

KLG CAPITAL SERVICES LIMITED

**18th ANNUAL REPORT
2011-2012**

ANNUAL GENERAL MEETING

DATE : September 28, 2012
DAY : Friday
TIME : 5.00 p.m.
PLACE : Bombay Club Suite,
Royal Bombay Yacht Club,
Chhatrapati Shivaji Maharaj Marg,
Apollo Bunder,
Near Taj Mahal Hotel,
Mumbai - 400 001

BOARD OF DIRECTORS

1. Mr. Hemendra Singh	Whole-time Director
2. Mr. Nikhil Gandhi	Director
3. Mr. B. S. Bhalerao*	Director
4. Mr. S. S. Thakur	Director
5. Mr. B. G. Daga	Director
6. Mr. Jitendra Sanghavi	Director
7. Mr. Nilesh Mehta	Director

(*Appointed w.e.f. May 28, 2012)

INDEX

Notice	1
Directors' Report.....	3
Compliance Certificate	6
Corporate Governance Report	8
Management Discussion and Analysis Report.....	16
Auditors' Report.....	17
Financial Statements	20
Consolidated Financial Statements	29

STATUTORY AUDITORS

M/s. NBS & Co.,
Chartered Accountants,
Mumbai

BANKERS

HDFC Bank Limited
Central Bank of India

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area,
Phase – II, Near Batra Banquet Hall,
New Delhi – 110 028
Tel No. : 011- 41410592/93/94
Fax No. : 011- 41410591
Email : delhi@linkintime.co.in

REGISTERED AND CORPORATE OFFICE

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

Annual Report 2011-12

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of KLG Capital Services Limited will be held on Friday, September 28, 2012 at 5.00 p.m. at Bombay Club Suite, Royal Bombay Yacht Club, Chhatrapati Shivaji Maharaj Marg, Apollo Bunder, Near Taj Mahal Hotel, Mumbai – 400 001, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Nilesh Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 224 and other applicable provisions of the Companies Act, 1956, M/s. NBS & Co, Chartered Accountants, Mumbai, bearing ICAI Firm Registration No. 110100W, the retiring Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, subject to such terms and conditions and remuneration as may be determined by the Board of Directors of the Company."

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 Mr. B. S. Bhalerao who was appointed as an Additional Director on the Board of the Company in terms of Section 260 of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) (the "Companies Act") read with the Articles of Association of the Company, with effect from May 28, 2012, by the Board of Directors and who holds office upto the date of this Annual General Meeting and is eligible for appointment as a Director of the Company, and in respect of whom the Company has received a notice in writing from a Member of the Company under the provisions of Section 257 of the Companies Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

By Order of the Board of Directors

Place: Mumbai
Date: August 14, 2012

Hemendra Singh
Whole-time Director

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

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out hereinabove is annexed hereto and forms part of this Notice.
3. The details as stipulated under Clause 49 of the Listing Agreement in respect of the Directors seeking appointment/re-appointment at the 18th Annual General Meeting ("the AGM") are attached to this Notice.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of Board Resolution on the letterhead of the Company, signed by one of the Directors or Company Secretary or any other authorized signatory and/ or duly notarized Power of Attorney, authorizing their representatives to attend and vote on their behalf at the AGM.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from Wednesday, September 26, 2012 to Friday, September 28, 2012 (both days inclusive) for the purpose of the AGM.
6. The Members are requested to:
 - a) intimate to the Registrar and Share Transfer Agents of the Company i.e., Link Intime India Private Limited (for shares held in physical form) and to their respective Depository Participant ("DP") (for shares held in Dematerialised form) the changes, if any, in their registered address, Bank account details, etc. at an early date. The said details will be automatically reflected in the Company's records. This will help the Company and the Registrar and Share Transfer Agents to provide efficient and better services to the Members.
 - 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 of a person are under multiple folios;

KLG Capital Services Limited

- d) bringing their copies of the Annual Report and the Attendance Slip duly filled in for attending the AGM; and
- e) register their E-mail IDs (and any change therein) with the DP/the Registrar and Share Transfer Agents of the Company, as the case may be, so as to enable the Company to send all the correspondences in electronic mode.
7. Members desiring any information on the accounts of the Company are requested to write to the Company at least seven days before the date of the AGM to enable the Company to keep the information ready at the AGM.

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

ITEM NO 4:

Mr. B. S. Bhalerao was appointed as an Additional Director of the Company with effect from May 28, 2012, pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company. He holds the office upto the date of the ensuing Annual General Meeting.

Mr. B. S. Bhalerao has done M. A. and LL. B. He has worked in various capacities in defence organization including Goa Shipyard Limited and Mazgaon Dock Limited. He has served with Government of India as an Officer from Indian Defence Accounts Services. He has completed a course in Defence Management. In his long service, he held various coveted posts including General Manager-Finance of Mazgaon Dock Limited; Financial controller of Goa Shipyard Ltd., Ministry of Defence undertaking. At Mazgaon Dock Limited, he was involved in various activities like offshore engineering activities, submarine constructions & tax matters.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956, from a Member of the Company along with the refundable deposit of ₹ 500/-, signifying its intention to propose the appointment of Mr. B. S. Bhalerao as a Director of the Company.

The approval of the Members is sought for appointment of Mr. B. S. Bhalerao as the Directors of the Company.

The Directors recommend passing of the resolution as set out in Item No. 4 of the Notice. None of the Directors, except Mr. B. S. Bhalerao, is in any way concerned or interested in the resolution.

By Order of the Board of Directors

Place: Mumbai
Date: August 14, 2012

Hemendra Singh
Whole-time Director

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

Pursuant to Clause 49 of the Listing Agreement, the following information is furnished about the Directors proposed to be appointed/re-appointed at the 18th Annual General Meeting to be held on Friday, September 28, 2012.

Name of the Director	Mr. Nilesh Mehta	Mr. B. S. Bhalerao
Particulars		
Date of Birth	May 10, 1968	April 28, 1932
Nationality	Indian	Indian
Date of Appointment	September 29, 2009	May 28, 2012
Designation	Non-Executive, Non-Independent Director	Non-Executive, Independent Director
Expertise in specific functional areas	In the field of Corporate Laws, Legal affairs, Corporate Restructuring and Finance	In the field of Management, Accounts, Finance & Tax matters
Qualification	M. Com, F.C.S., A.I.C.M.A.	M.A., LL.B.
Directorships held in other Companies	1. SKIL Knowledge Cities Private Limited 2. Pipavav Aero Infrastructure Private Limited 3. KLG Stock Brokers Private Limited 4. Varahi Infrastructure Private Limited 5. Metrotech Technology Park Private Limited	1. JPT Securities Limited 2. Gujarat Shipbuilding Company Private Limited 3. Marine Electricals (India) Private Limited 4. Credit Lyonnais Securities Asea (CLSA)
Memberships/ Chairmanships of Committees in other Companies (includes Audit Committee and Shareholders'/Investors' Grievance Committee as per Clause 49 of the Listing Agreement)	NIL	JPT Securities Limited: i) Chairman of Audit Committee ii) Chairman of Share Transfer, Shareholder/ Investors' Grievance Committee
Shareholding in the Company	3000 Equity Shares	NIL
Inter-se relationship with other Directors	None	None

Annual Report 2011-12

DIRECTORS' REPORT

To
The Members
KLG Capital Services Limited

Your Directors have pleasure in presenting 18th Annual Report, together with the Audited Accounts for the financial year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

The salient features of the Company's financial results (Standalone) for the year under review as compared with the figures of the previous year are as follows:

(₹ In Lacs)

Particulars	March 31, 2012	March 31, 2011
Net Income	521.39	512.06
Less: Expenditure	334.12	285.59
Profit before Depreciation and Tax	187.27	226.47
Less: Depreciation	0.11	Nil
Profit before Tax	187.16	226.47
Less: Taxes	164.85	150.00
Profit after Tax for the year	22.31	76.47

Note: Previous year's figures are regrouped/rearranged, wherever necessary.

DIVIDEND

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

REVIEW OF OPERATIONS

Your Company is a Non-deposit taking Non-Banking Financial Company. During the year under review, the Company has earned total income of ₹ 521.39 Lacs as compared to the income of ₹ 512.06 Lacs during the previous financial year. The Company has made a profit after tax of ₹ 22.31 Lacs as against profit of ₹ 76.47 Lacs during the previous financial year.

SUBSIDIARY COMPANY

Your Company has one wholly owned subsidiary namely KLG Stock Brokers Private Limited ("KSBPL"). KSBPL holds Deposit Based Trading Membership of Cash Segment and Equity Derivatives Segment of the BSE Limited.

General Exemption: The Ministry of Corporate Affairs, vide its General Circular No. 2/ 2011 dated February 8, 2011, has granted general exemption under section 212(8) of the Companies Act, 1956, to Companies from not attaching the accounts and related documents of subsidiaries in their Annual Report subject to fulfillment of certain conditions prescribed therein. The Company has complied with all the conditions mentioned in the said circular. Accordingly, the Balance Sheet, Profit & Loss Account, Directors' Report and Auditor's Report of KSBPL have not been attached to this Report. The Financial information of KSBPL, as per the requirement of the said Circular, is annexed to the Consolidated Financial Statements.

Further, the Annual Accounts of KSBPL will be made available upon written request by any Member of the Company. The Annual Accounts of KSBPL will be made available at the Company's website i.e., www.klgcapital.com and will also be available for inspection at the Registered Office of the Company and KSBPL. The Consolidated Financial Statements presented by the Company includes financial results of KSBPL.

