>2. Share application money pending allotment</b>		-	-
<b>3. Non-current liabilities</b>			
(a) Long-term Borrowings		-	-
(b) Deferred Tax Liabilities (net)		-	-
(c) Other Long-Term Liabilities		-	-
(d) Long-term provisions		-	-
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings	3	2,025,500	3,205,500
(b) Trade Payables	4	238,826	8,646
(c) Other Current Liabilities	4A	2,497,329	6,503,890
(d) Provisions	5	656,777	381,317
<b>TOTAL</b>		<b>251,848,481</b>	<b>254,968,455</b>
<b>II ASSETS</b>			
<b>1. Non Current Assets</b>			
<b>a) Fixed Assets</b>	6		
<b>(i) Tangible</b>			
Gross Block		16,781,961	16,712,261
Less: Depreciation		13,889,818	13,374,530
Net Block		<b>2,892,143</b>	<b>3,337,731</b>
<b>(ii) Intangible</b>	6	19,601,000	20,101,000
<b>b) Non Current Investment</b>	7	3,243	3,243
<b>c) Long Term Loans &amp; Advances</b>		-	-
<b>2. Current Assets</b>			
(a) Current Investments	8	8,665,087	8,665,087
(b) Inventories		-	-
(c) Trade Receivables	9	56,531,464	79,223,461
(d) Cash and Cash Equivalents	10	12,756,256	(1,221,925)
(e) Short-term Loans and Advances	11	144,022,353	135,110,336
(f) Other Current Assets	12	7,376,937	9,749,523
<b>TOTAL</b>		<b>229,352,096</b>	<b>231,526,482</b>
		<b>251,848,481</b>	<b>254,968,455</b>

The notes referred to above form an integral part of the Balance Sheet.

**As per our Audit Report of Even Date**  
**FOR GOPAL RAO & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 127055W

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

**N. G. Rao**  
Proprietor

**Tushar Shah**  
Chairman & Managing Director

**Ketan Shah**  
Director

PLACE : MUMBAI  
DATE : 3<sup>rd</sup> December, 2012.

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2012 Rs.	Year Ended 31 <sup>st</sup> March, 2011 Rs.
<b>INCOME</b>			
Revenue from Operations	14	169,238	9,561,021
Other Income	15	18,749,854	4,008,626
<b>Total Income</b>		<b>18,919,093</b>	<b>13,569,647</b>
<b>EXPENDITURE</b>			
Administration Expenses	16	10,310,852	5,896,489
Employee Benefit Expenses	17	4,013,059	3,587,906
Finance Charges	18	102,846	209,195
Depreciation	6	515,288	589,756
Other Expenses	19	2,140,642	2,004,293
<b>Total Expenditure</b>		<b>17,082,687</b>	<b>12,287,640</b>
Profit / (Loss) before exceptional and extraordinary items and tax		1,836,406	1,282,007
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		1,836,406	1,282,007
Extraordinary items		-	-
Profit / (Loss) before tax		1,836,406	1,282,007
Tax expense:		-	-
Less: Provision for - Current Tax		275,460	176,472
- Deferred Tax		-	-
Profit / (Loss) after Taxation		1,560,946	1,105,535
Earning Per Share			
(a) Basic and Diluted		0.22	0.17
Balance Carried from Previous Year		33,918,332	32,812,797
Balance Carried to Balance Sheet		<b>35,479,278</b>	<b>33,918,332</b>

The notes referred to above form an integral part of the Statement of Profit & Loss.

**As per our Audit Report of Even Date**  
**FOR GOPAL RAO & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 127055W

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

**N. G. Rao**  
Proprietor

**Tushar Shah**  
Chairman & Managing Director

**Ketan Shah**  
Director

PLACE : MUMBAI  
DATE : 3<sup>rd</sup> December, 2012.



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>Cash Flow from Operating Activities:</b>		
Net Profit/(Loss) before taxation	1,282,007	1,836,406
Adjustment for:		
Depreciation Expense	589,756	515,288
Interest on Other Loan	103,262	-
(Gain)/Loss on Disposal of Investments	(440,337)	-
Interest Income	(3,497,752)	(4,496,263)
Dividend Income	(17,473)	-
<b>Operating Profit/(Loss) before Working Capital</b>	<b>(1,980,537)</b>	<b>(2,144,569)</b>
(Increase)/Decrease in Trade and Other Receivables	804,700	22,691,997
(Increase)/Decrease in Adv and Dep (Current)	(125,184,306)	-
(Decrease)/Increase in Payables and Accruals	3,545,570	-
(Decrease)/Increase in Other Current Assets	-	2,372,586
Trade Payables	-	230,180
Other Current Liabilities	-	(4,006,561)
<b>Cash (absorbed by)/generated from Operations</b>	<b>(122,814,574)</b>	<b>21,288,202</b>
Taxation	-	(275,460)
<b>Net cash (absorbed by)/generated from operating activities</b>	<b>(122,814,574)</b>	<b>21,012,742</b>
<b>Cash Flows from Investing activities:</b>		
Purchase of Fixed Assets	(367,679)	(69,700)
Investments	(8,266,430)	-
Loan repaid for Car loan	-	-
Additional loans given during the year	-	(8,912,017)
Interest received	3,497,752	4,496,263
Profit on Sale of Investments	440,337	-
Dividend Received	17,473	-
<b>Net Cash (absorbed by)/generated from Investing activities</b>	<b>(4,678,547)</b>	<b>(4,485,454)</b>
<b>Cash Flows from Financing activities:</b>		
Other Loans repaid	(16,194,058)	(1,180,000)
Bank Loan Taken	12,927,885	-
ICD Deposit Repaid	-	-
Issue of Equity Warrant	(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	(103,262)	(102,846)
<b>Net Cash (absorbed by)/generated from Financing activities</b>	<b>137,611,915</b>	<b>(1,282,846)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>10,118,794</b>	<b>13,978,181</b>
<b>Cash and Cash Equivalent (opening balance)</b>	<b>4,227,402</b>	<b>(1,221,925)</b>
<b>Cash and Cash Equivalent (closing balance)</b>	<b>14,346,195</b>	<b>12,756,256</b>

As per our Audit Report of Even Date  
FOR GOPAL RAO & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 127055W

For and on behalf of the Board of Directors

**N. G. Rao**  
Proprietor

**Tushar Shah**  
Chairman & Managing Director

**Ketan Shah**  
Director

PLACE : MUMBAI  
DATE : 3<sup>rd</sup> December, 2012.



