

KLG CAPITAL SERVICES LIMITED

**20TH ANNUAL REPORT
2013 - 2014**

ANNUAL GENERAL MEETING

Date : September 30, 2014

Day : Tuesday

Time : 1600 Hours

Place: Babasaheb Dahanukar Hall,
Oricon House, 12, K. Dubhash Marg,
Kala Ghoda, Fort, Mumbai - 400 001.

BOARD OF DIRECTORS

- | | |
|-------------------------------|----------|
| 1. Mr. Nikhil Gandhi | Director |
| 2. Ms. Gayathri Ramachandran* | Director |
| 3. Mr. V. Ramanan | Director |
| 4. Mr. Nilesh Mehta | Director |
| 5. Mr. B. S. Bhalerao** | Director |

(* Appointed as an Additional Director w.e.f. May 30, 2014)

(**Resigned w.e.f. August 14, 2014)

MANAGER

Mr. Milan Mandani

REGISTERED AND CORPORATE OFFICE

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

CIN: L67120MH1994PLC218169

Ph: 022 - 6619 9000

Fax: 022 - 2269 6024

Email: company.secretary@klgcapital.com

Website: www.klgcapital.com

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STATUTORY AUDITORS

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

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
44, Community Centre,
2nd Floor, Naraina Industrial Area,
Phase-1, Near PVR Naraina,
New Delhi – 110 028
Ph: 011 - 41410592/93/94
Fax: 011 - 41410591
Email: delhi@linkintime.co.in

BANKERS

HDFC Bank Limited
Central Bank of India

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting ("AGM") of the Members of KLG Capital Services Limited will be held on Tuesday, September 30, 2014 at 1600 hours at Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai - 400 001, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nilesh Mehta (DIN – 02101502), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved That pursuant to the provisions of section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. NBS & Co., Chartered Accountants having ICAI Firm Registration No. 110100W, be and is hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Twentieth AGM till the conclusion of the Twenty-third AGM to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration in addition to reimbursement of out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

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 pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to consider Mr. Nikhil Gandhi (DIN – 00030560) as Director, whose period of office shall be liable to determination by retirement of directors by rotation."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"Resolved That pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V. Ramanan (DIN - 02754562), Director of the Company in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from September 30, 2014 up to September 29, 2019 and who shall not be liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"Resolved That pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Gayathri Ramachandran (DIN - 02872723), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 30, 2014, in terms of the provisions of Section 161 of the Companies Act, 2013 and the Rules made thereunder, and who holds office until the date of this AGM and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from May 30, 2014 up to May 29, 2019 and who shall not be liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved That pursuant to the provisions of section 196, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 (corresponding to Section 269 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and subject to requisite approval, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Milan Mandani as Manager of the Company, for a period of two years effective from February 12, 2014, on the terms and conditions of appointment as contained in the Agreement, a copy whereof is placed before the Meeting; and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 and as may be agreed by the Board of Directors and Mr. Milan Mandani.

Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution."

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

"Resolved That in accordance with the provisions of section 196 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 (corresponding to Section 269 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and subject to requisite approval, as may be necessary, the consent of the Company be and is hereby accorded to re-appointment of Mr. Hemendra Singh as a Whole-time Director of the Company for a period from October 1, 2013 upto the closure of working hours on February 11, 2014, on the terms and conditions of appointment as contained in the Agreement, a copy whereof is placed before the Meeting; and mutually agreed between the Board of Directors and Mr. Hemendra Singh.

Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"Resolved That in supersession of the Ordinary Resolution adopted at the Fourteenth Annual General Meeting held on August 29, 2008 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions and subject to requisite consents, sanctions and permissions, as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its power including the power conferred by this resolution) to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 400 Crores (Rupees Four Hundred Crores only).

Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution."

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

"Resolved That the Company do ratify and approve the decision of the Board of Directors of the Company taken in the Board Meeting held on March 31, 2014, for rescission of Resolution No. 1 contained in Postal Ballot Notice dated February 11, 2013, which was approved by the majority of Members on April 12, 2013, for increasing the Authorised Share Capital of the Company from Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 45,00,00,000/- (Rupees Forty Five Crores only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 4,00,00,000 (Four Crores) Preference Shares of Rs. 10/- (Rupees Ten only) each (hereinafter referred to as Resolution No. 1).

Resolved Further That the Clause V of the Memorandum of Association shall remain un-altered and the same shall be read, as it was being read prior to passing of the Resolution No. 1, as under:

'V. The Authorised Share Capital of the Company is Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs) divided in to 35,00,000 (Thirty Five Lacs) Equity Shares of Rs.10/- (Rupees Ten each).'

Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"Resolved That the Company do ratify and approve the decision of the Board of Directors of the Company taken in the Board Meeting held on March 31, 2014, for rescission of Resolution No. 2 contained in the Postal Ballot Notice dated February 11, 2013, which was approved by the majority of Members on April 12, 2013, for alteration of Article 3 of the Articles of Association of the Company relating to Authorised Share Capital (hereinafter referred to as Resolution No. 2).

Resolved Further That Article 3 of the Articles of Association of the Company shall remain un-altered and the same shall be read, as it was being read prior to passing of the Resolution No. 2, as under:

3. The Authorised Share Capital of the Company is Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs.10/- (Rupees Ten) each with power to subdivide, consolidate and increase or decrease and with power, from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the sub-division of share to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.'

Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“Resolved That the Company do ratify and approve the decision of the Board of Directors of the Company taken in the Board Meeting held on March 31, 2014, for rescission of Resolution No. 3 contained in the Postal Ballot Notice dated February 11, 2013, which was approved by the majority of Members on April 12, 2013, for issue of 4,00,00,000 (Four Crores) Preference Shares of Rs. 10/- (Rupees ten Only) each on preferential basis to Awaita Properties Private Limited, the Promoter of the Company.

Resolved Further That the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution.”

By Order of the Board of Directors

Place: Mumbai
Date: August 14, 2014

Nilesh Mehta
Director

Registered Office:
SKIL House, 209, Bank Street Cross Lane,
Fort, Mumbai - 400 023
CIN: L67120MH1994PLC218169
Ph: 022 - 6619 9000 Fax: 022 - 2269 6024
Email: company.secretary@klgcapital.com
Website: www.klgcapital.com

Notes:

1. The Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, in respect of the special business to be transacted at the AGM, is annexed hereto.
2. **PROXIES**
 - a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY’S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. ONLY DULY COMPLETED, SIGNED AND STAMPED PROXY WILL BE CONSIDERED VALID.**
 - b. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case of a Member who is holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, it shall be under its seal or be signed by an officer or an attorney duly authorised by it.
 - c. During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
 - d. Members/ Proxies/ Representatives are requested to bring their copies of the Annual Reports and the Attendance Slips sent herewith to attend the AGM.
3. Corporate Members intending to send their Authorised Representatives to attend the AGM are requested to send to the Company, a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the AGM.
4. The Register of Members and Share Transfer Books will remain closed from Thursday, September 25, 2014 to Tuesday, September 30, 2014 (both days inclusive) for the purpose of AGM.
5. The Members are requested to:
 - a) intimate to Link Intime India Private Limited, Registrar and Share Transfer Agents of the Company (for shares held in physical form) and to their respective Depository Participant (for shares held in Dematerialised form) the changes, if any, in their registered address, Bank account details, Email address, 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 with the Company;

- c) approach the Company for consolidation of folios, if shareholdings of a person are under multiple folios;
6. In support of the Green Initiative, copies of the Annual Report for FY14 along with the Notice of the 20th AGM, Attendance Slip and Proxy Form are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company / Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report FY14 are being sent by the permitted mode. Members may also note that Annual Report is also available for download from the website of the Company www.klgcapital.com.
7. Members who have not registered their email addresses with the Depositories are requested to register the same so that the Company can send the future communications in electronic mode. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's investor Email Id: company.secretary@klgcapital.com
8. Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchanges in respect of the Directors seeking appointment / re-appointment at the AGM is given in the Exhibit to this Notice.
9. Members desirous of obtaining any information concerning 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.
10. All the documents referred to in the accompanying Notice and Statement pursuant to Section 102(1) of the Companies Act, 2013, are available for inspection at the Registered office of the Company on all working days except Saturday, Sunday and Public Holiday between 10.00 a.m. to 12.00 noon upto the date of the AGM.
11. Voting through electronic means: In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company is pleased to provide e-voting facility to all the Members of the Company to enable them to cast their votes electronically on the items/ resolutions mentioned in this Notice. The Company has availed the e-voting services as provided by Central Depository Services (India) Limited. The Company has appointed Mr. Aashish K. Bhatt, Proprietor of M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries (C.P. No. 7023), as scrutinizer for conducting the e-voting process in a fair and transparent manner.

The instructions for Members voting electronically are as under:

- (i) The voting period begins on Wednesday, September 24, 2014 at 900 hours and ends on Friday, September 26, 2014 at 1800 hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. (1) If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field. (2) If your name is Ramesh Kumar with Demat A/c No. 12058700 00001234 then default value of PAN is RA00001234.

DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the Electronic Voting Sequence Number ("EVSN" i.e. "140902069") for KLG Capital Services Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the depository account(s) / folio numbers on which they wish to vote.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
12. The Scrutinizer will submit his Report after completion of scrutiny. The results of the voting on the resolutions at the AGM alongwith the Scrutinizer's Report will be posted on the website of the Company and of CDSL.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 3

This Explanatory Statement is provided though strictly not required as per Section 102 (1) of the Companies Act, 2013.

M/s. NBS & Co., Chartered Accountants ("NBS") are currently the Statutory Auditors of the Company. They have been the auditors of the Company since the conclusion of 15th AGM and have completed a term of 5 consecutive years.