DIRECTORS

The Board presently consists of six Non-Executive Directors and one Whole-time Director. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Jitendra Sanghavi and Mr. Nilesh Mehta, Directors of the Company, retire by rotation at the ensuing Annual General Meeting. Mr. Nilesh Mehta, being eligible, offers himself for re-appointment. The Board recommends the re-appointment of Mr. Nilesh Mehta for the approval of the Members. Mr. Jitendra Sanghavi, though being eligible for re-appointment, does not opt to be re-appointed due to his pre-occupation. The Board places on record its appreciation for the valuable services rendered by Mr. Jitendra Sanghavi during his tenure as a Director of the Company.

Mr. B. S. Bhalerao was appointed as an Additional Director of the Company w.e.f. May 28, 2012. He holds office upto the date of ensuing Annual General Meeting. The Company has received notice pursuant to section 257 of the Companies Act, 1956, from a Member signifying his intention to propose the appointment Mr. B. S. Bhalerao as Director at the ensuing

KLG Capital Services Limited

Annual General Meeting. The appointment of Mr. B. S. Bhalerao as Director is to be confirmed by the Members at the ensuing Annual General Meeting. The Board recommends the appointment of Mr. B. S. Bhalerao as a Director of the Company.

Pursuant to Clause 49 of the Listing Agreement, the brief profiles of all the Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting are provided in the Notice of ensuing Annual General Meeting.

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 for the financial year ended March 31, 2012, the applicable accounting standards have been followed alongwith proper explanation relating to the material departures;
- 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 as at March 31, 2012 and of the profit or loss of the Company for that year;
- 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 Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. NBS & Co., Chartered Accountants, Statutory Auditors of the Company, bearing ICAI Registration No. 110100W, retire at the conclusion of ensuing Annual General Meeting and being eligible, have confirmed their eligibility and willingness to accept office, if re-appointed.

As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained written certificate from the retiring auditors to the effect that their re-appointment, if made, would be within the limits prescribed under the said Act.

AUDITORS' REPORT

The Auditors' Report to the Members on the Accounts of the Company for the year ended March 31, 2012, is self-explanatory.

AUDIT COMMITTEE

The composition of the Audit Committee is in compliance with Clause 49 of the Listing Agreement. The Audit Committee of the Board was re-constituted on May 28, 2012. The Audit Committee of the Board presently comprises of Mr. B. S. Bhalerao as Chairman and Mr. B. G. Daga, Mr. S. S. Thakur and Mr. Nilesh Mehta as Members. The Audit Committee has reviewed the Accounts of the Company for the year ended March 31, 2012, annexed with this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, prepared in accordance with the requirements of Clause 49 of the Listing Agreement, forms a part of this Annual Report.

CORPORATE GOVERNANCE

The Company has been following the principles and practices of good Corporate Governance and has ensured due compliance with all the applicable requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchange. A detailed report on Corporate Governance forms a part of this Annual Report M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, have certified the Company's compliance with the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

RBI COMPLIANCES

The Company has followed the guidelines of Reserve Bank of India with regard to prudential norms, capital adequacy and other norms stipulated from time to time and as applicable to Non-Deposit taking NBFCs.

LISTING AGREEMENT

The Equity Shares of the Company are listed on BSE Limited. The Company has paid the annual listing fees for the financial year 2012-2013. The Company has duly complied with various requirements and conditions stipulated under the Listing Agreement with BSE Limited.

DEPOSITS

During the financial year under review, the Company has not accepted any deposits from the public and hence there are no outstanding deposits as on March 31, 2012.

Annual Report 2011-12

BUY BACK

No shares of the Company were bought back during the financial year under review.

COMPLIANCE CERTIFICATE

The Compliance Certificate pursuant to section 383A of the Companies Act, 1956, issued by Mr. Aashish Bhatt, Practising Company Secretary, for the year ended March 31, 2012, forms part of this Report.

PARTICULARS OF EMPLOYEES

During the financial year under review, none of the employees of the Company are covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is provided hereunder:

Conservation of Energy	:	Not Applicable
Technology Absorption	:	Nil
Foreign Exchange Earnings and Outgo	:	Nil

PERSONNEL RELATIONS

The personnel relations of the Company remained cordial and peaceful throughout the year.

INVESTOR RELATIONS

The Company continues to provide prompt investor service through quick resolution of investor grievances. The Company has designated an E-mail ID viz. company.secretary@klgcapital.com to enable the investors to post their grievances and the Company to monitor its redressal.

The securities of your Company are listed at BSE Limited. The Members are requested to refer to General Shareholders' Information given in Corporate Governance Report annexed to this report.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

The 'Green Initiative in Corporate Governance' programme was introduced by the Ministry of Corporate Affairs vide Circulars 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, whereby Companies are permitted to send notices, documents including Annual Report, etc. in electronic mode. This reduces paper consumption to a great extent and allows Members to contribute towards a Greener Environment.

In this regard, Company had already issued a letter to all the Members giving them an advance opportunity to register their email address (and changes therein from time to time) with the Company so that the documents can be sent to them in the electronic mode. Accordingly, the Company has arranged to send the soft copies of these documents to the E-mail IDs of Members, wherever applicable. In case any of the Members would like to receive physical copies of these documents, the same shall be forwarded, free of cost, on written request made by Members to the Registrar and Share Transfer Agents of the Company i.e., Link Intime India Private Limited.

ACKNOWLEDGEMENT

Your Directors thank all the employees, the Bankers, the Clients, Vendors and Government Authorities for their support during the year under review and look forward to their continued support in the future.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 14, 2012

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

KLG Capital Services Limited

COMPLIANCE CERTIFICATE

Corporate Identity Number (CIN) : L67120MH1994PLC218169
Nominal Share Capital : ₹ 35,000,000/-

To,
The Members
KLG Capital Services Limited
SKIL House,
209, Bank Street Cross Lane,
Fort, Mumbai – 400 023

I have examined the registers, records, books and papers of **KLG Capital Services Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act,) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies within the time prescribed under the Act and the rules made there under. No forms or returns were required to be filed with the Regional Director, Company Law Board, Central Government or other authorities.
3. The Company being a Public Limited Company has the paid-up capital of ₹ 32,024,000/- (Rupees Three Crores Twenty Lacs Twenty Four Thousand only) as on March 31, 2012.
4. The Board of Directors duly met 4 (Four) times on May 30, 2011, August 12, 2011, November 14, 2011, February 14, 2012 (postponed from February 13, 2012) in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The Company has closed its Register of Members from September 27, 2011 to September 29, 2011 (both days inclusive) for the purpose of Annual General Meeting.
6. The Annual General Meeting for the financial year ended on March 31, 2011 was held on September 29, 2011 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in minutes book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced loans to its Directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into transactions / contracts attracting provisions of Section 297 of the Act.
10. The Company has made entries in the Register maintained under section 301 of the Act.
11. Pursuant to the provisions of section 314 of the Act, the Company was not required to obtain approvals from the Board of Directors, Members or the Central Government.
12. The Company has not issued duplicate Share Certificates during the financial year.
13. The Company has:
 - (i) Delivered share certificate(s) on account of remat, transfer etc.;
 - (ii) Not declared dividend during the financial year under review;
 - (iii) Not been required to post dividend warrants, as dividend was not declared;
 - (iv) Not been required to transfer amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. No appointment of Additional Directors, Alternate Directors or Directors to fill casual vacancies has been made.
15. The Company has not appointed Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed Sole-selling Agent during the financial year.
17. The Company was not required to obtain approvals of the Central Government, Regional Director, Company Law Board, Registrar of Companies and any other authorities under the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued shares, debentures or other securities during the financial year.
20. The Company has not bought back shares during the financial year.
21. The Company has not redeemed preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividends, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted deposits including unsecured loans falling within the purview of section 58A of the Act during the financial year.
24. The Company has not borrowed from banks, financial institutions, etc during the financial year.
25. Pursuant to section 372A(8) of the Act, provisions of aforesaid section pertaining to making of loan or advances or giving guarantees or providing securities to other bodies corporate is not applicable.

Annual Report 2011-12

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As confirmed by the Management of the Company, there was no prosecution initiated against the Company, a show cause notice was received from Ministry of Corporate Affairs for which satisfactory reply was filed by the Company.
32. As confirmed by the Management, the Company has not received money as security from its employees during the financial year.
33. As confirmed by the Management, the Company was not required to deposit its contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Place: Mumbai
Date: August 14, 2012

Signature:
Name of Company Secretary: Aashish Bhatt
C. P. No. : 7023

Annexure A

Registers and Records as maintained by the Company:

Sr. No.	Particulars	Section
1	a) Minutes of all Meetings of Board of Directors b) Minutes of Committee of Directors c) Minutes of General Meetings	193
2	Register of Charges	143
3	Register of Members and Index	150, 151
4	Books of Accounts	209
5	Register of Contracts in which Directors are interested	301
6	Register of Directors	303
7	Register of Directors Shareholding	307

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on March 31, 2012:

Sr. No.	Form No / Return	Filed under section	Description	Date of Filing	Whether filed within prescribed time limit Yes / No	If delay in filing Whether requisite additional fees paid Yes / No
1	21	17(1)	Submission of Company Law Board Order for Shifting of Registered Office	27.04.11	Yes	No
2	18	146	Notice of change of situation of Registered Office from one State to another	05.05.11	Yes	No
3	32	303(2)	Appointment of Ms Sarita Khamwani as Whole-time Company Secretary	18.08.11	Yes	No
4	66	383(A)	Submission of Compliance Certificate for the year ended March 31, 2011	14.10.11	Yes	No
5	23AC/23ACA	220	Submission of Balance Sheet and Profit & Loss Account for the year ended March 31, 2011	25.10.11	Yes	No
6	20B	159	Submission of Annual Return	02.11.11	Yes	No
7	32	-	Resignation of Ms Sarita Khamwani as Whole-time Company Secretary	17.11.11	Yes	No
8	61	-	Submission of Resignation Letter of Ms Sarita Khamwani from the post of Whole-time Company Secretary	22.11.11	Yes	No

With Regional Director : None

With Central Government or other authorities : None

KLG Capital Services Limited

CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance is set out below:

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE:

The 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.

