

KLG CAPITAL SERVICES LIMITED

16th
ANNUAL REPORT
2009 - 2010

BOARD OF DIRECTORS

1. Mr. Hemendra Singh# Whole Time Director
2. Mr. Hemant Patel * Whole Time Director
3. Mr. Nikhil Gandhi Director
4. Mr. S. S. Thakur Director
5. Mr. B. G. Daga Director
6. Mr. Jitendra Sanghavi Director
7. Mr. Praveen Mohnot* Director
8. Mr. Nilesh Mehta## Director

Appointed w.e.f. January 29, 2010

Appointed w.e.f. September 29, 2009

* Resigned w.e.f. September 23, 2009

Company Secretary

Mr. Nirav Shah

ANNUAL GENERAL MEETING

Thursday, September 30, 2010 at 12.00 noon
Venue: D-84, Sector -4, Bawana Industrial Area, Delhi

Registered Office

C-11, Qutub Institutional Area,
New Delhi-110 016

Corporate Office

SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai - 400 023

CIN L74899DL1994PLC057413

Auditors

M/s NBS & Co., Mumbai

Banker

HDFC Bank Ltd. Branch Fort, Mumbai 400 023.

Registrar & Share Transfer Agent

M/s Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
A-40, 2nd Floor, Naraina Industrial Area,
Phase II, New Delhi – 110028
Phones: 41410592 – 94
Fax No. : 91-011-41410591
Email:delhi@linkintime.co.in

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NOTICE OF THE 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of KLG Capital Services Limited will be held on Thursday, September 30, 2010 at 12.00 noon at D- 84, Sector – 4, Bawana Industrial Area, Delhi to transact the following businesses:-

Ordinary Business:

- 1) To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the financial year ended on that date and the reports of the Directors and the Auditor thereon.
- 2) To appoint a Director in place of Mr. Jitendra Sanghavi who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint M/s NBS & Co., Chartered Accountants, as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

Special Business :

- 4) To consider, and, if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:-

“Resolved That in accordance with the provisions of Section 257, 260 and other applicable provisions if any, of the Companies Act, 1956 (the “Act”), Mr. Nilesh Mehta, who was appointed as an Additional Director on September 29, 2009 and holds office up to the date of this annual general meeting of the Company, and being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from some members pursuant to Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company liable to retire by rotation.”

- 5) To consider, and, if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:-

“Resolved That in accordance with the provisions of Section 257, 260 and other applicable provisions if any, of the Companies Act, 1956 (the “Act”), Mr. Hemendra Singh, who was appointed as an Additional Director on January 29, 2010 and holds office up to the date of this annual general meeting of the Company, and being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from some members pursuant to Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company not liable to retire by rotation.”

- 6) To consider, and, if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:-

“Resolved That pursuant to section 269 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and subject to the provisions of Articles and Memorandum of Association of the Company, consent of the Company be and is hereby granted to reappointment of Mr. Hemendra Singh as a Whole Time Director, not liable to retire by rotation, for a period of three years, with effect from January 29, 2010, upon such term and conditions as set out in the agreement executed with Mr. Hemendra Singh, (a copy of which is placed before this meeting) which is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers including power conferred by this resolution) to alter and vary the terms and conditions of the said appointment and /or Agreement, as may be agreed between the Board and Mr. Hemendra Singh, so as not to exceed the limit in Schedule XIII to the Act and subject to the applicable provisions of the Companies Act, 1956.”

“Resolved Further That as Whole Time Director, Mr. Hemendra Singh will function efficiently and diligently towards the Company and shall manage the business of the Company to the best of his knowledge and skills and shall do and execute all such acts, deeds, matters and things for carrying out his duty as assigned to him by the Board of Directors or any of its committees.”

“Resolved Further That any of the Directors and Company Secretary of the Company be and are hereby jointly and severally authorised to sign such documents and papers and file necessary e-forms with the Registrar of Companies and to do all such acts, deeds, matters and things as may be required on behalf of the Company regarding the appointment of Mr. Hemendra Singh as Whole Time Director of the Company.”

By Order of the Board of Directors

Hemendra Singh
Whole Time Director

Place : Mumbai
Date : August 14, 2010

Registered Office:

C-11, Qutub Institutional Area, New Delhi-110016

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Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy 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.**
- 2) If the appointer is a Corporation, Limited Company etc. the proxy must be executed under its seal or the hand of its duly authorized officer or attorney.
- 3) Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from September 28, 2010 to September 30, 2010 (both days inclusive) for the purpose of Annual General Meeting (AGM).
- 5) The members are requested to:
 - a) intimate to the Company (for shares held in physical form) and to their Depository Participant (DP) (for shares held in Dematerialised form) the changes, if any, in their registered address, ECS / Bank account number/details, etc. at an early date;
 - b) quote ledger folio numbers/DP Identity and Client Identity Numbers in all their correspondence;
 - c) approach the Company for consolidation of folios, if shareholdings are under multiple folios;
 - d) bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting; and
 - e) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.

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

Item No. 4

Mr. Nilesh Mehta was appointed as Additional Director of the Company by the Board of Directors on September 29, 2009. Pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act"), he holds office of Director upto the date of this Annual General Meeting.

Mr. Nilesh Mehta aged 43 years, is a commerce graduate and he is associate member of the Institute of Costs & Works Accountants of India and the Institute of Company Secretaries of India. He has wide experience in the field of Finance and Corporate Laws

The Company has received a notice from some members in pursuance of Section 257 of the Act signifying their intention to propose the appointment of Mr. Nilesh Mehta as Director of the Company along with a refundable deposit of Rs. 500/- (Rupees Five Hundred only).

The Directors recommend this resolution for approval of member.

None of the Directors are interested in the aforesid except Mr. Nilesh Mehta.

Item No 5 & 6

Mr. Hemendra Singh has been appointed as Additional Director and subsequently appointed as Whole Time Director of the Company, not liable to retire by rotation by the Board of Directors on January 29, 2010 for a period of 3 years.

Mr. Hemendra Singh, age 37 years, is a Political Science graduate from Mumbai University, with vast experience in the field of infrastructure development. He has spent over 12 years with SKIL Infrastructure Ltd. in various capacities and has handled a wide range of responsibilities including finance, corporate affairs, international marketing and operations. For a large part he has been deeply involved with project financing, fund raising and treasury management functions within the company.

Members' approval is sought for appointment of Mr. Hemendra Singh as a Whole Time Director of the Company, for a period of three years, not liable to retire by rotation, with effect from January 29, 2010.

The Company is in receipt of a notice from some members signifying their intention to propose the appointment of Mr. Hemendra Singh as a Director of the Company along with a refundable deposit of Rs. 500/- (Rupees five hundred only).

The Directors recommend this resolution for approval of member.