As per the provisions of Section 139 of the Companies Act, 2013, no listed company can appoint or re-appoint an audit firm as auditors for more than two terms of upto five consecutive years each.

Since, NBS have been Statutory Auditors of the Company for a term of five consecutive years, they can be appointed for one more term of 5 consecutive years.

In view of the above, NBS, being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors propose their appointment as the Statutory Auditors of the Company for a term of three consecutive years from the conclusion of this AGM till the conclusion of Twenty-third AGM of the Company to be held in the year 2017, subject to ratification of their appointment by the Members at every AGM held after this AGM.

The Board recommends passing of Resolution No. 3 as contained in the Notice for the approval by the Members as Ordinary Resolution.

Item No. 4

Mr. Nikhil Gandhi was appointed on August 29, 2008, as Director who shall not be liable to retire by rotation.

As per the provisions of Section 152 of the Companies Act, 2013 and the Rules framed thereunder, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation out of which one third of such directors shall retire at each AGM. The section further specifies that "total number of directors" shall not include Independent Directors, whether appointed under this Act or any other law for the time being in force, on the Board of a company.

The Board presently comprise of four Directors out of which only one Director i.e., Mr. Nilesh Mehta is eligible for retirement by rotation; though as per the said provisions, there shall be atleast two Directors whose period of office shall be liable to determination by retirement of directors by rotation. Therefore, to have optimum number of directors whose period of office is liable to determination by retirement of directors by rotation, the Board of Directors proposes that Mr. Nikhil Gandhi shall be included under that category.

In the opinion of the Board, Mr. Nikhil Gandhi fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the Board recommends passing of Resolution No. 4 as contained in the Notice for the approval by the Members as Ordinary Resolution.

Except Mr. Nikhil Gandhi, none of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5 & 6

Mr. V. Ramanan (appointed w.e.f. May 28, 2013) is the Independent Director ("ID") of the Company whose period of office was liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

Ms. Gayathri Ramachandran has been appointed as an Additional Director designated as ID with effect from May 30, 2014, who holds office up to the date of ensuing AGM in terms of section 161 of the Companies Act, 2013.

As per the provisions of Section 149 of the Companies Act, 2013, which has come into force w.e.f. April 1, 2014, every listed company shall have at least one-third of the total number of directors as Independent Directors ("ID") who shall hold office for maximum two terms of up to five years each on the Board of a Company and that the office of ID shall not be liable to determination by retirement of directors by rotation. Further, MCA vide its circular dated June 9, 2014 clarified that if the existing IDs are to be appointed under Companies Act, 2013, the Company would be required to appoint those IDs, within a period of one year from April 1, 2014.

In compliance with the provisions of Companies Act, 2013, the matter regarding appointment of Mr. V. Ramanan for a term of five consecutive years commencing from September 30, 2014 upto September 29, 2019 and Ms. Gayathri Ramachandran for a term of five consecutive years commencing from May 30, 2014 upto May 29, 2019 was placed before the Meeting of the Nomination & Remuneration Committee held on August 14, 2014 and thereafter considered in the Board Meeting held on the same date.

Mr. V. Ramanan and Ms. Gayathri Ramachandran have given a declaration of Independence pursuant to Section 149(6) and 149(7) of the Companies Act, 2013 and the Rules made thereunder, alongwith their affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from Members along with a deposit of Rs. 1,00,000/- each proposing the candidature of the above two directors for the office of IDs.

In the opinion of the Board, the above two directors fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and they are Independent of the Management. The Board also considers that their continued association would be of immense benefit to the Company and it is therefore desirable to continue to avail their services.

In view of above and based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors, in the Meeting held on August 14, 2014, approved the appointment of Mr. V. Ramanan for a term of five consecutive years commencing from September 30, 2014 upto September 29, 2019 and of Ms. Gayathri Ramachandran for a term of five consecutive years commencing from May 30, 2014 upto May 29, 2019, not liable to retire by rotation, subject to the approval of Members at ensuing AGM.

The detailed profiles of all the above directors have been given in the Exhibit to this Notice. The Board recommends passing of Resolution No. 5 & 6 as contained in the Notice for the approval by the Members as Ordinary Resolution.

All the documents pertaining to the appointment of IDs are available for inspection at the Registered office of the Company on all working days except Saturday, Sunday and Public Holiday between 10.00 a.m. to 12.00 noon up to the date of the AGM.

Mr. V. Ramanan and Ms. Gayathri Ramachandran, being an appointee, are interested in the resolutions concerning their own appointment. Except them, none of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item No. 5 & 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 7:

The Board of Directors of the Company, at its meeting held on February 12, 2014, subject to approval of the Members at General Meeting and such other approvals as may be required, appointed Mr. Milan Mandani, M.B.A (Marketing) & B.M.S. (Finance), as Manager of the Company for a term of two years commencing from February 12, 2014.

Mr. Milan Mandani, as Manager, shall act subject to the superintendence, control and directions of the Board of Directors. Since Mr. Milan Mandani is drawing remuneration from one of the Companies under same group/management, he does not intend to avail remuneration as long as he functions as the Manager of the Company.

Pursuant to the provisions of section 196 of the Companies Act, 2013 read with the Schedule V thereto, the appointment of Manager and terms and conditions of his appointment, as approved by the Board of Directors of the Company, shall be subject to approval by the Members at the next General Meeting.

In view of above, the approval of the Members is being sought for the appointment of Mr. Milan Mandani as the Manager of the Company for a term of two years commencing from February 12, 2014.

The Board recommends passing of Resolution No. 7 as contained in the Notice for the approval by the Members as Ordinary Resolution.

A copy each of the resolution passed by the Board of Directors at its meeting held on February 12, 2014 and the Statement pursuant to section 190 of the Companies Act, 2013, are available for inspection at the Registered office of the Company on all working days except Saturday, Sunday and Public Holiday between 10.00 a.m. to 12.00 noon up to the date of the AGM.

Except Mr. Milan Mandani, none of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

Item No. 8:

The tenure of Mr. Hemendra Singh as Whole-time Director completed on conclusion of 19th AGM held on September 30, 2013. He was further re-appointed, vide resolution passed by the Board of Directors on October 1, 2014, for a period from October 1, 2013 upto September 30, 2014, subject to approval of the Members at General Meeting and such other approvals as may be required.

Mr. Hemendra Singh resigned as the Director and Whole-time Director of the Company with effect from closure of working hours on February 11, 2014, due to his pre-occupation. Since Mr. Hemendra Singh was drawing remuneration from one of the Companies under same group/management, he did not avail remuneration as Whole-time Director of the Company.

Pursuant to the provisions of section 196 of the Companies Act, 2013 read with the Schedule V thereto, the appointment of Whole-time Director and terms and conditions of his appointment, as approved by the Board of Directors of the Company, shall be subject to approval by the Members at the next General Meeting.

Though Mr. Hemendra Singh resigned with effect from closure of working hours on February 11, 2014, approval of the Members is being sought for his tenure from October 1, 2013 until the closure of working hours on February 11, 2014, for the purpose of compliance with the provisions of the Act.

The Board recommends passing of Resolution No. 8 as contained in the Notice for the approval by the Members as Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

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Item No. 9:

The Members of the Company had, at the Fourteenth Annual General Meeting held on August 29, 2008, approved the proposal to borrow monies up to Rs. 400 Crore (Rupees Four Hundred Crore only) under the then applicable Section 293(1)(d) of the erstwhile Companies Act, 1956.

Under the Companies Act, 2013, Section 180 inter alia deals with powers to borrow funds. While the provisions of Section 293(1)(d) of the erstwhile Companies Act, 1956 required the Companies to pass an Ordinary Resolution for approving the borrowing limits, the provisions of Section 180(1)(c) of the Companies Act, 2013, requires a Special Resolution to be passed for borrowing funds.

The Ministry of Corporate Affairs had, vide its Circular No. 4/2014 dated March 25, 2014, clarified that the Ordinary Resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the notification of Section 180, i.e. September 12, 2013. Thus, the Ordinary Resolution passed by the Company at the Fourteenth Annual General Meeting held on August 29, 2008 would be applicable and operative till September 11, 2014 and hence, it is necessary for the Company to pass a Special Resolution under the provisions of Section 180(1)(c) to ensure continuous compliance pertaining to borrowing of funds.

The Board recommends passing of Resolution No. 9 as contained in the Notice for the approval by the Members as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

Item No. 10 to 12:

The Company had conducted postal ballot procedure under the then applicable Section 192A of the erstwhile Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, for seeking approval of the Members for the following:

- i) Increasing the Authorised Share Capital of the Company from Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) to Rs. 45,00,00,000/- (Rupees Forty Five Crores only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 4,00,00,000 (Four Crores) Preference Shares of Rs. 10/- (Rupees Ten only) each and consequent alteration of Memorandum of Association of the Company;
- ii) Alteration of Article 3 of the Articles of Association of the Company consequent upon increase in Authorised Share Capital of the Company.
- iii) Issue of 4,00,00,000 (Four Crores) Preference Shares of Rs. 10/- (Rupees Ten only) on preferential basis to Awaita Properties Private Limited, Promoter of the Company.

The Postal Ballot Resolutions were passed with requisite majority of Members on April 12, 2013.

The Board of Directors of the Company, in the Board Meeting held on March 31, 2014, decided to rescind the aforesaid decisions with a view that increasing Authorised Share Capital will not benefit the Company for time being and therefore it was not prudent to implement the said resolutions passed through postal ballot.

The Board recommends passing of Resolution No. 10, 11 and 12 as contained in the Notice for the approval by the Members as Ordinary/Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 10 to 12.

