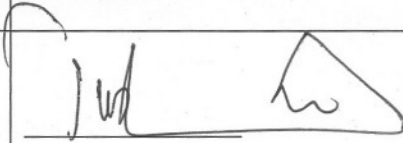
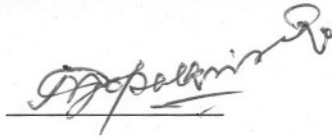



FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGE

| | | |
|----|---|---|
| 1. | Name of the Company | M/s. KBS India Limited |
| 2. | Annual financial statement for the year ended | 31 st March, 2013 |
| 3. | Type of Audit Observation | No qualification |
| 4. | Frequency of Observation | Not Applicable |
| 5. | To be signed by - | |
| | • CEO & CFO |  Tushar Shah |
| | • Auditor of the Company |  N. G. Rao |
| | • Audit Chairman Committee |  Nilesh Dharia |

KBS INDIA LIMITED

27TH ANNUAL REPORT

2012-2013

Board of Directors:

| | |
|-----------------------|------------------------------|
| Mr. Tushar Shah | Chairman & Managing Director |
| Mr. Ketan Shah | Director |
| Mr. Nilesh Dharia | Director |
| Mr. Vinod Kumar Bapna | Director |

Auditors:

M/s. Gopal Rao & Associates
Chartered Accountants
Mumbai

Bankers:

Bank of India, Mumbai
Axis Bank, Mumbai

Registered Office:

502, Commerce House,
140, Nagindas Master Road,
Fort, Mumbai – 400 001.
Tel. No.: 022 – 2264 2670/74
Fax No.: 022 – 2264 2673
Email: investors@kbs.co.in

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
Tel. No.: 022 – 2596 3838
Fax No.: 022 – 2594 6969
Email: mumbai@linkintime.co.in

| CONTENTS | Page Nos. |
|--|------------------|
| Notice | 1 |
| Directors' Report | 3 |
| Management Discussion and Analysis Report | 7 |
| Report of Corporate Governance | 10 |
| Auditors' Report | 18 |
| Balance Sheet | 22 |
| Statement of Profit and Loss | 23 |
| Cash Flow Statement | 24 |
| Significant Accounting Policies and Notes on Standalone Financial Statements | 25 |
| Auditors' Report on Consolidated Financial Statements | 33 |
| Consolidated Balance Sheet | 34 |
| Consolidated Statement of Profit & Loss | 35 |
| Consolidated Cash Flow Statement | 36 |
| Significant Accounting Policies and Notes on Consolidated Financial Statements | 37 |
| Attendance Slip and Proxy Form | |

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of **KBS INDIA LIMITED** will be held on Monday, the 30th day of September, 2013 at 106/108, Jai Hind Building, 1st floor, Nagindas Master Road, Fort, Mumbai – 400 001 at 5.30 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and 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. Vinod Kumar Bapna, 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 the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Place : Mumbai
Date : 2nd September, 2013

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. Corporate Members are requested to send a duly certified copy of the Board resolution pursuant to Section 187 of the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting or any adjournment thereof.
4. The Members/Proxies should bring the attendance slip duly filled in and signed for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed on Monday, the 30th day of September, 2013.
6. Members desirous of seeking information relating to the Accounts and Operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting, to enable the Company to keep the information ready.
7. Members are requested to bring their copies of Annual Report to the meeting.
8. Members are requested to address all correspondences to the Registrar and Share Transfer Agents – M/s. Link Intime India Private Limited, Unit: KBS India Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai - 400078.

9. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card etc., having photo identity) while attending the meeting.
10. In pursuance of Clause 49(IV)(G) of the Listing Agreement, the details of Director seeking re-appointment at the ensuing Annual General Meeting to be held on Monday, the 30th day of September, 2013 are given as follows:

| | |
|---|---|
| Name of Director | Mr. Vinod Kumar Bapna |
| Date of Birth | 21 st February, 1971 |
| Nationality | Indian |
| Date of appointment as Director | 11 th December, 2007 |
| Designation | Director |
| Qualification | B.Com , FCA |
| Experience/Expertise | 25 years |
| Shareholding in the Company (Equity Shares of ₹ 10/- each) | Nil |
| List of Directorships held in other Companies | 1.SVKS Management Services Private Limited 2.SVKS Financial Services Private Limited |
| List of Chairmanship and Membership in Public Companies | Member of Audit, Shareholders'/Investors' Grievance and Remuneration Committee of the Company |
| Relationship with existing Directors of the Company | Not related |

DIRECTORS' REPORT

To,
The Members of
KBS India Limited

Your Directors have pleasure in presenting herewith 27th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS:

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

| Particulars | (Amount in ₹) | |
|--|----------------------|------------------|
| | 2012-2013 | 2011-2012 |
| Income from operation and other Income | 1,72,07,070 | 1,89,19,093 |
| Profit before Depreciation & Amortization Expenses, Finance Cost and Tax | 26,27,499 | 24,54,540 |
| Less: Depreciation | 4,50,519 | 5,15,288 |
| Finance Cost | 7,23,742 | 1,02,846 |
| Profit (Loss) before Tax | 14,53,238 | 18,36,406 |
| Less: Current tax | 4,13,139 | 2,75,460 |
| Deferred Tax | - | - |
| Profit/(Loss) After Tax | 10,40,099 | 15,60,946 |
| Add: Balance brought forward from previous year | 3,75,91,749 | 3,60,30,803 |
| Balance carried to Balance Sheet | 3,86,31,848 | 3,75,91,749 |

OPERATIONS:

During the year under review, the Company could achieved a turnover of ₹ 172.07 Lacs during the year as compared to ₹ 189.19 Lacs during the previous year. The Profit before tax was ₹ 14.53 Lacs during the year as compared to Profit before tax of ₹ 18.36 Lacs in the previous year. Net profit after tax of the Company is ₹ 10.40 Lacs during the year as compared to Profit of ₹ 15.61 Lacs in the previous year.

DIVIDEND:

In view to conserve the resources for the future business requirements, your Directors do not recommend any payment of dividend for the year ended 31st March, 2013.

DIRECTORS:

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vinod Kumar Bapna 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 are given in the notice convening the 27th 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, 2013 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; and
- (iv) they have prepared the Annual Accounts on a "Going Concern" basis.

AUDITORS:

M/s. Gopal Rao & Associates, Chartered Accountants, Mumbai (having FRN: 127055W), the Statutory Auditors of your Company hold such office upto 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 they are willing to continue as Statutory Auditors and that their re-appointment, if made, 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.

AUDITORS' REMARK:

The remarks in the Auditors' Report are self-explanatory.

PUBLIC DEPOSITS:

During the year under review, the Company has neither accepted nor renewed any deposits from the public within the meaning of Section 58A and 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 Report

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS :

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

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated 8th February, 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. A statement containing brief financial details of the Company's subsidiary for the year ended 31st March, 2013 is given in Annexure attached to this Report.

Further, the Annual Accounts of the above referred subsidiary Company shall be made available to the shareholders of the Company and of the subsidiary Company on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary Company during the office hours on all working days and during the Annual General Meeting.

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.

ACKNOWLEDGMENTS:

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 : 2nd September, 2013

Tushar Shah
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information as required under General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Company for the year ended 31st March, 2013 under Section 212 of the Companies Act, 1956.

(Amount in ₹)

| Sr. No. | Particulars | KBS Capital Management (Singapore) Pte. Ltd. |
|----------------|---|---|
| 1. | Financial year ended | 31-03-2013 |
| 2. | Share Capital | 90 |
| 3. | Reserve & Surplus | 18,47,283 |
| 4. | Total Assets | 31,47,132 |
| 5. | Total Liabilities | 12,99,759 |
| 6. | Investments (excluding investments in subsidiary companies) | Nil |
| 7. | Turnover & Other Income | 37,26,599 |
| 8. | Profit/(Loss) before Taxation | 2,96,466 |
| 9. | Provision for Taxation | 21,848 |
| 10. | Profit/ (Loss) after Taxation | 2,74,618 |
| 11. | Proposed Dividend | Nil |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF THE INDIAN ECONOMY

Indian economy passed through a phase of delicate macro-economic conditions in 2012-13 wherein it reported GDP growth of 5%, the lowest in the decade. The major challenges in addition to the declining growth were ballooning fiscal deficit (to 5.2% of GDP), mounting inflationary pressure, sluggish investments climate as an outcome of several scams, infrastructure bottlenecks, poor investor sentiment, and weak domestic and global demand. The corporate performance remained a mixed-bag. The downward trend became prominent since second quarter of 2012-13 to 5.2%, reached 4.7% and 4.8% in the subsequent quarters.

During the current fiscal, the economy is facing new challenges while old one persists. The GDP growth for the first quarter tapered further to 4.4%, currency depreciation and Current Account deficit as well as fiscal deficit widened further on account of lower than expected revenue from tax and disinvestment and are likely to widen further on implementation of recently passed Food Security Bill. The pace of reforms had been slow as governance concerns and delay in approvals continue to weigh on business confidence. In the monsoon session of parliament both the houses passed some of the important bills such as Land Acquisition Bill and Pensions Fund Regulatory and Development Authority Bill.

