

KBS CAPITAL MANAGEMENT LIMITED

23rd ANNUAL REPORT

2008-2009

Board of Directors:

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

Auditors:

M/s. Gopal Rao & Associates
Chartered Accountant
Mumbai

Bankers:

Bank of India, Mumbai
UTI Bank, Mumbai

Registered Office:

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

Registrar & Share Transfer Agent:

Link Intime India Pvt. Ltd.
(Formerly Known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400078.

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NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the members of **KBS CAPITAL MANAGEMENT LIMITED** will be held on Wednesday, 30th September 2009 at the Registered Office of the Company at 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai 400 001 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Madhu Shah, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Tushar Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors

Place: Mumbai
Date : 30th June 2009

Tushar Shah
Chairman

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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 from Tuesday, the 29th day of September 2009 to Wednesday, the 30th day of September 2009 (both days inclusive).
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 **Link Intime India Pvt. Ltd.** (Formerly Known as Intime Spectrum Registry Limited) C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400078.
8. Directors being proposed for appointment / re-appointment (information required under Clause 49(VI)(A) of the Listing Agreement).

Mrs. Madhu Shah is a promoter director of the Company and is associated with the Company since incorporation. She holds 881220 equity shares in the Company.

Mr. Tushar Shah is a commerce graduate. He has vast experience of 23 years in the field on stock broking and related services. He holds 2209688 equity shares in the Company.

DIRECTORS' REPORT

To,
The Members of
KBS Capital Management Limited

Your Directors have pleasure in presenting herewith 23rd Annual Reports together with the Audited Accounts of the Company for the financial year ended 31st March 2009.

FINANCIAL HIGHLIGHTS:

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

(Amount in Rs.)

Particulars	2008-2009	2007-2008
Income from operation and other Income	77,75,774	3,90,81,920
Profit (Loss) before Depreciation & Tax	(1,93,704)	2,11,58,835
Less: Depreciation	7,60,901	8,61,061
Profit (Loss) before Tax	(9,54,605)	2,02,97,774
Less: Current tax	1,31,591	33,47,000
Deferred Tax	-	-
Fringe Benefits Tax	76,196	45,321
Profit/(Loss) After Tax	(11,62,392)	1,69,05,453
Add: Balance brought forward from Previous Year	3,15,04,698	1,45,99,245
Balance carried to Balance Sheet	3,03,42,306	3,15,04,698

OPERATIONS:

Due to worldwide economic recession and thin trading volumes on the stock exchanges, your Company could have a turnover of Rs. 77.76 Lacs during the year as compared to Rs. 390.82 Lacs during the previous year. The Loss before tax has been to Rs. 9.55 Lacs during the year as compared to profits of Rs. 202.98 Lacs in the previous year. After considering the provision for taxation of Rs. 2.08 Lacs, your Company has suffered a net loss of Rs. 11.63 Lacs during the year as compared to profits of Rs. 169.05 Lacs in the previous year.

DIVIDEND:

Due to loss during the year, your Directors do not recommend any payment of dividend for the year ended 31st March 2009.

PUBLIC DEPOSIT:

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

DIRECTORS:

In accordance with Articles of Association of the Company, Mrs. Madhu Shah and Mr. Tushar Shah, directors of the Company retire by rotation and being eligible offers themselves for re-appointment.

AUDITORS:

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 31st March 2009 and the Profit of the Company for that period;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

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

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

PERSONNEL:

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

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

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

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

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

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

SECRETARIAL COMPLIANCE CERTIFICATE

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Director

Place: Mumbai
Date: 30th June 2009

Tushar Shah
Chairman

FORM
[SEE RULE 3]

Compliance Certificate

Corporate Identification No. : L51900MH1985PLC035718
Authorised Share Capital : Rs. 70,000,000/-

To,

The Members
KBS CAPITAL MANAGEMENT LIMITED
502, Commerce House,
140, Nagindas Master Road,
Fort, Mumbai-400001.

We have examined the registers, records, books and papers of **M/s. KBS Capital Management Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company, for the financial year ended on **31st March, 2009** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Maharashtra, Mumbai within the time prescribed under the Act and the rules made thereunder and has paid the necessary additional fees for the documents for the forms filed after the time prescribed under the Act. The Company was not required to file any documents and returns with the Regional Director or Central Government or Company Law Board or any other authorities.
3. The Company being a Public Limited Company has the paid up capital of Rs.47,211,880 (Rupees Four Crores Seventy Two Lacs Eleven Thousand Eight Hundred And Eighty) as on 31st March, 2009 and the restrictive provisions of Section 3(1)(iii) of the Act are not applicable.
4. The Board of Directors duly met **6 (Six)** times respectively on **22nd April, 2008, 30th June, 2008, 30th July, 2008, 24th October, 2008, 31st January, 2009 and 25th March, 2009** as per information and explanation given by the management, proper notices were given and the proceedings were properly recorded in the Minute Book maintained for the purpose. The Board of Directors of the Company has not passed any resolution by circulation.
5. The Company has closed its Register of Members **27th September, 2008 to 30th September, 2008** (both days inclusive) during the financial year and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31st March 2008** was held on **30th September, 2008** and as per information and explanation given by the management, the Company has given adequate notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling under the purview of Section 314 of the Act, the Company has not obtained any approvals from its Directors, members or the Central Government as the case may be.