By Order of the Board of Directors

Place: Mumbai

Date: August 14, 2014

Registered Office:

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

CIN: L67120MH1994PLC218169

Ph: 022 - 6619 9000 Fax: 022 - 2269 6024

Email: company.secretary@klgcapital.com

Website: www.klgcapital.com

Nilesh Mehta

Director

EXHIBIT TO NOTICE

Pursuant to Clause 49 of the Listing Agreement, the following information is furnished about the Directors proposed to be appointed/re-appointed at 20th AGM to be held on Tuesday, September 30, 2014

Name of the Director	Mr. Nikhil Gandhi	Ms. Gayathri Ramachandran	Mr. V. Ramanan	Mr. Nilesh Mehta
Date of Birth	April 25, 1959	September 27, 1948	June 6, 1941	May 10, 1968
Nationality	Indian	Indian	Indian	Indian
Date of Appointment	June 19, 2008	May 30, 2014	May 28, 2013	September 29, 2009
Designation	Non-Executive, Non-Independent Director	Non-Executive, Independent Director	Non-Executive, Independent Director	Non-Executive, Non-Independent Director
Brief Profile including nature of Expertise in specific functional areas	<p>Mr. Nikhil Gandhi is a first-generation entrepreneur. Under his leadership, the first private port in India was set up through Gujarat Pipavav Port Limited. He was nominated as a trustee of the Mumbai Port Trust on two occasions. In 1990, he received the 'Best Young Entrepreneur' award from the Ministry of Chemicals and Petrochemicals, Government of India and in 2001, he was conferred the 'Great Son of Soil' award by the All India Conference of Intellectuals. He has 28 years of experience in conceiving and developing infrastructure projects across India.</p>	<p>Ms. Gayathri Ramachandran holds a Bachelor's Degree in Economics (Hons.) from Delhi University, a Master's Degree in Economics from Delhi University, a Master's Degree in Development Economics from Williams College, Massachusetts, USA and a Master's Degree in Defence Studies from National Defence College. Belonging to 1972 batch of the Indian Administrative Service (IAS), she has over 36 years of experience working in infrastructure sectors of Government of India and Government of Andhra Pradesh in the areas of power and energy, environment, industry, fertilizers and chemicals and Social Sectors such as Women and Child Development, Tourism and Culture, Rural Development etc. She has made significant contribution to the reforms and restructuring Power Sector and formulating guidelines in the management of Power and Energy sectors.</p>	<p>Mr. V. Ramanan is a Commerce Graduate. He has held important positions in his long career with Indian Bank, which he joined as a Probationary Officer in the year 1968 and he retired as a Senior General Manager. He has an aggregate experience of 33 years in banking sector.</p>	<p>Mr. Nilesh Mehta is a post graduate in Commerce and is a Fellow Member of the Institute of Company Secretaries of India and Associate Member of Institute of Costs & Works Accountants of India. He has handled wide range of responsibilities including Corporate Laws, Legal affairs, Corporate Restructuring and Corporate Finance.</p>

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Directorships held in other Companies	<ul style="list-style-type: none"> Pipavav Defence and Offshore Engineering Company Limited SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited) Mumbai SEZ Limited SKIL-Himachal Infrastructure and Tourism Limited JPT Securities Limited Nayroh Lifestyle and Leisure Infrastructure Limited Awaita Properties Private Limited Urban Infrastructure Holdings Private Limited Karanja Terminal & Logistics Private Limited Navi Mumbai SEZ Private Limited SKIL Institute of Nursing Private Limited Pipavav Electronic Warfare Systems Private Limited Sohar Free Zone LLC SKIL Ports & Logistics Limited PDOC Pte. Limited SKIL (Singapore) Pte. Limited 	<ul style="list-style-type: none"> Gujarat-Dwaka Portwest Limited (Erstwhile Gujarat Positra Port Company Limited) SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited) 	<ul style="list-style-type: none"> SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited) Mahakaleshwar Knowledge Infrastructure Private Limited Metrotech Technology Park Pvt. Ltd IFIN Securities Finance Limited JPT Securities Limited 	<ul style="list-style-type: none"> Skil Knowledge Cities Private Limited KLG Stock Brokers Private Limited Pipavav Aero Infrastructure Private Limited Varahi Infrastructure Private Limited Metrotech Technology Park Pvt. Ltd Jansampada Engineering Company Private Limited SKIL Midivisana Engineering Private Limited
Memberships/ Chairmanships of committees of other public companies (only Audit and Shareholder's/ Investor's Grievance Committee/ Stakeholders Relationship Committee)	<ul style="list-style-type: none"> SKIL- Himachal Infrastructure and Tourism Limited- Member of Audit Committee Pipavav Defence and Offshore Engineering Company Limited- Chairman of Stakeholders Relationship Committee SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited)- Member of Stakeholders Relationship Committee 	<ul style="list-style-type: none"> SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited)- Member of Audit Committee and Chairperson of Stakeholders Relationship Committee Gujarat-Dwaka Portwest Limited (Erstwhile Gujarat Positra Port Company Limited) - Member of Audit Committee 	<ul style="list-style-type: none"> SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited) - Chairman of Audit Committee JPT Securities Limited- Member of Audit Committee and Chairman of Stakeholders Relationship Committee 	NIL
Shareholding in the Company	Nil	Nil	Nil	3000 shares
Inter-se relationship with other Directors	None	None	None	None

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 20th Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2014.

FINANCIAL PERFORMANCE (STANDALONE):

The performance of the Company for the financial year ended March 31, 2014, is summarized below:

Particulars	2013-2014	2012-2013
Net Income	47.77	344.08
Less: Expenditure	22.87	155.12
Profit before Depreciation & Taxation	24.90	188.96
Less: Depreciation	0.07	0.09
Profit before Tax	24.83	188.87
Less: Taxes	10.19	75.55
Profit after Tax	14.63	113.32
Less: Transfer to Statutory Reserve Account as per Section 45-IC of Reserve Bank of India Act, 1934	2.93	22.66
Balance carried forward to Balance Sheet	11.70	90.66

(Rs. In Lacs)

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

DIVIDEND:

With a view to conserve resources, your 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 Rs. 47.77 Lacs as compared to the income of Rs. 344.08 Lacs during the previous financial year. The profit after tax as on March 31, 2014 amounted to Rs. 14.63 Lacs as against profit of Rs. 113.32 Lacs during the previous financial year.

AUTHORISED SHARE CAPITAL

Your Directors, in the Board Meeting held on March 31, 2014, withdrew the resolutions passed through postal ballot on April 12, 2013, for increasing the Authorised Share Capital of the Company, alteration of Memorandum and Articles of Association of the Company and Preferential allotment of preference shares to Promoter Company. Accordingly, appropriate resolutions in this regard are being proposed at the ensuing Annual General Meeting ("AGM") for ratification of the Members.

DIRECTORS:

Mr. Nilesh Mehta retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Board of Directors at their Meeting held on August 14, 2014, resolved that Mr. Nikhil Gandhi, whose period of office was not liable to determination by retirement of directors by rotation, shall be made eligible for retirement by rotation, subject to the approval of the Members, in order to have optimum number of Directors whose period of office is liable to determination by retirement of directors by rotation in terms of section 152 of the Companies Act, 2013.

Ms. Gayathri Ramachandran has been appointed as an Additional Director under the category Independent Director, on May 30, 2014 and she holds office up to the date of ensuing AGM.

Mr. V. Ramanan and Ms. Gayathri Ramachandran, who constitute the Independent Directors, have filed the requisite declarations with the Company to the effect that they qualify as Independent Directors within the meaning of Section 149(6) of the said Act. Appropriate Resolutions are being proposed at the ensuing AGM to appoint them for a period of five consecutive years and they shall not be liable to retire by rotation as contemplated under Section 149 of the said Companies Act, 2013.

Brief profiles of Directors proposed to be appointed/re-appointed as aforesaid is provided in the Exhibit to the Notice of ensuing AGM. The Board of Directors recommends appointment / reappointment of all the above Directors at the ensuing AGM.

The tenure of Mr. Hemendra Singh as Whole-time Director of the Company completed on September 30, 2013 and he was re-appointed by the Board of Directors for a further period commencing from October 1, 2013 upto September 30, 2014, subject to the approval of Members. Mr. Hemendra Singh ceased to be Director and Whole-time Director of the Company with effect from closure of working hours on February 11, 2014. Though he ceased to be the Whole-time Director of the Company, approval of Members is being sought for the extended tenure served by him i.e., from October 1, 2013 upto closure of working hours on February 11, 2014, for compliance with the requirements of Companies Act, 2013 and the Rules made thereunder. Accordingly, a resolution is being proposed at the ensuing AGM for ratification and approval of the Members.

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Mr. B. G. Daga retired at the 19th AGM held on September 30, 2013, as he did not opt for re-appointment due to his pre-occupations. Mr. B. S. Bhalerao resigned from the Directorship of the Company with effect from August 14, 2014 due to his ill health.

The Board places on record, its appreciation for the valuable contribution made by Mr. Hemendra Singh, Mr. B. G. Daga and Mr. B. S. Bhalerao during their tenure.

MANAGER:

The Board of Directors of the Company at their Meeting held on February 12, 2014, appointed Mr. Milan Mandani as Manager pursuant to the provisions of Section 196 and 203 of the Companies Act, 2013 and the Rules made thereunder read with Schedule V thereto (corresponding to Section 269 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), for a period of two years commencing from February 12, 2014, subject to the approval of Members and such other approvals as may be required.

Accordingly, appropriate resolution for appointment of Mr. Milan Mandani as Manager is being proposed at the ensuing AGM for ratification and approval of the Members.

SUBSIDIARY COMPANY:

Your Company has one wholly owned subsidiary namely KLG Stock Brokers Private Limited ("KSBPL"). KSBPL is admitted as a Deposit Based Trading Member of Cash and Equity Derivatives Segment of BSE Limited. However, it is yet to commence the business.