None of the Directors is interested in the aforesaid resolution except Mr. Hemendra Singh.

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Profile of Director being Appointed/Re-appointed under Clause 49 of the Listing Agreement:

Director	Mr. Nilesh Mehta	Mr. Hemendra Singh	Mr. Jitendra Sanghavi
Designation	Director	Whole Time Director	Director
Date of Birth	10-05-1968	08-08-1972	27-07-1953
Date of Appointment	September 29, 2009	January 29, 2010	June 19, 2008
Functional Expertise	Wide experience in the field of Finance & Corporate Laws.	Liasoning with Banks and Financial Institutions for funding of various projects.	Wide experience in the field of taxation including International tax laws.
Qualification	BCOM, AICWA & ACS	B.A., Bachelor in Political Science	FCA, B. Com.
Directorships in other Companies	<ol style="list-style-type: none"> 1. Cadis Infrastructure Private Limited 2. SKIL Knowledgege Cities Private Limited 	<ol style="list-style-type: none"> 1. Poseidon Infrastructure Limited. 2. SKIL Tourism & Resorts Private Limited 3. SKIL Himachal Hills Resorts Private Limited 4. Bhainsrorgarh Hotels & Resorts Private Limited 	<ol style="list-style-type: none"> 1. Satnam Apartments Limited 2. Indiabulls Asset Management Company Limited 3. Sheltons Tax Services (India) Private Limited
Chairman/Member of Committee	Nil	Nil	Nil
Shareholding	3,000	Nil	Nil

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DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting 16th Annual Report, together with the Audited Accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

The salient features of the Company's financial results for the year under review are as follows:

Particulars	Year Ended 31 st March, 2010 (Rs.)	Year Ended 31 st March, 2009 (Rs.)
Total Income	5017288	4950000
Total Expenditure	837304	2672504
Profit before Depreciation and Tax	4179984	2277496
Depreciation	-	-
Profit before Tax	4179984	2277496
Current Tax	1300000	700000
Provision for FBT	-	285
Profit after Tax for the year	2879984	1577211

DIVIDEND

With the view to conserve resources the Directors do not recommend any dividend for the year under review.

REVIEW OF OPERATIONS

The Company had total income of Rs. 50.17 Lacs during the year under review as compared to Rs. 49.50 Lacs for the previous year and the company had made a profit before tax of Rs. 41.79 Lacs as compared to a profit of Rs. 22.77 Lacs during the previous year.

DIRECTORS

In accordance with the provisions of Companies Act, 1956, Mr. Jitendra Sanghavi, Director of the Company retires by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting.

Mr. Nilesh Mehta was appointed as Additional Director w.e.f. September 29, 2009 and hold the office as Director upto the date of the ensuing Annual General Meeting. The Board recommends his appointment as Director who is liable to retire by rotation.

Mr. Hemendra Singh was appointed as Additional Director and Whole Time Director on January 29, 2010 and his appointment as Director and Whole Time Director is to be confirmed by shareholders in the Annual General Meeting

Brief resume of the Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and Memberships/Chairmanships of Board Committees, are provided in the Notice of the Annual General meeting which is forms part of the Annual Report.

Mr. Hemant Patel and Mr. Praveen Mohnot has tendered their resignation from the Directorships w.e.f. September 23, 2009. The Board places on record its appreciation for the valuable contribution made by them during their tenure as Directors of the Company

AUDITORS

M/s NBS & Co., Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, have expressed their willingness to continue.

The Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of section 226 of the said Act.

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AUDITOR'S REPORT

The Auditors' Report to the Shareholders does not contain any reservations, qualification or adverse remark.

MANAGEMENT DISCUSSION AND ANALYSIS

The report on Management Discussion and Analysis on the operations of the Company is provided in a separate section and it forms part of this report.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, the report on Corporate Governance together with certificate from Practicing Company Secretary on compliance with the conditions as stipulated under Clause 49 is annexed to the Annual Report.

LISTING AGREEMENT

The Company's Equity Shares are listed on the Bombay Stock Exchange Ltd. (BSE) and listing fee has been paid up to date.

The Company has duly complied with various requirements and compliances under various clauses of Listing Agreement from time to time, as required by the listed company.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the financial year 2009-10.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that: -

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts has been prepared on a going concern basis.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 relating to conservation of energy, technology absorptions is not applicable to the Company.

The Directors also certify that during the year, the company's foreign exchange earnings and outgo both are nil.

PARTICULARS OF EMPLOYEES

The information required pursuant to provisions of Section 217(2A) of the Companies Act, 1956 relating to the Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company, is not applicable to the Company.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the co-operation and support received from all the stakeholders.

For and on behalf of the Board

Date: May 20, 2010
Place : Mumbai

Hemendra Singh
Whole Time Director

Nilesh Mehta
Director

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MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report of the Company for the year 2009-10 are as under: -

1. Industry Structure And Developments

The Indian economy continues to be in leading global position. It is one of the fastest growing economies of the world. The Indian Financial sector is demonstrating sustainable growth. Your company's business activity is mainly to deal in Shares, Securities, Investment, Financial and to render financial and consultancy services.

2. Opportunities and Threats

The company is examining various new avenues of business in financial activities. The present business of your Company is investment and financing. Your Company intends to diversify its activities into property development, management and infrastructure related projects.

3. Segment wise Performance

Total Income earned by the Company for the year under review was **Rs.50.17 Lacs** as compared to **Rs.49.50 Lacs**. Net profit for the same period was **Rs.28.80 Lacs** as compared to **Rs.15.77 Lacs**. Income from Finance services is **Rs.24.50 Lacs** as compared to previous year of **Rs.49.50 Lacs**. There is Income of **Rs.25.67 Lacs** from other sources and the same was nil for the last year.

4. Future Prospects & Outlook

In the forthcoming year, the Company envisages to identify new avenues of business activities and make use of opportunities available, besides strengthening its present operations. The Company has an intention to diversify into property development/ management and infrastructure related projects.

5. Risk and Concerns

The company has advanced the funds in its routine business of finance with due prudence by Board of Directors. All the risk associated with financing activities is also risk of the company.

6. Internal control system and their adequacy

The Company being a Non Banking Financial Company is governed by various regulations. The company has adequate internal controls commensurate with its size to ensure protection of assets against loss from unauthorized use and all the transactions are authorized, recorded and reported correctly. The Company has a centralized Compliance Department which ensures compliance with all the applicable laws. In addition, your Company has Insider Trading Policy and Fair Practice Code.

Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Auditors.