2. BOARD OF DIRECTORS:

i) Composition of the Board:

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. As on March 31, 2012, the Board of Directors of Company consisted of six Directors which include one Executive Director and five Non-Executive Directors with two of such Non-Executive Directors being Independent Directors.

As mandated by Clause 49 of the Listing Agreement, none of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all companies in which he is a Director. All the Directors have made the necessary disclosures regarding Board and Committee Memberships held by them in other companies and the same have been duly recorded by the Board in its meetings from time to time. None of the Directors of the Company are inter-se related to each other.

A detailed chart showing the names and categories of the Directors on the Board, number of other Directorships in Indian Public Limited Companies and Membership of the Committees of the Boards of such companies is given below. Other Directorships excludes Alternate Directorships, Indian Private Limited Companies, section 25 Companies and Foreign Companies Memberships/Chairmanship of Board Committees include only Audit Committee and Shareholders'/ Investors' Grievance Committee.

Name of Directors	Category of Directorship	Designation	Other Directorships as on March 31, 2012	Memberships/ Chairmanship in Committees of Board of other Public Companies as on March 31, 2012	
				Chairman	Member
Mr. Hemendra Singh	Executive, Non Independent	Whole-time Director	-	-	-
Mr. Nikhil Gandhi	Non Executive, Non Independent	Director	10	1	5
Mr. Nilesh Mehta	Non Executive, Non Independent	Director	-	-	-
Mr. S. S. Thakur	Non Executive, Independent	Director	8	4	4
Mr. B. G. Daga	Non Executive, Independent	Director	3	2	2
Mr. Jitendra Sanghavi	Non Executive, Non Independent	Director	2	-	-

* On May 28, 2012, Mr. B. S. Bhalerao was appointed as an Additional Director of the Company in the category of Non-Executive, Independent Director.

ii) Meetings and Attendance of Directors during the year ended March 31, 2012:

During the year ended March 31, 2012, four Board Meetings were held on May 30, 2011, August 12, 2011, November 14, 2011 and February 14, 2012 (postponed from February 13, 2012). The Company has held one Board Meeting in every quarter and the maximum time gap between two meetings was not more than four months.

The attendance of each Director at the said Board Meetings and at the 17th Annual General Meeting held on September 29, 2011, is given below:

Name of the Directors	No of Board Meetings held	No of Board Meetings attended	Whether attended the 17 th Annual General Meeting
Mr. Hemendra Singh	4	3	Yes
Mr. Nikhil Gandhi	4	2	No
Mr. S. S. Thakur	4	3	Yes
Mr. B. G. Daga*	4	4	Yes
Mr. Jitendra Sanghavi	4	2	No
Mr. Nilesh Mehta	4	4	Yes

* Mr. B. G. Daga, Chairman of Audit Committee upto April 1, 2012, was present at the last Annual General Meeting to answer the shareholders queries.

Annual Report 2011-12

3 AUDIT COMMITTEE:

The Company has constituted an Audit Committee in accordance with Clause 49(II) of the Listing Agreement.

i) Terms of Reference:

The terms of reference of the Audit Committee, inter alia, includes the following:

1. 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.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 217(2AA) of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by the Management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the Management, the statement of uses / 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. 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.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as amended from time to time.
16. Carrying out any other function as may from time to time be required under any statutory, contractual or other regulatory requirement.

Review of information by Audit Committee:

1. Management Discussion & Analysis of financial condition and results of operations.
2. Statement of significant related party transactions, submitted by Management.
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

Further, Audit committee has been granted powers as prescribed under Clause 49(II)(C) of the Listing Agreement.

KLG Capital Services Limited

ii) Composition:

As on March 31, 2012, the Audit Committee comprised of three Directors of which two are Independent Directors. The detailed composition of the Audit Committee is as follows:

Name of Members	Category	Position
Mr. B. G. Daga	Non Executive, Independent	Chairman
Mr. S. S. Thakur	Non Executive, Independent	Member
Mr. Nilesh Mehta	Non Executive, Non-Independent	Member

Note: Mr. B. G. Daga relinquished his Chairmanship w.e.f. April 1, 2012, due to his pre-occupations. However, he continues as a Member of the Committee. The Audit Committee was re-constituted on May 28, 2012 and Mr. B. S. Bhalariao, Independent Director, was appointed as a Member and Chairman of the Audit Committee.

iii) Meetings and Attendance of Members during the year ended March 31, 2012:

During the year ended March 31, 2012, four Audit Committee Meetings were held on May 30, 2011, August 12, 2011, November 14, 2011 and February 14, 2012 (Adjourned Meeting of February 13, 2012). The maximum time gap between any two consecutive meetings was not more than four months.

The attendance of each Member at the said Audit Committee Meetings is given below:

Name of Member	Audit Committee Meetings	
	Held	Attended
Mr. B. G. Daga	4	4
Mr. S. S. Thakur	4	4
Mr. Nilesh Mehta	4	4

4. REMUNERATION COMMITTEE:

i) Terms of Reference:

The brief description of the terms of reference of Remuneration Committee is as follows:

Recommending to the Board, the remuneration packages of the Company's Whole-time/Executive Directors including all elements of remuneration package (i.e., salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.).

- Determining the Company's policy on specific remuneration packages for the Company's Whole-time/Executive Directors, including pension rights and any compensation payment.
- Implementing, supervising and administering any share or stock option policy or any other scheme formulated by the Company.
- Establishing and administering any employee compensation and benefits plans.
- Carrying out other functions as may from time to time be required under any statutory, contractual or other regulatory requirement.

ii) Composition:

As on March 31, 2012, the Remuneration Committee comprised of three Non-Executive Directors. The detailed composition of the Remuneration Committee is as follows:

Name of Member	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

iii) Meetings and Attendance during the year ended March 31, 2012:

During the year ended March 31, 2012, no meeting of the Remuneration Committee was held.

iv) Remuneration Policy:

The Company's remuneration policy aims at attracting and retaining high quality talent by taking into account its financial position, industrial trends, compensation paid by the peer companies, etc.

v) Details of Directors' remuneration paid for the year ended March 31, 2012:

The Non-Executive Directors are paid sitting fees of ₹ 5000/- for attending each Meeting of the Board of Directors and the Board Committees, which is within the limits prescribed under the Companies Act, 1956. Details of the remuneration paid to the Directors of the Company during the year ended March 31, 2012, are as follows:

Annual Report 2011-12

(Amount in ₹)

Name of Director	Sitting Fees for attending Board and Committee Meetings	Salary, Perquisites, Commission, etc	Total
Mr. Hemendra Singh	-	-	-
Mr. Nikhil Gandhi	-	-	-
Mr. S. S. Thakur	35,000	-	35,000
Mr. B. G. Daga	40,000	-	40,000
Mr. Jitendra Sanghavi	10,000	-	10,000
Mr. Nilesh Mehta	-	-	-
Total	85,000	-	85,000

- 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 Equity Shares.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

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

i) Composition:

As on March 31, 2012, the Shareholders/ Investors Grievance Committee comprised of three Directors. The Committee is headed by Mr. B. G. Daga, Non-Executive Independent Director. The detailed composition of the Committee is as follows:

Name of Member	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

Note: Mr. Hemendra Singh, Executive Director, has been appointed as a Member of the Committee w.e.f. May 28, 2012.

ii) Name and designation of Compliance Officer:

Mr. Amit Shrivastava has been appointed as the Compliance Officer of the Company w.e.f. March 1, 2012, in place of Mr. Mohit Singhvi who ceased to be the Compliance Officer w.e.f. February 19, 2012.

iii) Details of shareholders complaints received and resolved during the year ended March 31, 2012:

No. of shareholders complaints pending as on April 1, 2011	- Nil
No. of shareholders complaints received during the year	- 2
No. of complaints solved to the satisfaction of shareholders	- 2
No. of shareholders complaints pending as on March 31, 2012	- Nil

6. GENERAL BODY MEETINGS:

i) Location and time of last three Annual General Meetings:

Date	Venue	Time
September 29, 2011	Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chambers of Commerce Path, Fort, Mumbai - 400 001	4.00 p.m.
September 30, 2010	D-84, Sector - 4, Bawana Industrial Area, Delhi	12.00 noon
August 24, 2009	I-273, Sector - 3, Bawana Industrial Area, Delhi	11.30 a.m.

ii) Special Resolutions passed in the previous three Annual General Meetings: No

iii) Special Resolution passed during the year ended March 31, 2012 through Postal Ballot: No

iv) Person who conducted the Postal Ballot exercise: Not Applicable, as no Special Resolution was passed through Postal Ballot during the year ended March 31, 2012.

v) Whether any Special Resolution is proposed to be conducted through Postal Ballot: No

vi) Procedure for Postal Ballot: Not Applicable, as no Special Resolution was passed through Postal Ballot during the year ended March 31, 2012.

7. DISCLOSURES:

i) Related Party Transactions:

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions are included at Note No. 19 in Notes to Accounts of Standalone Financial Statements.