As per Section 212 of the erstwhile Companies Act, 1956, the Company is required to attach the Balance Sheet, Statement of Profit and Loss together with Reports of Directors and Auditors thereon and other documents of its subsidiary companies to its Annual Report. The Ministry of Corporate Affairs (MCA), Government of India vide its General Circular No. 2/2011 and 3/2011 dated February 8, 2011 and February 21, 2011, respectively, has provided an exemption to the companies from complying with section 212, subject to certain conditions being fulfilled by the Company. The Board of Directors of the Company at its Meeting held on May 30, 2014, noted the provisions of said Circular and passed the necessary resolution granting the requisite approval for not attaching the accounts, etc of KSBPL to its Annual Report for the year ended March 31, 2014, subject to complying with the provisions of the said circular.

The Company undertakes that annual accounts of KSBPL and related detailed information will be made available to the Members of the Company seeking such information at any point of time. The annual accounts of KSBPL will be available for inspection at the Registered Office of the Company and of KSBPL. The Company shall furnish the hard copy of the detailed accounts of KSBPL to Members on demand.

In accordance with the requirements of Accounting Standard notified by the Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements of the Company have been prepared and the same forms part of this Annual Report.

Statement of particulars of subsidiary company as per the said General Circulars issued by MCA forms part of the Consolidated Financial Statements.

PARTICULARS OF LOANS/ADVANCES GIVEN TO SUBSIDIARY COMPANY:

Pursuant to Clause 32 of the Listing Agreement, the requisite particulars of loans/advances given to subsidiary have been disclosed in the Audited Accounts of the Company for the year March 31, 2014.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits under the provisions of Section 58A of the Companies Act, 1956, during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the erstwhile Companies Act, 1956, your Directors confirm that;

- (i) In the preparation of annual accounts the applicable accounting standards have been followed, along with proper explanation relating to material departures.
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that year;
- (iii) They 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; and
- (iv) They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Company adopts high standards of Corporate Governance and adheres to the corporate governance requirements set out by the Securities and Exchange Board of India (SEBI). A section on Corporate Governance, along with a certificate from Mr. Aashish K. Bhatt, Proprietor of M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of this Report.

A review of operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis Report which forms part of this Report.

CEO/CFO CERTIFICATION

In lieu of CEO/CFO, the Board of Directors of the Company, at the Meeting held on February 12, 2014, authorised the Manager to issue certificates as may be required under Listing Agreement from time to time. Accordingly, the Certificate pursuant to Clause 49(V) of the Listing Agreement issued by the Manager, in lieu of CEO/CFO, for the year ended March 31, 2014, forms part of this Report.

COMPLIANCE CERTIFICATE

The Compliance Certificate for the financial year ended March 31, 2014, pursuant to section 383A of the erstwhile Companies Act, 1956, issued by Mr. Aashish K. Bhatt, Proprietor of M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, forms part of this Report.

LISTING ARRANGEMENT:

The Company's Equity shares are listed on BSE Limited. The Company has paid Annual Listing Fees to the Stock Exchange for the financial year 2014-15.

COMPANIES ACT, 2013

The Ministry of Corporate Affairs has made a major part of the provisions of the Companies Act, 2013 effective from April 1, 2014. The new Companies Act, 2013 aims at enhanced disclosures and reporting for the corporate sector with numerous compliance requirements.

The new Act is a positive step towards strengthening the corporate governance regime in the country. Your Company is geared to implement and comply with the new requirements of law. As a beginning towards this, your Company constituted/re-aligned various Committees of the Board of Directors in accordance with the provisions of Companies Act, 2013 as under:

AUDIT COMMITTEE

The Audit Committee comprises three Directors, viz; Ms. Gayathri Ramachandran (Chairperson), Mr. V. Ramanan and Mr. Nilesh Mehta as Members of the Committee. The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement pertaining to corporate governance norms.

In the Board Meeting held on August 14, 2014, the Board of Directors enhanced the terms of reference and scope and functioning of the Audit Committee to align with the revised Clause 49 of the Listing Agreement which shall become effective from October 1, 2014.

The Audit Committee has reviewed the Audited Accounts of the Company for the year ended March 31, 2014, annexed to this Report.

NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of Companies Act, 2013, your Company re-aligned its existing 'Remuneration Committee' as 'Nomination and Remuneration Committee' with an enhanced scope and functions as stipulated under the new law. The Nomination & Remuneration Committee of the Company comprises three Directors, viz; Mr. V. Ramanan (Chairman), Mr. Nikhil Gandhi and Ms. Gayathri Ramachandran as Members of the Committee.

In the Board Meeting held on August 14, 2014, the Board of Directors enhanced the terms of reference and scope and functioning of the Nomination and Remuneration Committee to align with the revised Clause 49 of the Listing Agreement which shall become effective from October 1, 2014.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company re-aligned its existing 'Shareholders / Investor's Grievance Committee' as 'Stakeholders Relationship Committee' with an enhanced scope and functioning as stipulated under the new law. The Stakeholders Relationship Committee comprises three Directors, viz; Mr. V. Ramanan (Chairman), Mr. Nikhil Gandhi and Mr. Nilesh Mehta as Members of the Committee.

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In the Board Meeting held on August 14, 2014, the Board of Directors enhanced the terms of reference and scope and functioning of the Stakeholders Relationship Committee to align with the revised Clause 49 of the Listing Agreement which shall become effective from October 1, 2014.

AUDITORS:

The Statutory Auditors, M/s. NBS & Co., Chartered Accountants (ICAI Registration No. 110100W), hold office until the conclusion of ensuing AGM and are eligible for re-appointment for a term of upto five consecutive years as per Section 139 of the Companies Act, 2013. M/s. NBS & Co., while offering themselves for re-appointment, have provided certificate to the effect that, their re-appointment, if made, shall be in accordance with the provisions of Section 139 of the Companies Act, 2013 and they satisfy the criteria provided under Section 141 of the Companies Act, 2013.

In view of the above and based on the recommendation of the Audit Committee, the Board of Directors recommends re-appointment of M/s. NBS & Co. as the Statutory Auditors of the Company for a period of three consecutive years to hold office from the conclusion of Twentieth AGM till the conclusion of Twenty-third AGM of the Company, subject to ratification of their appointment by the Members at every AGM held after this AGM.

AUDITOR'S REPORT:

The Auditors' Report on the Accounts of the Company for the financial year ended March 31, 2014, is self explanatory and does not require any further explanation.

INTERNAL AUDITORS:

M/s. Sanjay & Vijay Associates, Chartered Accountants (Firm Registration No. 120123W), have been appointed as Internal Auditors for conducting internal audit of the Company for the financial year 2014-15.

PARTICULARS OF EMPLOYEES

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

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Considering the nature of the business of the Company, there are no particulars to be disclosed relating to the Conservation of Energy, Research and Development and Technology Absorption as required under Section 217(1)(e) of the erstwhile Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, during the year under review.

There was no Foreign Exchange Earnings and Outgo during the year under review.

APPRECIATIONS AND ACKNOWLEDGEMENTS:

The Board of Directors wishes to express its sincere appreciation and thanks to all Members, Employees, Bankers, Clients, Advisors, Vendors and Government Authorities and other regulatory authorities for their consistent support and co-operation and look forward to their continued support and co-operation in future.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 14, 2014

Nikhil P. Gandhi
Director

Nilesh Mehta
Director

Registered Office:
SKIL House, 209, Bank Street Cross Lane,
Fort, Mumbai - 400 023
CIN: L67120MH1994PLC218169
Ph: 022 - 6619 9000 Fax: 022 - 2269 6024
Email: company.secretary@klgcapital.com
Website: www.klgcapital.com

COMPLIANCE CERTIFICATE

Corporate Identity Number (CIN) : L67120MH1994PLC218169
 Nominal Share Capital : Rs. 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, 2014. 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 as prescribed under the Act and the rules made there under. No forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company has the Paid-up Capital of Rs. 3,20,24,000/- (Rupees Three Crores Twenty Lakhs Twenty Four Thousand Only) as on March 31, 2014.
4. The Board of Directors duly met 5 (Five) times on May 29, 2013, August 14, 2013, November 14, 2013, February 12, 2014 and March 31, 2014 in respect of which Meetings, proper notices were given and the proceedings were properly recorded and signed, including circular resolution passed, in the Minutes book maintained for the purpose.
5. The Company has closed its Register of Members from September 25, 2013 to September 30, 2013 (both days inclusive) for the purpose of Annual General Meeting.
6. The Annual General Meeting for the financial year ended on March 31, 2013 was held on September 30, 2013 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 (Section 185 of the Companies Act, 2013 w.e.f September 12, 2013).
9. The Company has not entered into contracts within the purview 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 as the case may be.
12. The Company has not issued duplicate Share Certificates during the financial year.
13. The Company has:
 - (i) Not been required to deliver share certificate on allotment of shares, transfer or transmission of equity shares;
 - (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 alternate Directors or Directors to fill casual vacancies has been made.
 - Mr. Ramanan Venkatraman was appointed as an Additional Director of the Company w.e.f. May 28, 2013.
 - Mr. Ramanan Venkatraman was confirmed as the Director (Independent) of the Company w.e.f. September 30, 2013.
 - Mr. Brij Gopal Daga retired from the Board w.e.f. September 30, 2013.
15. The Company has not appointed Managing Director during the financial year. Mr. Hemendra Singh was re-appointed as Whole-time Director, subject to approval of Members, w.e.f. October 1, 2013 and had resigned from February 12, 2014. Mr. Milan Mandani was appointed as Manager of the Company w.e.f. February 12, 2014.
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, Company Law Board, Regional Director, Registrar of Companies and any other authorities as may be prescribed under the Act.
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 there under.
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 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.