SOME OTHER IMPORTANT INDICATORS OF THE COUNTRY ARE:

The weakness in manufacturing sector is clearly evident from the recently published weak IIP data and fragile core sector growth numbers. The overall corporate performance continued to suffer in the first quarter of 2013-14 due to policy inaction by the government and it has yet to show reversal of trends.

In view of moderation in growth along with some of the macro economic challenges, investment climate remained sluggish during 2012-13. The cumulative Foreign Direct Investments (FDI) equity inflows into India were worth US\$ 198,679 million during April, 2000 to June, 2013. However FDI equity inflows actually declined by 38% in 2012-13 to US\$ 22,423 million from US\$ 35,121 million in 2011-12. During the first quarter (April-June 2013) of the current fiscal, FDI recorded was US\$ 5,397 million.

The India Inc's mergers and acquisitions deal value dropped by 39% to \$13.92 billion through 256 transactions during January-June 2013 compared to that in the same period last year according to Grant Thornton. The aggregate P/E investments declined 15%, at US\$ 8.85 billion across 406 deals in the year 2012, as compared to US\$10.35 billion from 481 deals in the year 2011. During 2012-13, the primary market offering equity too experienced slump, and market saw only three IPOs and raised ₹ 10.2 million.

India's trade performance during 2012-13 continued to be weak. Trends in exports and imports in Q1 of 2013-14 suggest a widening of the merchandise trade deficit. The trade deficit widened from US\$ 42.2 billion in Q1 of 2012-13 to US\$ 50.2 billion in Q1 of 2013-14, mainly on account of a sharp increase in gold imports. Total exports from the Indian services sector stood at US\$ 145.7 billion during 2012-13, up from US\$ 1140.9 billion in 2011-12 and stood at US\$ 25.6 billion during April-May 2013, as per data released by the Reserve Bank of India (RBI)

During the current fiscal 2013-14, the Indian Rupee depreciated steeply (about 16%) caused by combination of weak domestic macro-economic environment, global factors and possible tapering of US stimulus. The Indian Rupee, that was quoting on an average at ₹ 45 during the last decade, against US\$ breached to ₹ 50 in 2011-12 and ₹ 55 in 2012-13 dropped sharply to ₹ 67 in August, 2013.

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 CNX Nifty was up 6.8% for the fiscal 2012-2013, after declining 9.1% in 2011-12. It saw positive returns in each of the first three quarters of 2012-13, but witnessed a 3.8% decline in Q4 of 2012-13. On a relative basis, the Indian market performed better than the benchmarks of emerging market peers like China, Brazil, but underperformed developed markets like USA, UK, Germany and Australia. The challenging macro economic conditions and policy uncertainties affected investors' sentiments. The domestic retail and institutional investors have shied away from the equity market.

In April-May 2012, when the market dipped 6.8%, FIIs turned net sellers of Indian equities. However, following deferment of GAAR proposals, FIIs made a strong comeback and pumped in net inflows each month this fiscal since July, 2012. FIIs are now the second biggest holders of Indian equities after promoters. FIIs net inflows into equities were ₹ 1,400 billion in 2012-13, about 3 times that of 2011-12.

In April and May 2013, Indian markets saw net inflows by FII to the tune of ₹ 264.1 billion. However, since June 2013 FII have turned net sellers, the net outflow by FIIs during June to August 2013 was to the tune of ₹ 784.4 billion

RISKS AND CONCERNS

India seems to have lost its sheen, since return on investment has impacted due to currency depreciation and poor corporate performance during the first quarter of this fiscal. The FIIs seems to be moving to US and other developed economies which have shown early signs recovery. Additionally, the FIIs participation may significantly decline in the coming months in the light of possible exit of quantitative easing by the US Federal Reserve this year that 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

Although India is facing medium term macro-economic challenges, in the short to medium term better than expected monsoon is likely to change the gloomy picture of the Indian economy as availability of food production is likely to have a positive impact on inflation and, eventually, interest rates. Besides that, it will lift the rural demand, as higher farm output raises the income of rural people, who account for large part of India's population and are seen as a potential source of domestic demand. The financial markets have responded positively towards some important structural reforms announced by newly appointed Governor of RBI. We expect, RBI may come out with more steps to boost the rupee and clean up the mess in the banking system and give impetus to economic growth and renew investment climate in India. We are confident that India's long term growth story remains intact.

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 optimistic 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 ₹ 172.07 Lacs during the year as compared to ₹ 189.19 Lacs during the previous year. The Profit after tax achieved to ₹ 10.40 Lacs during the year as compared to Profit of ₹ 20.76 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. The Board has four directors, out of these, one is Promoter Director, one is Non-Executive/Non-Independent Director and other two 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 14th May, 2012, 11th August, 2012, 8th November, 2012, 3rd December, 2012 and 2nd February, 2013. As stipulated, the gap between two board meetings did not exceeded 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 Directors | Category | No. of Board Meetings Attended | Attendance at last AGM held on 31 st December, 2012 | No. of directorship held in other public companies ² | Committee Position in other companies ¹ | |
|------------------------------------|--|--------------------------------|--|---|--|----------|
| | | | | | Member | Chairman |
| Mr. Tushar Shah | Promoter/ Chairman | 5 | Yes | - | - | - |
| Mrs. Madhu Shah ³ | Promoter / Director | 2 | - | - | - | - |
| Mr. Ketan Shah | Non - Executive / Non - Independent Director | 5 | Yes | - | - | - |
| Mr. Nilesh Dharia | Independent Director | 5 | Yes | - | - | - |
| Mr. Vinod Kumar Bapna | Independent Director | 5 | Yes | - | - | - |
| Mr. Ghanshyam Karkera ³ | Independent Director | 1 | - | - | - | - |

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.
- Mrs. Madhu Shah and Mr. Ghanshyam Karkera resigned from the directorship of the Company w.e.f. 12th August, 2012.

3. BOARD COMMITTEES

a. Audit Committee

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

During the year under review, 5 (five) meetings of the Audit Committee were held on 14th May, 2012, 11th August, 2012, 8th November, 2012, 3rd December, 2012 and 2nd February, 2013.

The number of meetings attended by each member during the year ended 31st March, 2013 is as under:

| Name of Directors | Designation | No. of Meetings | |
|-----------------------|-------------|-----------------|----------|
| | | Held | Attended |
| Mr. Nilesh Dharia | Chairman | 5 | 5 |
| Mr. Vinod Kumar Bapna | Member | 5 | 5 |
| Mr. 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/re-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 regarding 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.

Mr. 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 14th May, 2012, 11th August, 2012, 8th November, 2012, and 2nd February, 2013. The number of meetings attended by each member and composition of the Committee during the year ended 31st March, 2013 is as under:

| Name of Directors | Designation | No. of Meetings | |
|-----------------------|---|-----------------|----------|
| | | Held | Attended |
| Mr. Tushar Shah | Chairman (upto 10 th August, 2012) | 4 | 4 |
| Mr. Ketan Shah | Chairman (w.e.f. 11 th August, 2013) | 4 | 4 |
| Mrs. Madhu Shah | Member (upto 11 th August, 2012) | 2 | 2 |
| Mr. Vinod Kumar Bapna | Member(w.e.f. 11 th August, 2012) | 2 | 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.

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

Status of Investors' Complaints:

| Opening | Received during the year | Resolved during the year | Pending during the year |
|---------|--------------------------|--------------------------|-------------------------|
| 0 | 0 | 0 | 0 |

Name of Compliance Officer:

Mr. Nehal Shah is the Compliance Officer of the Company.

c. Remuneration Committee

During the year under review, one meeting of Remuneration Committee was held on 14th May, 2012.

The composition of the Remuneration Committee as on 31st March, 2013 was as follows:

| Name | Designation | No. of Meeting | |
|-----------------------|--|----------------|----------|
| | | Held | Attended |
| Mr. Nilesh Dharia | Chairman(w.e.f. 11 th August, 2012) | - | - |
| Mr. Ketan Shah | Member (w.e.f. 11 th August, 2012) | - | - |
| Mr. Ganshyam Karkera | Chairman (upto 10 th August, 2012) | 1 | - |
| Mr. Vinod Kumar Bapna | Member | 1 | 1 |
| Mr. Tushar Shah | Member (upto 10 th August, 2012) | 1 | 1 |

The details of remuneration paid to the Directors during the year ended 31st March, 2013 and their shareholding are as follows:

(Amount in ₹)

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

Mr. Nehal Shah, Compliance Officer acts as the Secretary of the Company.