12. The Company has not issued any duplicate certificates during the financial year.
13. The Company:
 - (i) has delivered all share certificates on transfer / transmission thereof in accordance with the provisions of the Act. There was no allotment of securities during the financial year.
 - (ii) was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants for dividend to the members of the Company as no dividend was declared during the financial year.
 - (iv) does not have any amount lying on accounts of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and which is required to transfer to Investors Education and Protection Fund.
 - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Additional Director and retiring by rotation was duly made during the financial year
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. There are no events during the financial year, which require obtaining any approvals of the Central Government, Company Law Board, Regional Director or such other authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms and Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued shares/debentures/any other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend / rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company during the financial year ended 31st March, 2009 is within the borrowing limits of the Company.
25. The Company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the registers kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year.

29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year under review and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any amount as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

For MANISH GHIA & ASSOCIATES
Company Secretaries

Manish L Ghia
Partner

Place: Mumbai
Date: 30th June 2009

M. No. ACS 7254
C.P. No. 3531

Annexure - "A"

Registers maintained by the Company, M/s. KBS Capital Management Limited

1. Register of Members u/s. 150 of the Act.
2. Register and Returns u/s. 163 of the Act.
3. Minutes Book of General Meetings and Board Meetings u/s. 193 of the Act.
4. Register of contracts / arrangements, companies and firms in which directors are interested u/s. 301 of the Act.
5. Register of Directors u/s. 303 of the Act.
6. Register of Directors' Shareholding u/s. 307 of the Act.
7. Register of Investments u/s 372A.

Annexure "B"

Forms and Returns as filed by the Company, M/s. KBS Capital Management Limited

A) With the Registrar of Companies, Maharashtra during the financial year ended on 31st March 2009:

Sr. No.	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional fees paid Yes / N.A.
1	20B	159 (1)	Schedule V (Annual Return) as on the date of Annual General Meeting i.e. 29 th September 2007.	25.02.2009	No	Yes
2	23AC & 23ACA	220 (1)	Schedule VI (Annual Accounts) for the financial year ended on 31 st March 2008.	25.02.2009	No	Yes
3	2 & 3	75(1)	Return of allotment for allotment of 221,881 equity shares of Rs.10/-each on 24.10.2001 pursuant to the Scheme of Amalgamation of KBS Capital Management Limited with Moonlac Trading & Finance Limited	01.04.2008	No	Yes
4	2 & 3	75(1)	Return of allotment for conversion of 10,00,000 preference shares into equity shares of Rs.10/-each on 10.05.2000 pursuant to the Scheme of Amalgamation of KBS Capital Management Limited with Moonlac Trading & Finance Limited	04.04.2008	No	Yes
5	32	303(2)	Particulars of appointment of Mr. Ghanshyam Karkera, Mr. Vinod Bapna and Mr. Nilesh Dharia w.e.f. 30 th September 2008.	28.02.2009	No	Yes

B) With the Office of the Regional Director, Western Region Bench at Mumbai during the financial year ended on 31st March 2009. Nil

C) With the Office of the Ministry of Corporate Affairs (Central Government) at Delhi during the financial year ended on 31st March 2009. Nil

D) With any other Authorities as prescribed under the Act, during the financial year ended on 31st March 2009. Nil

Management Discussion and Analysis

1. Indian capital market

The year 2008-09 was an unprecedented year for the history of global markets. Globally, the stock markets tumbled and witnessed unprecedented volatility owing to financial crisis arising out of sub-prime lending in US. The credit crisis and skyrocketing crude oil prices in the international market led to down fall of leading investment bankers, leading housing companies and banks in US and Europe. Most developed economies such as US, Japan and the Europe faced the recession and the impact was also felt on the emerging economies as foreign investors pulled money out of these economies. India could not remain isolated from the phenomena, mirrored the same performance as export oriented sector had suffered and FIIs have significant presence in Indian markets.

Impact of the global financial turmoil was severely felt in the Indian market in the third quarter of the year specifically in the month of October 2008. As major global financial institutions declared bankruptcy, a crisis of confidence erupted which led to a liquidity crunch. Growth in the Indian economy slowed down to 5.3% in the quarter ended Dec 08. In an attempt to improve the liquidity situation in the financial system and fuel demand in the economy the RBI had taken several measures. There were a series of CRR cuts reducing it to 5.0% at the end of the year from 7.5% at the opening of the year and the SLR was cut from 25% to 24%. The RBI also cut the policy rates like Repo and Reverse Repo to 5.0% from 7.75% and 3.5% from 6% respectively. The Indian government also took timely action and came out with package of incentives to stimulate growth of manufacturing sector to keep growth in GDP above 6% level during 2008-09.

The key domestic indices remained weak throughout the year. Markets witnessed huge sell-off by foreign as well as domestic investors. BSE Sensex which started correcting from Jan'09 continued to show its poor performance and lost 37.9% for the year ended March 31, 2009 and turnover in the major stock exchanges declined. During 2008-09, market capitalization of BSE and NSE fell by 40% each. The combined turnover of the BSE and the NSE in the cash segment declined by 25% and in the derivatives segment by 17% over the previous year. Foreign Institutional Investors for the first time in last five years turned net seller in the Indian equity market for the most part of fiscal except for inflows in April'08, Dec'08 and Mar'09. The FII investment flow remained volatile and the net outflow in Equities was INR 477.1 Bln during 2008-09. The Investments by mutual funds in equities also reduced to INR 69.8 Bln, by 57% during 2008-09.