7. Financial Performance

a) **Share Capital:** The Company's issued and subscribed share capital consists of Equity Share Capital only. The paid-up Share Capital of Company as at March 31, 2010 stood at Rs. 32024000/- comprising of 3202400 Equity Shares of Rs. 10/- each.

b) **Reserves and surplus:** During the year under review the reserves and surplus stood at **Rs. 95.94 lacs** (previous year **Rs. 67.14/- lacs**)

c) **Current Assets & Current Liabilities:** The Current Assets and Current Liabilities for the period under review stood at **Rs. 439.43 Lacs & Rs. 23.25 Lacs** respectively (Previous year **Rs. 420.74 Lacs & Rs.33.36 Lacs**). The net current assets (current assets less current liabilities) at the end of the year stood **Rs. 416.18 lacs** (Previous year **Rs. 387.38 Lacs**)

8. Human Resources

The Company has adequate human resources to man its various activities as of now. However, as operations expand into newer avenues, additional resources will be made available as per requirement of the business.

9. Risk Management Framework

The Company has in place mechanisms to inform Board members about the risk assessment and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management through the means of a properly defined framework.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009 - 10

In Compliance with Clause 49 of the Listing Agreement with Stock Exchange, the Company submits the report on the matters mentioned in the said Clause and lists the practices followed by the Company.

I. THE BASIC PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE:

Your Company’s philosophy on Corporate Governance envisages working towards higher levels of transparency, empowerment, accountability, safety of people and environment, motivation, consistent value systems, respect for law and fair business practices with all its stakeholders. The Company upholds these values and ensures their protection.

II. BOARD OF DIRECTORS:

The Board of Directors consists of professionals from various fields. The present strength of Board of Directors of your Company is six Directors out of which one is Executive Director and five are Non Executive Directors of which three are Independent Directors. The constitution of the Board, in respect of appointment of Independent directors, is in compliance with Clause 49 of the Listing Agreement.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given herein below. Other directorships do not include directorship of Private Limited Companies, Section 25 Companies and Foreign Companies. Chairmanships / Memberships of Board Committees include only Audit Committees and the Shareholder’s/ Investors’ Grievance Committees.

Name of Directors	Category of Directorship	Attendance Particulars			No. of Directorships in other Public Companies	No. of Committees position held	
		Meeting held during tenure of Director	Board Meetings	Last AGM held on 24/08/2009		Chairman	Member
Mr. Nikhil Gandhi	Non executive, Non Independent	4	1	-	11	1	-
Mr. S.S. Thakur	Non executive, Independent	4	3	-	9	5	3
Mr. B. G. Daga	Non executive, Independent	4	4	Yes	2	2	-
Mr. Jitendra Sanghavi	Non executive, Independent	4	1	-	2	-	-
Mr. Hemant Patel*	Executive	2	2	Yes	-	-	-
Mr. Praveen Mohnot*	Non executive, Non Independent	2	2	Yes	-	-	-
Mr. Nilesh Mehta #	Non executive , Non Independent	2	2	N.A.	-	-	-
Mr. Hemendra Singh##	Executive	1	1	N.A.	1	-	-

* Resigned w.e.f. September 23, 2009

Appointed w.e.f. September 29, 2009

Appointed w.e.f. January 29, 2010

The Company has held at least one Board Meeting in every quarter and the maximum time gap between two meetings was not more than four months. During the financial year 2009-2010 the Board met 4 times on May 29, 2009, August 24, 2009, October 26, 2009 and January 29, 2010.

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III. AUDIT COMMITTEE:

(i) The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

(ii) **The terms of reference of the Audit Committee are as under:**

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible information is disclosed.
2. Recommending the appointment, re-appointment and removal of the statutory auditors, fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the them.
4. Reviewing with the management the annual financial statements before submission to the Board focusing on:
 - a. Matters to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Any changes in accounting policies and practices;
 - c. Major accounting entries involving estimates based on judgment by management;
 - d. Significant adjustments arising out of audit findings;
 - e. Compliance with stock exchange and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions as per Accounting Standard 18;
 - g. Qualifications in the draft audit report;
 - h. Compliance with accounting standards;
 - i. The going concern assumption
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- 5A. Reviewing with the management, the statement of use/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.
6. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing with the internal auditors any significant finding and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with the statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out any other function as may from time to time be required under any statutory, contractual or any other regulatory requirement.

(iii) **Composition, meeting and attendance of the Audit Committee as on March 31, 2010:**

Four meetings of the Committee were held during the financial year 2009-10 on May 29, 2009, July 28, 2009, October 26, 2009 and January 29, 2010. The necessary quorum was present at the meetings. The Constitution of the Committee and attendance of each member are as given below :

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Name of Members	Position	No. of meetings held during the tenure of the Members for the year 2009-10	
		Held	Attended
Mr. B. G. Daga	Chairman	4	4
Mr. S.S. Thakur	Member	4	4
Mr. Praveen Mohnot*	Member	2	2
Mr. Nilesh Mehta #	Member	2	2

* Resigned w.e.f. September 23, 2009

Appointed w.e.f. September 29, 2009

The Chairman of the Audit Committee was present at the last Annual General Meeting
The Company Secretary of the Company acts as Secretary of the Committee.

IV. REMUNERATION COMMITTEE:

Brief Description of Terms of Reference

The terms of reference of the Remuneration Committee include formulating policies on specific remuneration packages and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

Composition and Meeting of the Remuneration Committee as on March 31, 2010:

Name of Members	Category	Position
Mr. B. G. Daga	Non executive, Independent	Chairman
Mr. Nikhil Gandhi	Non executive, Non Independent	Member
Mr. Praveen Mohnot*	Non executive, Non Independent	Member
Mr. Nilesh Mehta #	Non executive, Non Independent	Member

* Resigned w.e.f. September 23, 2009

Appointed w.e.f. September 29, 2009

During the financial year 2009-10 no meeting of the remuneration committee was held.

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its Compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of individuals measured through the annual appraisal process.

Details of Directors' remuneration paid for the financial year ended 31st March 2010

Name of Director	Sitting Fees (Rs.)	Other Considerations, if any, specified	Total (Rs.)
Mr. Nikhil Gandhi	-	-	-
Mr. S.S. Thakur	35,000	-	35,000
Mr. B. G. Daga	45,000	-	45,000
Mr. Jitendra Sanghavi	5,000	-	5,000
Mr. Hemant Patel*	-	-	-
Mr. Praveen Mohnot *	-	-	-
Mr. Nilesh Mehta #	-	-	-
Mr. Hemendra Singh ##	-	-	-

* Resigned w.e.f. September 23, 2009

Appointed w.e.f. September 29, 2009

Appointed w.e.f. January 29, 2010

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The Company does not have any Employee Stock Option Scheme (ESOS)

No other Directors hold any equity shares in the Company, except Mr.Nilesh Mehta who holds 3000 shares.

V. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders / Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non receipt of dividend / notices / annual reports and other matters encompassing the shareholders/ Investors' related issues.

Composition of the Committee

Name of Members	Category	Position
Mr. B.G.Daga	Non executive, Independent	Chairman
Mr. Nikhil Gandhi	Non executive, Non Independent	Member
Mr. Nilesh Mehta #	Non executive, Non Independent	Member

Appointed w.e.f. September 29, 2009

Name and designation of compliance officer

Mr. Nirav Shah, Company Secretary acts as the Compliance Officer pursuant to Clause 47 of the Listing Agreement. He looks into investor grievances and co-ordinates with the Registrar & Share Transfer Agents, M/s Link Intime India Pvt. Ltd. (Formerly Intime Spectrum Registry Ltd.) for redressal of the investor grievances.

The Company has an email ID for investor correspondence as **company.secretary@klgcapital.com**

Details of queries/ complaints received and resolved during the year 2009-10

No. of Complaint received during the year - Nil
 No. of Complaints redressed during the year - Nil
 No. of Complaints Pending at the closing of the financial year - Nil

VI. GENERAL BODY MEETINGS:

(a) Date and venue of the last three Annual General Meetings:

Date	Venue	Time	No. of special resolutions passed
29/09/2007	I-273, Sector -3, Bawana Industrial Area, Delhi	09.30 A.M.	No special resolution
29/08/2008	I-273, Sector -3, Bawana Industrial Area, Delhi	03.00 P.M.	Pursuant to Section 163 of the Companies Act, 1956 for keeping the register and index of members etc at the office of the Registrar and Share Transfer Agent of the Company.
24/08/2009	I-273, Sector -3, Bawana Industrial Area, Delhi	11.30 A.M.	No special resolution

Details of Special Resolution passed last year through Postal Ballot

During the financial year 2009-10, no resolution was passed through postal ballot.

Details of Special Resolution proposed to be passed through Postal Ballot

- i. To amend the object clause of the Memorandum of Association of the Company by inclusion of new object.
 Mr. Vijay K. Sharma, Practicing Company Secretary having certificate of practice number 2019, is appointed a Scrutinizer for conducting the Voting through Postal Ballot in a fair and transparent manner.
 The calendar of events of the said postal ballot is given on Page No. 30

VII. DISCLOSURES

- (a) Disclosures on materially significant related party transactions appear at the appropriate place in Notes to Accounts.
- (b) Details of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory authority, on any matter related to capital markets, during the previous three years from April 1, 2007 to March 31, 2010: Nil
- (c) At present the Company do not have a Whistle Blower Policy. However, any employee, if he/she desires, has free access to meet or communicate with the Audit Committee and report any matter of concern.
- (d) There has been complete compliance with mandatory requirements and in respect of the non mandatory requirement disclosures have been made to the extent of adoption.

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VIII. MEANS OF COMMUNICATION:

The quarterly, half yearly and Annual financial results are sent to the Stock Exchange in terms of the requirement of Clause 41 of the Listing Agreement and the same are published in two newspapers i.e., one English newspaper and one in local language newspaper.

The Company's financial results have been sent to BSE so that they may be posted on BSE's website. The Company will also provide the copies of the unaudited quarterly results to the investors if so requisitioned for without any charge.

IX. GENERAL SHAREHOLDERS' INFORMATION:

1. Annual General Meeting

Thursday, September 30, 2010 at 12.00 noon at D – 84, Sector – 4, Bawana Industrial Area, Delhi.

2. Financial Calendar:

Financial Calendar (tentative)

Tentative Schedule	Tentative Date
Financial reporting for the quarter ending June 30, 2010	On or before August 14, 2010
Financial reporting for the quarter ending September 30, 2010	On or before November 14, 2010
Financial reporting for the quarter ending December 31, 2010	On or before February 14, 2011
Financial reporting for the quarter and year ending March 31, 2011	On or before May 14, 2011 *
Annual General Meeting for the year ending March 31, 2011	On or before September 30, 2011

*As provided under clause 41 of the listing agreement, Board may also consider publication of Audited results for the financial year 2010-2011 by May 30, 2011 instead of publishing unaudited results for the fourth quarter.

3. **Date of Book Closure** : September 28, 2010 to September 30, 2010 (both days inclusive)

4. **Dividend payment date** : N.A. since no dividend is recommended

5. **Listing of Shares on Stock Exchanges** : Bombay Stock Exchange Limited
Floor 25, P. J. Towers, Dalal Street
Mumbai 400001

6. **Stock Code** : 530771

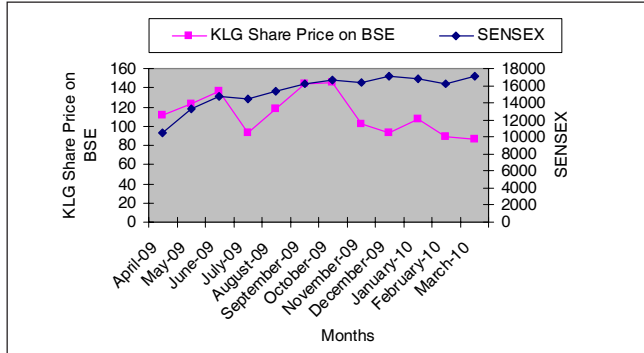
Demat ISIN : INE929C01018

7. Market Price Data High, Low during each month in last financial year on the Bombay Stock Exchange Limited.

Month	HIGH	LOW
April, 09	147.40	74.70
May, 09	156.70	88.70
June, 09	168.00	104.00
July, 09	109.70	77.25
August, 09	148.15	88.00
September, 09	181.15	107.00
October, 09	190.20	101.00
November, 09	114.00	90.10
December, 09	104.50	82.00
January, 10	126.60	87.50
February, 10	104.85	73.25
March, 10	103.00	71.10

KLG Capital Services Limited

8. Share Price Performance in Comparison to BSE SENSEX



9. Registrars and Share Transfer Agents of the Company:

M/s. Link Intime India Pvt. Limited,
 (Formerly Intime Spectrum Registry Ltd.)
 A-40, 2nd Floor, Naraina Industrial Area,
 Phase II, New Delhi – 110028

10. Share Transfer System

The Shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares.