KLG Capital Services Limited

ii) **Details of non-compliance:**

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.

iii) **Whistle Blower Policy:**

The Company at present does not have a Whistle Blower Policy. However, any employee, if he / she desires, has free access to meet or communicate with the Audit Committee of the Company and report any matter of concern.

iv) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this Clause:**

There has been complete compliance with mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. As a part of adoption of Non-mandatory requirements, the Company has set up a Remuneration Committee details of which have been provided in this Report.

8. **MEANS OF COMMUNICATION:**

In accordance with Clause 54 of the Listing Agreement, the Company has maintained functional website at www.klgcapital.com containing basic information about the Company. The contents of the said website are updated from time to time. 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 English and local language newspapers viz. Free press journal (an English Newspaper) and Navshakti (a Marathi Newspaper). The results are also displayed on the Company's website. For the benefit of the shareholders, a separate Email ID has been created for Investors correspondences viz. company.secretary@klgcapital.com. The Management Discussion and Analysis Report forms part of the Directors' Report.

9. **GENERAL SHAREHOLDERS' INFORMATION:**

i) **18th Annual General Meeting:**

Date	Friday, September 28, 2012
Time	5.00 p.m.
Venue	Bombay Club Suite, Royal Bombay Yacht Club, Chhatrapati Shivaji Maharaj Marg, Apollo Bunder, Near Taj Mahal Hotel, Mumbai – 400 001

ii) **Financial Year:**

The financial year of the company covers the financial period from April 1 to March 31 of that year. The tentative schedule of the Board Meetings for consideration of financial results and of the Annual General Meeting for the year ending March 31, 2013, is as follows:

Tentative Schedule	Tentative Dates
Financial reporting for the quarter ending June 30, 2012	On or before August 14, 2012
Financial reporting for the quarter ending September 30, 2012	On or before November 14, 2012
Financial reporting for the quarter ending December 31, 2012	On or before February 14, 2013
Financial reporting for the quarter and year ending March 31, 2013	On or before May 30, 2013
Annual General Meeting for the year ending March 31, 2013	On or before September 30, 2013

iii) **Date of Book Closure:**

The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, September 26, 2012 to Friday, September 28, 2012 (both days inclusive).

iv) **Dividend Payment Date:** Not Applicable, since no dividend is recommended on Equity shares of the Company for the year ended March 31, 2012.

v) **Listing on Stock Exchanges:**

Presently, the Equity Shares of the Company are listed with BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. The Company has paid annual listing fees for the year 2012-2013 to BSE Limited.

The Company has paid custodial fees for the year 2012-2013 to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) on the basis of number of beneficial accounts maintained by them as on March 31, 2012.

vi) **Stock Code/ISIN No :**

(a) BSE Scrip Code: 530771

(b) Demat ISIN No. for CDSL/NSDL: INE929C01018

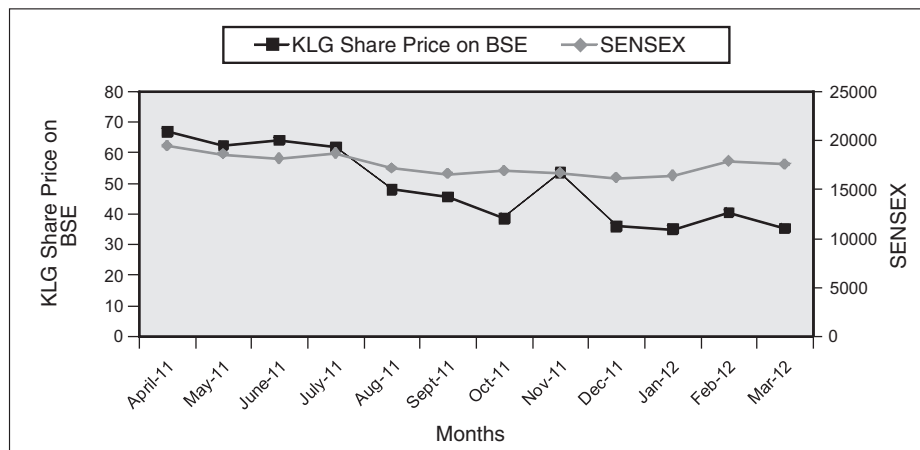
Annual Report 2011-12

vii) Market Price Data:

High and low of market prices of the Company's Equity Shares traded on BSE Limited during each month in the financial year ended March 31, 2012, are as follows:

Month & Year	High (₹)	Low (₹)
April 2011	77.80	56.00
May 2011	71.45	53.10
June 2011	72.00	56.00
July 2011	66.70	57.00
August 2011	58.40	37.55
September 2011	53.90	37.05
October 2011	44.80	32.15
November 2011	72.45	34.25
December 2011	43.80	28.00
January 2012	41.55	28.10
February 2012	48.65	32.00
March 2012	39.50	30.75

viii) Share Price Performance in Comparison to BSE SENSEX:



ix) Registrar and Share Transfer Agents of the Company:

M/s. Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area,
Phase – II, Near Batra Banquet Hall,
New Delhi – 110 028
Tel. No. : 011- 41410592/93/94
Fax No. : 011- 41410591
Email: delhi@linkintime.co.in

x) Share Transfer System:

The Company has appointed Link Intime India Private Limited as its Registrar and Share Transfer Agents. All share transfer and related operations are conducted by Link Intime India Private Limited.

KLG Capital Services Limited

xi) a) The Company's distribution of shareholding as on March 31, 2012, is given below:

No. of Equity Shares held	No. of Shareholders	% to total Shareholders	No. of shares	% to total shares
1-500	1386	87.33	150,181	4.69
501-1000	92	5.80	74,409	2.32
1001-2000	47	2.96	70,392	2.20
2001-3000	14	0.88	36,064	1.13
3001-4000	7	0.44	24,107	0.75
4001-5000	6	0.38	27,259	0.85
5001 - 10000	15	0.95	115,615	3.61
10001 & above	20	1.26	2,704,373	84.45
Total	1587	100.00	3,202,400	100.00

b) Shareholding Pattern as on March 31, 2012:

Category	No. of Holders	No. of shares	% of Holding
Promoters	1	1,936,075	60.46
Bodies Corporate	68	649,908	20.29
Foreign Nationals/NRIs	17	16,866	0.53
Indian Public & Others	1501	599,551	18.72
Total	1587	3,202,400	100.00

xii) Dematerialization of shares & liquidity:

As on March 31, 2012, 3,167,767 Equity Shares i.e., 98.92 % (approx) of the total Equity Shares of the Company are in electronic form with NSDL and CDSL. The Promoters hold their entire equity shareholding in the Company in dematerialized form. The Equity Shares of the Company are traded on BSE Limited which ensures good liquidity for the investors.

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: Not Applicable

xiv) Plant Locations: None

xv) 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 or any other query, the shareholders are requested to contact:

Registrar and Share Transfer Agents:

M/s Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area,
Phase – II, Near Batra Banquet Hall,
New Delhi – 110 028
Tel. No : 011- 41410592/93/94
Fax No : 011- 41410591
Email: delhi@linkintime.co.in

Further, the Company has maintained an exclusive Email ID viz. company.secretary@klgcapital.com which is designated for investor correspondence for the purpose of registering any complaint relating to the Equity Shares of the Company and the said Email ID has been displayed on the Company's website www.klgcapital.com as well.

10. CODE OF CONDUCT:

The Board of Directors has laid down Code of Conduct for the Directors and Senior Management Personnel of the Company. This Code has been posted on the Company's website www.klgcapital.com. All the Board Members and Senior Management personnel of the Company have affirmed compliance with the said Code of Conduct for the year ended March 31, 2012. A declaration to this effect issued by Mr. Hemendra Singh, Whole-time Director is annexed to this Report.

11. CERTIFICATION PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT:

Mr. Hemendra Singh, Whole-time Director of the Company, has issued a Certificate pursuant to Clause 49 (V) of the Listing Agreement for the year ended March 31, 2012, which is annexed to this Report.

Annual Report 2011-12

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
KLG Capital Services Limited

We have examined the compliance of conditions of Corporate Governance by KLG Capital Services Limited ('the Company') for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that 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
Practising Company Secretaries**

**Aashish Bhatt
Proprietor**

Place: Mumbai
Date: August 14, 2012

CERTIFICATE OF WHOLE-TIME DIRECTOR ON FINANCIAL STATEMENTS UNDER CLAUSE 49(V) 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 financial statements and the cash flow statement of KLG Capital Services Limited for the year ended March 31, 2012, and that to the best of their 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 responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of 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 controls, if any, of which I am aware and the steps taken or proposed to be taken to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit Committee that:
 - (i) there have not been any significant changes in internal control over financial reporting during the year;
 - (ii) there have not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) I am not aware of any instances of significant fraud with the involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: May 30, 2012

**Hemendra Singh
Whole-time Director**

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

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 Exchange and the 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, 2012.

Place: Mumbai
Date: May 30, 2012

**Hemendra Singh
Whole-time Director**

KLG Capital Services Limited

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report of the Company for the period 2011-2012 are as under: -

1 Industry Structure and Developments

Financial year 2012 was among the most challenging years on the macro-economic front. The policy and governance environment impacted the economic scenario. Persistent inflation resulted in the regulator raising the policy rates leading to a high interest-rate environment. The global environment remained weak for most part of the year with many European nations sinking into recession, the US showing muted growth and even China witnessing a slowdown from its consistent growth over the past decade.

All these factors contributed towards an industrial slowdown and eventually led to a moderation in GDP growth. Raising capital became more difficult and working capital cycles in most industries increased, resulting in cash flow issues across various sectors. The microfinance sector came to a standstill, owing to regulatory hurdles.