## NOTES TO ACCOUNTS

PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>NOTE - 1</b>		
<b>Share Capital</b>		
<b>AUTHORISED</b>		
120,000,00 (120,000,00) Equity Shares @ Rs. 10/- each	120,000,000	120,000,000
2,00,000 (2,00,000) 0% Redeemable Preference Shares @ Rs. 100/- each	20,000,000	20,000,000
<b>TOTAL</b>	<b>140,000,000</b>	<b>140,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
85,21,188 (2011- 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	85,211,880
50,000 ( 2011- 50,000 ) 0% Redeemable Pref. Shares @ Rs. 100/- each	5,000,000	5,000,000
<b>TOTAL</b>	<b>90,211,880</b>	<b>90,211,880</b>

18,00,000 Convertible Equity Share Warrant of Rs 25.16 each at a Premium of Rs 15.16 each

The reconciliation of the Closing amount and Opening amount of Share Capital is given as follows:

PARTICULARS	Opening Balance	Additions	Deductions	Closing Balance
<b>Authorised Capital</b>				
1,20,00,000 Equity Shares of Rs.10 Each	120,000,000	-	-	120,000,000
2,00,000 Preference Shares of Rs. 100 Each	20,000,000	-	-	20,000,000
<b>Issued Share Capital</b>				
85,21,188 Equity Shares of Rs.10 Each	85,211,880	-	-	85,211,880
50,000 Preference Shares of Rs. 100 Each	5,000,000	-	-	5,000,000
<b>Subscribed and Fully Paid up Capital</b>				
85,21,188 Equity Shares of Rs.10 Each	85211880	-	-	85,211,880
50,000 Preference Shares of Rs. 100 Each	5000000	-	-	5,000,000
Calls Unpaid	-	-	-	-
Forfeited Shares	-	-	-	-
<b>TOTAL</b>	<b>90,211,880</b>	<b>-</b>	<b>-</b>	<b>90,211,880</b>

## NOTES TO ACCOUNTS

Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Tushar Suresh Shah	2,209,688	25.93	2,209,688	25.93
Ketan Babulal Shah	900,000	10.56	900,000	10.56
Yogesh Chandawalla	890,000	10.44	900,000	10.56
Madhu Suresh Shah	881,220	10.34	881,220	10.34
<b>Total</b>	<b>4,880,908</b>	<b>57.27</b>	<b>4,890,908</b>	<b>57.39</b>
<b>0% Redeemable preference shares</b>				
M/s Rivoli	50000	100	50000	100
<b>PARTICULARS</b>			<b>As at</b>	<b>As at</b>
			<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>
<b>NOTE - 2</b>				
<b>Reserves &amp; Surplus</b>				
Share Premium Account			112,689,850	112,689,850
Capital Reserve			936,569	936,569
General Reserve			5,000,000	5,000,000
Profit & Loss Account				
Opening Balance:	36,030,803			
Add : Profit During the year	<u>1,560,946</u>		37,591,749	36,030,803
	<b>TOTAL</b>		<b>156,218,169</b>	<b>154,657,223</b>
<b>NOTE - 3</b>				
<b>Short Term Borrowings</b>				
Loans repayable on demand				
From Individuals / Firms			2,025,500	1,705,500
From Companies			-	1,500,000
	<b>TOTAL</b>		<b>2,025,500</b>	<b>3,205,500</b>
<b>NOTE - 4</b>				
<b>Trade Payable</b>				
Trade Payable			238,826	8,646
	<b>TOTAL</b>		<b>238,826</b>	<b>8,646</b>
<b>NOTE - 4A</b>				
<b>Other Current Liabilities</b>				
Other Current Liabilities			2,497,329	6,503,890
	<b>TOTAL</b>		<b>2,497,329</b>	<b>6,503,890</b>
<b>NOTE - 5</b>				
<b>Provisions</b>				
Provision For Tax			656,777	381,317
	<b>TOTAL</b>		<b>656,777</b>	<b>381,317</b>