4. GENERAL BODY MEETINGS AND POSTAL BALLOT PROCESS**a) 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 |
|----------------|----------------------------------|------------|--|
| 2011-2012 | 31 st December, 2012 | 4.00 p.m. | 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai - 400 001 |
| 2010-2011 | 16 th December, 2011 | 4.00 p.m. | |
| 2009-2010 | 27 th September, 2010 | 12.30 p.m. | |

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

| Date | Purpose of Special Resolution |
|----------------------------------|--|
| 31 st December, 2012 | To appoint Mr. Tanay Shah, relative of Directors of the Company as Quant Research Analyst. |
| 16 th December, 2011 | Alteration of Articles of Association of the Company. |
| 27 th September, 2010 | No special resolution was passed. |

b) Postal Ballot Process

During the year under review, the Company conducted one Postal Ballot process, the details of which are as follows:

The Company dispatched Postal Ballot Notice to its shareholders on 11th February, 2013. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011. Mr. Manish L. Ghia, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 14th March, 2013.

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

| Sr. No. | Business | Postal Ballot forms received | | Valid Votes Casted | | |
|---------|--|------------------------------|-------|--------------------|-------------------|-----------|
| | | Total | Valid | Total | In Favour | Against |
| 1 | Ordinary Resolution under Section 94(1)(d) of the Companies Act, 1956 for sub-division of the Equity Shares having face value of ₹ 10/- each into Equity Shares having face value of ₹ 1/- each of the Company. | 40 | 40 | 5013277 | 5013277 (100%) | 0 (0%) |
| 2 | Ordinary Resolution under Section 16 for alteration of Memorandum of Association of the Company upon sub-division of the Equity Shares having face value of ₹ 10/- each into Equity Shares having face value of ₹ 1/- each of the Company. | 40 | 40 | 5013277 | 5013277 (100%) | 0 (0%) |

Aforesaid resolutions were passed with requisite majority.

None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

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 and Practising Company Secretaries Certificate on Compliance of Clause 49 of the Listing Agreement

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 Chairman and Managing Director of the Company and Certificate of Practising Company Secretaries on compliance of Clause 49 of the Listing Agreement by 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 Mr. Tushar Shah, Chairman and Managing Director of the Company, in respect of financial year ended 31st March, 2013 was placed before the Board at its meeting held on 2nd September, 2013.

g) Review of Directors Responsibility Statement

The Board in its reports' has confirmed that the Annual Accounts for the year ended 31st March, 2013 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

h) Whistle Blower Policy

The Company has no formal Whistle Blower policy, however it takes cognizance of complaint made and suggestions given by the employees and whenever necessary, suitable corrective steps are taken for it. No employee was denied to access the Audit Committee for the same purpose.

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, including composition of Board of Directors and Compliance 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 Company does not have its own website.
- e) The Management Discussion and Analysis Report given separately forms part of this Annual Report.

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

Time : 5.30 p.m.
 Date : 30th September, 2013
 Day : Monday
 Venue : 106/108, Jai Hind Building, 1st floor, Nagindas Master Road, Fort, Mumbai – 400 001

b) Financial Calendar : (2013-2014)

Financial year - 1st April, 2013 to 31st March, 2014
 First quarter results - On 13th August, 2013
 Second quarter result - By 14th November, 2013
 Third quarter result - By 14th February, 2013
 Fourth quarter results - By 30th May, 2014

c) Date of Book Closure: 30th September, 2013**d) Dividend Payment Date: N.A.****e) Listing on Stock Exchange: BSE Limited**

The Company has paid the necessary listing fees for the year 2013-2014.

- 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 (₹) | Low (₹) | High (Points) | Low (Points) |
| April, 2012 | 20.00 | 17.50 | 17664.10 | 17010.16 |
| May, 2012 | - | - | 17,432.33 | 15,809.71 |
| June, 2012 | 20.00 | 18.00 | 17,448.48 | 15,748.98 |
| July, 2012 | 18.90 | 18.80 | 17,631.19 | 16,598.48 |
| August, 2012 | 18.75 | 17.90 | 17,972.54 | 17,026.97 |
| September, 2012 | 19.80 | 17.95 | 18,869.94 | 17,250.80 |
| October, 2012 | 17.10 | 16.25 | 19,137.29 | 18,393.42 |
| November, 2012 | 16.90 | 15.80 | 19,372.70 | 18,255.69 |
| December, 2012 | 18.00 | 15.75 | 19,612.18 | 19,149.03 |
| January, 2013 | 20.00 | 15.10 | 20,203.66 | 19,508.93 |
| February, 2013 | 20.95 | 14.60 | 19,966.69 | 18,793.97 |
| March, 2013 | 18.95 | 11.90 | 19,754.66 | 18,568.43 |

*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 15 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 21 days.

j) **Shareholding pattern as at 31st March, 2013:**

| 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 | - | - |
| 6. | Bodies Corporate | 1,05,424 | 1.24 |
| 7. | Individuals | 19,93,863 | 23.40 |
| 8. | Clearing Member | 1,08,623 | 1.27 |
| 9. | Directors and their relatives and friends | 9,00,000 | 10.56 |
| 10. | NRI/OCBs | 150 | 0.01 |
| 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 |
| | TOTAL | 85,21,188 | 100.00 |

k) The Distribution of Shareholding as on 31st March, 2013:

| Slab of Shares Holding | | Share Holders | Percentage % | Shares | Percentage % |
|------------------------|-------|---------------|---------------|----------------|---------------|
| From | To | | | | |
| 1 | 500 | 439 | 71.15 | 91643 | 1.08 |
| 501 | 1000 | 49 | 7.94 | 42070 | 0.49 |
| 1001 | 2000 | 35 | 5.67 | 56697 | 0.67 |
| 2001 | 3000 | 21 | 3.40 | 53909 | 0.63 |
| 3001 | 4000 | 10 | 1.62 | 36120 | 0.42 |
| 4001 | 5000 | 7 | 1.14 | 32428 | 0.39 |
| 5001 | 10000 | 22 | 3.57 | 163980 | 1.92 |
| 10001 and above | | 33 | 5.51 | 8044341 | 94.40 |
| TOTAL | | 616 | 100.00 | 8521188 | 100.00 |

l) Dematerialisation of Shares:

As on 31st March, 2013 about 98.25% of the Company Equity Shares have been dematerialized.

m) Outstanding ADR(s), GDR(s), Warrants or any convertible instruments, conversion date and impact on Equity:

Outstanding 11,50,000 GDR(s) as on 31st March, 2013 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 ₹ 10/- each. The said GDR(s) are listed on Luxembourg Stock Exchange, Luxembourg.

n) Registrar and Share Transfer Agents:**LINK INTIME INDIA PRIVATE LIMITED**

Unit : KBS India Limited
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai – 400 078
Tel. No.: 022-25963838
Fax No.: 022-25946969
Email : mumbai@linkintime.co.in

o) 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:

For General Correspondence:**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
Email : mumbai@linkintime.co.in

Compliance Officer

Mr. Nehal Shah
502, Commerce House,
140, Nagindas Master Road,
Fort, Mumbai – 400 001
Tel. No.: 022 – 2264 2670/74
Fax No.: 022 – 2264 2673
Email : investors@kbs.co.in

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 2012-13.

For KBS India Limited

Place : Mumbai
Date : 2nd September, 2013

Tushar Shah
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The members of
KBS INDIA LIMITED

We have examined the Compliance of the conditions of Corporate Governance by **KBS INDIA LIMITED** for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement 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 Listing Agreement.

We state that in respect of investor Grievances received, generally no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company in present. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Manish Ghia & Associates
Company Secretaries

Place : Mumbai
Date : 2nd September, 2013

Manish L. Ghia
Partner
M No.: FCS 6252 C. P. No. : 3531

INDEPENDENT AUDITOR'S REPORT

To
The Shareholders of KBS India Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of the KBS India Limited, which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

1. As required by the Companies (Auditors' Report) Order, 2003, as amended, 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.

2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion the Company has kept proper books of account as required by the law have been kept by the Company so far as appears from our examinations of those books.
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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 31st March, 2013 and taken on the record by the Board of Directors, we report none of the Directors are disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of

Gopal Rao & Associates

Chartered Accountants

Firm Registration No. 127055W

N. G. Rao

Proprietor

Membership No. 33665

Place : Mumbai

Date : 30th May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 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 31st March, 2013 is ₹ 11,36,81,993/-.
 - b. In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loan given by the Company, are not prejudicial to the interest of the Company.
 - c. The principal amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand.
 - d. In respect of the said loans, the same are repayable and therefore the question of overdue amounts does not arise. In respect of the interest, there are no overdue amounts.
 - e. The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanation given to us, generally there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchase of shares, fixed assets and for sale of the shares. Further, on the basis of our examinations of books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct this major weakness in the aforesaid internal control procedures.
5. According to the information and explanations provided by the management, we are of the opinion that, the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under apply.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. a) According to the records of the Company examined by us, and as per the information and explanations given to us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Income tax, Wealth tax, Service tax and other statutory dues with the appropriate authorities except TDS which

includes minor delay in payments. However, the undisputed statutory dues outstanding for more than six months are as per Annexure "A" attached.