However, the Indian economy continues to be one of the fastest growing economies of the world. The Indian Financial Sector is demonstrating sustainable growth. The said sector is having huge growth potential, and with Government's ongoing policy efforts to liberalize it further, the sector would well play a significant role in the growth of the Indian economy over the near to midterm.

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. The Company intends to diversify its activities into education related business and financing.

3 Segment wise Performance

The Company operates in only one segment.

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.

5 Risk and Concerns

General risks associated with the financial services sector in the normal course of business that we are in apply to the Company also.

6 Internal Control Systems and their adequacy

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. Besides, the Audit Committee reviews the internal controls at periodic intervals in close co-ordination 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, 2012, stood at ₹ 320.24 Lacs comprising of 32,02,400 Equity Shares of ₹ 10/- each (previous year ₹ 320.24 Lacs).
- b) **Reserves and Surplus:** During the year under review, the Reserves and Surplus stood at ₹ 194.73 Lacs (previous year ₹ 172.42 Lacs)

8 Human Resources

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

10 Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. The important factors that could influence the Company's operations include change in government regulations, tax laws, economic developments, litigations, etc.

Annual Report 2011-12

AUDITOR'S REPORT

Auditors' Report to the Members of
KLG CAPITAL SERVICES LIMITED

We have audited the attached Balance Sheet of **KLG CAPITAL SERVICES LIMITED** as at March 31, 2012 and the Statement of Profit and Loss 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 (Auditor's 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 dated 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, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that no Director is disqualified as on March 31, 2012 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, 2012;
 - ii) In the case of the Statement of Profit and Loss, 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
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No 48094

Place: Mumbai
Date: May 30, 2012

KLG Capital Services Limited

ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph 3 of the Auditor's Report to the Members of **KLG CAPITAL SERVICES LIMITED** for the year ended March 31, 2012.

As required by the Companies (Auditor's 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 has maintained proper records showing full particulars of the fixed assets.
 - (b) As informed to us, the Management at reasonable intervals has physically verified the fixed assets. We have been informed that the discrepancies noticed on physical verification were not material.
 - (c) During the year, the Company has not disposed off a substantial part of its fixed assets.
- (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.
 - (e) During the year Company has taken unsecured loan of ₹ 4,45,87,007/- (P.Y. ₹ 23,31,82,425/-) from M/s. Awaita Properties Private Limited, party covered in the register maintained under section 301 of the Companies Act, 1956.
 - (f) In our opinion and according to the information and explanation given to us, the terms and conditions of loan taken are not prima facie prejudicial to the interest of the company.
 - (g) According to the information and explanation given to us the repayment of the loan is regular.
- (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, 2012, except Service Tax dues amounting to ₹ 1,44,200/- (excl interest & penalty) and Income Tax of ₹ 1,48,27,915/- for a period more than 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 preceding financial year.

Annual Report 2011-12

- (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 of 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 holds Securities of M/s. KLG Stock Brokers Private Limited, a Subsidiary Company as Investments.

For NBS & Co
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No 48094

Place: Mumbai
Date: May 30, 2012

KLG Capital Services Limited

BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No	Current Year		Previous Year
		Amount (₹)	Amount (₹)	Amount (₹)
I EQUITY & LIABILITIES				
(1) SHAREHOLDERS' FUNDS				
Share Capital	2	32,024,000		32,024,000
Reserves and Surplus	3	<u>19,473,191</u>		<u>17,241,603</u>
			51,497,191	49,265,603
(2) NON-CURRENT LIABILITIES				
Deferred Tax Liabilities (Net)	4		3,115	-
(3) CURRENT LIABILITIES				
Short Term Borrowings	5	44,587,007		233,182,425
Other Current Liabilities	7	9,390,024		1,434,957
Short Term Provisions	8	<u>32,808,338</u>		<u>14,852,732</u>
			86,785,370	249,470,114
TOTAL			<u>138,285,676</u>	<u>298,735,717</u>
II ASSETS				
(1) NON-CURRENT ASSETS				
Fixed Assets	9			
-Tangible Assets			23,601	-
Non-Current Investments	10		104,777,700	181,677,700
(2) CURRENT ASSETS				
Current Investments	11	18,392,295		34,697,520
Trade Receivables	12	4,467,150		60,044,200
Cash and Cash Equivalents	13	4,902,450		786,450
Short Term Loans & Advances	14	<u>5,722,480</u>		<u>21,529,847</u>
			33,484,375	117,058,017
TOTAL			<u>138,285,676</u>	<u>298,735,717</u>
Significant Accounting Policies	1			
Notes on Financial Statements	2 to 24			

AS PER OUR REPORT OF EVEN DATE

For NBS & Co
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No 48094
Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

Annual Report 2011-12

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No	Current Year Amount (₹)	Previous Year Amount (₹)
Revenue from Operations	15	51,728,109	49,279,288
Other Income	16	411,063	1,926,795
Total Revenue		52,139,171	51,206,083
Expenditure			
Employee Benefits Expenses	17	956,242	483,888
Depreciation and amortization expenses	9	11,399	-
Other Expenses	18	32,455,079	28,074,789
Total Expenses		33,422,720	28,558,677
Profit/(Loss) before Exceptional and Extraordinary Items and Tax		18,716,451	22,647,406
Exceptional Items		-	-
Profit/(Loss) before Extraordinary Items and Tax		18,716,451	22,647,406
Extraordinary Items		-	-
Profit/(Loss) before Tax		18,716,451	22,647,406
Tax Expenses			
- Current Tax		16,481,749	15,000,000
- Deferred Tax		3,115	-
Profit/(Loss) for the period from Continuing Operations		2,231,588	7,647,406
Profit/(Loss) for the period from Discontinuing Operations (After Tax)		-	-
Profit/(Loss) for the period		2,231,588	7,647,406
Earnings per share (Basic and Diluted)		0.70	2.39
(Refer Note No 23)			
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 24		

AS PER OUR REPORT OF EVEN DATE

For NBS & Co
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No 48094
Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

KLG Capital Services Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
A) Cash flow from operating activities		
Net profit after tax & extraordinary items	2,231,588	7,647,406
Adjustment for:		
Depreciation and Amortization Expenses	14,515	-
Dividend Income	(411,063)	(1,926,795)
Profit on Sale of Fixed Assets	-	-
Operating Profit before working capital changes	1,835,040	5,720,611
Adjustment for working capital changes		
(Increase)/Decrease in Trade Receivables	55,577,050	(57,612,085)
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Short Term Loans and Advance	15,807,367	19,289,881
Increase/(Decrease) in Trade and Other Payable	7,955,067	1,239,682
Increase/(Decrease) in Provisions	17,955,606	12,995,272
Cash generated from Operations	99,130,130	(18,366,639)
Direct taxes	-	-
Cash flow before extraordinary items	99,130,130	(18,366,639)
Extraordinary items	-	-
Cash flow from operating activities	(A) 99,130,130	(18,366,639)
B) Cash flow from Investing activities		
Purchase of Fixed Assets	(35,000)	-
Sales of Fixed Assets	-	-
Purchase of Investments-Long Term	76,900,000	(178,177,700)
Purchase of Investments-Short Term	16,305,225	(34,697,520)
Purchase of Investments-Subsidiary	-	(3,600,000)
Dividend Income	411,063	1,926,795
Sale of Investment	-	-
Net cash used in Investment activities	(B) 93,581,288	(214,548,425)
C) Cash flow from Financing activities		
Increase/(Decrease) in Long Term Borrowings (Net of Repayment)	-	-
Increase/(Decrease) in Short Term Borrowings (Net)	(188,595,418)	233,182,425
Proceeds from issue of Share Capital	-	-
Dividend Paid (Net)	-	-
Net cash used in financing activities	(C) (188,595,418)	233,182,425
Net increase / decrease in cash and cash equivalents	(A+B+C) 4,116,000	267,361
Cash & cash equivalents as at April 1, 2011 (opening balance) cash in hand & balance with banks	786,450	519,089
Cash & cash equivalents as at March 31, 2012 (closing balance) cash in hand & balance with banks	4,902,450	786,450

Note: Figures in brackets represent outflows

AS PER OUR REPORT OF EVEN DATE

For NBS & Co
Chartered Accountants
Firm Registration Number : 110100W

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No 48094
Place : Mumbai
Date : May 30, 2012

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

Annual Report 2011-12

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

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 GAAP 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 of acquisition including expenses incidental to their acquisition less accumulated depreciation & impairment.

d. Depreciation

Depreciation on Fixed Assets is provided on the Written Down Value Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

e. Revenue Recognition

All the incomes are accounted on accrual basis.

f. Employee Benefits

1. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
2. Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised 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. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

i. Derivative Instruments

Derivative financial instruments are recorded at fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent Balance Sheet date. Changes in the fair value of derivatives are recorded in the profit & loss account.

j. 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 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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 2 - SHARE CAPITAL		
(a) Authorised		
35,00,000 Equity Shares of ₹ 10/- each (Previous Year 35,00,000)	35,000,000	35,000,000
(b) Issued, Subscribed and Paid-up		
32,02,400 Equity Shares of ₹ 10/- each (Fully Paid-up) (Previous Year 32,02,400)	32,024,000	32,024,000
	32,024,000	32,024,000
	Current Year No. of Shares	Previous Year No. of Shares
(c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period.		
Equity Shares at the beginning of the year	3,202,400	3,202,400
Add: Issue of Shares during the year	-	-
No of Shares at the end of the year	3,202,400	3,202,400
(d) Details of Shareholder Holding More than 5 %		
	Current Year	Previous Year
Equity Shares Held by	No. of Shares	% of Holding
Holding Company:		
-Awaita Properties Private Limited	1,936,075	60 46%
	1,936,075	60 46%