## NOTE - 6

## FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	COST AS AT 01.04.2011	ADDITIONS / (DEDUCTION) DURING THE YEAR	COST AS AT 31.03.2012	BALANCE AS ON 01.04.2011	RATE OF DEP %	DURING THE YEAR	BALANCE AS ON 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>A. TANGIBLE ASSETS</b>									
COMPUTER	7,958,372	37,500	7,995,872	6,329,119	13.91	229,327	6,558,446	1,437,426	1,629,253
WEBSITE	4,258,303	0	4,258,303	3,383,294	13.91	121,714	3,505,008	753,295	875,009
MOTOR CAR (EL-6218)	863,482	0	863,482	738,942	25.89	32,243	771,185	92,297	124,540
MOTOR CAR (EL-6562)	876,276	0	876,276	749,891	25.89	32,721	782,612	93,664	126,385
AIR CONDITIONER	626,867	32,200	659,067	497,166	13.91	21,538	518,704	140,363	129,701
OFFICE EQUIPMENT	763,860	0	763,860	663,153	13.91	14,008	677,161	86,699	100,707
FURNITURE & FIXTURES	1,365,101	0	1,365,101	1,012,965	18.10	63,737	1,076,702	288,399	352,136
<b>TOTAL (A)</b>	<b>16,712,261</b>	<b>69,700</b>	<b>16,781,961</b>	<b>13,374,530</b>	<b>-</b>	<b>515,288</b>	<b>13,889,818</b>	<b>2,892,143</b>	<b>3,337,731</b>
<b>B. INTANGIBLE ASSETS</b>									
BSE STOCK EXCHANGE MEMBERSHIP CARD	10,000,000	0	10,000,000	0	0	0	0	10,000,000	10,000,000
NSE. CARD DEPOSIT	7,650,000	0	7,650,000	0	0	0	0	7,650,000	7,650,000
VSE CARD	1,951,000	0	1,951,000	0	0	0	0	1,951,000	1,951,000
OTC EXCH CARD DEP.	500,000	-500,000	0	0	0	0	0	0	500,000
<b>TOTAL (B)</b>	<b>20,101,000</b>	<b>-500,000</b>	<b>19,601,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,601,000</b>	<b>20,101,000</b>
<b>TOTAL (A+B)</b>	<b>36,813,261</b>	<b>-430,300</b>	<b>36,382,961</b>	<b>13,374,530</b>	<b>0</b>	<b>515,288</b>	<b>13,889,818</b>	<b>22,493,143</b>	<b>23,438,731</b>
PREVIOUS YEAR	36,445,582	367,679	36,813,261	12,784,774	-	589,756	13,374,530	23,438,731	23,660,808

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

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

## NOTES TO ACCOUNTS

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>NOTE - 7</b>		
<b>Non Current Investments In Subsidiary Companies</b>		
2 Equity Shares of US \$ 1 = Rs. 46.35 each	93	93
KBS Capital management (SINGAPORE) Pte	3150	3150
50 Shares of Jaihind Co-op Bank		
<b>TOTAL</b>	<b>3,243</b>	<b>3,243</b>
<b>NOTE - 8</b>		
<b>Current Investment</b>		
Other Investments (Valued at cost)		
In Gold	8,266,337	8,266,337
Share Stock ( Deposit With BSE)	398,750	398,750
<b>TOTAL</b>	<b>8,665,087</b>	<b>8,665,087</b>
<b>NOTE - 9</b>		
<b>Trade Receivable</b>		
Amount Outstanding for a period exceeding six months (Considered Good)	56,531,464	79,223,461
Others	-	-
<b>TOTAL</b>	<b>56,531,464</b>	<b>79,223,461</b>
<b>NOTE - 10</b>		
<b>Cash and Bank Balances</b>		
Cash Balance	642,662	3,167,178
Bank Balances	10,838,593	(5,289,103)
Other - Fixed Deposits	1,275,000	900,000
<b>TOTAL</b>	<b>12,756,256</b>	<b>(1,221,925)</b>
<b>NOTE - 11</b>		
<b>Short Term Loans &amp; Advances</b>		
Short Term Loans & Advances Other	39,737,983	27,931,953
Secured Considered Good		
Short Term Loans & Advances To Relatives	104,284,370	107,178,383
Secured Considered Good		
<b>TOTAL</b>	<b>144,022,353</b>	<b>135,110,336</b>
<b>NOTE - 12</b>		
<b>Other Current Assets</b>		
Other Current Assets	7,376,937	9,749,523
<b>TOTAL</b>	<b>7,376,937</b>	<b>9,749,523</b>
<b>NOTE - 14</b>		
<b>Revenue From Operation</b>		
Brokerage Income	2,734,545	3,358,677
Income / (Loss) on Share Trading	(3,471,924)	6,202,344
Advisory Fees	906,618	-
<b>TOTAL</b>	<b>169,238</b>	<b>9,561,021</b>

## NOTES TO ACCOUNTS

	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
<b>NOTE - 15</b>		
<b>Other Income</b>		
Interest Income	4,496,263	3,497,752
Other Income	14,253,591	510,874
<b>TOTAL</b>	<b>18,749,854</b>	<b>4,008,626</b>
<b>NOTE - 16</b>		
<b>Administrative Expenses</b>		
Administrative Expenses	10,310,852	5,896,489
<b>TOTAL</b>	<b>10,310,852</b>	<b>5,896,489</b>
<b>NOTE - 17</b>		
<b>Payments to Employees</b>		
Salaries & Bonus	1,719,017	1,636,715
Employees E.S.I.C.A/c	15,548	57,161
Leave Encashment	323,784	317,592
Director' s Meeting Fees	40,000	36,000
Director's Remuneration	1,200,000	800,000
Staff Welfare	10,033	4,265
Medical Allowance	68,962	70,274
Conveyance Allowance	43,732	44,564
Education Allowance	10,092	10,459
HRA	486,800	486,006
Meal Coupons	95,091	121,870
Gratuity	-	3,000
<b>TOTAL</b>	<b>4,013,059</b>	<b>3,587,906</b>
<b>NOTE - 18</b>		
<b>Finance Charges</b>		
Bank Charges & Commission	41,852	105,933
Other Interest	60,994	103,262
<b>TOTAL</b>	<b>102,846</b>	<b>209,195</b>
<b>NOTE - 19</b>		
<b>Other Expenes</b>		
Other Expenes	2,140,642	2,004,293
<b>TOTAL</b>	<b>2,140,642</b>	<b>2,004,293</b>

**M/S. KBS INDIA LIMITED (Formerly known as KBS CAPITAL MANAGEMENT LIMITED)****NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012****1. SIGNIFICANT ACCOUNTING POLICIES:****i. ACCOUNTING CONCEPTS:**

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

**ii. FIXED ASSETS:**

Fixed Assets are stated at cost less depreciation.

**iii. DEPRECIATION:**

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

**iv. INVESTMENTS:**

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 BSE Ltd. 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): (Amount in Rs.)