11. The Company's distribution of the Shareholding as on March 31, 2010 is given below:

No. of equity shares held	No. of Shareholders	% to total Holders	No. of shares	% to total shares
Up to - 2500	1236	76.96	83581	2.610
2501 - 5000	166	10.34	65447	2.044
5001 - 10000	99	6.16	78093	2.489
10001 - 20000	48	2.99	72867	2.275
20001 - 30000	14	0.87	36481	1.139
30001 - 40000	9	0.56	32955	1.029
40001 - 50000	4	0.25	18517	0.578
50001 - 100000	10	0.62	79257	2.475
100001 & above	20	1.25	2735202	85.411
Total	1606	100.00	3202400	100.00

12. Shareholding Pattern as on March 31, 2010

Category	No. of Holders	No. of shares	% of holding
Indian Promoters	1	1936075	60.46
Foreign Promoters	Nil	Nil	0.00
Mutual Funds	Nil	Nil	0.00
Financial Institutions	Nil	Nil	0.00
Foreign Institutional Investors	Nil	Nil	0.00
Private Corporate Bodies	115	259612	8.11
Public & Others	1473	991513	30.96
Foreign Nationals/NRIs	17	15200	0.47
Total	1606	3202400	100.00

13. Dematerialization of shares & liquidity

As on March 31, 2010, 31, 65,968 of the total equity capital is held in demat form with NSDL and CDSL. About 98.86 % of the shares of the Company are in dematerialised form. Shares of the Company can be traded only in demat form on the Stock Exchanges, Shares of the Company are traded on BSE and hence ensure good liquidity for the investors.

14. Outstanding GDRs/ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity:

As on March 31, 2010, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments .

15. Plant Locations: Not applicable

16. Address for Investor Correspondence:

For transfer/dematerialization of Shares, Payment of dividend on shares, Corporate actions or change of address or any query relating to the Shares of the Company any other any query or for the annual report:

Contact Details:

M/s Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
A-40, 2nd Floor, Naraina Area, Phase - II, New Delhi - 110028.
Phones: 41410592 - 94 Fax No. : 91-011-41410591
Email: delhi@linkintime.co.in

CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders of KLG Capital Services Ltd.

We have examined the compliance of conditions of Corporate Governance by KLG Capital Services Ltd. ("the Company") for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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 opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, and based on the representation made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Aashish K. Bhatt & Associates
Company Secretary in Practice**

**Aashish Bhatt
Proprietor
C.P. No: 7023**

Place : Mumbai
Dated: May 20, 2010

KLG Capital Services Limited

Certificate of Whole Time Director on Financial Statements under Clause 49 of the Listing Agreement

I, Hemendra Singh, Whole Time Director of KLG Capital Services Limited, to the best of my knowledge and belief certify that:

- (a) I have reviewed the financial statements, along with the Cash flow statements of KLG Capital Services Limited for the year ended March 31, 2010 and to the best of my knowledge and belief I state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year under review which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies..
- (d) I have indicated to the Auditors and the Audit committee:
 - (i) There were no significant changes in internal control over financial reporting during the year;
 - (ii) There were no significant changes made in the accounting policies made during the year and that the same have been disclosed to the notes to the financial statements; and
 - (iii) There were no instances of significant fraud of which I have become aware of and the involvement therein, if any, of the management or an employee who have a significant role in the Company's internal control systems over financial reporting.

Place: Mumbai
Date: May 20, 2010

Hemendra Singh
Whole Time Director

Certificate of Compliance with Code of Conduct

This is to affirm that the Board of Directors of KLG Capital Services Limited has adopted a Code of Conduct for its Board Members and Senior Management Personnel in compliance with the provisions of clause 49 (1D) of the Listing Agreement with the Stock Exchanges and Board Members and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said code for the financial year ended March 31, 2010.

Place: Mumbai
Date: May 20, 2010

Hemendra Singh
Whole Time Director

AUDITOR'S REPORT

To

To the Members of KLG Capital Services Limited

We have audited the attached Balance Sheet of **KLG CAPITAL SERVICES LIMITED** as at March 31, 2010 and the Profit & Loss Account and Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto issued by the Central Government of India in terms of Sec 227(4A) of the Companies Act, 1956, and in terms of Notification no. DFC 117/DG(SPT) 98 date 02/01/1998 relating to direction of NBFC's audit as per RBI Act, 1934 and on the basis of such checks as we considered appropriate under the circumstances and on the basis of information and explanations given to us in the course of audit, we enclose in the annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the Company.

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

- a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of these books;
- c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Financial statements dealt with by this report, read with Notes to Accounts, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
- e) On the basis of the Written representations received from directors of the Company as at March 31, 2010 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956; and
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said Financial statements together with the Notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956, 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 on March 31, 2010;
 - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow statement, of the Cash Flow for the year ended on that date.

For NBS & Co
Chartered Accountants

Devdas Bhat
Partner
Membership No. 48094

Place :Mumbai
Date: May 20, 2010

KLG Capital Services Limited

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of the auditors report to the members of **KLG CAPITAL SERVICES LIMITED** for the year ended 31st March, 2010.

As required by the Companies (Auditor Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) (a) The Company did not hold any fixed assets during the above mentioned financial year.
(b) In view of our comments in Para (i) (a) above, clauses 4 (i) (b) and (c) of the said order are not applicable to the Company.
- (ii) (a) The Company does not own any inventory during the above mentioned Financial year.
(b) In view of our comments in Para (ii) (a) above, clauses 4 (ii) (b) and (c) of the said order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us the Company has not granted any loans secured or unsecured to parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) In view of our comments in Para (iii) (a) above, clauses 4 (iii) (b) (c) and (d) of the said order are not applicable to the Company.
(c) During the year Company has not taken any loans secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956.
(d) In view of our comments in para (iii) (c) above, clause (iii) (f) and (g) of the said order is not applicable to the Company
- (iv) According to information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business. During the course of our audit no major weakness has been observed in the internal control system.
- (v) (a) The transactions made in pursuance of contract or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 has been recorded in the register.
(b) According to the information and explanations given to us transactions with parties with whom transactions exceeding the value of Rupees Five Lacs have been entered into during the Financial year are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of the sections 58A, 58AA or any other relevant provision of the Act and the rules framed there under any directives report issued by the Reserve Bank of India. No order in relation thereto has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion the Company has Internal Audit System commensurate with its size and its nature of business.
- (viii) The Central Government has not prescribed for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the Company.
- (ix) (a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty, Cess have regularly deposited with the appropriate authorities. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at March 31, 2010 for a period more then six months from the date they became payable.
(b) There are no amount in respect of any disputed Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess.
- (x) The Company has no accumulated losses and has not incurred cash losses in current financial year and in the immediate preceeding financial year.