The market witnessed sharp recovery after touching intermittent low in Mar'09. The clear victory of the ruling party in the general election set the positive mood for the market in the May'09. The impressive corporate earnings for the two quarters, as an outcome of positive impact of stimulus packages along with signs of recovery in global economy gave impetus to Indian stock market in the current fiscal.

2. Risks and concerns

Though the US officially announced out of recession, other global economies are under recovery phase. India too under recovery phase, IIP figures have been showing consistence improvement month on month, corporate earnings have been improving; mostly an effect of stimulus package announced by the Indian Govt and RBI. RBI and Planning Commission of India have estimated around 6% GDP growth for the year 2009-10. However, we have some worries in terms of inflation, bloated fiscal deficit, raising food grains prices, subdued agriculture growth, lower credit growth, lower import-export etc. which may have adverse impact on overall GDP growth. Indian stock markets ran ahead soon and faster, hence markets may remain in the sideways for next few months and is likely to get a direction during fourth quarter of current fiscal or first quarter of next fiscal, after we have more clarity on annual corporate earnings, fiscal stimulus, inflation, fiscal deficit, annual budget and global market.

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

3. Risk management system

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

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

4. Internal control system

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

5. Opportunities and threats

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

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

6. Outlook

India continues to remain the second fastest growing economy and the impact of the global crisis would be moderate on Indian financial system, thanks to prudent policies of RBI. India is likely to remain an attractive long-term investments destination for foreign investors, as corporate valuations look attractive at current juncture. For a long term, your company feels the need to adequately capitalize itself and during the current year, your company is hopeful for raising some capital.

The company is bullish on the long-term scenario of the capital markets. Your company is well positioned to reap the benefits of this growth. Your company has become a one-stop shop for investors, with the company offering services ranging from advisory services, broking services, portfolio management, depository services and mutual fund and insurance products distribution.

7. Cautionary statement

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

8. Human resource

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

a) Composition

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

b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairman of other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meeting.

Matter discussed at Board meeting generally relate to Company's business operations, quarterly results of the Company, review of the reports and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

c) Attendance at Meetings

During the year under review, the Board of Directors met 6 (six) times on the following dates:

22nd April 2008, 30th June 2008, 30th July 2008, 24th October 2008, 31st January 2009 and 25th March 2009.

The maximum time gap between two Board Meetings was 98 days.

The attendance record of the Directors at each Board Meeting and the last Annual General Meeting held on 30th September 2008, is given below:

Director	Category	No. of Board Meetings Attended	Attendance at last AGM held on 30 th September 2008	No. of directorship held in other public companies	Committee Position in other companies	
					Member	Chairman
Shri Tushar Shah	Promoter/ Chairman	6	Present	-	-	-
Smt. Madhu Shah	Promoter	6	Present	-	-	-
Shri Ketan Shah	Non – Executive/ Non-Independent	6	Present	1	-	-
Shri. Nilesh Dharia	Independent	6	No	-	-	-
Shri. Vinod Kumar Bapna	Independent	6	No	-	-	-
Shri. Ghanshyam V. Karkera	Independent	6	Yes	-	-	-

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

3. BOARD COMMITTEES

a. Audit Committee

The Committee comprises of two independent and one promoter director having financial background and knowledge in the areas of business of the Company. The Committee comprises of Shri Ganshyam Karkera (Chairman of the Committee) Shri Vinod Bapna and Shri Tushar Shah.

During the year under review, 5 (five) meetings of the Audit Committee were held on 22nd April 2008, 30th June 2008, 30th July 2008, 24th October 2008 and 31st January 2009.

The number of meetings attended by each member during the year ended 31st March 2009 is as under:

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

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

Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending the appointment/removal of Statutory auditors, fixation of audit fees and also approval of payments for any other services.

Review with management the quarterly/half yearly and annual financial statements with the primary focus on accounting policies and practices, compliances with accounting standards and with the stock exchange and legal requirements concerning the financial statements.

Reviewing with management, Statutory and internal auditors adequacy of the internal control systems in the Company.

Discussing with internal and Statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.

Reviewing the Company's financial and risk management policies.

b. Shareholders / Investors Grievance Committee

The composition of the committee is as under:

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

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

No investor complaint was received during the year.

Shri Baliram Satale is Compliance Officer of the Company.

c. Remuneration Committee

The Company does not have a Remuneration Committee at present.

The details of remuneration paid to the Directors during the year ended 31st March 2009 and their shareholding is as follows: (Amount in Rs.)

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

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

No remuneration is paid to non-executive directors.

4. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2007-2008	30.09.2008	12.30 p.m.	502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400 001
2006-2007	29.09.2007	11.30 a.m.	502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400 001
2005-2006	30.09.2006	11.30 a.m.	502, Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400 001

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

No Special Resolution was passed through postal ballot during the financial year 2008-09.

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

5. DISCLOSURES**a) Related party transactions**

During the year under review, besides the transactions reported in Notes to Accounts to the Balance Sheet as at 31st March 2009, there were no other related party transactions with its promoters, directors, management and subsidiaries that had a potential conflict of interest of the Company at large.

b) Code of Conduct

Although, the Company has not adopted formal code of conduct, the Directors and Senior Management Personnel of the Company always adhere to high standards of ethics and corporate governance.

c) Compliance by the Company

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

d) Disclosure of Accounting Treatment

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

e) Disclosures of Risk Management

The Company has initiated the risk assessment and minimizes procedures.

f) CEO / CFO Certification

A CFO certification in the terms of Clause 49(v) of the listing agreement, from Mr. Tushar Shah, Chairman of the Company, in respect of financial year 2008-09 was placed before the Board in their meeting held on 30th June 2009.

g) Review of Directors Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March 2009 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.