	<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
	88,240	88,240

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 31 <sup>st</sup> March, 2012, the Depreciation as per Companies Act, 1956	Rs. 5, 15,288
As on 31 <sup>st</sup> March, 2012, the Depreciation as per Income Tax Act, 1961	Rs. 3, 84,503
Current year Timing Difference	Rs. 1, 30,785
Deferred Tax Asset not recognized @30.90% on Rs. 1, 43,132/-	Rs. 40,413

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:

PARTICULARS	F.Y.2011-12	F.Y.2010-11
Profit/(Loss) available to the Equity Shareholders	Rs.18,36,406	Rs.12,82,007
Weighted average No. of Equity Share for Basic EPS	85,21,188	74,12,855
Nominal Value of Equity Shares	Rs. 10	Rs. 10
Earning Per Share (Basic/ Diluted)	Rs.0.22	Rs.0.17

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<sup>th</sup> May, 2010 to its 100% subsidiary KBS Capital Management (Singapore) PTE. During the year US \$3,99,315.13 is received on 19<sup>th</sup> March, 2012 and balance US \$ 19,98,377.87 The foreign currency rate fluctuation on US \$ 3,99,315.13 ( received on 19<sup>th</sup> March, 2012) and balance as on 31<sup>st</sup> March, 2012 is Rs. 1,42,50,499/-, credited to the Profit & Loss Account is in accordance with AS 11(Revised) The Effects of Changes in Foreign Exchange Rates.
12. During the year the Company has debited to Profit and Loss A/c. as Bed debts of Rs. 51,55,791/- and also written off non refundable deposit of Rs. 3,76,473/- paid for OTC Settlement Exchange and NSE V SAT Deposit.
13. In the opinion of the management, the following Debtors shown in the Balance Sheet are consider more than six months: (Rs.)

Sr No.	Name of Debtors	Balance as on 31 <sup>st</sup> March, 2012
1.	Ashok Brijmohan Kacker	1,82,692
2.	Amit Jhaveri	1,79,81,210
3.	Shrim Capital Management	3,83,67,562
	<b>Total Amount</b>	<b>5,65,31,464</b>

14. As per Accounting Standard (AS) 18, 'Related Party Disclosures' prescribed under the Accounting Standard Rules, the disclosures of the details of the related parties and the transactions entered with them are given below:

**I - List of Related Parties**

Sr No.	Nature	Name of the person
1	Key Management Personnel	Shri Tushar Suresh Shah
2	Key Management Personnel	Shri Ketan Babulal Shah
3	Relatives of KMP	Smt. Namita T Shah
4	Relatives of KMP	Shri Tanay T Shah
5	Relatives of KMP	Smt. Rajeshri Ketan Shah
6	Relatives of KMP	Ketan Babulal Shah HUF
7	Others*	Shrim Capital Management
8	Key Management Personnel	Smt. Madhu Suresh Shah
9	Key Management Personnel	Shri Ghanshyam V Karkera
10	Key Management Personnel	Shri Nilesh Indravadan Dharia
11	Key Management Personnel	Shri Vinod Kumar G Bapna
12	Subsidiary	KBS Capital Management (Singapore) Pte Ltd

**II - List of Transactions entered with them**

(Rs.)

Sr No	Nature of Transactions	Subsidiary		Key Management Personnel (KMP)		Relatives of KMP		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Remuneration Paid	-	-	12,00,000	8,00,000	-	-	12,00,000	8,00,000
2	Director Meeting Fees	-	-	40,000	36,000	-	-	40,000	36,000
3	Interest Received	33,23,809	23,89,695	-	-	-	-	33,23,809	23,89,695
4	Loan Repaid by	1,99,69,750	-	-	-	-	-	1,99,69,750	-
5	Brokerage Received	-	-	26,886	-	17,848	-	44,734	-
<b>Outstanding Balances</b>									
1	Loans given to	10,42,84,370	10,70,57,100	-	-	-	-	10,42,84,370	10,70,57,100
2	Trade Receivables	-	-	97,76,572	-	17,10,309	-	1,14,86,881	-

\*Others - There is no transaction during the year and no outstanding balance.



**15. Segment Reporting**

The Company is engaged in two business segments, one is to provide brokerage services to its clients in the capital markets within India from which revenue is Rs. 27,34,545/- and other is trading of shares from which loss is Rs. 34,71,924/-.

16. Previous year's figures have been regrouped wherever necessary to confirm the classification adopted in the current year.

**FOR GOPAL RAO & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Firm Registration No. 127055W

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

**N. G. Rao**

Proprietor

**Tushar Shah**

Chairman & Managing Director

**Ketan Shah**

Director

PLACE : MUMBAI

DATE : 3<sup>rd</sup> December, 2012.

# **CONSOLIDATED FINANCIAL STATEMENTS**

**AUDITORS' 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, 2012 together with the Consolidated Statement of Profit & Loss of **KBS India Limited** for the year ended as on that date and of **KBS Capital Management (Singapore) PTE Ltd** for the period from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012. 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, taking into considerations the stipulations mentioned in Accounting Standard (AS) 11 'The Effects of Changes in Foreign Exchange Rates', 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 2012;
  - ii. In the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended as on that date.
  - iii. In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended as on that date.

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

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

Place: Mumbai  
Date: 3<sup>rd</sup> December, 2012.