Annexure "A"

| Name of the statute | Nature of the Dues | Amount (₹) | Period to which it relates |
|----------------------------|---------------------------|-------------------|-----------------------------------|
| Service Tax | Service Tax | 221,084 | 2005-06 |
| Service Tax | Service Tax | 247,356 | 2006-07 |
| Service Tax | Service Tax | 568,560 | 2008 09 |
| Total | | 1,037,001 | |

- 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 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 and 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 and 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 : 30th May, 2013

BALANCE SHEET AS ON 31ST MARCH, 2013

| Particulars | Note No. | As on 31 st March, 2013 ₹ | As on 31 st March, 2012 ₹ |
|---|----------|---|---|
| I EQUITY & LIABILITES | | | |
| 1. Shareholders' funds | | | |
| (a) Share capital | 1 | 90,211,880 | 90,211,880 |
| (b) Reserves and surplus | 2 | 157,258,267 | 156,218,169 |
| (c) Money received against share warrants | - | - | - |
| 2. Share application money pending allotment | | | |
| 3. Non-current liabilities | | | |
| (a) Long-term borrowings | | - | - |
| (b) Deferred tax liabilities (net) | | - | - |
| (c) Other long-term liabilities | | - | - |
| (d) Long-term provisions | | - | - |
| 4. Current Liabilities | | | |
| (a) Short Term Borrowings | 3 | 1,925,500 | 2,025,500 |
| (b) Trade Payables | 4 | 1,224,720 | 238,826 |
| (c) Other Current Liabilities | 4A | 4,700,155 | 2,497,329 |
| (d) Provisions | 5 | 717,796 | 656,777 |
| TOTAL | | 256,038,318 | 251,848,481 |
| II ASSETS | | | |
| 1. Non Current Assets | | | |
| a) Fixed Assets | 6 | | |
| (i) Tangible | | | |
| Gross Block | | 16,920,975 | 16,781,961 |
| Less: Depreciation | | 14,340,337 | 13,889,818 |
| Net Block | | 2,580,638 | 2,892,143 |
| (ii) Intangible | 6 | 19,601,000 | 19,601,000 |
| b) Non Current Investment | 7 | 3,243 | 3,243 |
| c) Long Term Loans & Advances | | - | - |
| 2. Current Assets | | | |
| (a) Current investments | 8 | 8,696,817 | 8,665,087 |
| (b) Inventories | | - | - |
| (c) Trade receivables | 9 | 52,625,028 | 56,531,464 |
| (d) Cash and cash equivalents | 10 | 6,398,609 | 12,756,256 |
| (e) Short-term loans and advances | 11 | 155,596,500 | 144,022,353 |
| (f) Other current assets | 12 | 10,536,484 | 7,376,937 |
| TOTAL | | 233,853,437 | 229,352,096 |
| | | 256,038,318 | 251,848,481 |

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
 Membership No. 33665
 Place : Mumbai
 Date : 30th May, 2013

Tushar Shah
 Chairman & Managing Director

Ketan Shah
 Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Note No. | Year Ended 31 st March, 2013 ₹ | Year Ended 31 st March, 2012 ₹ |
|--|----------|---|---|
| INCOME | | | |
| Revenue From Operations | 13 | 3,766,158 | 169,238 |
| Other Income | 14 | 13,440,912 | 18,749,854 |
| Total Income | | 17,207,070 | 18,919,093 |
| EXPENDITURE | | | |
| Administration Expenses | 15 | 8,648,402 | 10,310,852 |
| Employee Benefit Expenses | 16 | 4,707,096 | 4,013,059 |
| Finance Charges | 17 | 723,742 | 102,846 |
| Depreciation | 6 | 450,519 | 515,288 |
| Other Expenses | 18 | 1,224,073 | 2,140,642 |
| Total Expenditure | | 15,753,832 | 17,082,687 |
| Profit / (Loss) before exceptional and extraordinary items and tax | | 1,453,238 | 1,836,406 |
| Exceptional items | | - | - |
| Profit / (Loss) before extraordinary items and tax | | 1,453,238 | 1,836,406 |
| Extraordinary items | | | |
| Profit / (Loss) before tax | | 1,453,238 | 1,836,406 |
| Tax expense: | | | |
| Less: Provision for - Current Tax | | 413,139 | 275,460 |
| - Deferred Tax | | - | - |
| Profit / (Loss) after Taxation | | 1,040,099 | 1,560,946 |
| Earning Per Share | | | |
| (a) Basic and Diluted | | 0.17 | 0.22 |
| Balance Carried to Balance Sheet | | 1,040,099 | 1,560,946 |

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

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

FOR GOPAL RAO & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. 127055W

N. G. Rao

Proprietor

Membership No. 33665

Place : Mumbai

Date : 30th May, 2013

Tushar Shah
Chairman & Managing Director

Ketan Shah
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Notes | 31 st March, 2013 | 31 st March, 2012 |
|---|-------|------------------------------|------------------------------|
| | | ₹ | ₹ |
| Cash Flows from Operating Activities | | | |
| Net Profit Before Tax | | 1,453,238 | 1,836,406 |
| Add: Depreciation and amortization | 6 | 450,519 | 1,015,288 |
| Less: Interest Income | 14 | (6,518,625) | (4,496,263) |
| Operating Profit before working capital Changes | | (4,614,868) | (1,644,569) |
| Increase /(Decreases) in Short Term Borrowings | 3 | (100,000) | (1,180,000) |
| Increase /(Decreases) in Trade Payables | 4 | 985,894 | 230,180 |
| Increase /(Decreases) in Other Current Liabilities | 4A | 2,202,826 | (4,006,561) |
| Increase /(Decreases) in Provisions | 5 | (352,120) | - |
| Increase /(Decreases) in Current Investment | 8 | (31,730) | - |
| Increase /(Decreases) in Trade Receivables | 9 | 3,906,434 | 22,691,997 |
| Increase /(Decreases) in Short Term Loans & Advances | 11 | (11,574,147) | (8,912,017) |
| Increase /(Decreases) in Other current Assets | 12 | (3,159,547) | 2,372,588 |
| Cash Flows from Operating Activities | | (12,737,258) | 9,551,618 |
| Cash Flows from Investing Activities | | | |
| Interest received | 14 | 6,518,625 | 4,496,263 |
| Purchase of Fixed Assets | 6 | (139,014) | (69,700) |
| Cash Flows from Investing Activities | | 6,379,611 | 4,426,563 |
| Cash Flows from Financing Activities | | - | - |
| Net Increase / (Decrease) in Cash & Cash Equivalents | | (6,357,647) | 13,978,181 |
| Cash & Cash Equivalents at beginning of the period | | 12,756,256 | (1,221,925) |
| Cash & Cash Equivalents at end of the period | | 6,398,609 | 12,756,256 |

The notes referred to above form an integral part of the Cash Flow Statement.

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
 Membership No. 33665
 Place : Mumbai
 Date : 30th May, 2013

Tushar Shah
 Chairman & Managing Director

Ketan Shah
 Director

NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013 (₹)

| PARTICULARS | As at 31 st March, 2013 | As at 31 st March, 2012 |
|---|---------------------------------------|---------------------------------------|
| NOTE - 1 | | |
| Share Capital | | |
| <u>AUTHORISED</u> | | |
| 120,000,00 (2012-120,000,00) Equity Shares @ ₹ 10/- each | 120,000,000 | 120,000,000 |
| 2,00,000 (2012-2,00,000) 0% Redeemable Preference Shares @ ₹ 100/- each | 20,000,000 | 20,000,000 |
| TOTAL | 140,000,000 | 140,000,000 |
| <u>ISSUED, SUBSCRIBED AND PAID UP</u> | | |
| 85,21,188 (2012- 85,21,188) Equity shares @ ₹ 10/- each fully paid up | 85,211,880 | 85,211,880 |
| (Out of the above Share Capital 23,00,000 Equity Shares of ₹ 10 each fully paid up has been issued to Foreign Depository as underlying shares against 11,50,000 GDRs) | | |
| 50,000 (2012- 50,000) 0% Redeemable Pref. Shares @ ₹ 100/- each | 5,000,000 | 5,000,000 |
| TOTAL | 90,211,880 | 90,211,880 |

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

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

NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013

| Details of shares held by each shareholder holding more than 5% shares: | | | | |
|---|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Class of shares / Name of shareholder | As on 31 st March, 2013 | | As on 31 st March, 2012 | |
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Mr. Tushar Suresh Shah | 2209688 | 25.93 | 2209688 | 25.93 |
| Mr. Ketan Babulal Shah | 900000 | 10.56 | 900000 | 10.56 |
| Mr. Yogesh Chandawalla | 893492 | 10.49 | 890000 | 10.44 |
| Mrs. Madhu Suresh Shah | 881220 | 10.34 | 881220 | 10.34 |
| Equity shares without voting rights | | | | |
| The Bank of New York Mellon | 2300000 | 26.99 | 2300000 | 26.99 |
| TOTAL | 7184400 | 84.31 | 7190908 | 84.26 |
| 0% Redeemable Preference Shares | | | | |
| M/s Rivoli | 50000 | 100 | 50000 | 100 |