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

6. MEANS OF COMMUNICATION

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

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

Time : 12.30 p.m.
 Date : 30th September 2009
 Venue : 502, Commerce House,
 140 Nagindas Master Road,
 Fort, Mumbai-400001

b) Financial Calendar : (2009-2010)

Financial year - 1st April 2009 to 31st March 2010
 First quarter results - up to the end of July 2009
 Second quarter result - up to the end of October 2009
 Third quarter result - up to the end of January 2010
 Fourth quarter results - up to the end of April 2010

- c) **Date of Book Closure :** 29th September 2009 to 30th September 2009
- d) **Dividend Payment Date :** N.A.
- e) **Listing on Stock Exchanges :** Bombay Stock Exchange Limited

The Company has paid the necessary listing fees for the year 2009- 2010.

- f) **Stock Code :** BSE : 530357
- g) **ISIN for NSDL & CDSL** INE883D01015
- h) **Market Price Data & comparison with BSE Sensex :**

The trading in company's shares on the Bombay Stock Exchange was under suspension for trading since 2004 and the suspension was revoked w.e.f. 8th August 2008. The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and BSE Sensex during each month in last financial year from August 2008 are given here-in-below:

Month	Company's Shares price at BSE*		BSE Sensex*	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
August 2008	40.00	34.50	15579.78	14002.43
September 2008	34.50	29.65	15107.01	12153.55
October 2008	28.20	23.05	13203.86	7697.39
November 2008	21.90	20.85	10945.41	8316.39
December 2008	-	-	10188.54	8467.43
January 2009	-	-	10469.72	8631.60
February 2009	-	-	9724.87	8619.22
March 2009	-	-	10127.09	8047.17

i) Share Transfer System :

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

j) Shareholding pattern as at 31st March 2009:

Sr. No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	31,13,128	73.75
2.	Mutual Funds/UTI	-	-
3.	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	-	-
6.	Bodies Corporate	1,31,700	3.12
7.	Individuals	9,76,300	23.12
8.	Clearing Member	60	0.01
9.	NRI/OCBs	-	-
10.	Trust	-	-
11.	Foreign Corporate Bodies	-	-
	TOTAL	42,21,188	100.00

k) The Distribution of Shareholding as on 31.03.2009

Distribution of Share holding as on 31.03.2009					
Slab of Shares Holding		Share Holders	Percentage %	Amount Rs.	Percentage %
From	To				
1	500	215	51.81	763250	1.81
501	1000	53	12.77	473750	1.12
1001	2000	45	10.84	773500	1.83
2001	3000	21	5.06	531000	1.26
3001	4000	16	3.86	577150	1.37
4001	5000	10	2.41	483500	1.14
5001	10000	26	6.26	1900100	4.50
10001 and above		29	6.99	36709630	86.97
TOTAL		415	100.00	42211880	100.00

l) Dematerialisation of shares and liquidity:

As on 31st March 2009 about 15.34% of the Company Equity Shares have been dematerialized.

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

Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

n) Registrar and Share Transfer Agents:**Link Intime India Pvt. Ltd.**

(Formerly Known as Intime Spectrum Registry Limited)

C 13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

Tel No. : 022 - 2596 3838

Fax No. : 022 - 2594 6969

o) Address for Investor Correspondence:

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

Link Intime India Pvt. Ltd.

(Formerly Known as Intime Spectrum Registry Limited)

C 13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

Tel No. : 022 - 2596 3838

Fax No. : 022 - 2594 6969

For general correspondence:

Compliance Officer

Mr. Baliram Satale

502, Commerce House,

140, Nagindas Master Road,

Fort, Mumbai 400 001

Tel No. : 022-2264 2670

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

To the members of
KBS CAPITAL MANAGEMENT LIMITED

We have examined the Compliance of the conditions of Corporate Governance by **KBS CAPITAL MANAGEMENT LIMITED** for the year ended 31st March 2009 as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited.

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

In our opinion and to the best of our information and explanations given to us and the representations made by management, we certify that as on 31st March 2009 the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

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

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

For **Manish Ghia & Associates**

Manish L. Ghia
Partner

Membership No.: 7254
C. P. No. : 3531

Place : Mumbai
Date : 30th June 2009

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

1. We have audited the attached Balance sheet of M/s. KBS Capital Management Ltd. as at 31st March 2009 together with the Profit & Loss Account for the year ended as on that date annexed hereto. These financial statements are the responsibility of the Board of Directors of KBS Capital Management Ltd. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered necessary and appropriate, and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in the paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion the company has kept proper books of account as required by the law so far as appears from our examination of those books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion the Balance Sheet, and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in the sub-sections (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from directors, as on 31st March 2009 and taken on the record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of sec.274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes to Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of Balance Sheet of the state of affairs of the company as at 31st March 2009;
and
 - ii. In the case of the Profit and Loss account, of the loss for the year ended as on that date.