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	As on 31 <sup>st</sup> March, 2012 Rs.	As on 31 <sup>st</sup> March, 2011 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	1	90,211,880	90,211,880
(b) Reserves and Surplus	2	157,817,606	155,611,691
(c) Money received against Share Warrants		-	-
<b>2. Share application money pending allotment</b>			
<b>3. Non-current liabilities</b>			
(a) Long-term Borrowings		-	-
(b) Deferred tax Liabilities (net)		-	-
(c) Other Long-term Liabilities		-	-
(d) Long-term Provisions		-	-
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings	3	2,025,500	3,205,500
(b) Trade Payables	4	238,826	8,646
(c) Other Current Liabilities	4A	3,822,635	6,979,100
(d) Provisions	5	656,777	381,317
<b>TOTAL</b>		<b>254,773,225</b>	<b>256,398,134</b>
<b>II ASSETS</b>			
<b>1. Non Current Assets</b>			
<b>a) Fixed Assets</b>	6		
<b>(i) Tangible</b>			
Gross Block		16,781,961	16,712,261
Less: Depreciation		13,889,818	13,374,530
Net Block		<b>2,892,143</b>	<b>3,337,731</b>
<b>(ii) Intangible</b>	6	19,601,000	20,101,000
<b>b) Non Current Investment</b>	7	3,150	3,150
<b>c) Long Term Loans &amp; Advances</b>		-	-
<b>2. Current Assets</b>			
(a) Current Investments	8	8,665,087	8,665,087
(b) Inventories		-	-
(c) Trade Receivables	9	56,531,464	79,223,461
(d) Cash and Cash Equivalents	10	12,766,854	(1,193,884)
(e) Short-term Loans and Advances	11	146,936,590	136,512,066
(f) Other Current Assets	12	7,376,937	9,749,523
<b>TOTAL</b>		<b>232,276,932</b>	<b>232,956,253</b>
		<b>254,773,225</b>	<b>256,398,134</b>

The notes referred to above form an integral part of the Balance Sheet.

**As per our Audit Report of Even Date**  
**FOR GOPAL RAO & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Firm Registration No. 127055W

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

**N. G. Rao**  
Proprietor

**Tushar Shah**  
Chairman & Managing Director

**Ketan Shah**  
Director

PLACE : MUMBAI

DATE : 3<sup>rd</sup> December, 2012.

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2012 Rs.	Year Ended 31 <sup>st</sup> March, 2011 Rs.
<b>INCOME</b>			
Revenue From Operations	14	169,238	9,561,021
Other Income	15	22,915,732	7,757,007
<b>Total</b>		<b>23,084,970</b>	<b>17,318,028</b>
<b>EXPENDITURE</b>			
Administration Expenses	16	10,653,854	6,263,314
Employee Benefit Expenses	17	4,013,059	3,587,906
Finance Charges	18	3,426,655	2,621,387
Depreciation	6	515,288	589,756
Other Expenses	19	2,140,642	2,004,293
<b>Total</b>		<b>20,749,498</b>	<b>15,066,656</b>
Profit / (Loss) before exceptional and extraordinary items and tax		2,335,472	2,251,372
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		2,335,472	2,251,372
Extraordinary items		-	-
Profit / (Loss) before tax		2,335,472	2,251,372
Tax expense:		-	-
Less: Provision for - Current Tax		275,460	176,472
- Deferred Tax		-	-
Profit / (Loss) after Taxation		2,060,012	2,074,900
Earning Per Share			
(a) Basic and Diluted		0.24	0.28
Balance Carried from Previous Year		34,887,697	32,812,797
<b>Balance Carried to Balance Sheet</b>		<b>36,947,709</b>	<b>34,887,697</b>

The notes referred to above form an integral part of the Statement of Profit & Loss.

**As per our Audit Report of Even Date**  
**FOR GOPAL RAO & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 127055W

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

**N. G. Rao**  
Proprietor

**Tushar Shah**  
Chairman & Managing Director

**Ketan Shah**  
Director

PLACE : MUMBAI  
DATE : 3<sup>rd</sup> December, 2012.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	31 <sup>st</sup> March, 2012 Rs.	31 <sup>st</sup> March, 2011 Rs.
<b>Cash Flow from operating activities:</b>		
Net Profit/(Loss) before taxation	2,251,372	2,335,472
Adjustment for:		
Depreciation Expense	589,756	515,288
Interest on other loan	103,262	-
(Gain)/loss on disposal of investments	(440,337)	-
Interest Income	(6,570,084)	(5,338,331)
Dividend Income	(17,473)	-
<b>Operating Profit/(Loss) before Working Capital</b>	<b>(4,083,504)</b>	<b>(2,487,571)</b>
(Increase)/Decrease in trade and Other receivables	804,700	22,691,997
(Increase)/Decrease in Adv and Dep (Current)	<b>(126,600,934)</b>	-
(Decrease)/Increase in payables and accruals	4,020,780	230,180
Trade Payables	-	3,822,635
Other Current Liabilities	-	-
<b>Cash (absorbed by)/generated from Operations</b>	<b>(125,858,958)</b>	<b>26,744,812</b>
Taxation	-	(275,460)
<b>Net cash (absorbed by)/generated from operating activities</b>	<b>(125,858,958)</b>	<b>26,469,352</b>
<b>Cash Flows from Investing activities:</b>		
Purchase of Fixed Assets	(367,679)	(69,700)
Investments	(8,266,337)	-
Interest Received	6,570,084	5,338,331
Profit on Sale of Investments	440,337	-
Dividend Received	17,473	-
<b>Net cash (absorbed by)/generated from Investing activities</b>	<b>(1,606,123)</b>	<b>5,268,631</b>
<b>Cash Flows from Financing Activities:</b>		
Other Loans repaid	(16,194,058)	(1,180,000)
Bank Loan Taken	12,927,885	-
Issue of Equity Warrant	(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	(103,262)	(102,846)
<b>Net cash (absorbed by)/generated from Financing activities</b>	<b>137,611,915</b>	<b>(1,282,846)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>10,146,834</b>	<b>13,960,738</b>
<b>Cash and Cash Equivalent (Opening Balance)</b>	<b>4,227,402</b>	<b>(1,193,884)</b>
<b>Cash and Cash Equivalent (Closing Balance)</b>	<b>136,512,066</b>	<b>12,766,854</b>

As per our Audit Report of Even Date  
**FOR GOPAL RAO & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 127055W

For and on behalf of the Board of Directors

**N. G. Rao**  
Proprietor

**Tushar Shah**  
Chairman & Managing Director

**Ketan Shah**  
Director

PLACE : MUMBAI  
DATE : 3<sup>rd</sup> December, 2012.