(₹)

| Particulars | As at | |
|----------------------------------|------------------------------|------------------------------|
| | 31 st March, 2013 | 31 st March, 2012 |
| NOTE - 2 | | |
| Reserves & Surplus | | |
| 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: | 37,591,749 | |
| Add : Profit during the year | <u>1,040,098</u> | |
| | 38,631,848 | 37,591,749 |
| TOTAL | 157,258,267 | 156,218,169 |
| NOTE - 3 | | |
| Short Term Borrowings | | |
| Loans repayable on demand | | |
| From Individuals / Firms | 1,925,500 | 2,025,500 |
| From Companies | - | - |
| TOTAL | 1,925,500 | 2,025,500 |
| NOTE - 4 | | |
| Trade Payable | | |
| Trade Payable | 1,224,720 | 238,826 |
| TOTAL | 1,224,720 | 238,826 |
| NOTE - 4A | | |
| Other Current Liabilities | | |
| Other Current Liabilities | 4,700,155 | 2,497,329 |
| TOTAL | 4,700,155 | 2,497,329 |
| NOTE - 5 | | |
| Provisions | | |
| Provision For Tax | 717,796 | 656,777 |
| TOTAL | 717,796 | 656,777 |

NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013

| ASSETS | FIXED ASSETS | | | | | | | | | |
|------------------------------------|-----------------------|---|-----------------------|--------------------------|---------------|-----------------|--------------------------|-------------------|-------------------|--|
| | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | (₹) | |
| | COST AS AT 01.04.2012 | ADDITIONS / (DEDUCTION) DURING THE YEAR | COST AS AT 31.03.2013 | BALANCE AS ON 01.04.2012 | RATE OF DEP % | DURING THE YEAR | BALANCE AS ON 31.03.2013 | AS AT 31.03.2013 | AS AT 31.03.2012 | |
| A. TANGIBLE ASSETS | | | | | | | | | | |
| COMPUTER | 7,995,872 | 133,014 | 8,128,886 | 6,558,446 | 13.91 | 213,513 | 6,771,959 | 1,356,927 | 1,437,426 | |
| WEBSITE | 4,258,303 | 0 | 4,258,303 | 3,505,008 | 13.91 | 104,783 | 3,609,791 | 648,512 | 753,295 | |
| MOTOR CAR (EL-6218) | 863,482 | 0 | 863,482 | 771,185 | 25.89 | 23,896 | 795,081 | 68,401 | 92,297 | |
| MOTOR CAR (EL-6562) | 876,276 | 0 | 876,276 | 782,612 | 25.89 | 24,250 | 806,862 | 69,414 | 93,664 | |
| AIR CONDITIONER | 659,067 | 0 | 659,067 | 518,704 | 13.91 | 19,524 | 538,228 | 120,839 | 140,363 | |
| OFFICE EQUIPMENT | 763,860 | 6,000 | 769,860 | 677,161 | 13.91 | 12,353 | 689,514 | 80,346 | 86,699 | |
| FURNITURE & FIXTURES | 1,365,101 | 0 | 1,365,101 | 1,076,702 | 18.10 | 52,200 | 1,128,902 | 236,199 | 288,399 | |
| TOTAL (A) | 16,781,961 | 139,014 | 16,920,975 | 13,889,818 | - | 450,519 | 14,340,337 | 2,580,638 | 2,892,143 | |
| B. INTANGIBLE ASSETS | | | | | | | | | | |
| 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 | |
| TOTAL (B) | 19,601,000 | 0 | 19,601,000 | 0 | 0 | 0 | 0 | 19,601,000 | 19,601,000 | |
| TOTAL (A+B) | 36,382,961 | 139,014 | 36,521,975 | 13,889,818 | 0 | 450,519 | 14,340,337 | 22,181,638 | 22,493,143 | |
| Tangible Assets | 16,712,261 | 69,700 | 16,781,961 | 13,374,530 | - | 515,288 | 13,889,818 | 2,892,143 | 3,337,731 | |
| Intangible Assets | 20,101,000 | -500,000 | 19,601,000 | 0 | - | 0 | 0 | 19,601,000 | 20,101,000 | |
| Total | 36,813,261 | -430,300 | 36,382,961 | 13,374,530 | - | 515,288 | 13,889,818 | 22,493,143 | 23,438,731 | |

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 FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013 (₹)

| | As at 31 st March, 2013 | As at 31 st March, 2012 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 7 | | |
| Non Current Investments In Subsidiary Companies | | |
| 2 (2012 -13) Equity Shares of US \$ 1 = ₹ 46.35 each | | |
| KBS Capital management (Singapore) Pte Ltd. | 93 | 93 |
| 50 Shares of Jaihind Co-op Bank | 3150 | 3150 |
| TOTAL | 3,243 | 3,243 |
| NOTE - 8 | | |
| Current Investment | | |
| Other Investments (Valued at cost) | | |
| Secured Considered Good | 8,266,337 | 8,266,337 |
| Share Stock (Deposit With BSE) | 398,750 | 398,750 |
| Share Stock (Own Trading) | 31,730 | - |
| TOTAL | 8,696,817 | 8,665,087 |
| NOTE - 9 | | |
| Trade Receivable | | |
| Amount outstanding for a period exceeding six months | | |
| Unsecured , Considered Good | 52,625,028 | 56,531,464 |
| Others | | |
| Unsecured , Considered Good | - | - |
| TOTAL | 52,625,028 | 56,531,464 |
| NOTE - 10 | | |
| Cash and Bank Balances | | |
| Cash Balance | 1,452,337 | 642,662 |
| Bank Balances | 3,446,272 | 10,838,593 |
| Other - Fixed Deposits | 1,500,000 | 1,275,000 |
| TOTAL | 6,398,609 | 12,756,256 |
| NOTE - 11 | | |
| Short Term Loans & Advances Other | | |
| Secured Considered Good | 41,793,225 | 39,737,983 |
| Short Term Loans & Advances to Relatives | | |
| Secured Considered Good | 113,803,275 | 104,284,370 |
| TOTAL | 155,596,500 | 144,022,353 |
| NOTE - 12 | | |
| Other Current Assets | | |
| Other Current Assets | 10,536,484 | 7,376,937 |
| TOTAL | 10,536,484 | 7,376,937 |

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 (₹)

| | For the year ended 31 st March, 2013 | For the year ended 31 st March, 2012 |
|----------------------------------|--|--|
| NOTE - 13 | | |
| Revenue From Operation | | |
| Brokerage Income | 3,666,302 | 2,734,545 |
| Income / (Loss) on Share Trading | 99,856 | (3,471,924) |
| Advisory Fees | - | 906,618 |
| TOTAL | 3,766,158 | 169,238 |
| NOTE - 14 | | |
| Other Income | | |
| Interest Income | 6,518,625 | 4,496,263 |
| Other Income | 6,922,287 | 14,253,591 |
| TOTAL | 13,440,912 | 18,749,854 |
| NOTE - 15 | | |
| Administrative Expenses | | |
| Administrative Expenses | 8,648,402 | 10,310,852 |
| TOTAL | 8,648,402 | 10,310,852 |
| NOTE - 16 | | |
| Payment to Employees | | |
| Salaries & Bonus | 2,437,576 | 1,719,017 |
| Employees E.S.I.C.A/c | 14,442 | 15,548 |
| Leave Encashment | 320,784 | 323,784 |
| Director' s Meeting Fees | 39,956 | 40,000 |
| Director's Remuneration | 1,200,000 | 1,200,000 |
| Staff Welfare | 5,602 | 10,033 |
| Medical Allowance | 71,463 | 68,962 |
| Conveyance Allowance | 45,318 | 43,732 |
| Education Allowance | 10,458 | 10,092 |
| HRA | 501,929 | 486,800 |
| Meal Coupons | 59,568 | 95,091 |
| TOTAL | 4,707,096 | 4,013,059 |
| NOTE - 17 | | |
| Finance Charges | | |
| Bank Charges & Commission | 128,361 | 41,852 |
| Bank Interest | 540,969 | - |
| Other Interest | 54,412 | 60,994 |
| TOTAL | 723,742 | 102,846 |
| NOTE - 18 | | |
| Other Expenses | | |
| Other Expenses | 1,224,073 | 2,140,642 |
| TOTAL | 1,224,073 | 2,140,642 |

NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

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 Limited and Share stock (Own Trading) 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 ₹ 12, 00,000/- or more per annum or ₹ 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 ₹) | |
|--------------------------------|-----------------|-----------------|
| | Current Year | Previous Year |
| Audit Fees | 44,120/- | 44,120/- |
| Tax Audit Fees | 11,030/- | 11,030/- |
| Certification Charges | 22,060/- | 22,060/- |
| Income Tax Consultancy Charges | 11,030/- | 11,030/- |
| | <u>88,240/-</u> | <u>88,240/-</u> |