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- (xi) In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of its dues to banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) (a) The provisions of any Special Statute applicable to Chit Fund, Nidhi Fund or Mutual Benefit Fund/Societies are not applicable to the Company.
(b) In view of our comments in Para (xiii) (a) above, clauses 4 (xiii) (b) (c) and (d) of the said order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us the Company has not given any guarantee for loan taken by others from banks and financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination the Balance Sheet of the Company, we report that no fund raised on short term basis have been used for long term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (ix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year that causes the financial statement to be materially misstated.
- (xxii) In case of NBFC,
 - (a) The Company has received the Registration Certificate from RBI vide Registration no. B-14.00140 dated 16/10/2002.
 - (b) The Company has not accepted any Public deposits
 - (c) (i) The Board of Directors have already passed the Board Resolution dated 02/02/1998 regarding non acceptance of public deposits and submitted with the RBI on 23/02/1998.
(ii) The Company has complied with the prudential norms related to Income recognition, Accounting Standards, Asset Classification and Provisioning for Bad and Doubtful Debts as applicable.
(iii) The Company has not invested its assets more than 90% in the Securities of its Group/Holding/ Subsidiary Companies as Long Term Investments.
(iv) The Company does not hold any Securities of its Group/Holding/Subsidiary Companies as Investments.

For NBS & Co
Chartered Accountants

Devdas Bhat
Partner
Membership No. 48094

Place :Mumbai
Date: May 20, 2010

KLG Capital Services Limited

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	32,024,000	32,024,000
Reserves and Surplus	2	<u>9,594,196</u>	<u>6,714,212</u>
		41,618,196	38,738,212
TOTAL		<u>41,618,196</u>	<u>38,738,212</u>
APPLICATION OF FUNDS :			
Current Assets, Loans and Advances			
Sundry Debtors	3	2,432,115	-
Cash and Bank Balances	4	519,089	434,241
Loans and Advances	5	<u>40,991,813</u>	<u>41,639,564</u>
		<u>43,943,017</u>	<u>42,073,805</u>
LESS :			
Current Liabilities and Provisions			
Current Liabilities	6	295,275	2,634,540
Provisions		<u>2,029,545</u>	<u>701,053</u>
		<u>2,324,820</u>	<u>3,335,593</u>
NET CURRENT ASSETS		41,618,196	38,738,212
TOTAL		<u>41,618,196</u>	<u>38,738,212</u>
Significant Accounting Policies and Notes on Accounts	11	-	-

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No. 48094

Nirav Shah
Company Secretary

Hemendra Singh
Director

Nilesh Mehta
Director

Place : Mumbai
Date : May 20, 2010

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
INCOME			
Income from Operation	7	2,450,000	4,950,000
Other Income	8	2,567,288	-
		5,017,288	4,950,000
EXPENDITURE			
Operating, Administrative & Other Expenses	9	542,566	2,385,846
Personnel Expenses	10	294,738	286,658
		837,304	2,672,504
Profit/(Loss) before tax		4,179,984	2,277,496
Provision For Taxation			
- Current Tax		1,300,000	700,000
- Fringe Benefit Tax		-	285
Profit/(Loss) after tax		2,879,984	1,577,211
Balance brought forward		5,371,369	4,109,599
		8,251,353	5,686,811
PROFIT AVAILABLE FOR APPROPRIATION			
APPROPRIATION TO :			
Amount transfer to Reserve Fund		(575,997)	(315,442)
Balance Carried to Balance Sheet		7,675,356	5,371,369
Earning per share(Basic and Diluted)		0.90	0.49
Significant Accounting Policies and Notes on Accounts	11		

AS PER OUR REPORT OF EVEN DATE

**For NBS & Co.
Chartered Accountants**

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No. 48094

Nirav Shah
Company Secretary

Hemendra Singh
Director

Nilesh Mehta
Director

Place : Mumbai
Date : May 20, 2010

KLG Capital Services Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

		Current Year Amount (Rs.)	Previous Year Amount (Rs.)
A. Cash flow from operating activities			
Net profit after tax & extraordinary items		2,879,984	1,577,211
Adjustment for			
Depreciation		-	-
Misc. Expenditure		-	-
Profit on Sale of Fixed Assets		-	-
Operating Profit before working capital changes		<u>2,879,984</u>	<u>1,577,211</u>
Adjustment for working capital Changes			
(Increase)/Decrease in Debtors		(2,432,115)	-
(Increase)/Decrease in Inventories		-	-
(Increase)/Decrease in Advance Payment		647,751	(4,630,154)
Increase/(Decrease) in Current Liability		(2,339,265)	2,624,540
Increase/(Decrease) in Provision		1,328,492	698,377
Cash generated from Operations		84,848	269,974
Direct taxes		-	-
Cash flow before extraordinary items		84,848	269,974
Extraordinary items		-	-
Cash flow from operating activities	A	<u>84,848</u>	<u>269,974</u>
B. Cash flow from Investing activities			
Purchase Fixed Assets		-	-
Sales of Fixed Assets		-	-
Purchase of Investment		-	-
Sale of Investment		-	-
Net cash used in Investment activities	B	<u>-</u>	<u>-</u>
C. Cash flow from Financing activities			
Increase/(Decrease) in Term Loan (Net of Repayment)		-	-
Increase/(Decrease) in Unsecured Loan (Net of Repayment)		-	-
Proceeds from issue of Share Capital		-	-
Dividend Paid (Net)		-	-
Net cash used in financing activities	C	<u>-</u>	<u>-</u>
Net increase / decrease in cash and cash equivalents	(A+B+C)	<u>84,848</u>	<u>269,974</u>
Cash & cash equivalents as at 01.04.2009		434,241	164,266
(opening balance) cash in hand & balance with banks		<u>434,241</u>	<u>164,266</u>
Cash & cash equivalents as at 31.03.2010		<u>519,089</u>	<u>434,241</u>
(closing balance) cash in hand & balance with banks		<u>519,089</u>	<u>434,241</u>

Note: Figures in brackets represent outflows

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No. 48094

Nirav Shah
Company Secretary

Hemendra Singh
Director

Nilesh Mehta
Director

Place : Mumbai
Date : May 20, 2010

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Schedules attached to and forming a part of the Balance Sheet as at March 31, 2010

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
35,00,000 Equity Shares of Rs.10/- each	35,000,000	35,000,000
Issued,Subscribed and paid up		
32,02,400 Equity Shares of Rs.10/- Each (Fully Paid up)	32,024,000	32,024,000
	<u>32,024,000</u>	<u>32,024,000</u>
SCHEDULE : 2		
RESERVES AND SURPLUS		
General Reserve	1,012,242	1,012,242
Statutory Reserve Fund	906,598	330,601
Profit & Loss Account	7,675,356	5,371,369
	<u>9,594,196</u>	<u>6,714,212</u>
SCHEDULE : 3		
SUNDRY DEBTORS		
(a) Debts due for a period exceeding six months	-	-
(b) Debts due for a period less then six months	2,432,115	-
	<u>2,432,115</u>	<u>-</u>
SCHEDULE 4		
CASH, BANK BALANCES & MARGIN MONEY		
Cash on hand / Transit	88,673	89,695
Balance with Scheduled Banks	430,416	344,546
(In Current Account)	<u>519,089</u>	<u>434,241</u>
SCHEDULE 5		
LOANS & ADVANCES		
(Unsecured & Considered Good)		
Loan to Companies	17,660,355	37,000,000
Advance recoverable in cash or in kind for value to be received	<u>18,194,218</u>	-
Rent Deposit (Refundable)	4,000,000	4,000,000
Advance Tax and Tax deduction at sources	1,137,240	639,564
	<u>40,991,813</u>	<u>41,639,564</u>
SCHEDULE 6		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors		
Creditor For Expenses	36,295	2,395,163
Others - Duties and Taxes	258,980	239,377
	<u>295,275</u>	<u>2,634,540</u>
B. PROVISIONS		
Provision for Expenses	29,780	972
Provision for Income tax	1,999,765	700,000
Provision for FBT	-	81
	<u>2,029,545</u>	<u>701,053</u>