For Gopal Rao & Associates
Chartered Accountants

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

Place : Mumbai
Date : 30th June 2009

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

1.
 - a. The Company has maintained proper record showing particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us Fixed Assets according to the practice of the company are physically verified by the management at reasonable intervals, which in our opinion, is reasonable, looking to the size of the company and the nature of the business. No material discrepancies were noticed on such verification.
 - c. During the year, there was no disposal of fixed assets.
2.
 - a. The Company is a stock broking company and has its inventory in shares. As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical inventory and the book records were not material and have been properly dealt with in the books of account.
3.
 - a. According to the information and explanation given to us, the Company has not granted unsecured loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. According to the information and explanation given to us, the Company has not taken any unsecured loans from the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - c. As there are no stipulation for the recovery and payment of principal amount and interest, the question of regularity in recovery and payment of principal and interest does not arise. According to the information given to us, the loans taken and granted to the parties referred herein above are not prima-facie prejudicial to the interest of the company.
 - d. There are no overdue amounts of such loans as on 31st March 2009.
4. In our opinion and according to the information and explanation given to us, generally there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase of shares, fixed assets and for sale of the shares. Further, on the basis of our examinations of books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct this major weakness in the aforesaid internal control procedures.
5. According to the information and explanations provided by the management, we are of the opinion that, the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. The company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under apply.
7. In our opinion, the Company has an adequate internal audit system Commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9.
 - a. According to the records of the company examined by us, and as per the information and explanations given to us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Income tax, Wealth tax, Service tax and other statutory dues with the appropriate authorities. However, the undisputed statutory dues outstanding for more than six months are as per Annexure 'A' attached.

- b. According to the information and explanations given to us and on the basis of examination of the documents and records, there are no disputed statutory dues, which are not been deposited with the appropriate authorities.
10. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses during the year under report.
11. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank.
12. As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. On the basis of the records examined by us and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of dealings in shares and securities and other investment and timely entries have been made therein. The aforesaid securities have been held by the Company except to the extent of exemption granted under section 49 of the Companies Act, 1956.
15. According to information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable.
16. As explained to us, the Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company, there are no funds raised on a short-term basis, which have been used for long-term investment, and vice versa.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. As per information & explanations given to us, and on the basis of the records and documents examined by us, the Company has not issued any secured debentures during the year.
20. As per information & explanations given to us, and on the basis of the records and documents examined by us, The Company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For GOPAL RAO & ASSOCIATES.

Chartered Accountants

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

Place: Mumbai.
Date : 30th June 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	Sch. No.	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
<u>SOURCES OF FUNDS</u>			
1. SHARE HOLDERS FUNDS			
a) CAPITAL	1	47,211,880	47,211,880
b) RESERVES & SURPLUS	2	40,570,923	40,827,767
2. LOAN FUNDS			
a) SECURED LOANS	3	295,025	594,127
a) UNSECURED LOANS	4	19,499,558	20,499,558
Deferred Tax Liability		1,046,426	1,046,426
TOTAL		<u>108,623,812</u>	<u>110,179,758</u>
<u>APPLICATION OF FUNDS</u>			
1. FIXED ASSETS			
Gross Block	5	36,495,027	33,665,760
Less: Depreciation		12,202,864	11,441,963
Net Block		<u>24,292,163</u>	<u>22,223,797</u>
2. INVESTMENTS			
	6	1,509,527	1,509,527
3. CURRENT ASSETS LOANS & ADVANCES:			
a) Current Assets	7	84,164,144	99,012,794
b) Loans, Advances & Deposits	8	7,844,299	8,787,508
	(A)	<u>92,008,442</u>	107,800,302
LESS :			
4. CURRENT LIABILITIES & PROVISIONS:			
a) Liabilities	9	9,279,122	18,764,294
b) Provisions		218,987	3,403,521
	(B)	<u>9,498,109</u>	<u>22,167,815</u>
NET CURRENT ASSETS	(A-B)	82,510,333	85,632,487
MISCELLANEOUS EXPENDITURE	10	311,789	813,947
TOTAL		<u>108,623,812</u>	<u>110,179,758</u>
Earning Per Share (Basic & Diluted)		N.A	N.A
Notes to Accounts	14		

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

As per our Audit Report of Even Date

FOR GOPAL RAO & ASSOCIATES
CHARTERED ACCOUNTANTS

N.G.RAO
(PROPRIETOR)

PLACE :- MUMBAI
DATE :- 30th June, 2009

FOR AND ON BEHALF OF THE BOARD

TUSHAR SHAH
CHAIRMAN

KETAN SHAH
DIRECTOR

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

PARTICULARS	Sch. No.	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
<u>INCOME</u>			
Income from Brokerage		2,226,277	3,718,462
Other Income	11	5,549,497	35,363,458
<i>Total Income</i>		<u>7,775,774</u>	<u>39,081,920</u>
<u>EXPENDITURE</u>			
Expenses	12	7,043,432	17,090,961
Finance Charges	13	926,045	832,124
Depreciation		760,901	861,061
<i>Total Expenditure</i>		<u>8,730,378</u>	<u>18,784,146</u>
Profit / (Loss) before Taxation		(954,605)	20,297,774
Less: Provision for - Current Tax		131,591	3,347,000
- Deferred Tax		-	-
- Fringe Benefit Tax		76,196	45,321
Short/Excess Provision For Tax in C. Y.		-	-
Profit / (Loss) after Taxation		<u>(1,162,392)</u>	<u>16,905,453</u>
Balance Carried from Previous Yr.		31,504,698	14,599,245
Balance Carried to Balance Sheet		<u>30,342,306</u>	<u>31,504,698</u>