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 st March, 2013, the Depreciation as per Companies Act, 1956 | ₹ 4,50,519/- |
| As on 31 st March, 2013, the Depreciation as per Income Tax Act, 1961 | ₹ 3,34,257/- |
| Current year Timing Difference | ₹ 1,16,262/- |
| Deferred Tax Asset not recognized @ 30.90% on ₹ 1,16,262/- | ₹ 35,925/- |

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.2012-13 | F.Y.2011-12 |
|--|---------------|---------------|
| Profit/(Loss) available to the Equity Shareholders | ₹ 14,53,238/- | ₹ 18,36,406/- |
| Weighted average No. of equity share for Basic EPS | 85,21,188 | 85,21,188 |
| Nominal Value of equity shares | ₹ 10 | ₹ 10 |
| Earning Per Share (Basic/ Diluted) | ₹ 0.17 | ₹ 0.22 |

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 foreign currency rate fluctuation on balance as on 31st March, 2013 of US \$ 20,54,091 is ₹ 69,22,287/-, credited to the Statement of Profit & Loss is in accordance with AS 11 (Revised) 'The Effects of Changes in Foreign Exchange Rates'.
12. During the year the Company has debited to Statement of Profit and Loss as Bed debts of ₹ 37,23,744/-.
13. Rate of Interest on Inter Corporate Deposit given to Supama Financial Services is charged @ 6% p.a.
14. In the opinion of the management, the following Debtors shown in the Balance sheet are consider more than six months:

(₹ In Thousand)

| Sr No. | Name of Debtors | Balance as on 31 st March, 2013 |
|--------|--------------------------|--|
| 1. | Amit Jhaveri | 1,42,57.47 |
| 2. | Shrim Capital Management | 3,83,67.56 |
| | Total Amount | 5,65,31.46 |

15. 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 | Mr. Tushar Suresh Shah |
| 2 | Key Management Personnel | Mr. Ketan Babulal Shah |
| 3 | Relatives of KMP | Mrs. Namita T Shah |
| 4 | Relatives of KMP | Mr. Tanay T Shah |
| 5 | Relatives of KMP | Mrs. Rajeshri Ketan Shah |
| 6 | Relatives of KMP | Mr. Ketan Babulal Shah HUF |
| 7 | Relatives of KMP | Mr. Tushar Suresh Shah HUF |
| 8 | Others (Independent Director) | Mr. Ghanshyam V Karkera |
| 9 | Others (Independent Director) | Mr. Vinod Kumar Bapna |
| 10 | Subsidiary | KBS Capital Management (Singapore) Pte Ltd |

II - List of Transactions entered with them

(₹ In Thousand)

| Sr. No | Nature of Transactions | Subsidiary | | Key Management Personnel (KMP) | | Relatives of KMP | | Total | |
|--------|-----------------------------|-------------|-------------|--------------------------------|----------|------------------|---------|-------------|-------------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| 1 | Remuneration Paid | - | - | 12,00.00 | 12,00.00 | - | - | 12,00.00 | 12,00.00 |
| 2 | Director Meeting Fees | - | - | 39.96 | 40.00 | - | - | 39.96 | 40.00 |
| 3 | Interest Received | 30,54.84 | 33,23.81 | - | - | - | - | 30,54.84 | 33,23.81 |
| 4 | Loan Repaid by | - | 1,99,69.75 | - | - | - | - | - | 1,99,69.75 |
| 5 | Brokerage Received | - | - | 10.66 | 26.89 | 51.29 | 17.85 | 61.95 | 44.74 |
| 6 | Salary | - | - | - | - | 540.00 | - | 540.00 | - |
| 7 | Sundry Payable | - | - | - | - | 157.42 | - | 157.42 | - |
| | Outstanding Balances | | | | | | | | |
| 1 | Loans given to | 11,38,03.28 | 10,42,84.37 | - | - | - | - | 11,38,03.28 | 10,42,84.37 |

16. 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 ₹ 36,66,302/- and other is trading of shares from which Profit is ₹ 99,856/-.

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
 Membership No. 33665

Tushar Shah
 Chairman & Managing Director

Ketan Shah
 Director

Place : Mumbai
 Date : 30th May, 2013

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To
The Board of Directors of KBS India Limited

Report on the Financial Statements

We have audited the accompanying Consolidated Financial Statements of the KBS India Limited and its subsidiary, which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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 31st March, 2013;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Matters

We did not audit the financial statements of subsidiary included in the consolidated financial statements, These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

**FOR GOPAL RAO & ASSOCIATES
CHARTERED ACCOUNTANTS**

Firm Registration No. 127055W

N. G. RAO

Proprietor

Membership No. 33665.

Place : Mumbai

Date : 2nd September, 2013

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2013

| Sr. No. | Particulars | Note No. | As on 31 st March, 2013 ₹ | As on 31 st March, 2012 ₹ |
|-----------|--|----------|---|---|
| I | EQUITY & LIABILITES | | | |
| 1. | Shareholders' funds | | | |
| | (a) Share capital | 1 | 90,211,880 | 90,211,880 |
| | (b) Reserves and surplus | 2 | 159,139,483 | 157,717,048 |
| | (c) Money received against share warrants | | - | - |
| 2. | Share application money pending allotment | | - | - |
| 3. | Non-current liabilities | | | |
| | (a) Long-term borrowings | | - | - |
| | (b) Deferred tax liabilities (net) | | - | - |
| | (c) Other long-term liabilities | | - | - |
| | (d) Long-term provisions | | - | - |
| 4. | Current Liabilities | | | |
| | (a) Short Term Borrowings | 3 | 1,925,500 | 2,025,500 |
| | (b) Trade Payables | 4 | 1,224,720 | 238,826 |
| | (c) Other Current Liabilities | 4A | 6,031,334 | 3,923,193 |
| | (d) Provisions | 5 | 717,796 | 656,777 |
| | TOTAL | | 259,250,713 | 254,773,225 |
| II | ASSETS | | | |
| 1. | Non Current Assets | | | |
| | a) Fixed Assets | 6 | | |
| | (i) Tangible | | | |
| | Gross Block | | 16,920,975 | 16,781,961 |
| | Less: Depreciation | | 14,340,337 | 13,889,818 |
| | Net Block | | 2,580,638 | 2,892,143 |
| | (ii) Intangible | 6 | 19,601,000 | 19,601,000 |
| | b) Non Current Investment | 7 | 3,150 | 3,150 |
| | c) Long Term Loans & Advances | | - | - |
| 2. | Current Assets | | | |
| | (a) Current investments | 8 | 8,696,817 | 8,665,087 |
| | (b) Inventories | | - | - |
| | (c) Trade receivables | 9 | 52,625,028 | 56,531,464 |
| | (d) Cash and cash equivalents | 10 | 6,445,550 | 12,766,854 |
| | (e) Short-term loans and advances | 11 | 158,762,046 | 146,936,590 |
| | (f) Other current assets | 12 | 10,536,484 | 7,376,937 |
| | TOTAL | | 237,065,924 | 232,276,932 |
| | TOTAL | | 259,250,712 | 254,773,225 |

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
 Membership No. 33665
 Place : Mumbai
 Date : 2nd September, 2013

Tushar Shah
 Chairman & Managing Director

Ketan Shah
 Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Note No. | Year Ended 31 st March, 2013 ₹ | Year Ended 31 st March, 2012 ₹ |
|--|----------|---|---|
| INCOME | | | |
| Revenue From Operations | 13 | 3,766,158 | 169,238 |
| Other Income | 14 | 17,167,511 | 22,915,731 |
| Total Income | | 20,933,669 | 23,084,970 |
| EXPENDITURE | | | |
| Administration Expenses | 15 | 9,023,663 | 10,653,854 |
| Employee Benefit Expenses | 16 | 4,707,096 | 4,013,059 |
| Finance Charges | 17 | 3,778,613 | 3,426,655 |
| Depreciation | 6 | 450,519 | 515,288 |
| Other Expenses | 18 | 1,224,073 | 2,140,642 |
| Total Expenditure | | 19,183,964 | 20,749,498 |
| Profit / (Loss) before exceptional and extraordinary items and tax | | 1,749,705 | 2,335,472 |
| Exceptional items | | - | - |
| Profit / (Loss) before extraordinary items and tax | | 1,749,705 | 2,335,472 |
| Extraordinary items | | | |
| Profit / (Loss) before tax | | 1,749,705 | 2,335,472 |
| Tax expense: | | | |
| Less: Provision for - Current Tax | | 413,139 | 275,460 |
| - Deferred Tax | | - | - |
| Profit / (Loss) after Taxation | | 1,336,566 | 2,060,012 |
| Earning Per Share | | | |
| (a) Basic and Diluted | | 0.21 | 0.24 |
| Balance Carried to Balance Sheet | | 1,336,566 | 2,060,012 |