KLG Capital Services Limited

Schedules attached to and forming a part of the Balance Sheet as at March 31,2010

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
SCHEDULE 7		
INCOME FROM OPERATIONS		
Income from Operation - Finance Services	2,450,000	4,950,000
	<u>2,450,000</u>	<u>4,950,000</u>
SCHEDULE : 8		
OTHER INCOME		
Interest Income	2,567,288	-
	<u>2,567,288</u>	<u>-</u>
SCHEDULE : 9		
OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement	36,480	14,290
Auditors Remuneration	27,575	27,575
Bank charges	110	1,580
Business Promotion Expenses	12,445	-
Demat Charges	3,600	-
Fee, Taxes & legal charges	27,146	20,290
Filing Fees	5,500	6,500
Miscellaneous Expenses	3,548	777
Operating Expenses	-	2,029,500
Other Administrative Expenses	25,294	2,828
Printing & Stationary	65,802	13,676
Professional Charges	68,881	187,764
Rent Expenses	132,360	22,060
Sitting Fees	85,000	45,000
Telephone Expenses	1,259	2,862
Travelling & Conveyance	38,766	2,294
Web Design Expenses	8,800	8,850
	<u>542,566</u>	<u>2,385,846</u>
SCHEDULE : 10		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	294,738	286,658
	<u>294,738</u>	<u>286,658</u>

Schedules attached to and forming a part of the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date.

SCHEDULE : 11

01. SIGNIFICATION ACCOUNTING POLICES

A. Basis of preparation of Accounts

The financial statements are prepared on accrual basis, following the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) which are consistently adopted by the Company, and in compliance with the Accounting Standard issued by the Institute of Chartered Accountants of India and provisions of the Companies Act 1956, to the extent applicable.

B. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Any differences between the actual results and the estimates are recognized in the period in which the results are known / materialized.

C. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any

D. Depreciation

The Company follows the written down value method of Depreciation (WDV). The Rates of Depreciation charged on all fixed assets are those specified in Schedule XIV to Companies Act.1956.

E. Revenue Recognition

All the incomes are accounted on accrual basis.

F. Employee Benefits

01. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
02. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has render services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long term benefits are charged to the profit and loss account.

G. Retirement Benefits

Company has policy of making provision for retirement benefits as and when the liability arises.

H. Provision for Current and Deferred Tax.

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act,1961. Deferred tax resulting from "time differences" between taxable and accounting income is accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on balance sheet date. The effect of deferred tax asset & liabilities of a change in tax rates is recognised in the profit & loss account in the year of change.

KLG Capital Services Limited

02. NOTES ON ACCOUNTS

- a. Previous year figures have been regrouped or rearranged wherever necessary.
- b. Figures are rounded of to nearest rupees.
- c. In the opinion of the Management current assets, advances are approximately of the value stated if realized in the ordinary course of business except otherwise stated.
- d. Related Party Disclosure :(As Identified By Management)

List of Related Parties

01. Major Shareholder having control over the company
Awaita Properties Pvt. Ltd.
02. Key Management Personal
Hemendra Singh (Whole-time Director)
03. Companies under Common Control
Awaita Properties Pvt. Ltd.
- e. Discloser of Related party Transactions between the Company and related parties for the year ended March 31,2010

		As At March 31, 2010 (Amount in Rs.)	As At March 31, 2009 (Amount in Rs.)
01.	Rent Paid Awaita Properties Pvt. Ltd.	132,360	22,060
02.	Reimbursement of Expenses SKIL Infrastructure Ltd	-	20,29,500
03.	Advance Received (Liability) Awaita Properties Pvt. Ltd.	-	465,474
04.	Deposit against use of Office Premises Awaita Properties Pvt. Ltd.	4,000,000	4,000,000

- f. Director's Remuneration :- No remuneration has been paid to any of the Directors.
- g. Foreign Currency Transactions :- There is no income or expenditure in foreign currency during the year.
- h. The Company does not have on its records any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any relating to amounts unpaid at the year and together with interest paid /payable as required under the said act have not been furnished.

Annual Report 2009-10

i. Payment to auditors	As At March 31, 2010 (Amount in Rs.)	As At March 31, 2010 (Amount in Rs.)
a) As auditors	25,000	25,000
b) Service tax	4,120	3,635
c) Certification & Other Matters	15,000	10,000
Total	44,120	38,635

- j. Management has policy of making provision of leave encashment on accrual basis as per 'AS 15 regarding Retirement benefits'.
- k. As there is no element creating temporary difference in liability of tax as per Income tax Act, 1961 and as per Companies Act, 1956, the Deferred Tax calculation as per AS 22 'Accounting for Taxes on Income' is not applicable.
- l. Earning Per Share

Particulars	As At March 31, 2010 (Amount in Rs.)	As At March 31, 2010 (Amount in Rs.)
Net Profit / (Loss) After Tax available for Equity Share Holders	2,879,984	1,577,211
Weighted Average Number of Equity Shares of Rs. 10/- each outstanding during the year	3,202,400	3,202,400
Basic / Diluted Earning Per Share Rs.	0.90	0.49

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No. 48094

Nirav Shah
Company Secretary

Hemendra Singh
Director

Nilesh Mehta
Director

Place : Mumbai
Date : May 20, 2010

KLG Capital Services Limited

Disclosures of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Liabilities Side

		Rs. In Lakhs	
		Amount Outstanding	Amount Overdue
1	Loans and Advances availed by the NBFCs inclusive of Interest accrued thereon but not paid	0.00	0.00
	a. Debentures	0.00	0.00
	Secured	0.00	0.00
	Unsecured (other than falling within the meaning of Public Deposits)	0.00	0.00
	b. Deferred Credits	0.00	0.00
	c. Term Loans	0.00	0.00
	d. Inter-corporate loans and borrowing	0.00	0.00
	e. Commercial Paper	0.00	0.00
	f. Other loans	0.00	0.00
	Total	0.00	0.00