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24. The Company has not borrowed from banks, financial institutions, etc., during the financial year. The company has obtained unsecured loan from Holding Company.
25. Pursuant to Sub-Section 8 of Section 372A of the Act, provisions pertaining to making of loan or advances or giving guarantees or providing securities to other bodies corporate are not applicable.
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 under scrutiny.
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 or show cause notices received by the Company during the financial year for alleged offences under the Act.
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

Signature:

Date: August 14, 2014

Name of Company Secretary: **Aashish K 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 Committees of Directors c) Minutes of General Meetings	193
2	Register of Members and Index	150, 151
3	Books of Accounts	209
4	Register of Contracts in which Directors are interested	301
5	Register of Directors	303
6	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, 2014:

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	23	192A	Filing of Postal Ballot Notice, Calendar of Events & Board Resolution.	10.05.13	Yes	NA
2	32	260	Appointment of Mr. Ramanan Venkatraman as an Additional Director w.e.f May 28, 2013.	31.05.13	Yes	NA
3	32	303 (2)	Retirement of Mr. Brij Gopal Daga as Director and Change in designation Mr. Ramanan Venkatraman w.e.f September 30, 2013.	07.10.13	Yes	NA
4	25C	269 (2)	Re-appointment of Mr. Hemendra Singh as a Whole-time Director of the Company w.e.f October 01, 2013.	07.10.13	Yes	NA
5	66	383A	Compliance Certificate for the year ended March 31, 2013.	07.10.13	Yes	NA
6	32	303 (2), 269	Resignation of Mr. Hemendra Singh as Whole-time Director and appointment of Mr. Milan Mandani as a Manager of the Company w.e.f. February 12, 2014.	11.03.14	Yes	NA

With Regional Director : None

With Central Government or other authorities : None

REPORT ON CORPORATE GOVERNANCE

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 the code of Corporate Governance envisages working towards higher levels of integrity, transparency, empowerment, accountability, 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 ('Board'):

i) Composition and category of the Directors and number of other Directorships/Committee Memberships held by them:

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. As on March 31, 2014, the Board of Directors of Company comprises four Non-Executive Directors of which two are Independent Directors.

As mandated under 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. The disclosures made by Directors regarding Board and Committee Memberships held by them in other companies 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 of the Company, number of Directorships held by the Directors in other Indian Public Limited Companies and Membership/Chairmanship of the Committees of the Boards of such Companies is given below. Other Directorships excludes Alternate Directorships, Directorships in Indian Private Limited Companies, Section 25 Companies and Foreign Companies. Membership/Chairmanship of Board Committees includes only Audit Committee and Shareholders/ Investors Grievance Committee/Stakeholders Relationship Committee:

Name of Directors	Category of Directorship	Designation	Other Directorships as on March 31, 2014	Memberships/ Chairmanship in Committees of Board of other Public Companies as on March 31, 2014	
				Chairman	Member
Mr. Nikhil Gandhi	Non-Executive, Non-Independent	Director	7	1	2
Mr. B. S. Bhalerao	Non-Executive, Independent	Director	1	2	-
Mr. V. Ramanan*	Non-Executive, Independent	Director	1	1	-
Mr. Nilesh Mehta	Non-Executive, Non-Independent	Director	-	-	-
Mr. B. G. Daga**	Non-Executive, Independent	Director	NA	NA	NA
Mr. Hemendra Singh***	Executive	Whole-time Director	NA	NA	NA

* Mr. V. Ramanan was appointed as an Additional Director w.e.f. May 28, 2013 and confirmed as an Independent Director in the 19th AGM held on September 30, 2013.

** Mr. B. G. Daga retired from the Directorship w.e.f. 19th AGM held on September 30, 2013.

*** Mr. Hemendra Singh ceased to be a Director and Whole-time Director w.e.f. closure of working hours on February 11, 2014

ii) Meetings and Attendance of Directors during the year ended March 31, 2014:

During the year ended March 31, 2014, five Board Meetings were held on May 29, 2013, August 14, 2013, November 14, 2013, February 12, 2014 and March 31, 2014.

The attendance of each Director at the said Board Meetings and at the 19th AGM held on September 30, 2013, is given below:

Name of the Directors	No. of Board Meetings		Whether attended the 19 th AGM
	Held *	Attended by the Director	
Mr. Nikhil Gandhi	5	3	No
Mr. B. S. Bhalerao	5	4	Yes
Mr. V. Ramanan	5	4	Yes
Mr. Nilesh Mehta	5	5	Yes
Mr. B. G. Daga	2	-	No
Mr. Hemendra Singh	3	-	No

* No. of Board Meetings held reflects the no. of Meetings held in the tenure of the concerned Director during the financial year 2013-14.

3. AUDIT COMMITTEE:

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

The Board of Directors of the Company, in its Meeting held on February 12, 2014, resolved that the terms of reference and scope of the Audit Committee shall be aligned with the new requirements of Companies Act, 2013, upon the relevant provisions becoming effective from April 1, 2014.

i) Brief description of 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 clause (2AA) of section 217 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 utilization 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.

ii) Composition:

As on March 31, 2014, the Audit Committee comprises three Directors as Members. The Chairman of Audit Committee is an Independent Director and he was present at the 19th AGM of the Company held on September 30, 2013, to answer Members' queries.

The detailed composition of the Audit Committee is as follows:

Name of the Members	Category	Position
Mr. B. S. Bhalerao	Non-Executive Independent Director	Chairman
Mr. V. Ramanan*	Non-Executive Independent Director	Member
Mr. Nilesh Mehta	Non-Executive Non-Independent Director	Member
Mr. B. G. Daga**	Non-Executive Independent Director	Member

* Mr. V. Ramanan was appointed as a Member w.e.f. May 28, 2013.

** Mr. B. G. Daga ceased to be a Member w.e.f. from September 30, 2013.

iii) Meetings and Attendance of Members during the year ended March 31, 2014:

During the year ended March 31, 2014, four Audit Committee Meetings were held on May 29, 2013, August 14, 2013, November 14, 2013 and February 12, 2014. Required quorum was present at all the said Meetings.

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

Name of the Member	No. of Audit Committee Meetings	
	Held *	Attended by the Member
Mr. B. S. Bhalerao	4	4
Mr. Mr. V. Ramanan	4	4
Mr. Nilesh Mehta	4	4
Mr. B. G. Daga	2	-

*No. of Audit Committee Meetings held reflects the no. of Meetings held in the tenure of the concerned Member during the financial year ended 2013-14.

4. REMUNERATION COMMITTEE:

The Board of Directors of the Company, in its Meeting held on February 12, 2014, have approved the change in nomenclature of the existing Remuneration Committee to 'Nomination and Remuneration Committee' and resolved to revise its terms of reference and scope in alignment with the provisions of Companies Act, 2013, to be effective from April 1, 2014.

i) Brief description of 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.).

1. Determining the Company's policy on specific remuneration packages for the Company's Whole-time/Executive Directors, including pension rights and any compensation payment.
2. Implementing, supervising and administering any share or stock option policy or any other scheme formulated by the Company.
3. Establishing and administering any employee compensation and benefits plans.
4. 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, 2014, the Remuneration Committee comprises three Non-Executive Directors as Members.

The detailed composition of the Remuneration Committee is as follows:

Name of the Members	Category	Position
Mr. B. S. Bhalerao*	Non-Executive Independent Director	Chairman
Mr. Nikhil Gandhi	Non-Executive Non-Independent Director	Member
Mr. V. Ramanan**	Non-Executive Independent Director	Member
Mr. Nilesh Mehta***	Non-Executive Non-Independent Director	Member
Mr. B. G. Daga****	Non-Executive Independent Director	Member

*Mr. B. S. Bhalerao was appointed as Chairman w.e.f. September 30, 2013.

**Mr. V. Ramanan was appointed as Member w.e.f. February 12, 2014.

***Mr. Nilesh Mehta ceased to be Member w.e.f. February 12, 2014

****Mr. B. G. Daga ceased to be Chairman & Member w.e.f from September 30, 2013.

iii) Meetings and Attendance of Members during the year ended March 31, 2014:

During the year ended March 31, 2014, 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, 2014:

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, 2014, is as follows:

(Amount in Rs.)

Name of Directors	Sitting Fees for attending Board and Committee Meetings	Salary, Perquisites, Commission, etc	Total
Mr. Nikhil Gandhi	-	-	-
Mr. B. S. Bhalerao	40,000	-	40,000
Mr. V. Ramanan	40,000	-	40,000
Mr. Nilesh Mehta	-	-	-
Mr. B. G. Daga	-	-	-
Mr. Hemendra Singh	-	-	-
Total	80,000	-	80,000

Pecuniary relationship of non-executive directors with the Company:

None of the Non-Executive Directors having any pecuniary relationship or transactions with the Company and vis-à-vis, except sitting fee as mentioned above.

Employee Stock Option Scheme:

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

Shareholding of Non-Executive Directors as on March 31, 2014:

None of the Non-Executive Directors held 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 like transfer or credit of shares, non-receipt of declared dividend/notices/annual reports, review of cases for refusal of transfer/transmission of shares/debentures, reference to statutory and regulatory authorities regarding investor grievance and other matters encompassing the Shareholders/ Investors related issues.

The Board of Directors of the Company, in its Meeting held on February 12, 2014, have approved the change in nomenclature of the existing Shareholders/Investors Grievance Committee to 'Stakeholders Relationship Committee' and resolved to revise its terms of reference and scope in alignment with the provisions of Companies Act, 2013, to be effective from April 1, 2014.

i) **Composition:**

As on March 31, 2014, the Shareholders/Investors Grievance Committee comprises three Directors as Members.