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

As per our Audit Report of Even Date

**FOR GOPAL RAO & ASSOCIATES
CHARTERED ACCOUNTANTS**

**N.G.RAO
(PROPRIETOR)**

**PLACE :- MUMBAI
DATE :- 30th June,2009**

FOR AND ON BEHALF OF THE BOARD

**TUSHAR SHAH
CHAIRMAN**

**KETAN SHAH
DIRECTOR**

CASH FLOW STATEMENT AS AT 31ST MARCH, 2009

	31.03.2009 Rs	31.03.2008 Rs
<u>Cash Flow from operating activities:</u>		
Net Profit/(Loss) before taxation	(954,605)	20,297,774
Adjustment for:		
Depreciation Expense	760,901	861,061
Deferred revenue expenditure w/off	311,789	311,789
Preliminary exp w/off	190,369	238,008
Interest on motor loan	35,218	57,240
Interest on other loan	23,617	60,938
Interest on Bank Loan	830,040	(33,745,977)
(Gain)/loss on disposal of investments	-	(1,570,283)
Interest Income on FD	(921,993)	(33,511)
Dividend Income	(27,504)	
Operating Profit/(Loss) before Working Capital	247,832	(13,522,961)
(Increase)/Decrease in stocks	-	11,556,374
(Increase)/Decrease in trade and other receivables	(2,561,264)	(9,796,061)
(Increase)/Decrease in Adv and Dep (Current)	943,210	-
(Decrease)/Increase in payables and accruals	(3,720,975)	(16,523,892)
Cash (absorbed by)/generated from Operations	(5,091,197)	(28,286,540)
Taxation	697,760	(64,200)
Net cash (absorbed by)/generated from operating activities	(4,393,437)	(28,350,740)
<u>Cash Flows from Investing activities:</u>		
Purchase of Fixed Assets	(2,829,267)	(212,854)
Proceeds from sale of Investments	-	47,439,600
Loan repaid for car loan	(299,102)	(334,320)
Additional loans given during the year	-	(1,411,815)
Interest received	921,993	1,570,283
Dividend received	27,504	33,511
Net cash (absorbed by)/generated from Investing activities	(2,178,872)	47,084,405
<u>Cash Flows from Financing activities:</u>		
Other Loans repaid	(8,948,732)	(684,938)
ICD Deposit Repaid	(1,000,000)	-
Interest Paid	(888,875)	-
Net cash (absorbed by)/generated from Financing activities	(10,837,606)	(684,938)
Net (Decrease)/Increase in cash and Cash Equivalents	(17,409,915)	18,048,727
Cash and Cash Equivalents as at 31st March 2008	22,121,972	4,073,245
Cash and Cash Equivalents as at 31st March 2009	4,712,057	22,121,972

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
SCHEDULE - 1 <u>SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
50,00,000 Equity Shares @ Rs. 10/- each	50,000,000.00	50,000,000.00
2,00,000 Redeemable Preference Shares @ Rs. 100/- each	20,000,000.00	20,000,000.00
TOTAL	<u>70,000,000.00</u>	<u>70,000,000.00</u>
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
42,21,188 Equity shares @ Rs. 10/- each fully paid up	42,211,880.00	42,211,880.00
50,000 0% Redeemable Pref. Shares @ Rs. 100/- each	5,000,000.00	5,000,000.00
TOTAL	<u>47,211,880.00</u>	<u>47,211,880.00</u>
SCHEDULE - 2 <u>RESERVES AND SURPLUS</u>		
Share Premium Account	3,386,500.00	3,386,500.00
Capital Reserve	936,569.26	936,569.26
General Reserve	5,000,000.00	5,000,000.00
<u>Profit & Loss Account</u>		
Opening Balance:	31,504,698.19	
Add : Excess Provision for Tax	905,547.00	
Add : Profit During the year	<u>(1,162,391.62)</u>	
	31,247,853.57	31,504,698.19
TOTAL	<u>40,570,922.83</u>	<u>40,827,767.45</u>
SCHEDULE - 3 <u>SECURED LOANS</u>		
ICICI Bank Car Loan	142,102.00	285,522.00
ICICI Bank Car Loan (Secured against 2 Motor Cars)	152,923.00	308,605.00
TOTAL	<u>295,025.00</u>	<u>594,127.00</u>
SCHEDULE - 4 <u>UNSECURED LOANS</u>		
From Individuals / Firms	2,505,500.00	2,505,500.00
From Companies	16,994,057.95	17,994,057.95
TOTAL	<u>19,499,557.95</u>	<u>20,499,557.95</u>

SCHEDULE - 5 : FIXED ASSETS AS ON 31ST MARCH 2009

(Amount in Rs.)