## NOTES TO ACCOUNTS

PARTICULARS	As at 31 March, 2012	As at 31 March, 2011
<b>NOTE - 1</b>		
<b>Share Capital</b>		
<b>AUTHORISED</b>		
120,000,00 (120,000,00) Equity Shares @ Rs. 10/- each	120,000,000	120,000,000
2,00,000 ( 2,00,000) 0% Redeemable Preference Shares @ Rs. 100/- each	20,000,000	20,000,000
<b>TOTAL</b>	<b>140,000,000</b>	<b>140,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
85,21,188 (85,21,188) Equity shares @ Rs. 10/- each fully paid up	85,211,880	85,211,880
50,000 ( 50,000 ) 0% Redeemable Pref. Shares @ Rs. 100/- each	5,000,000	5,000,000
<b>TOTAL</b>	<b>90,211,880</b>	<b>90,211,880</b>

18,00,000 Convertible Equity Share Warrant of Rs 25.16 each at a Premium of Rs 15.16 each

a) The reconciliation of the closing amount and opening amount of Share Capital is given as follows

PARTICULARS	Opening Balance	Additions	Deductions	Closing Balance
<b>Authorised Capital</b>				
1,20,00,000 Equity Shares of Rs.10 Each	120,000,000	-	-	120,000,000
2,00,000 Preference Shares of Rs. 100 Each	20,000,000	-	-	20,000,000
<b>Issued Share Capital</b>				
85,21,188 Equity Shares of Rs.10 Each	85,211,880	-	-	85,211,880
50,000 Preference Shares of Rs. 100 Each	5,000,000	-	-	5,000,000
<b>Subscribed and Fully Paid up Capital</b>				
85,21,188 Equity Shares of Rs.10 Each	85,211,880	-	-	85,211,880
50,000 Preference Shares of Rs. 100 Each	5,000,000	-	-	5,000,000
Calls Unpaid	-	-		-
Forfeited Shares			-	-
<b>TOTAL</b>	<b>90,211,880</b>	<b>-</b>	<b>-</b>	<b>90,211,880</b>

## NOTES TO ACCOUNTS

<b>b) Details of shares held by each shareholder holding more than 5% shares:</b>				
Class of shares / Name of shareholder	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Tushar Suresh Shah	22,09,688	25.93	22,09,688	25.93
Ketan Babulal Shah	900,000	10.56	900,000	10.56
Yogesh Chandawalla	890,000	10.44	900,000	10.56
Madhu Suresh Shah	881,220	10.34	881,220	10.34
<b>Total</b>	<b>4,880,908</b>	<b>57.27</b>	<b>4,890,908</b>	<b>57.39</b>
<b>0% Redeemable preference shares</b>				
M/s Rivoli	50,000	100	50,000	100
<b>PARTICULARS</b>			<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>
<b>NOTE - 2</b>				
<b>Reserves &amp; Surplus</b>				
Share Premium Account			112,689,850	112,689,850
Capital Reserve			936,569	936,569
General Reserve			5,000,000	5,000,000
<u>Profit &amp; Loss Account</u>				
Opening Balance:	36,985,271.63			
Add : Foreign Currency Translation Reserve	145,903.89			
Add : Profit During the year	<u>2,060,011.65</u>			
			39,191,187	36,985,272
<b>TOTAL</b>			<b>157,817,606</b>	<b>155,611,691</b>
<b>NOTE - 3</b>				
<b>Short Term Borrowings</b>				
Loans repayable on demand				
From Individuals / Firms			2,025,500	1,705,500
From Companies			-	1,500,000
<b>TOTAL</b>			<b>2,025,500</b>	<b>3,205,500</b>
<b>NOTE - 4</b>				
<b>Trade Payable</b>				
Trade Payable			238,826	8,646
<b>TOTAL</b>			<b>238,826</b>	<b>8,646</b>
<b>NOTE - 4A</b>				
<b>Other Current Liabilities</b>				
Other Current Liabilities			3,822,635	6,979,100
<b>TOTAL</b>			<b>3,822,635</b>	<b>6,979,100</b>
<b>NOTE - 5</b>				
<b>Provisions</b>				
Provision For Tax			656,777	381,317
<b>TOTAL</b>			<b>656,777</b>	<b>381,317</b>



## NOTE - 6

## FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2011	ADDITIONS / (DEDUCTION) DURING THE YEAR	COST AS AT 31.03.2012	BALANCE AS ON 01.04.2011	RATE OF DEP %	DURING THE YEAR	BALANCE AS ON 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>A. TANGIBLE ASSETS</b>									
COMPUTER	7,958,372	37,500	7,995,872	6,329,119	13.91	229,327	6,558,446	1,437,426	1,629,253
WEBSITE	4,258,303	0	4,258,303	3,383,294	13.91	121,714	3,505,008	753,295	875,009
MOTOR CAR (EL-6218)	863,482	0	863,482	738,942	25.89	32,243	771,185	92,297	124,540
MOTOR CAR (EL-6562)	876,276	0	876,276	749,891	25.89	32,721	782,612	93,664	126,385
AIR CONDITIONER	626,867	32,200	659,067	497,166	13.91	21,538	518,704	140,363	129,701
OFFICE EQUIPMENT	763,860	0	763,860	663,153	13.91	14,008	677,161	86,699	100,707
FURNITURE & FIXTURES	1,365,101	0	1,365,101	1,012,965	18.10	63,737	1,076,702	288,399	352,136
<b>TOTAL (A)</b>	<b>16,712,261</b>	<b>69,700</b>	<b>16,781,961</b>	<b>13,374,530</b>	<b>-</b>	<b>515,288</b>	<b>13,889,818</b>	<b>2,892,143</b>	<b>3,337,731</b>
<b>B. INTANGIBLE ASSETS</b>									
BSE STOCK EXCHANGE MEMBERSHIP CARD	10,000,000	0	10,000,000	0	0	0	0	10,000,000	10,000,000
NSE. CARD DEPOSIT	7,650,000	0	7,650,000	0	0	0	0	7,650,000	7,650,000
VSE CARD	1,951,000	0	1,951,000	0	0	0	0	1,951,000	1,951,000
OTC EXCH CARD DEP.	500,000	-500,000	0	0	0	0	0	0	500,000
<b>TOTAL (B)</b>	<b>20,101,000</b>	<b>-500,000</b>	<b>19,601,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,601,000</b>	<b>20,101,000</b>
<b>TOTAL (A+B)</b>	<b>36,813,261</b>	<b>-430,300</b>	<b>36,382,961</b>	<b>13,374,530</b>	<b>0</b>	<b>515,288</b>	<b>13,889,818</b>	<b>22,493,143</b>	<b>23,438,731</b>
PREVIOUS YEAR	36,445,582	367,679	36,813,261	12,784,774	-	589,756	13,374,530	23,438,731	23,660,808