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

As per our Audit Report of Even Date

For and on behalf of the Board of Directors

FOR GOPAL RAO & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. 127055W

N. G. Rao

Proprietor

Membership No. 33665

Place : Mumbai

Date : 2nd September, 2013

Tushar Shah
Chairman & Managing Director

Ketan Shah
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Notes | 31 st March, 2013 | 31 st March, 2012 |
|---|-------|------------------------------|------------------------------|
| | | ₹ | ₹ |
| Cash Flows from Operating Activities | | | |
| Net Profit Before Tax | | 1,749,705 | 2,335,472 |
| Add: Depreciation and amortization | 6 | 450,519 | 1,015,288 |
| Less: Interest Income | 14 | (6,518,625) | (4,496,263) |
| Operating Profit before working capital Changes | | (4,318,401) | (1,145,503) |
| Increase /(Decreases) in Short Term Borrowings | 3 | (100,000) | (1,180,000) |
| Increase /(Decreases) in Trade Payables | 4 | 985,894 | 230,180 |
| Increase /(Decreases) in Other Current Liabilities | 4A | 2,108,141 | (3,055,907) |
| Increase /(Decreases) in Provisions | 5 | (352,120) | - |
| Increase /(Decreases) in Current Investment | 8 | (31,730) | - |
| Increase /(Decreases) in Trade Receivables | 9 | 3,906,436 | 22,691,997 |
| Increase /(Decreases) in Short Term Loans & Advances | 11 | (11,825,456) | (10,424,524) |
| Increase /(Decreases) in Other current Assets | 12 | (3,159,547) | 2,372,586 |
| Foreing Currency Translation gain/(loss) | | 85,868 | 45,346 |
| Cash Flows from Operating Activities | | (12,700,915) | 9,534,175 |
| Cash Flows from Investing Activities | | | |
| Interest received | 14 | 6,518,625 | 4,496,263 |
| Purchase of Fixed Assets | 6 | (139,014) | (69,700) |
| Cash Flows from Investing Activities | | 6,379,611 | 4,426,563 |
| Cash Flows from Financing Activities | | - | - |
| Net Increase / (Decrease) in Cash & Cash Equivalents | | (6,321,304) | 13,960,738 |
| Cash & Cash Equivalents at beginning of the period | | 12,766,854 | (1,193,884) |
| Cash & Cash Equivalents at end of the period | | 6,445,550 | 12,766,854 |

The notes referred to above form an integral part of the Cash Flow Statement.

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
 Membership No. 33665
 Place : Mumbai
 Date : 2nd September, 2013

Tushar Shah
 Chairman & Managing Director

Ketan Shah
 Director

NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013

(₹)

| Particulars | As at 31 st March, 2013 | As at 31 st March, 2012 |
|---|---------------------------------------|---------------------------------------|
| NOTE - 1 | | |
| Share Capital | | |
| <u>AUTHORISED</u> | | |
| 120,000,00 (2012-120,000,00) Equity Shares @ ₹ 10/- each | 120,000,000 | 120,000,000 |
| 2,00,000 (2012-2,00,000) 0% Redeemable Preference Shares @ ₹ 100/- each | 20,000,000 | 20,000,000 |
| TOTAL | 140,000,000 | 140,000,000 |
| <u>ISSUED, SUBSCRIBED AND PAID UP</u> | | |
| 85,21,188 (2012- 85,21,188) Equity shares @ ₹ 10/- each fully paid up | 85,211,880 | 85,211,880 |
| (Out of the above Share Capital 23,00,000 Equity Shares of ₹ 10 each fully paid up has been issued to Foreign Depository as underlying shares against 11,50,000 GDRs) | | |
| 50,000 (2012- 50,000) 0% Redeemable Pref. Shares @ ₹ 100/- each | 5,000,000 | 5,000,000 |
| TOTAL | 90,211,880 | 90,211,880 |

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

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

NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013

| Details of shares held by each shareholder holding more than 5% shares: | | | | |
|---|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Class of shares / Name of shareholder | As at 31 st March, 2013 | | As at 31 st March, 2012 | |
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Tushar Suresh Shah | 2209688 | 25.93 | 2209688 | 25.93 |
| Ketan Babulal Shah | 900000 | 10.56 | 900000 | 10.56 |
| Yogesh Chandawalla | 893492 | 10.49 | 900000 | 10.56 |
| Madhu Suresh Shah | 881220 | 10.34 | 881220 | 10.34 |
| Equity shares without voting rights | | | | |
| The Bank of New York Mellon | 2300000 | 26.99 | 2300000 | 26.99 |
| TOTAL | 7184400 | 84.31 | 7190908 | 84.38 |
| 0% Redeemable Preference Shares | | | | |
| M/s Rivoli | 50000 | 100 | 50000 | 100 |

(₹)

| Particulars | As at 31 st March, 2013 | As at 31 st March, 2012 |
|---|------------------------------------|------------------------------------|
| NOTE - 2 | | |
| 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: | 39,090,629 | |
| Add : Foreign Currency Translation Res. | 85,869 | |
| Add : Profit During the year | <u>1,336,566</u> | |
| | 40,513,064 | 39,090,629 |
| TOTAL | 159,139,483 | 157,717,048 |
| NOTE - 3 | | |
| Short Term Borrowings | | |
| Loans repayable on demand | | |
| From Individuals / Firms | 1,925,500 | 2,025,500 |
| From Companies | - | - |
| TOTAL | 1,925,500 | 2,025,500 |
| NOTE - 4 | | |
| Trade Payable | | |
| Trade Payable | 1,224,720 | 238,826 |
| TOTAL | 1,224,720 | 238,826 |
| NOTE - 4A | | |
| Other Current Liabilities | | |
| Other Current Liabilities | 6,031,334 | 3,923,193 |
| TOTAL | 6,031,334 | 3,923,193 |
| NOTE - 5 | | |
| Provisions | | |
| Provision For Tax | 717,796 | 656,777 |
| TOTAL | 717,796 | 656,777 |

NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013

FIXED ASSETS (₹)

| ASSETS | GROSS BLOCK | | DEPRECIATION | | | NET BLOCK | | | |
|------------------------------------|-----------------------|---|-----------------------|--------------------------|---------------|-----------------|--------------------------|-------------------|-------------------|
| | COST AS AT 01.04.2012 | ADDITIONS / (DEDUCTION) DURING THE YEAR | COST AS AT 31.03.2013 | BALANCE AS ON 01.04.2012 | RATE OF DEP % | DURING THE YEAR | BALANCE AS ON 31.03.2013 | AS AT 31.03.2013 | AS AT 31.03.2012 |
| A. TANGIBLE ASSETS | | | | | | | | | |
| COMPUTER | 7,995,872 | 133,014 | 8,128,886 | 6,558,446 | 13.91 | 213,513 | 6,771,959 | 1,356,927 | 1,437,426 |
| WEBSITE | 4,258,303 | 0 | 4,258,303 | 3,505,008 | 13.91 | 104,783 | 3,609,791 | 648,512 | 753,295 |
| MOTOR CAR (EL-6218) | 863,482 | 0 | 863,482 | 771,185 | 25.89 | 23,896 | 795,081 | 68,401 | 92,297 |
| MOTOR CAR (EL-6562) | 876,276 | 0 | 876,276 | 782,612 | 25.89 | 24,250 | 806,862 | 69,414 | 93,664 |
| AIR CONDITIONER | 659,067 | 0 | 659,067 | 518,704 | 13.91 | 19,524 | 538,228 | 120,839 | 140,363 |
| OFFICE EQUIPMENT | 763,860 | 6,000 | 769,860 | 677,161 | 13.91 | 12,353 | 689,514 | 80,346 | 86,699 |
| FURNITURE & FIXTURES | 1,365,101 | 0 | 1,365,101 | 1,076,702 | 18.10 | 52,200 | 1,128,902 | 236,199 | 288,399 |
| TOTAL (A) | 16,781,961 | 139,014 | 16,920,975 | 13,889,818 | - | 450,519 | 14,340,337 | 2,580,638 | 2,892,143 |
| B. INTANGIBLE ASSETS | | | | | | | | | |
| 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 |
| TOTAL (B) | 19,601,000 | 0 | 19,601,000 | 0 | 0 | 0 | 0 | 19,601,000 | 19,601,000 |
| TOTAL (A+B) | 36,382,961 | 139,014 | 36,521,975 | 13,889,818 | 0 | 450,519 | 14,340,337 | 22,181,638 | 22,493,143 |
| Tangible Assets | 16,712,261 | 69,700 | 16,781,961 | 13,374,530 | - | 515,288 | 13,889,818 | 2,892,143 | 3,337,731 |
| Intangible Assets | 20,101,000 | -500,000 | 19,601,000 | 0 | - | 0 | 0 | 19,601,000 | 20,101,000 |
| Total | 36,813,261 | -430,300 | 36,382,961 | 13,374,530 | - | 515,288 | 13,889,818 | 22,493,143 | 23,438,731 |