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2008	ADDITIONS / (DEDUCTION DURING THE YEAR)	COST AS AT 31.03.2009	BALANCE AS ON 01.04.2008	RATE OF DEP %	DURING THE YEAR	BALANCE AS ON 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
BSE STOCK EXCHANGE MEMBERSHIP CARD	10,000,000.00	0	10,000,000.00	0	0	0	0	10,000,000.00	10,000,000.00
NSE. CARD DEPOSIT	5,150,000.00	2500000	7,650,000.00	0	0	0	0	7,650,000.00	7,650,000.00
VSE CARD	1,951,000.00	0	1,951,000.00	0	0	0	0	1,951,000.00	1,951,000.00
OTC EXCH CARD DEP.	500,000.00	0	500,000.00	0	0	0	0	500,000.00	500,000.00
COMPUTER	7,507,042.00	50550	7,557,592.00	5,567,481.00	13.91	274,564.00	5842045	1,715,547.00	1,939,561.00
WEBSITE	4,258,303.00	0	4,258,303.00	2,886,934.00	13.91	190,757.00	3077691	1,180,612.00	1,371,369.00
MOTOR CAR (EL-6218)	863,482.00	0	863,482.00	557,512.00	25.89	79,216.00	636728	226,754.00	305,970.00
MOTOR CAR (EL-6562)	876,276.00	0	876,276.00	565,773.00	25.89	80,389.00	646162	230,114.00	310,503.00
XEROX MACHINE	103,595.00	0	103,595.00	76,210.00	13.91	3,809.00	80019	23,576.00	27,385.00
AIR CONDITIONER	607,367.00	0	607,367.00	426,742.00	13.91	25,125.00	451867	155,500.00	180,625.00
OFFICE EQUIPMENT	757,121.25	5190	762,311.25	606,985.25	13.91	21,245.00	628230.25	134,081.00	150,136.00
FURNITURE & FIXTURES	1,091,573.95	273527	1,365,100.95	754,325.95	18.1	85,796.00	840121.95	524,979.00	337,248.00
TOTAL	33,665,760.20	2,829,267.00	36,495,027.20	11,441,963.20	-	760,901.00	12,202,864.20	24,292,163.00	24,723,797.00
	33,452,906.20	212,854.00	33,665,760.20	10,580,902.20	-	861,061.00	11,441,963.20	22,223,797.00	22,872,004.00

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.

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
<u>SCHEDULE - 6</u> <u>INVESTMENTS</u>		
Unquoted Investment at Cost	1,509,527.00	1,509,527.00
TOTAL	<u>1,509,527.00</u>	<u>1,509,527.00</u>
<u>SCHEDULE - 7</u> <u>CURRENT ASSETS</u>		
Stock in Trade (At cost or Market Value, Whichever is Lower)	398,750.00	398,750.00
Sundry Debtors (Unsecured, Considered Good)	79,053,336.58	76,492,072.32
Cash Balance	2,061,318.15	751,236.15
Bank Balances	2,650,739.05	21,370,735.57
TOTAL	<u>84,164,143.78</u>	<u>99,012,794.01</u>
<u>SCHEDULE - 8</u> <u>LOANS, ADVANCES AND DEPOSITS</u>		
ARICOK (Considered Good)	5,846,574.57	6,292,284.48
Sundry Deposits	1,997,724.00	2,495,224.00
TOTAL	<u>7,844,298.57</u>	<u>8,787,508.48</u>
<u>SCHEDULE - 9</u> <u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>a) Current Liabilities</u>		
Sundry Creditors	1,369,456.25	2,187,410.81
Other Liabilities	3,387,801.11	1,304,981.07
Trade Advances	-	363,000.00
Credit Balances With Banks	4,282,303.37	13,231,034.95
Sub Brokerage Payable	141,459.49	1,579,765.62
Current Tax Liability	98,102.00	98,102.00
TOTAL	<u>9,279,122.22</u>	<u>18,764,294.45</u>
<u>b) Provisions</u>		
	<u>218,987.00</u>	<u>3,403,521.00</u>
<u>SCHEDULE - 10</u> <u>MISCELLANEOUS EXPENDITURE</u>		
Preliminary Expenses	-	190,369.05
Deferred Revenue Exp	311,788.65	623,577.65
TOTAL	<u>311,788.65</u>	<u>813,946.70</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

PARTICULARS	YEAR ENDED 31.03.2009 RS.	YEAR ENDED 31.03.2008 RS.
SCHEDULE - 11 : OTHER INCOME		
Interest Received from Bank F.D.	921,992.91	1,570,282.88
Miscellaneous Income	-	13,687.31
Dividend Received	27,503.76	33,510.75
Profit on Sale of Investment	-	33,745,977.00
Asset Advisory Fees	4,600,000.00	-
Total	5,549,496.67	35,363,457.94
SCHEDULE - 12 : EXPENSES		
Transaction Exp	758,120.94	876,786.56
Payment to Employees	1,255,262.00	1,301,957.00
Administrative Exp	897,071.28	756,701.00
Electricity Exp	199,186.00	179,172.00
Telephone Exp	556,429.78	515,249.00
Stamp Paper Charges	3,100.00	16,810.00
Discount & Rebates	4,603.78	-
B.S.E. STT Charges A/c	4,993.00	8,854.12
N.S.E. STT A/c	-	121.74
Festival Expenses	3,600.00	3,210.00
Miscellaneous Exp	-	126,469.00
Listing Fees	171,084.00	110,000.00
Installment Difference Exp.	12,667.40	-
Brokerage	-	180,000.00
Stamp Duty including Brokerage	-	314,108.61
Stamp Duty Penalty	-	166,345.00
Labour Charges	460,000.00	-
Rent A/c	2,027,500.00	317,500.00
Legal Expenses	1,000.00	4,090.00
Payment to Auditors towards :		
Audit Fees	44,120.00	-
Tax Audit Fees	11,030.00	-
Income Tax Consultancy charges	11,030.00	-
Certification Charges	22,060.00	-
	88,240.00	67,416.00
Internal Audit Fees	44,944.00	40,000.00
Deferred Revenue Exp W/off	311,789.00	311,789.00
Preliminary Exp W/off A/c	190,369.05	238,008.00
Shares written off	-	11,556,374.14
Total	6,989,960.23	17,090,961.17
SCHEDULE - ' 12 ' EXPENSES MISCELLANEOUS EXPENSES		
Boni	-	-
Listing Fees	-	-
ROC Exp	53,472.00	8,500.00
Loss in investment in gold	-	96,000.00
Previous year adjusment A/c	-	21,969.00
Total	53,472.00	126,469.00
	7,043,432.23	17,217,430.17
SCHEDULE - 13 : FINANCE CHARGES		
Bank Charges & Commission	37,170.45	103,409.95
Bank Interest Paid	830,040.12	610,536.31
Interest on Motorcar Loan	35,218.00	57,240.00
Other Interest	23,616.50	60,937.50
Total	926,045.07	832,123.76