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 3 - RESERVE AND SURPLUS		
(a) General Reserve		
Balance as per last Balance Sheet	1,012,242	1,012,242
Add: Transfer from Profit & Loss	-	-
	1,012,242	1,012,242
(b) Statutory Reserve Fund		
Balance as per last Balance Sheet	2,436,079	906,598
Add: Transfer from Profit & Loss	446,318	1,529,481
	2,882,397	2,436,079
(c) Profit & Loss Account		
Balance as per last Balance Sheet	13,793,282	7,675,357
Add: Profit & Loss during the Year	2,231,588	7,647,406
Less: *Transfer to Statutory Reserve Account	446,318	1,529,481
	15,578,552	13,793,282
	19,473,191	17,241,603

* Transfer to Statutory Reserve as per Section 45 IC of Reserve Bank of India Act, 1934

NOTE NO. 4 - DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities

(i) Fixed Assets:

(Impact of difference between tax depreciation and depreciation charged for financial reporting)

3,115

-

(ii) Others timing differences

-

-

3,115

-

Deferred Tax Assets

(i) Any disallowance under Income Tax Act / Others

-

-

-

-

Net Deferred Tax Liabilities

3,115

-

Annual Report 2011-12

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 5 - SHORT TERM BORROWINGS		
Unsecured Loan		
-From Holding Company (Repayable on Demand)	44,587,007	233,182,425
	44,587,007	233,182,425

NOTE NO. 6 - TRADE PAYABLES

The Company does not have in 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 end together with interest paid/payable as required under the said Act have not been furnished.

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Creditors for Expenses	192,857	1,269,661
Others-Duties and Taxes	9,197,167	165,296
	9,390,024	1,434,957

NOTE NO. 8 - SHORT TERM PROVISIONS

Provisions for Income Tax (Net)	21,473,094	14,852,732
Diminution in value of Investments held	11,335,245	-
	32,808,338	14,852,732

NOTE NO. 9 - FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	As at April 1, 2011	Additions during the year	Acquisitions through Business combinations	Deductions/ Adjustments during the year	As at March 31, 2012	Upto April 1, 2011	Provided during the year	Deductions/ Adjustments during the year	Upto March 31, 2012	Before Impairment as at March 31, 2012	Impairment	As at March 31, 2012	As at March 31, 2011
Tangible Assets													
Computer	-	35,000	-	-	35,000	-	11,399	-	11,399	23,601	-	23,601	-
Total	-	35,000	-	-	35,000	-	11,399	-	11,399	23,601	-	23,601	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

In accordance with the Accounting Standard (AS - 28) on "Impairment of Assets", there was no impairment loss on Fixed Assets during the year ended March 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 10 - NON-CURRENT INVESTMENT		
(a) (I) Long Term Non-Trade Investments In Equity Shares		
Quoted: Fully Paid up		
Shipping Corporation of India Limited 92,265 Equity Shares of ₹ 10 each (6,42,265 Equity Shares)	12,917,100	89,917,100
(II) Long Term, Non-Trade Investments		
Unquoted: Fully Paid up		
(1) In Equity Shares of Subsidiary Company		
KLG Stock Brokers Private Limited 3,60,000 Equity Shares of ₹ 10 each (3,50,000 Equity Shares)	3,600,000	3,500,000
(2) In Equity Shares of Other Companies (Non Trade)		
Catholic Syrian Bank Ltd 3,05,400 Equity Shares of ₹ 10 each (3,05,400 Equity Shares)	88,260,600	88,260,600
	104,777,700	181,677,700

KLG Capital Services Limited

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
(b) Aggregate Value of: -		
-Quoted Investment		
Book value	12,917,100	89,917,100
Market Value	5,720,430	69,300,394
-Unquoted Investment		
Book value	91,860,600	91,760,600

NOTE NO. 11 - CURRENT INVESTMENT

(a) (I) Short Term Investments in Equity Shares

Quoted: Fully Paid up

Neha International Limited	18,392,295	34,697,520
1,41,000 Equity Shares of ₹ 10 each		
(2,66,000 Equity Shares)		
	<u>18,392,295</u>	<u>34,697,520</u>

(b) Aggregate Value of: -

- Quoted Investment

Book value	18,392,295	34,697,520
Market Value	7,057,050	36,987,300

(Diminution in value of Investments is provided in Profit & Loss A/c)

NOTE NO. 12 - TRADE RECEIVABLES

(Unsecured & Considered Good)

(a) Debts due for a period exceeding six months	-	-
(b) Debts due for a period less than six months	4,467,150	60,044,200
	<u>4,467,150</u>	<u>60,044,200</u>

NOTE NO. 13 - CASH AND CASH EQUIVALENTS

(a) Cash on hand	78,629	64,093
(b) Balance with Banks	4,823,820	722,357
	<u>4,902,450</u>	<u>786,450</u>

NOTE NO. 14 - SHORT TERM LOANS & ADVANCES

(a) (I) Advance recoverable in cash or in kind for value to be received (Unsecured & Considered Good)

-Related Parties	-	-
-Others	1,722,480	17,529,847
	<u>1,722,480</u>	<u>17,529,847</u>

(II) Deposits for Rent

-Related Parties	4,000,000	4,000,000
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	<u>5,722,480</u>	<u>21,529,847</u>
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(b) Loans and advances and Deposits to Related Parties

Deposit of ₹ 40,00,000 against use of Office Premises has been made to 'Awaita Properties Private Limited', a Holding Company of the Company.

Annual Report 2011-12

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 15 - REVENUE FROM OPERATIONS		
Income from Consultancy & Arrangement fees	87,780,000	68,731,617
Loss in Futures & Options	(36,051,891)	(19,452,329)
	<u>51,728,109</u>	<u>49,279,288</u>
NOTE NO. 16 - OTHER INCOME		
Dividend Income	411,063	1,926,795
	<u>411,063</u>	<u>1,926,795</u>
NOTE NO. 17 - EMPLOYEE BENEFITS EXPENSES		
Salary & Wages	917,997	482,489
Bonus	34,405	-
Staff Welfare Expenses	3,840	1,399
	<u>956,242</u>	<u>483,888</u>
NOTE NO. 18 - OTHER EXPENSES		
ADMINISTRATIVE AND GENERAL EXPENSES		
Advertisement	52,440	42,920
Payment to Auditors		
- Audit Fees	55,150	30,665
- Tax Audit Fees	27,575	-
- Certification/other Charges	52,394	30,000
- Other matters	-	-
	135,119	60,665
Bank charges	341	607
Business Promotion Expenses	-	255,589
Demat Charges	-	39,231
Fee, Taxes & legal charges	35,898	25,784
Filing Fees	2,550	4,020
Loss on Sales of Investment	20,319,148	26,989,795
Miscellaneous Expenses	5,068	6,650
Other Administrative Expenses	4,083	47,097
Printing & Stationary	16,062	45,898
Professional Charges	178,424	226,437
Provision for loss on Current Investments	11,335,245	-
Rent Expenses	140,633	132,360
Sitting Fees to Directors	95,000	105,000
Telephone Expenses	5,468	2,971
Travelling & Conveyance	110,569	80,765
Web Design Expenses	19,030	9,000
	<u>32,455,079</u>	<u>28,074,789</u>

KLG Capital Services Limited

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

NOTE NO. 19 - RELATED PARTY DISCLOSURE: (AS IDENTIFIED BY THE MANAGEMENT)

List of Related Parties

1. Major Shareholder having control over the Company : Awaita Properties Private Limited
2. Subsidiary : KLG Stock Brokers Private Limited
3. Key Managerial Personnel : Hemendra Singh (Whole-time Director)
4. Companies under Common Control : Awaita Properties Private Limited

Disclosure of Related Party Transactions between the Company and related parties for the year ended March 31, 2012

	Particulars	Current Year Amount in (₹)	Previous Year Amount in (₹)
1	Rent Paid Awaita Properties Private Limited	132,360	132,360
2	Unsecured Loans (Liability) Awaita Properties Private Limited	44,587,007	233,182,425
3	Investment in Equity Shares/Advances KLG Stock Brokers Private Limited	3,600,000	3,600,000
4	Deposit against use of Office Premises Awaita Properties Private Limited	4,000,000	4,000,000

NOTE NO. 20 - DIRECTOR'S REMUNERATION

No remuneration has been paid to any of the Directors.

NOTE NO. 21 - FOREIGN CURRENCY TRANSACTIONS

There is no income or expenditure in foreign currency during the year.