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 FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013 (₹)

| Particulars | As at 31 st March, 2013 | As at 31 st March, 2012 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 7 | | |
| Non Current Investments | | |
| 50 Shares of Jaihind Co-op Bank | 3,150 | 3,150 |
| TOTAL | 3,150 | 3,150 |
| NOTE - 8 | | |
| Current Investment | | |
| Other Investments (Valued at cost) | | |
| Secured Considered Good | 8,266,337 | 8,266,337 |
| Share Stock (Deposit With BSE) | 398,750 | 398,750 |
| Share Stock (Own Trading) | 31,730 | - |
| TOTAL | 8,696,817 | 8,665,087 |
| NOTE - 9 | | |
| Trade Receivable | | |
| Amount Outstanding for a period exceeding six months | | |
| Unsecured , Considered Good | 52,625,028 | 56,531,464 |
| Others | | |
| Unsecured , Considered Good | - | - |
| TOTAL | 52,625,028 | 56,531,464 |
| NOTE - 10 | | |
| Cash and Bank Balances | | |
| Cash Balance | 1,452,337 | 642,662 |
| Bank Balances | 3,493,213 | 10,849,191 |
| Other - Fixed Deposits | 1,500,000 | 1,275,000 |
| TOTAL | 6,445,550 | 12,766,854 |
| NOTE - 11 | | |
| Short Term Loans & Advances Other | | |
| Secured Considered Good | 158,762,046 | 146,936,590 |
| Short Term Loans & Advances to Relatives | | |
| Secured Considered Good | - | - |
| TOTAL | 158,762,046 | 146,936,590 |
| NOTE - 12 | | |
| Other Current Assets | | |
| Other Current Assets | 10,536,484 | 7,376,937 |
| TOTAL | 10,536,484 | 7,376,937 |

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 (₹)

| | For the year ended 31 st March, 2013 | For the year ended 31 st March, 2012 |
|----------------------------------|--|--|
| NOTE - 13 | | |
| Revenue From Operation | | |
| Brokerage Income | 3,666,302 | 2,734,545 |
| Income / (Loss) on Share Trading | 99,856 | (3,471,924) |
| Advisory Fees | - | 906,618 |
| TOTAL | 3,766,158 | 169,238 |
| NOTE - 14 | | |
| Other Income | | |
| Interest Income | 6,518,625 | 4,496,263 |
| Other Income | 10,648,886 | 18,419,468 |
| TOTAL | 17,167,511 | 22,915,731 |
| NOTE - 15 | | |
| Administrative Expenses | | |
| Administrative Expenses | 9,023,663 | 10,653,854 |
| TOTAL | 9,023,663 | 10,653,854 |
| NOTE - 16 | | |
| Payment to Employees | | |
| Salaries & Bonus | 2,437,576 | 1,719,017 |
| Employees E.S.I.C.A/c | 14,442 | 15,548 |
| Leave Encashment | 320,784 | 323,784 |
| Director' s Meeting Fees | 39,956 | 40,000 |
| Director's Remuneration | 1,200,000 | 1,200,000 |
| Staff Welfare | 5,602 | 10,033 |
| Medical Allowance | 71,463 | 68,962 |
| Conveyance Allowance | 45,318 | 43,732 |
| Education Allowance | 10,458 | 10,092 |
| HRA | 501,929 | 486,800 |
| Meal Coupons | 59,568 | 95,091 |
| TOTAL | 4,707,096 | 4,013,059 |
| NOTE - 17 | | |
| Finance Charges | | |
| Bank Charges & Commission | 128,361 | 41,852 |
| Bank Interest | 540,969 | - |
| Other Interest | 54,412 | 60,994 |
| Finance Cost | 3,054,871 | 3,323,809 |
| TOTAL | 3,778,613 | 3,426,655 |
| NOTE - 18 | | |
| Other Expenses | | |
| Other Expenses | 1,224,073 | 2,140,642 |
| TOTAL | 1,224,073 | 2,140,642 |

NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

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 Bombay Stock Exchange and Share stock (Own Trading) 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 ₹ 12, 00,000/- or more per annum or ₹ 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 ₹) | |
|--------------------------------|-----------------|-----------------|
| | Current Year | Previous Year |
| Audit Fees | 44,120/- | 44,120/- |
| Tax Audit Fees | 11,030/- | 11,030/- |
| Certification Charges | 22,060/- | 22,060/- |
| Income Tax Consultancy Charges | 11,030/- | 11,030/- |
| | <u>88,240/-</u> | <u>88,240/-</u> |

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 st March, 2013, the Depreciation as per Companies Act, 1956 | ₹ 4,50,519/- |
| As on 31 st March, 2013, the Depreciation as per Income Tax Act, 1961 | ₹ 3,34,257/- |
| Current year Timing Difference | ₹ 1,16,262/- |
| Deferred Tax Asset not recognized @ 30.90% on ₹ 1, 16,262/- | ₹ 35,925/- |

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.2012-13 | F.Y.2011-12 |
|--|---------------|---------------|
| Profit/(Loss) available to the Equity Shareholders | ₹ 13,36,566/- | ₹ 20,60,012/- |
| Weighted average No. of equity share for Basic EPS | 85,21,188 | 85,21,188 |
| Nominal Value of equity shares | ₹ 10/- | ₹ 10/- |
| Earning Per Share (Basic/ Diluted) | ₹ 0.21 | ₹ 0.24 |

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 foreign currency rate fluctuation on balance as on 31st March, 2013 of US \$ 20,54,091 is ₹ 69,22,287/-, credited to the Statement of Profit & Loss is in accordance with AS 11 (Revised) 'The Effects of Changes in Foreign Exchange Rates'.
12. During the year the Company has debited to Statement of Profit and Loss as Bed debts of ₹ 37,23,744/-.
13. Rate of Interest on Inter Corporate Deposit given to Supama Financial Services is charged @ 6% p.a.
14. In the opinion of the management, the following Debtors shown in the Balance sheet are consider more than six months:

(₹ In Thousand)

| Sr No. | Name of Debtors | Balance as on 31 st March, 2013 |
|--------|--------------------------|--|
| 1. | Amit Jhaveri | 1,42,57.47 |
| 2. | Shrim Capital Management | 3,83,67.56 |
| | Total Amount | 5,65,31.46 |

15. 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 | Mr. Tushar Suresh Shah |
| 2 | Key Management Personnel | Mr. Ketan Babulal Shah |
| 3 | Relatives of KMP | Mrs.Namita T Shah |
| 4 | Relatives of KMP | Mr.Tanay T Shah |
| 5 | Relatives of KMP | Mrs.Rajeshri Ketan Shah |
| 6 | Relatives of KMP | Ketan Babulal Shah HUF |
| 7 | Relatives of KMP | Tushar Suresh Shah HUF |
| 8 | Others (Independent Director) | Mr. Ghanshyam V Karkera |
| 9 | Others (Independent Director) | Mr. Vinod Kumar Bapna |

II - List of Transactions entered with them

(₹ In Thousand)

| Sr. No | Nature of Transactions | Subsidiary | | Key Management Personnel (KMP) | | Relatives of KMP | | Total | |
|--------|------------------------|------------|---------|--------------------------------|----------|------------------|---------|----------|----------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| 1 | Remuneration Paid | - | - | 12,00.00 | 12,00.00 | - | - | 12,00.00 | 12,00.00 |
| 2 | Director Meeting Fees | - | - | 39.96 | 40.00 | - | - | 39.96 | 40.00 |
| 3 | Brokerage Received | - | - | 10.66 | 26.89 | 51.29 | 17.85 | 61.95 | 44.74 |
| 4 | Salary | - | - | - | - | 540.00 | - | 540.00 | - |
| 5 | Sundry Payable | - | - | - | - | 157.42 | - | 157.42 | - |

16. 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 ₹ 36,66,302/- and other is trading of shares from which Profit is ₹ 99,856/-.

17. 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 ₹ 85,869/- is been added to the Profit & Loss Account.
- As it is a 100% Foreign Subsidiary the Minority Interest is NIL

18. 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
 Membership No. 33665

Tushar Shah
 Chairman & Managing Director

Ketan Shah
 Director

Place : Mumbai
 Date : 2nd September, 2013

KBS INDIA LIMITED

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

PROXY FORM

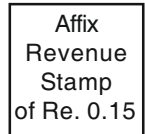
27th Annual General Meeting – 30th September, 2013

Regd. Folio No.

No. of shares held

Client ID/DP ID :.....

I/We.....of.....in the district of being Member/Member(s) of **KBS INDIA LIMITED** hereby appoint Mr./Ms..... ofin the district of or failing him/herofin the district ofas my / our proxy to vote for me / us on my / our behalf at the 27th ANNUAL GENERAL MEETING of the Company to be held on **Monday, the 30th September, 2013 at 5.30 p.m.** at 106/108, Jai Hind Building, 1st floor, Nagindas Master Road, Fort, Mumbai – 400 001 and at any adjournment thereof.



Signed:day of2013

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)
27th Annual General Meeting – 30th September, 2013

Regd. Folio No.

No. of shares held

Client ID/DP 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 27th ANNUAL GENERAL MEETING of the Company held at 106/108, Jai Hind Building, 1st floor, Nagindas Master Road, Fort, Mumbai – 400 001 on **Monday, the 30th September, 2013 at 5.30 p.m.**

Date:2013

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

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