Asset Side

		Rs. In Lakhs
		Amount Outstanding
2	Break up of Loans and Advances including bills receivables (other than those included in [4] below):	
	a. Secured	0.00
	b. Unsecured	409.92
	Total	409.92
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors:	
	a. Financial Lease	0.00
	b. Operating Lease	0.00
	(ii) Stock on hire including hire charges under sundry debtors:	
	a. Assets on hire	0.00
	b. Repossessed Assets	0.00
	(iii) Other loans counting towards AFC activities:	
	a. Loans where assets have been repossessed	0.00
	b. Loans other than (a) above	0.00
	Total	0.00

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Disclosures of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Asset Side	Rs. In Lakhs
	Amount Outstanding
4 Break-up of Investments:	
Current Investments:	
1. Quoted:	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00
2. Unquoted:	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00
Long Term Investments:	
1. Quoted:	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00
2. Unquoted:	
(i) Shares:	
a. Equity	0.00
b. Preference	0.00
(ii) Debentures and Bonds	0.00
(iii) Units of Mutual Funds	0.00
(iv) Government Securities	0.00
(v) Others	0.00
Total	0.00

KLG Capital Services Limited

Disclosures of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

5 **Borrower group-wise classification of assets financed as in (2) and (3) above:** (Rs. in lakhs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
a. Subsidiaries	0.00	0.00	0.00
b. Companies in the same group	0.00	0.00	0.00
c. Other related parties	0.00	409.92	409.92
2. Other than related parties	0.00	0.00	0.00
Total	0.00	409.92	409.92

6 **Investor group-wise classification of all investments (current and long term) in shares and securites (both quoted and unquoted):** (Rs. in lakhs)

Category	Market Value / Break up of fair value or NAV	Book Value
1. Related Parties		
a. Subsidiaries	0.00	0.00
b. Companies in the same group	0.00	0.00
c. Other related parties	0.00	0.00
2. Other than related parties	0.00	0.00
Total	0.00	0.00

7 **Other Information** (Rs. in lakhs)

(i) Gross Non-performing Assets	
a. Related parties	0.00
b. Other than related parties	0.00
(ii) Net Non-performing Assets	
a. Related parties	0.00
b. Other than related parties	0.00
(iii) Assets acquired in satisfaction of debt	0.00

AS PER OUR REPORT OF EVEN DATE

**For NBS & Co.
Chartered Accountants**

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No. 48094

Nirav Shah
Company Secretary

Hemendra Singh
Director

Nilesh Mehta
Director

Place : Mumbai
Date : May 20, 2010

Annual Report 2009-10

Information pursuant to the provisions of Part IV of Schedule VI of the Companies Act, 1956. Balance Sheet Abstract & Company's General Business Profile

I	Registration Details	
	Registration No.:	L74899DL1994PLC057413 of 1994
	State Code:	55
	Balance Sheet Date :	March 31, 2010
		Amount (Rs)
II.	Capital Raised During the year:	
	Public Issue :	Nil
	Right Issue:	Nil
	Bonus Issue :	Nil
	Private Placement:	Nil
III.	Position of Mobilisation and Development of Funds :	
	Total Liabilities:	4,16,18,196
	Total Assets:	4,16,18,196
	SOURCES OF FUNDS:	
	Paid up Capital:	3,20,24,000
	Reserves & Surplus:	95,94,196
	Secured Loans:	Nil
	Unsecured Loans:	Nil
	Deferred Tax:	Nil
	APPLICATION OF FUNDS:	
	Net Fixed Assets:	Nil
	Investments:	Nil
	Net Current Assets:	4,16,18,196
	Miscellaneous Expenditure:	Nil
IV.	Performance of the Company	
	Turnover including other income	50,17,288
	Total Expenditure including Depreciation	8,37,304
	Profit Before Tax	41,79,964
	Profit After Tax	28,79,984
	Earning Per Share:	0.90
	Dividend Rate:	Nil
V.	Generic Names of the Three Principal Products / Services of the Company:	
	(As per monetary terms)	
	Item Code No. (ITC Code) :	Not Applicable
	Product Description :	Not Applicable

KLG Capital Services Limited

CALENDAR OF EVENTS

Sr. No	Particulars	Date
1	Date on which Consent given by the scrutinizer to act as a Scrutinizer	20/05/2010
2	Date of Board Resolution authorizing Whole Time Director, and Company Secretary to be responsible for the entire Postal Ballot process	20/05/2010
3.	Date of Appointment of Scrutinizer.	20/05/2010
4.	Filing of intimation of the Board resolution and Calendar of events for conducting postal ballot to the registrar of companies	26/05/2010
5.	Date of dispatch of notice of meeting in which the business as Notified will be transacted through postal ballot.	12/06/2010
6.	Date of Completion of dispatch of notice along with postal ballot	15/06/2010
7.	Publication of notice in newspaper for postal ballot process and appointment of scrutinizer and Compliance Officer	17/06/2010
8.	Last date for receiving postal ballot paper by scrutinizer	16/07/2010
9.	Date of declaration of the result	21/07/2010
10.	Date of signing of the minutes in which the result of postal ballot is recorded.	26/07/2010
11.	Date of handing over the postal ballot papers, register required to be maintained by the scrutinizer and other related papers to the Chairman by the scrutinizer.	26/07/2010

ATTENDANCE SLIP
KLG CAPITAL SERVICES LIMITED

C-11, Qutub Institutional Area, New Delhi-110016

Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 16TH ANNUAL GENERAL MEETING of the Company at D-84, Sector -4, Bawana Industrial Area, Delhi on Thursday, September 30, 2010 at 12.00 noon

Name of the Shareholder

Signature

FOLIO NO. : _____

NO. OF SHARES _____

D.P. ID No. : _____

Full Name of Proxy

Note: No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

----- Tear here -----

PROXY FORM
KLG CAPITAL SERVICES LIMITED

C-11, Qutub Institutional Area, New Delhi-110016

I / We _____ of _____ in
the District of _____ being a Member/Members of above named
Company hereby appoint _____ of _____
in the district _____ of _____ or _____
failing _____ him _____
of _____ in the District of _____ as my / our proxy vote for
me/us on my/our behalf at the 16th ANNUAL GENERAL MEETING of the Company to be held on Thursday,
September 30, 2010 and at any adjournment thereof.

Signed this _____ day of _____, 2010.

Reg. Folio No. _____

DP ID No. _____

No. of Shares _____

Revenue Stamp Re. 1/-

Signature

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

Book-Post

KLG CAPITAL SERVICES LIMITED

Regd.Office : C-11, Qutub Institutional Area, New Delhi-110016

Coporate Office : SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai - 400 023