NOTE NO. 22

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

NOTE NO. 23 - EARNINGS PER SHARE

Particulars	Current Year	Previous Year
Net Profit / (Loss) After Tax available for Equity Shareholders in ₹	2,231,588	7,647,406
Weighted Average Number of Equity Shares of ₹ 10/- each outstanding during the year	3,202,400	3,202,400
Basic/Diluted Earnings Per Share in ₹	0.70	2.39

NOTE NO. 24

- a. Figures are rounded off to nearest rupees.
- b. 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.
- c. Previous year figures have been regrouped or rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For NBS & Co
Chartered Accountants
Firm Registration Number : 110100W

For and on behalf of the Board of Directors

Devdas Bhat
Partner
Membership No 48094
Place : Mumbai
Date : May 30, 2012

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

Annual Report 2011-12

AUDITOR'S REPORT

Auditors' Report to the Members of
KLG CAPITAL SERVICES LIMITED

1. We have audited the attached Consolidated Balance Sheet of KLG Capital Services Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These Financial Statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components, our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and the significant estimate made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and on consideration of the separate audit reports on individual Financial Statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Consolidated Balance Sheet, of the State of affairs of the Group as at March 31, 2012;
 - ii) In the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date and
 - iii) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

KLG Capital Services Limited

CONSOLIDATED BALANCE SHEET AS MARCH 31, 2012

Particulars	Note No.	Current Year		Previous Year
		Amount (₹)	Amount (₹)	Amount (₹)
I EQUITY & LIABILITIES				
(1) SHAREHOLDERS' FUNDS				
Share Capital	2	32,024,000		32,024,000
Reserves and Surplus	3	19,411,944		17,241,603
			51,435,944	49,265,603
Share Application Money Pending Allotment			-	-
(2) NON-CURRENT LIABILITIES				
Deferred Tax Liabilities (Net)	4		3,115	-
(3) CURRENT LIABILITIES				
Short Term Borrowings	5	44,587,007		233,182,425
Other Current Liabilities	7	9,401,054		1,445,987
Short Term Provisions	8	32,802,425		14,852,732
			86,790,486	249,481,144
TOTAL			138,229,546	298,746,747
II ASSETS				
(1) NON-CURRENT ASSETS				
Fixed Assets	9			
-Tangible Assets			23,601	-
Non Current Investments	10		101,177,700	178,177,700
Long Term Loan and Advances	11		100,000	100,000
Other Non-Current Assets	12		315,664	394,580
(2) CURRENT ASSETS				
Current Investments	13	18,392,295		34,697,520
Trade Receivables	14	4,467,150		60,044,200
Cash and Cash Equivalents	15	8,030,656		3,902,900
Short Term Loans & Advances	16	5,722,480		21,429,847
			36,612,581	120,074,467
TOTAL			138,229,546	298,746,747
Significant Accounting Policies	1			
Notes on Financial Statements	2 to 26			

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

Annual Report 2011-12

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	Current Year Amount (₹)	Previous Year Amount (₹)
Revenue from Operation	17	51,728,109	49,279,288
Other Income	18	478,871	1,926,795
Total Revenue		52,206,979	51,206,083
Expenditure			
Employee Benefits Expenses	19	956,242	483,888
Depreciation And Amortised Expenses	9	90,315	-
Other Expenses	20	32,505,218	28,074,789
Total Expenses		33,551,775	28,558,677
Profit/(Loss) before Exceptional and Extraordinary Items and Tax		18,655,204	22,647,406
Exceptional Items		-	-
Profit/(Loss) before Extraordinary Items and Tax		18,655,204	22,647,406
Extraordinary Items		-	-
Profit/(Loss) before Tax		18,655,204	22,647,406
Tax Expenses			
- Current Tax		16,481,749	15,000,000
- Deferred Tax		3,115	-
Profit/(Loss) for the period from Continuing Operations		2,170,340	7,647,406
Profit/(Loss) for the period from Discontinuing Operations (After Tax)		-	-
Profit/(Loss) for the period		2,170,340	7,647,406
Earnings per share (Basic and Diluted) (Refer Note No.25)		0.68	2.39
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 26		

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

KLG Capital Services Limited

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
A) Cash flow from operating activities		
Net profit after tax & extraordinary items	2,170,340	7,647,406
Adjustment for:		
Depreciation, Amortisation and Impairment of Goodwill	93,430	(394,580)
Dividend Income	(411,063)	(1,926,795)
Profit on Sale of Fixed Assets	-	-
Operating Profit before working capital changes	1,852,708	5,326,031
Adjustment for working capital Changes		
(Increase)/Decrease in Debtors	55,577,050	(57,612,085)
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Advance Payment	15,707,367	19,389,881
Increase/(Decrease) in Trade and Other Payable	7,955,067	1,150,712
Increase/(Decrease) in Provisions	17,949,693	12,995,272
Cash generated from Operations	99,041,884	(18,750,189)
Direct taxes	-	-
Cash flow before extraordinary items	99,041,884	(18,750,189)
Extraordinary items	-	-
Cash flow from operating activities	(A) 99,041,884	(18,750,189)
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(35,000)	-
Sales of Fixed Assets	-	-
Purchase of Investments-Long Term	77,000,000	(178,177,700)
Purchase of Investments-Short Term	16,305,225	(34,697,520)
Dividend Income	411,063	1,926,795
Membership Deposit	-	(100,000)
Sale of Investment	-	-
Net cash used in Investment activities	(B) 93,681,288	(211,048,425)
C. Cash flow from Financing activities		
Increase/(Decrease) in Term Loan (Net of Repayment)	-	-
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	(188,595,418)	233,182,425
Proceeds from issue of Share Capital	-	-
Dividend Paid (Net)	-	-
Net cash used in financing activities	(C) (188,595,418)	233,182,425
Net increase / decrease in cash and cash equivalents	(A+B+C) 4,127,756	3,383,811
Cash & cash equivalents as at April 1, 2011	3,902,900	519,089
(opening balance) cash in hand & balance with banks		
Cash & cash equivalents as at March 31, 2012	8,030,656	3,902,900
(closing balance) cash in hand & balance with banks		

Note: Figures in brackets represent outflows

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

Annual Report 2011-12

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

NOTE NO. 1 : SIGNIFICANT ACCOUNTING POLICIES

1. A. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21)- "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006. The Consolidated financial statements have been prepared under historical cost convention and an accrual basis.
- B. The subsidiaries (which along with KLG Capital Services Limited, the Parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name of the Subsidiary Company	Percentage of Ownership interest	
	As At March 31, 2012	As At March 31, 2011
KLG Stock Brokers Private Limited (Incorporated in India)	100	100

The Financial statements of all the subsidiaries considered in the consolidated accounts are drawn up to March 31, 2012.

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 GAAP 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 of acquisition including expenses incidental to their acquisition less accumulated depreciation & impairment.

d. Depreciation

Depreciation on Fixed Assets is provided on the Written Down Value Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

e. Revenue Recognition

All the incomes are accounted on accrual basis.

f. Employee Benefits

1. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
2. Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised 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. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

i. 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 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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)		
NOTE NO. 2 - SHARE CAPITAL				
(a) Authorised				
35,00,000 Equity Shares of ₹ 10/- each (Previous Year 35,00,000)	35,000,000	35,000,000		
(b) Issued, Subscribed and Paid-up				
32,02,400 Equity Shares of ₹ 10/- each (Fully Paid-up) (Previous Year 32,02,400)	32,024,000	32,024,000		
	32,024,000	32,024,000		
(c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period.				
	Current Year No. of Shares	Previous Year No. of Shares		
Equity Shares at the beginning of the year	3,202,400	3,202,400		
Add: Issue of Shares during the year	-	-		
No. of Shares at the end of the year	3,202,400	3,202,400		
(d) Details of Shareholder Holding More than 5 %				
	Current Year		Previous Year	
Equity Shares Held by	No. of Shares	% of Holding	No. of Shares	% of Holding
Holding Company:				
-Awaita Properties Private Limited	1,936,075	60.46%	1,936,075	60.46%
NOTE NO. 3 - RESERVE AND SURPLUS				
			Current Year Amount (₹)	Previous Year Amount (₹)
(a) General Reserve				
Balance as per last Balance Sheet	1,012,242			1,012,242
Add: Transfer from Profit & Loss	-			-
			1,012,242	1,012,242
(b) Statutory Reserve Fund				
Balance as per last Balance Sheet	2,436,079			906,598
Add: Transfer from Profit & Loss	446,318			1,529,481
			2,882,397	2,436,079
(c) Profit & Loss Account				
Balance as per last Balance Sheet	13,793,282			7,675,357
Add: Profit & Loss during the Year	2,170,341			7,647,406
*Less: Transfer to Statutory Reserve account	446,318			1,529,481
			15,517,305	13,793,282
Total			19,411,944	17,241,603

* Transfer to Statutory Reserve as per Section 45 IC of Reserve Bank of India Act, 1934.

Annual Report 2011-12

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 4 - DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
(i) Fixed Assets:		
(Impact of difference between tax depreciation and depreciation charged for financial reporting)	3,115	-
(ii) Others timing differences	-	-
	3,115	-
Deferred Tax Assets		
(i) Any disallowance under Income Tax Act / Others	-	-
	-	-
Net Deferred Tax Liabilities	3,115	-

NOTE NO. 5 - SHORT TERM BORROWINGS

Unsecured Loan

-From Holding Company (Repayable on Demand)	44,587,007	233,182,425
	44,587,007	233,182,425

NOTE NO. 6 - TRADE PAYABLES

The Company does not have in 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 end together with interest paid/payable as required under the said Act have not been furnished.