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

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

## NOTES TO ACCOUNTS

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>NOTE - 7</b>		
<b>Non Current Investments</b>		
50 Shares of Jaihind Co-op Bank	3150	3150
<b>TOTAL</b>	<b>3150</b>	<b>3150</b>
<b>NOTE - 8</b>		
<b>Current Investment</b>		
Other Investments (Valued at cost)		
In Gold	8,266,337	8,266,337
Share Stock ( Deposit With BSE)	398,750	398,750
<b>TOTAL</b>	<b>8,665,087</b>	<b>8,665,087</b>
<b>NOTE - 9</b>		
<b>Trade Receivable</b>		
Amount Outstanding for a period exceeding six months (Unsecured , Considered Good)	56,531,464	79,223,461
Others	-	-
<b>TOTAL</b>	<b>56,531,464</b>	<b>79,223,461</b>
<b>NOTE - 10</b>		
<b>Cash and Bank Balances</b>		
Cash Balance	642,662	3,167,178
Bank Balances	10,849,192	(5,261,062)
Other - Fixed Deposits	1,275,000	900,000
<b>TOTAL</b>	<b>12,766,854</b>	<b>(1,193,884)</b>
<b>NOTE - 11</b>		
<b>Short Term Loans &amp; Advances</b>		
Short Term Loans & Advances Other Secured Considered Good	146,936,590	136,512,066
Short Term Loans & Advances To Relatives Secured Considered Good	-	-
<b>TOTAL</b>	<b>146,936,590</b>	<b>136,512,066</b>
<b>NOTE - 12</b>		
<b>Other Current Assets</b>		
Other Current Assets	7,376,937	9,749,523
<b>TOTAL</b>	<b>7,376,937</b>	<b>9,749,523</b>
<b>NOTE - 14</b>		
<b>Revenue from Operation</b>		
Brokerage Income	2,734,545	3,358,677
Income / (Loss) on Share Trading	(3,471,924)	6,202,344
Advisory Fees	906,618	-
<b>TOTAL</b>	<b>169,238</b>	<b>9,561,021</b>

## NOTES TO ACCOUNTS

	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
<b>NOTE - 15</b>		
<b>Other Income</b>		
Interest Income	4,496,263	3,497,752
Other Income	18,419,469	4,259,255
<b>TOTAL</b>	<b>22,915,732</b>	<b>7,757,007</b>
<b>NOTE - 16</b>		
<b>Administrative Expenses</b>		
Administrative Expenses	10,653,854	6,263,314
<b>TOTAL</b>	<b>10,653,854</b>	<b>6,263,314</b>
<b>NOTE - 17</b>		
<b>Payments to Employees</b>		
Salaries & Bonus	1,719,017	1,636,715
Employees E.S.I.C.A/c	15,548	57,161
Leave Encashment	323,784	317,592
Director' s Meeting Fees	40,000	36,000
Director's Remuneration	1,200,000	800,000
Staff Welfare	10,033	4,265
Medical Allowance	68,962	70,274
Conveyance Allowance	43,732	44,564
Education Allowance	10,092	10,459
HRA	486,800	486,006
Meal Coupons	95,091	121,870
Gratuity	-	3,000
<b>TOTAL</b>	<b>4,013,059</b>	<b>3,587,906</b>
<b>NOTE - 18</b>		
<b>Finance Charges</b>		
Bank Charges & Commission	41,852	105,933
Other Interest	60,994	103,262
Finance Cost	3,323,809	2,412,191
<b>TOTAL</b>	<b>3,426,655</b>	<b>2,621,387</b>
<b>NOTE - 19</b>		
<b>Other Expenes</b>		
Other Expenes	2,140,642	2,004,293
<b>TOTAL</b>	<b>2,140,642</b>	<b>2,004,293</b>

**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 31<sup>ST</sup> MARCH, 2012****1. SIGNIFICANT ACCOUNTING POLICIES:****i. ACCOUNTING CONCEPTS:**

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

**ii. FIXED ASSETS:**

Fixed Assets are stated at cost less depreciation.

**iii. DEPRECIATION:**

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

**iv. INVESTMENTS:**

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. INVETORIES:**

Shares that are deposited with BSE Ltd. 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): (Amount in Rs.)