SCHEDULE 14**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009****1. SIGNIFICANT ACCOUNTING POLICIES:****i. ACCOUNTING CONCEPTS:**

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

ii. FIXED ASSETS:

Fixed Assets are stated at cost less depreciation.

iii. DEPRECIATION:

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

iv. INVESTMENTS:

Investments are shown at cost.

v. INVENTORIES:

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

vi. BROKERAGE EARNED:

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

vii. RETIREMENT BENEFITS:

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

viii ADVANCES FROM SISTER CONCERN:

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

ix DEFERRED REVENUE EXPENDITURE:

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

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

8. Details of Auditors Remuneration:

	<u>Current Year</u>	<u>Previous Year</u>
Audit Fees	44120/-	44,944/-
Tax Audit Fees	11030/-	11,236/-
Certification Charges	22,060/-	-
Income Tax Consultancy Charges	11030/-	11,236/-
	<u>88240/-</u>	<u>67,416/-</u>

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

10. DEFERRED TAX LIABILITY/(ASSETS):

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

As on 31 st March 2009, the Depreciation as per Companies Act, 1956	Rs. 7,60,901/-
As on 31 st March 2009, the Depreciation as per Income Tax Act, 1961	<u>Rs. 4,32,929/-</u>
Current year permanent differential	<u>Rs. 3,27,972/-</u>
Deferred Tax Asset not recognized @33.9966% on Rs. 3,27,972/-	<u>Rs. 1,11,499/-</u>

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

PARTICULARS	F.Y.2008 -09	F.Y. 2007-08
Profit/(Loss) available to the Equity Shareholders	Rs.3,04,73,897	Rs. 3,15,04,698
Weighted average No. of equity share for Basic EPS	42,21,188	42,21,188
Nominal Value of equity shares	Rs. 10	Rs. 10
Earning Per Share (Basic/ Diluted)	Rs. 7.22	Rs. 7.46

12. CONTINGENT LIABILITY NOT ASCERTAINED:

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

13. 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.

**FOR GOPAL RAO & ASSOCIATES
CHARTERED ACCOUNTANTS**

**N.G.RAO
(PROPRIETOR)**

**PLACE :- MUMBAI
DATE :- 30th June,2009**

FOR AND ON BEHALF OF THE BOARD

**TUSHAR SHAH
CHAIRMAN**

**KETAN SHAH
DIRECTOR**

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

Balance Sheet Abstract and Company's General Business profiles

I. Registration Details :

Registration No.	35718	State Code:	11
Balance Sheet Date	31/03/2009		

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

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

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

Total Liabilities:	108,624	Total Assets:	108,624
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Sources of Funds :

Paid up Capital:	47,211.88	Reserves & Surplus:	40,570.92
Secured Loans:	295.03	Unsecured Loans:	19,499.56

Application of Funds:

Net Fixed Assets:	24,292.16	Investments	1,509.53
Net Current Assets:	82,510.33	Misc.Expenditure:	311.79
Accumulated Losses:	NIL		

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

Turnover (Gross Revenue)	7,775.77	Total Expenditure	8,730.38
Before Tax	(954.61)	Profit/Loss After Tax	(1,162.39)
Earning per Share: (Rs.)	(0.28)	Dividend Rate	NIL

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

Item Code No.

Product Description:

**FOR GOPAL RAO & ASSOCIATES
CHARTERED ACCOUNTANTS**

**N.G.RAO
(PROPRIETOR)**

**PLACE :- MUMBAI
DATE :- 30th June, 2009**

FOR AND ON BEHALF OF THE BOARD

**TUSHAR SHAH
CHAIRMAN**

**KETAN SHAH
DIRECTOR**

KBS CAPITAL MANAGEMENT LIMITED

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

PROXY FORM

23rd Annual General Meeting 30th September 2009

Folio No.....

Client ID :.....

No. of shares held

D.P. ID :.....

I/We.....
of in the district of being member(s) of
KBS CAPITAL MANAGEMENT LIMITED hereby appoint
ofin the district of or failing him
..... of in the district
of as my / our proxy to vote for me / us on my / our behalf at the **23rd ANNUAL
GENERAL MEETING - 30th September 2009** of the Company to be held on Wednesday, 30th September 2009 at the
Registered Office of the Company at 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai 400 001 at 12.30
p.m. and at any adjournment thereof.

Please
affix Rupee 1
Revenue
Stamp

Place :.....

Date :

Signature.....

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

KBS CAPITAL MANAGEMENT LIMITED

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

ATTENDANCE SLIP

23rd Annual General Meeting 30th September 2009

Folio No.....

Client ID :.....

No. of shares held

D.P. ID :.....

I (Name in Block Letters)
hereby record my presence at the 23rd Annual General Meeting of the company to held on 30th September 2009 at 502,
Commerce House, 140 Nagindas Master Road, Fort, Mumbai-400001 on Wednesday the 30th September 2009 at 12.30 p.m.

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

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

BOOK - POST

If undelivered, please return to:

KBS Capital Management Limited
502, Commerce House,
140, Nagindas Master Road,
Fort, Mumbai-400001.