NOTE NO. 7 - OTHER CURRENT LIABILITIES

Creditors for Expenses	203,887	1,280,691
Others-Duties and Taxes	9,197,167	165,296
	9,401,054	1,445,987

NOTE NO. 8 - SHORT TERM PROVISIONS

Provisions for Income Tax (Net)	21,467,180	14,852,732
Diminution in value of Investments held	11,335,245	-
	32,802,425	14,852,732

NOTE NO. 9 - FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK			
	As at April 1, 2011	Additions during the year	Acquisitions through Business combinations	Deductions/ Adjustments during the year	As at March 31, 2012	Upto April 1, 2011	Provided during the year	Deductions/ Adjustments during the year	Upto March 31, 2012	Before Impairment as at March 31, 2012	Impairment	As at March 31, 2012	As at March 31, 2011
Tangible Assets													
Computer	-	35,000	-	-	35,000	-	11,399	-	11,399	23,601	-	23,601	-
Total	-	35,000	-	-	35,000	-	11,399	-	11,399	23,601	-	23,601	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

In accordance with the Accounting Standard (AS - 28) on "Impairment of Assets", there was no impairment loss on Fixed Assets during the year ended March 31, 2012

KLG Capital Services Limited

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount(₹)	Previous Year Amount (₹)
NOTE NO. 10 - NON-CURRENT INVESTMENT		
(a) (I) Long Term Non-Trade Investments In Equity Shares		
Quoted: Fully Paid up		
Shipping Corporation of India Limited 92,265 Equity Shares of ₹ 10 each (6,42,265 Equity Shares)	12,917,100	89,917,100
(II) In Equity Shares of Other Company (Non Trade)		
Catholic Syrian Bank Ltd. 3,05,400 Equity Shares of ₹ 10 each (3,05,400 Equity Shares)	88,260,600	88,260,600
	101,177,700	178,177,700
(b) Aggregate Value of: -		
-Quoted Investment		
Book value	12,917,100	89,917,100
Market Value	5,725,043	69,300,394
-Unquoted Investment		
Book value	88,260,600	88,260,600
NOTE NO. 11 - LONG TERM LOANS & ADVANCES		
Membership Deposit	100,000	100,000
	100,000	100,000
NOTE NO. 12 - OTHER NON-CURRENT ASSETS		
Preliminary Expenses	287,200	359,000
Pre-operative Expenses	28,464	35,580
	315,664	394,580
NOTE NO. 13 - CURRENT INVESTMENT		
(a) (I) Short Term Investments in Equity Shares		
Quoted: Fully Paid up		
Neha International Limited 1,41,000 Equity Shares of ₹ 10 each. (2,66,000 Equity Shares)	18,392,295	34,697,520
	18,392,295	34,697,520
(b) Aggregate Value of: -		
-Quoted Investment		
Book value	18,392,295	34,697,520
Market Value	7,057,050	36,987,300
(Diminution in value of Investments is provided in Profit & Loss A/c)		
NOTE NO. 14 - TRADE RECEIVABLES		
(Unsecured & Considered Good)		
(a) Debts due for a period exceeding six months	-	-
(b) Debts due for a period less then six months	4,467,150	60,044,200
	4,467,150	60,044,200
NOTE NO. 15 - CASH AND CASH EQUIVALENTS		
(a) Cash on hand	84,730	70,594
(b) Balance with Banks	7,945,925	3,832,307
	8,030,656	3,902,900

Annual Report 2011-12

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
NOTE NO. 16 - SHORT TERM LOANS & ADVANCES		
(a) (I) Advance recoverable in cash or in kind for value to be received (Unsecured & Considered Good)		
-Related Parties	-	-
-Others	1,722,480	17,429,847
	1,722,480	17,429,847
(II) Deposits for Rent		
-Related Parties	4,000,000	4,000,000
	5,722,480	21,429,847
(b) Loans and advances and Deposits to Related Parties		
Deposit of ₹ 40,00,000 against use of Office Premises has been made to Awaita Properties Private Limited, a Holding Company of the company.		
NOTE NO. 17 - REVENUE FROM OPERATIONS		
Income from Consultancy & Arrangement fees	87,780,000	68,731,617
Loss in Futures & Options	(36,051,891)	(19,452,329)
	51,728,109	49,279,288
NOTE NO. 18 - OTHER INCOME		
Interest on FD	67,808	-
Dividend Income	411,063	1,926,795
	478,871	1,926,795
NOTE NO. 19 - EMPLOYEE BENEFITS EXPENSES		
Salary & Wages	917,997	482,489
Bonus	34,405	-
Staff Welfare Expenses	3,840	1,399
	956,242	483,888
NOTE NO. 20 - OTHER EXPENSES		
ADMINISTRATIVE AND GENERAL EXPENSES		
Advertisement	52,440	42,920
Payment to Auditors		
- Audit Fees	66,180	30,665
- Tax Audit Fees	27,575	-
- Certification/other Charges	52,394	30,000
- Other matters	-	-
	146,149	60,665
Bank charges	341	607
Broker Membership Fees	27,920	-
Business Promotion Expenses	-	255,589
Demat Charges	-	39,231
Fee, Taxes & legal charges	35,898	25,784
Filing Fees	3,570	4,020
Loss on Sales of Investment	20,319,148	26,989,795
Miscellaneous Expenses	5,068	6,650
Other Administrative Expenses	4,083	47,097
Printing & Stationary	16,462	45,898
Professional Charges	186,553	226,437
Provision for loss on Current Investments	11,335,245	-
Rent Expenses	140,633	132,360
Shop & Establishment	1,640	-
Sitting Fees to Directors	95,000	105,000
Telephone Expenses	5,468	2,971
Travelling & Conveyance	110,569	80,765
Web Design Expenses	19,030	9,000
	32,505,218	28,074,789

KLG Capital Services Limited

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2012

NOTE NO. 21- RELATED PARTY DISCLOSURE: (AS IDENTIFIED BY THE MANAGEMENT)

List of Related Parties

1. Major Shareholder having control over the Company : Awaita Properties Private Limited
2. Key Managerial Personnel : Hemendra Singh (Whole-time Director)
3. Companies under Common Control : Awaita Properties Private Limited

Disclosure of Related party Transactions between the Company and related parties for the year ended March 31, 2012

	Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
1	Rent Paid Awaita Properties Private Limited	132,360	132,360
2	Unsecured Loans (Liability) Awaita Properties Private Limited	44,587,007	233,182,425
3	Deposit against use of Office Premises Awaita Properties Private Limited	4,000,000	4,000,000

NOTE NO. 22 - DIRECTOR'S REMUNERATION

No remuneration has been paid to any of the Directors.

NOTE NO. 23 - FOREIGN CURRENCY TRANSACTIONS

There is no income or expenditure in foreign currency during the year.

NOTE NO. 24

Management has policy of making provision of leave encashment on accrual basis as per 'AS 15' regarding Retirement benefits.

NOTE NO. 25 - EARNINGS PER SHARE

Particulars	Current Year	Previous Year
Net Profit / (Loss) After Tax available for Equity Shareholder in ₹	2,170,340	7,647,406
Weighted Average Number of Equity Shares of ₹ 10/- each outstanding during the year	3,202,400	3,202,400
Basic/Diluted Earning Per Share in ₹	0.68	2.39

NOTE NO. 26

- a. Figures are rounded off to nearest rupees.
- b. 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.
- c. Previous year figures have been regrouped or rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

Annual Report 2011-12

SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED MARCH 31, 2012.

(Amount in ₹)

Name of the Subsidiary	KLG Stock Brokers Private Limited
Financial Year ending on	March 31, 2012
Paid-up Equity Share Capital	3,600,000
Reserve & Surplus	(61,247)
Total Assets	3,549,783
Total Liabilities	3,549,783
Details of Investment (Except in case of investment in subsidiaries)	Nil
Turnover (including other Income)	67,808
Profit/(Loss) Before Taxation	(61,247)
Provision for Taxation	-
Profit/(Loss) after Taxation	(61,247)
Proposed Dividend	-

AS PER OUR REPORT OF EVEN DATE

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

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.

₹ In Lacs

LIABILITIES SIDE

Particulars		Amount Outstanding	Amount Overdue
1	Loans and Advances availed by the NBFCs inclusive of Interest accrued thereon but not paid		
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	445.87	0.00
	Total	445.87	0.00

ASSET SIDE

₹ In Lacs

Particulars		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	0.00
	Total	0.00
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
4.	Break-up of Investments:	
	Current Investment:	
1	Quoted:	
(i)	Shares:	
a.	Equity	183.92
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	183.92

Annual Report 2011-12

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

	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 Investment:	
	1	Quoted:	
		(i) Shares:	
		a. Equity	129.17
		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	129.17
	2	Unquoted:	
		(i) Shares:	
		a. Equity	918.61
		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	918.61

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

₹ In Lacs

	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	0.00	0.00
2	Other than related parties	0.00	0.00	0.00
	Total	0.00	0.00	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

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

		₹ In Lacs	
Category		Market Value/ Break up of Fair Value or NAV	Book Value (Net of Provisions)
1	Related Parties		
	a. Subsidiaries	36.00	36.00
	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		36.00	36.00

7. Other Information

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

For NBS & Co.
Chartered Accountants
Firm Registration Number : 110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board of Directors

Hemendra Singh
Whole-time Director

B. S. Bhalerao
Director

ATTENDANCE SLIP

KLG CAPITAL SERVICES LIMITED

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

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 18TH ANNUAL GENERAL MEETING of the Members of the Company at Bombay Club Suite, Royal Bombay Yacht Club, Chhatrapati Shivaji Maharaj Marg, Apollo Bunder, Near Taj Mahal Hotel, Mumbai – 400 001 on Friday, September 28, 2012 at 5.00 p.m.

Name of the Shareholder

Signature

Folio No. : _____

No. of Shares _____

DP 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

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

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

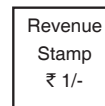
on my/our behalf at the 18th ANNUAL GENERAL MEETING of the Members of the Company to be held Friday, September 28, 2012 at 5.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____, 2012.

Folio No. : _____

DP ID No. : _____

No. of Shares : _____



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 commencement of the Meeting.





Book-Post

If undelivered please return to :
LINK INTIME INDIA PVT. LTD.
(Unit : KLG Capital Services Limited)
C – 13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078