	<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
	88,240	88,240

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 31 <sup>st</sup> March, 2012, the Depreciation as per Companies Act, 1956	Rs. 5, 15,288
As on 31 <sup>st</sup> March, 2012, the Depreciation as per Income Tax Act, 1961	Rs. 3, 84,503
Current year Timing Difference	Rs 1, 30,785
Deferred Tax Asset not recognized @30.90% on Rs. 1, 43,132/-	Rs. 40,413

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:

PARTICULARS	F.Y.2011-12	F.Y.2010-11
Profit/(Loss) available to the Equity Shareholders	Rs.20,60,012	Rs.20,74,900
Weighted average No. of equity share for Basic EPS	85,21,188	74,12,855
Nominal Value of Equity Shares	Rs. 10	Rs. 10
Earning Per Share (Basic/ Diluted)	Re. 0.24	Re. 0.28

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<sup>th</sup> May, 2010 to its 100% subsidiary KBS Capital Management (Singapore) PTE. During the year US \$3,99,315.13 is received on 19<sup>th</sup> March, 2012 and balance US \$ 19,98,377.87 The foreign currency rate fluctuation on US \$ 3,99,315.13 ( received on 19<sup>th</sup> March, 2012 ) and balance as on 31<sup>st</sup> March, 2012 is Rs. 1,42,50,499/-, credited to the Profit & Loss Account is in accordance with AS 11(Revised) The Effects of Changes in Foreign Exchange Rates.
12. During the year the Company has debited to Profit and Loss A/c. as Bed debts of Rs. 51,55,791/- and also written off non refundable deposit of Rs. 3,76,473/- paid for OTC Settlement Exchange and NSE V SAT Deposit.
13. In the opinion of the management, the following Debtors shown in the Balance Sheet are consider more than six months: (Rs.)

Sr No.	Name of Debtors	Balance as on 31 <sup>st</sup> March, 2012
1.	Shri Ashok Brijmohan Kacker	1,82,692
2.	Shri Amit Jhaveri	1,79,81,210
3.	Shri Shrim Capital Management	3,83,67,562
	<b>Total Amount</b>	<b>5,65,31,464</b>

14. As per Accounting Standard (AS) 18, 'Related Party Disclosures' prescribed under the Accounting Standard Rules, the disclosures of the details of the related parties and the transactions entered with them are given below:

**I - List of Related Parties**

Sr No.	Nature	Name of the person
1	Key Management Personnel	Shri Tushar Suresh Shah
2	Key Management Personnel	Shri Ketan Babulal Shah
3	Relatives of KMP	Smt. Namita T Shah
4	Relatives of KMP	Shri Tanay T Shah
5	Relatives of KMP	Smt. Rajeshri Ketan shah
6	Relatives of KMP	Shri Ketan Babulal shah HUF
7	Others (Independent Director)	Smt. Madhu Suresh Shah
8	Others (Independent Director)	Shri Ghanshyam V Karkera
9	Others (Independent Director)	Shri Nilesh Indravadan Dharia
10	Others (Independent Director)	Shri VinodKumar G Bapna
11	Subsidiary	KBS Capital Management (Singapore) Pte Ltd

**II - List of Transactions entered with them**

(Rs.)

Sr No	Nature of Transactions	Subsidiary		Key Management Personnel (KMP)		Relatives of KMP		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Remuneration Paid	-	-	12,00,000	8,00,000	-	-	12,00,000	8,00,000
2	Director Meeting Fees	-	-	40,000	36,000	-	-	40,000	36,000
3	Interest Received	33,23,809	23,89,695	-	-	-	-	33,23,809	23,89,695
4	Brokerage Received	-	-	26,886	-	17,848	-	44,734	-

\*Others - There is no transaction during the year and no outstanding balance.

**15. Segment Reporting**

The Company is engaged in two business segments, one is to provide brokerage services to its clients in the capital markets within India from which revenue is Rs. 27,34,545/- and other is trading of shares from which loss is Rs. 34,71,924/-.

**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 Gain of Rs. 1,45,881.84 is been added to the Profit & Loss Account.
  - As it is a 100% Foreign Subsidiary the Minority Interest is NIL.
17. Previous year's figures have been regrouped wherever necessary to confirm the classification adopted in the current year.

**FOR GOPAL RAO & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No. 127055W

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

**N. G. Rao**  
 Proprietor

**Tushar Shah**  
 Chairman & Managing Director

**Ketan Shah**  
 Director

PLACE : MUMBAI

DATE : 3<sup>rd</sup> December, 2012.

**KBS INDIA LIMITED**

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

**PROXY FORM**

26<sup>TH</sup> ANNUAL GENERAL MEETING - 31<sup>ST</sup> DECEMBER, 2012

Regd. Folio No. ....

Client ID :.....

No. of shares held .....

D. P. ID :.....

I/We.....of ..... being member(s) of **KBS INDIA LIMITED** hereby appoint Mr./Ms..... of .....in the district of ..... or failing him/her .....of .....in the district of .....as my / our proxy to vote for me / us on my / our behalf at the 26<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, the 31<sup>st</sup> day of December, 2012 at 4.30 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 : .....

Affix  
Revenue  
Stamp  
of Re. 0.15

Signature of Member

Note: This proxy must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.

TEAR HERE

**KBS INDIA LIMITED**

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

**ATTENDANCE SLIP**

( To be handed over at the entrance of Meeting Venue)  
26<sup>TH</sup> ANNUAL GENERAL MEETING - 31<sup>ST</sup> DECEMBER, 2012

Regd. Folio No. ....

Client ID :.....

No. of shares held .....

D. P. ID :.....

Name of the attending member (IN BLOCK LETTERS).....

Name of the Proxy (IN BLOCK LETTERS).....

(to be filled in by Proxy attending instead of the member)

I hereby record my presence at the 26<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-400001 on Monday, the 31<sup>st</sup> December, 2012 at 4.30 p.m.

Member's/Proxy's Signature

Note: Members/ Joint Members/ Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.

TEAR HERE

**BOOK - POST**

*If underlivered, please return to :*

**KBS India Limited**  
502, Commerce House, 140  
Nagindas Master Road, Fort,  
Mumbai - 400 001