The detailed composition of the Shareholders/Investors Grievance Committee is as follows:

Name of the Members	Category	Position
Mr. B. S. Bhalerao*	Non-Executive Independent Director	Chairman
Mr. Nikhil Gandhi	Non-Executive Non-Independent Director	Member
Mr. Nilesh Mehta	Non-Executive Non-Independent Director	Member
Mr. B. G. Daga**	Non-Executive Independent Director	Member
Mr. Hemendra Singh***	Executive Non-Independent Director	Member

*Mr. B. S. Bhalerao was appointed as Chairman w.e.f. September 30, 2013.

**Mr. B. G. Daga ceased to be Chairman & Member w.e.f from September 30, 2013.

***Mr. Hemendra Singh ceased to be Member w.e.f. February 12, 2014.

Meetings and Attendance of Members during the year ended March 31, 2014:

One Meeting of the Shareholders/Investors Grievance Committee was held on May 24, 2013.

The attendance of each Member at the said Shareholders/Investors Grievance Committee Meetings is given below:

Name of the Member	No. of Shareholders/Investors Grievance Committee Meetings	
	Held *	Attended by the Member
Mr. B. S. Bhalerao	0	NA
Mr. Nikhil Gandhi	1	-
Mr. Nilesh Mehta	1	1
Mr. B. G. Daga	1	-
Mr. Hemendra Singh	1	1

*No. of Shareholders/Investors Grievance Committee Meetings held reflects the no. of Meetings held in the tenure of the concerned Member during the financial year ended 2013-14.

ii) **Name and designation of Compliance Officer:**

The Board has designated Mr. Amit Shrivastava as the Compliance Officer of the Company.

iii) **Details of shareholders complaints received and resolved during the year ended March 31, 2014:**

No. of shareholders complaints pending as on April 1, 2013	NIL
No. of shareholders complaints received during the year	NIL
No. of complaints solved to the satisfaction of shareholders	NIL
No. of shareholders complaints pending as on March 31, 2014	NIL

6. GENERAL BODY MEETINGS:i) **Location and time of last three AGMs:**

Financial Year	Date of AGMs	Venue	Time
2012-2013	September 30, 2013	Bombay Club Suite, Royal Bombay Yacht Club, Chatrapati Shivaji Maharaj Marg, Apollo Bunder, Near Taj Mahal Hotel, Mumbai - 400 001	4.30 p.m.
2011-2012	September 28, 2012	Bombay Club Suite, Royal Bombay Yacht Club, Chatrapati Shivaji Maharaj Marg, Apollo Bunder, Near Taj Mahal Hotel, Mumbai - 400 001	5.00 p.m.
2010-2011	September 29, 2011	Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chambers of Commerce Path, Fort, Mumbai - 400 001	4.00 p.m.

ii) **Special Resolutions passed in the previous three AGMs:** Noneiii) **Special Resolution passed during the year ended March 31, 2014, through Postal Ballot:**

During the year, pursuant to Section 192(A) of the Companies Act, 1956 read with Companies (passing of the resolution by postal ballot) Rules, 2011, approval of the Members' of the Company was sought vide Notice dated Monday, February 11, 2013 circulated through postal ballot for:

- Increasing the Authorised Share Capital of the Company from Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lacs Only) divided into 35,00,000 (Thirty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) to Rs. 45,00,00,000/- (Rupees Forty Five Crores only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 4,00,00,000 (Four Crores) Preference Shares of Rs. 10/- (Rupees Ten only) each and consequent alteration of Memorandum of Association of the Company (Ordinary Resolution).

KLG Capital Services Limited

- ii) Alteration of Article 3 of the Articles of Association of the Company consequent upon increase in Authorised Share Capital of the Company (Special Resolution).
- iii) Issue of 4,00,00,000 (Four Crores) Preference Shares of Rs. 10/- (Rupees Ten only) on preferential basis to Awaita Properties Private Limited, Promoter of the Company (Special Resolution).
- iv) **Person who conducted the Postal Ballot exercise:** The Company appointed Mr. Aashish K. Bhatt, Proprietor of M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, Mumbai, as Scrutinizer for conducting the Postal Ballot Process.
- v) **Whether any Special Resolution is proposed to be passed through Postal Ballot:** None
- vi) **Procedure for Postal Ballot:**

The brief procedure for Postal Ballot is mentioned hereunder:

 - i) The Board of Directors at its Meeting held on February 11, 2013, approved the items to be passed through Postal Ballot and authorised the Whole-time Director/Director/Compliance Officer severally to be responsible for the entire process of postal ballot.
 - ii) Mr. Aashish K. Bhatt, Proprietor of M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, Mumbai, was appointed as Scrutinizer for conducting the Postal Ballot process.
 - iii) Notice of Postal Ballot along with the Ballot papers were sent to the Members along with a self-addressed, postage pre-paid envelope addressed to the Scrutinizer and the Members were informed that the duly completed Postal Ballot Form shall reach the Scrutinizer not later than the closing of working hours i.e., 5.00 p.m. on Monday, April 8, 2013.
 - iv) An advertisement was published in the newspaper about the dispatch of ballot papers and Notice of Postal Ballot.
 - v) The Scrutinizer submitted his report and the result was announced on Friday, April 12, 2013 that the resolutions were passed by the Members with requisite majority. The Result of Postal Ballot was displayed at the Registered Office of the Company and also posted on the website www.klgcapital.com, besides being communicated to BSE Limited, where the securities of the Company are listed.

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. There were no related party transactions of material nature that may have a potential conflict with the interests of the Company.

The Company has followed the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, as amended from time to time, in preparation of its financial statements.

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

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

iii) **Whistle Blower Policy:**

During the year ended March 31, 2014, the Whistle Blower Policy, being non-mandatory, has not been adopted.

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

The Company has complied with the 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.

(v) **Reconciliation of Share Capital Audit:**

A Company Secretary in Practice carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

8. SUBSIDIARY COMPANY

The Company has one wholly-owned subsidiary viz. KLG Stock Brokers Private Limited. The Audit Committee reviews the consolidated financial statements of the Company. The Minutes of the Board Meetings of unlisted subsidiary company are periodically placed before the Board of Directors of the Company.

9. 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 of the Company are sent to the Stock Exchange and are published in the newspapers in terms of the requirement of Clause 41 of the Listing Agreement. During the year ended March 31, 2014,

the financial results of the Company were published in Business Standard (an English Newspaper) and Mumbai Lakshdeep (a Marathi Newspaper). The results are also displayed on the Company's website.

For the benefit of the Members, 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.

10. GENERAL SHAREHOLDERS' INFORMATION:

i) 20th AGM:

Date	Tuesday, September 30, 2014
Time	1600 Hours
Venue	Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai – 400001

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 AGM for the year ending March 31, 2015, is as follows:

Tentative Schedule	Tentative Date of Board Meeting
Financial reporting for the quarter ending June 30, 2014	On or before August 14, 2014
Financial reporting for the quarter ending September 30, 2014	On or before November 14, 2014
Financial reporting for the quarter ending December 31, 2014	On or before February 14, 2015
Financial reporting for the year ending March 31, 2015	On or before May 30, 2015
AGM for the year ending March 31, 2015	On or before September 30, 2015

iii) Date of Book Closure:

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, September 25, 2014 to Tuesday, September 30, 2014 (both days inclusive).

iv) Dividend Payment Date:

Not Applicable, since no dividend is recommended by the Directors for the year ended March 31, 2014.

v) Listing on Stock Exchanges:

The Equity Shares of the Company are listed at BSE Limited. The Company has paid annual listing fees for the year 2014-15 to BSE Limited.

The Company has paid custodial fees for the year 2014-15 to NSDL and CDSL on the basis of number of beneficial accounts maintained by them as on March 31, 2014.

vi) Stock Code/ISIN No./ Corporate Identity Number (CIN):

BSE Scrip Code: 530771

Demat ISIN No. for CDSL/NSDL: INE929C01018

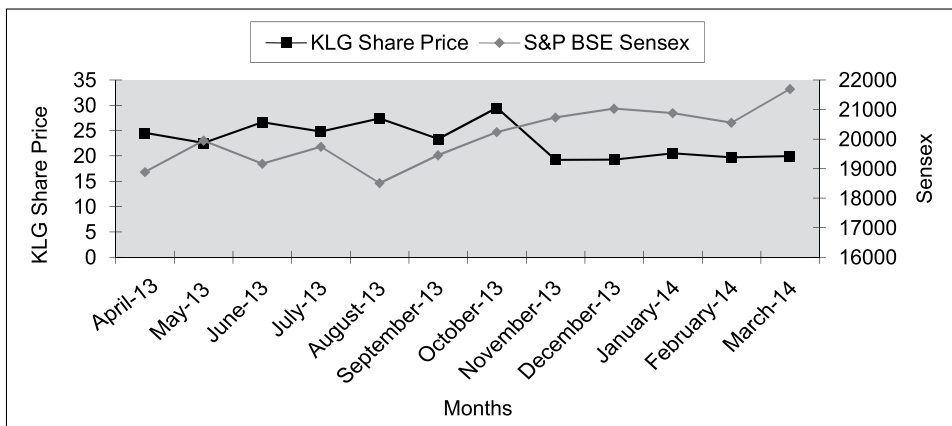
CIN: L67120MH1994PLC218169

vii) Market Price Data:

The high and low market prices of the Company's Equity Shares traded on BSE Limited during each month in the financial year ended March 31, 2014, are as follows:

Month & Year	High (Rs.)	Low (Rs.)
April 2013	29.80	19.25
May 2013	27.50	17.55
June 2013	29.90	23.35
July 2013	27.40	22.20
August 2013	30.15	24.65
September 2013	25.75	20.90
October 2013	36.60	22.35
November 2013	21.25	17.15
December 2013	20.40	18.10
January 2014	22.05	18.90
February 2014	21.35	18.05
March 2014	21.75	18.15

viii) Share Price Performance in Comparison to S&P BSE Sensex:



ix) Registrar and Share Transfer Agents of the Company:

Link Intime India Private Limited
 44, Community Centre,
 2nd Floor, Naraina Industrial Area,
 Phase-1, Near PVR Naraina,
 New Delhi – 110 028
 Ph: 011 - 41410592/93/94
 Fax: 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.

xi) a) The Company's distribution of shareholding as on March 31, 2014, is given below:

No. of Equity Shares held	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
1-500	1293	86.20	139,987	4.37
501-1000	96	6.40	75,749	2.36
1001-2000	49	3.27	72,913	2.28
2001-3000	15	1.00	39,256	1.23
3001-4000	7	0.47	25,625	0.80
4001-5000	6	0.40	27,482	0.86
5001 - 10000	14	0.93	97,750	3.05
10001 & above	20	1.33	2,723,638	85.05
Total	1500	100.00	3,202,400	100.00

b) Shareholding Pattern as on March 31, 2014:

Category	No. of Shareholders	No. of Shares	% of Shareholding
Promoters	1	1,936,075	60.46
Bodies Corporate	45	590,696	18.45
NRI/OCB	13	14,417	0.45
Others	1441	661,212	20.64
Total	1500	3,202,400	100.00

xii) Dematerialization of shares & liquidity:

As on March 31, 2014, 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 classified as illiquid by BSE Limited and are traded under Periodic Call Auction Session (PCAS). The trading rules for PCAS are mentioned on the website of BSE Limited.

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, corporate actions or change of address or any query relating to the shares of the Company or any other query, the Members are requested to contact:

Registrar and Share Transfer Agents:

Link Intime India Private Limited

44, Community Centre, 2nd Floor,

Naraina Industrial Area, Phase-1,

Near PVR Naraina, New Delhi - 110 028.

Ph: 011 - 41410592/93/94,

Fax: 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.

(xvi) Particulars of Directors seeking appointment/re-appointment:

As required under clause 49(IV)(G)(i) of the Listing Agreements entered into with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the ensuing AGM are given in the Exhibit to the Notice of ensuing AGM.

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

The Board of Directors of the Company at the Meeting held on February 12, 2014, authorised the Manager, in lieu of CEO/ CFO, to issue Certificates as required under the Listing Agreement from time to time. Accordingly, a Certificate pursuant to Clause 49(V) of the Listing Agreement issued by the Manager, in lieu of CEO and CFO, for the year ended March 31, 2014, is annexed to this Report.

12. CODE OF CONDUCT:

In accordance with the requirement of Corporate Governance the Board of Directors of the Company has formulated a code of conduct for Directors and Senior Management Personnel of the Company. All the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year ended March 31, 2014. A declaration to this effect signed by the Manager, in lieu of CEO, is annexed to this Report.

13. CERTIFICATE ON CORPORATE GOVERNANCE:

The Company has obtained a Certificate from Mr. Aashish K. Bhatt, Proprietor of M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, which together with this Report on Corporate Governance is annexed to the Directors' Report and shall be sent to all the shareholders of the Company and the Stock Exchange along with the Annual Report of the Company.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
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, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Company's 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**

Place: Mumbai
Date: August 14, 2014

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

CERTIFICATE ISSUED BY MANAGER, IN LIEU OF CHIEF EXECUTIVE OFFICER, ON 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 Managerial Personnel in compliance with the provisions of Clause 49 (1D) of the Listing Agreement with the Stock Exchange and the Board Members and Senior Managerial Personnel of the Company have confirmed the compliance of provisions of the said Code for the financial year ended March 31, 2014.

Place: Mumbai
Date: May 30, 2014

**Milan Mandani
Manager**

CERTIFICATE FROM THE MANAGER, IN LIEU OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 AS PER CLAUSE 49(V) OF THE LISTING AGREEMENT.

I, Milan Mandani, Manager of KLG Capital Services Limited, to the best of my knowledge and belief certify that:

- (a) I have reviewed the financial statements, along with the Cash flow statements of KLG Capital Services Limited for the year ended March 31, 2014 and to the best of my knowledge and belief:
 - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year under review which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) I have indicated to the Auditors and the Audit committee that:
 - I. There were no significant changes in internal control over financial reporting during the year;
 - II. There were no significant changes made in the accounting policies made during the year and that the same have been disclosed to the notes to the financial statements; and
 - III. There were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee who have a significant role in the Company's internal control systems over financial reporting

Place: Mumbai

Date: May 30, 2014

Milan Mandani
Manager

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The new government led by Mr. Narendra Modi has outlined a 10-point plan to revive the Indian economy, prioritizing infrastructure and investment reform, the prompt resolution of inter-ministerial issues, efficient policy execution and government policy stability. Although the government budget released in July was wanting in detail on structural reform, greater political certainty should be more conducive to investment across a variety of sectors.

While India Inc maintains its growth forecast for FY 2014 at 5.5%, the expectation for FY 2015 is more upbeat at 6.0% to 6.3% for FY2015 as anticipated reforms bear fruit (Source: ADB 2014 Asian Development Outlook 2014 Supplement).

The Indian economy stands at a critical juncture today. It has successfully tackled some macroeconomic problems such as the widening of twin deficits and currency depreciation. But equally challenging problems in the form of a growth slowdown and rising food inflation persist. While, the new government seems to have to hit the ground running on economic policy in order to provide confidence to investors, aggressive action is required to put the economy back on track.

It is interesting to point out that, while banks struggle to control the gross NPA ratio, NBFCs have been faring consistently better over the past decade. The outlook for NBFCs continues to remain stable despite expectations for a stringent regulatory environment.

2. OPPORTUNITIES AND THREATS

Reports from the World Bank indicate that Non Banking Financial Institutions act as a crucial support system contributing to macroeconomic stability and sustained economic growth and prosperity, owing to their ability to finance firms and individuals at a reasonable cost, reduce volatility by providing alternate sources to finance.

Your 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.

The biggest challenge before NBFCs is the stiff competition from banks and financial institutions, due to their ability to raise low cost funds which enables them to provide funds at much cheaper rate. Besides, increased purview of monitoring by regulatory authorities increase the threat of losing the essence of NBFCs.

3. SEGMENT WISE PERFORMANCE

The Company operates in single 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 and nature of operations. Besides, the Audit Committee reviews the internal controls in co-ordination with the Auditors.

7. FINANCIAL PERFORMANCE

a) Share Capital: As on March 31, 2014, 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, 2014, stood at Rs. 320.24 Lacs comprising of 32,02,400 Equity Shares of Rs. 10/- each (previous year Rs. 320.24 Lacs).

b) Reserves and Surplus: During the year under review, the Reserves and Surplus stood at Rs. 322.68 Lacs (previous year Rs. 308.05 Lacs).

c) Financial Result: During the year ended March 31, 2014, the Company has earned total income of Rs. 47.77 Lacs as compared to the income of Rs. 344.08 Lacs during the previous financial year. The profit after tax as on March 31, 2014 amounted to Rs. 14.63 Lacs as against profit of Rs. 113.32 Lacs during the previous financial year.

8. HUMAN RESOURCE

Human resource management is an important function in the Company. The Company's aim is to create a working environment that attracts, motivate and retains the best people.

9. RISK MANAGEMENT FRAMEWORK

The Company has in place mechanism to inform Board Members about the risk assessment and minimization procedures and ensure that risk is controlled through the means of a properly defined framework.

10. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of **KLG CAPITAL SERVICES LIMITED,**

Report on the Financial Statements

We have audited the accompanying financial statements of **KLG CAPITAL SERVICES LIMITED** which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - 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;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in subsection (3c) of section 211 of the Companies Act, 1956;
 - On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For NBS & Co.
Chartered Accountants
Firm Reg.No.110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2014

ANNEXURE TO AUDITORS REPORT

Annexure referred to in paragraph 1 of the Auditor's Report to the Members of **KLG CAPITAL SERVICES LIMITED** for the year ended March 31, 2014.

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

- (i) (a) The Company 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 of 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) The Company has an outstanding unsecured loan of Rs.27,56,289/- as on 31/03/2014 (Max. outstanding during the year : Rs. 64,79,027 and P.Y. O/S : Rs. 4,01,87,007 /-) 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 for more than six months as at March 31, 2014 except for Service Tax dues amounting to Rs. 1,45,07,430/- (excl. interest & penalty) and Income Tax of Rs. 3,11,29,137/- which have remained outstanding 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.
- (xi) In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of its dues to banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

- (xiii) (a) The provisions of any Special Statute applicable to Chit Fund, Nidhi Fund or Mutual Benefit Fund/Societies are not applicable to the Company.
- (b) In view of our comments in Para (xiii) (a) above, clauses 4 (xiii) (b) (c) and (d) of the said order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us the Company has not given any guarantee for loan taken by others from banks and financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination the Balance Sheet of the Company, we report that no fund raised on short term basis have been used for long term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) 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-13.02024 dated 06/08/2012 (Previous reg. 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 Reg.No.110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai

Date : May 30, 2014

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
I EQUITY & LIABILITIES:			
(1) SHAREHOLDERS' FUNDS			
Share Capital	2	32,024,000	32,024,000
Reserves and Surplus	3	<u>32,268,197</u>	<u>30,804,895</u>
		64,292,197	62,828,895
(2) NON-CURRENT LIABILITIES			
Deferred Tax Liabilities (Net)	4	<u>2,075</u>	<u>2,777</u>
		2,075	2,777
(3) CURRENT LIABILITIES			
Short-term Borrowings	5	2,756,289	1,304,027
Other Current Liabilities	7	14,759,287	23,211,983
Short-term Provisions	8	<u>48,300,852</u>	<u>41,274,830</u>
		65,816,428	65,790,840
TOTAL		<u>130,110,700</u>	<u>128,622,512</u>
II ASSETS:			
(1) NON-CURRENT ASSETS			
Fixed Assets	9		
- Tangible Assets		<u>18,520</u>	<u>14,161</u>
		18,520	14,161
Non-Current Investments	10	<u>99,495,600</u>	<u>99,495,600</u>
		99,495,600	99,495,600
(2) CURRENT ASSETS			
Current Investments	11	18,392,295	18,392,295
Trade Receivables	12	8,093,480	6,544,688
Cash and Cash Equivalents	13	110,806	175,769
Short-term Loans and Advances	14	<u>4,000,000</u>	<u>4,000,000</u>
		30,596,580	29,112,751
TOTAL		<u>130,110,700</u>	<u>128,622,512</u>
See accompanying notes forming part of the financial statements	1 to 24		

IN TERMS OF OUR REPORT ATTACHED

For and on behalf of the Board of Directors

For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W

Devdas Bhat
Partner
Membership No. 48094

Nikhil P. Gandhi
Director

B. S. Bhalerao
Director

Place: Mumbai
Date : May 30, 2014

Milan Lalit Mandani
Manager

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Revenue from Operations	15	4,166,748	33,950,150
Other Income	16	610,800	458,100
Total Revenue		<u>4,777,548</u>	<u>34,408,250</u>
Expenditure			
Employee Benefits Expenses	17	145,815	394,376
Depreciation and Amortization Expenses	9	6,890	9,440
Other Expenses	18	2,141,592	15,117,888
Total Expenses		<u>2,294,298</u>	<u>15,521,703</u>
Profit/(Loss) before Exceptional and Extraordinary Items and Tax		2,483,250	18,886,547
Exceptional Items		-	-
Profit/(Loss) before Extraordinary Items and Tax		<u>2,483,250</u>	<u>18,886,547</u>
Extraordinary Items		-	-
Profit/(Loss) before Tax		<u>2,483,250</u>	<u>18,886,547</u>
Tax Expenses			
- Current Tax		1,020,650	7,555,181
- Deferred Tax		(702)	(338)
		<u>1,019,948</u>	<u>7,554,843</u>
Profit/(Loss) for the period from Continuing Operations		<u>1,463,302</u>	<u>11,331,704</u>
Profit/(Loss) for the period from Discontinuing Operations (After Tax)		-	-
Profit/(Loss) for the period		<u><u>1,463,302</u></u>	<u><u>11,331,704</u></u>
Earnings Per Share (Basic and Diluted) (Refer Note No. 23)		0.46	3.54

See accompanying notes forming part of the financial statements 1 to 24

IN TERMS OF OUR REPORT ATTACHED

For and on behalf of the Board of Directors

For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W

Devdas Bhat
Partner
Membership No. 48094

Nikhil P. Gandhi
Director

B. S. Bhalerao
Director

Place: Mumbai
Date : May 30, 2014

Milan Lalit Mandani
Manager

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
A. Cash flow from Operating Activities		
Net Profit after Tax & Extraordinary Items	1,463,302	11,331,704
Adjustment for:		
Depreciation and Amortization Expenses	6,188	9,102
Dividend Income	(610,800)	(458,100)
Profit on Sale of Fixed Assets	-	-
Operating Profit before Working Capital changes	858,691	10,882,706
Adjustment for Working Capital changes		
(Increase)/Decrease in Trade Receivables	(1,548,792)	(2,077,538)
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Short-term Loans and Advances	-	1,722,480
Increase/(Decrease) in Trade and Other Payable	(8,452,696)	13,821,959
Increase/(Decrease) in Provisions	7,026,022	8,466,492
Cash generated from Operations	<u>(2,116,776)</u>	<u>32,816,099</u>
Direct taxes	-	-
Cash flow before Extraordinary Items	(2,116,776)	32,816,099
Extraordinary Items	-	-
Cash flow from Operating Activities	(A) (2,116,776)	32,816,099
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(11,250.00)	-
Sales of Fixed Assets	-	-
Purchase of Investments - Long-term	-	5,282,100
Purchase of Investments - Short-term	-	-
Purchase of Investments - Subsidiary	-	-
Dividend Income	610,800	458,100
Sale of Investment	-	-
Net Cash used in Investment Activities	(B) 599,550	5,740,200
C. Cash flow from Financing Activities		
Increase/(Decrease) in Long-term Borrowings	-	-
Increase/(Decrease) in Short-term Borrowings	1,452,262	(43,282,980)
Proceeds from issue of Share Capital	-	-
Dividend Paid (Net)	-	-
Net Cash used in Financing Activities	(C) 1,452,262	(43,282,980)
Net increase / decrease in Cash & Cash Equivalents	(A+B+C) (64,964)	(4,726,681)
Cash & Cash Equivalents as at April 1, 2013	175,770	4,902,450
(Opening Balance) Cash in Hand & Balance with Banks	<u>110,806</u>	<u>175,769</u>
Cash & Cash Equivalents as at March 31, 2014	<u>110,806</u>	<u>175,769</u>
(Closing Balance) Cash in Hand & Balance with Banks	<u>110,806</u>	<u>175,769</u>

Note: Figures in brackets represent outflows

IN TERMS OF OUR REPORT ATTACHED

For and on behalf of the Board of Directors

**For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W**

**Devdas Bhat
Partner
Membership No. 48094**

**Place: Mumbai
Date : May 30, 2014**

**Nikhil P. Gandhi
Director**

**B. S. Bhalerao
Director**

**Milan Lalit Mandani
Manager**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014**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

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.
- ii) Post-employment and other long-term employee benefits are recognised as an expense in the Profit & 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 & 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 & 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 2 - SHARE CAPITAL		
(a) Authorised		
3,500,000 Equity Shares of Rs.10/- each (Previous Year 3,500,000)	35,000,000	35,000,000
(b) Issued, Subscribed and Paid-up		
3,202,400 Equity Shares of Rs. 10/- each (Fully Paid-up) (Previous Year 3,202,400)	32,024,000	32,024,000
	<u>32,024,000</u>	<u>32,024,000</u>
(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	<u>3,202,400</u>	<u>3,202,400</u>
(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 Pvt. Ltd	1,936,075	60.46%
	1,936,075	60.46%
Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 3 - RESERVES AND SURPLUS		
(a) General Reserve		
Balance as per last Balance Sheet	1,012,242	1,012,242
Add: Transfer from Profit & Loss Account	-	-
	<u>1,012,242</u>	<u>1,012,242</u>
(b) Statutory Reserve Fund		
Balance as per last Balance Sheet	5,148,738	2,882,397
Add: Transfer from Profit & Loss Account	292,660	2,266,341
	<u>5,441,398</u>	<u>5,148,738</u>
(c) Profit & Loss Account		
Balance as per last Balance Sheet	24,643,915	15,578,552
Add: Profit & Loss during the Year	1,463,302	11,331,704
Less: *Transfer to Statutory Reserve Account	292,660	2,266,341
	<u>25,814,557</u>	<u>24,643,915</u>
	<u>32,268,197</u>	<u>30,804,895</u>
*Rs. 292,660 (Previous Year: Rs. 2,266,341) transferred to Statutory Reserve as prescribed by section 45-IC of the Reserve Bank of India Act, 1934, being 20% of the profits after taxes for the year.		
NOTE NO. 4 - DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
(a) Fixed Assets	2,075	2,777
(Impact of difference between tax depreciation and depreciation charged for financial reporting)		
(b) Others Timing differences	-	-
	<u>2,075</u>	<u>2,777</u>
Deferred Tax Assets		
(a) Any disallowance under Income Tax Act/Others	-	-
Net Deferred Tax Liabilities	<u>2,075</u>	<u>2,777</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 5 - SHORT-TERM BORROWINGS		
Unsecured Loan		
-From Holding Company (Repayable on Demand)	2,756,289	1,304,027
	<u>2,756,289</u>	<u>1,304,027</u>

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	181,720	8,693,317
Others-Duties and Taxes	14,577,567	14,518,666
	<u>14,759,287</u>	<u>23,211,983</u>

NOTE NO. 8 - SHORT-TERM PROVISIONS

Provisions for Income Tax (Net)	31,762,707	24,069,937
Diminution in value of Investments held	16,538,145	17,204,893
	<u>48,300,852</u>	<u>41,274,830</u>

NOTE NO. 9 - FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	As at April 1, 2013	Additions during the year	Acquisitions through Business combinations	Deductions/ Adjustments during the year	As at March 31, 2014	Upto April 1, 2013	Provided during the year	Deductions/ Adjustments during the year	Upto March 31, 2014	Before Impairment as at March 31, 2014	Impair- ment	As at March 31, 2014	As at March 31, 2013
(Owned Asset)													
Tangible Assets													
Computer	35,000	-	-	-	35,000	20,839	5,664	-	26,504	8,496	-	8,496	14,161
Office Equipment	-	11,250	-	-	11,250	-	1,226	-	1,226	10,023	-	10,023	-
Total	35,000	11,250	-	-	46,250	20,839	6,890	-	27,730	18,520	-	18,520	14,161
Previous Year	35,000	-	-	-	35,000	11,399	9,440	-	20,839	14,161	-	14,161	23,601

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, 2014

NOTE NO. 10 - NON-CURRENT INVESTMENT**(a) Long-term Non-Trade Investments****(i) Unquoted: Fully Paid up****In Equity Shares of Subsidiary Company**

KLG Stock Brokers Pvt. Ltd

360,000 Equity Shares of Rs. 10 each

(360,000 Equity Shares)

3,600,000

3,600,000

(ii) Unquoted: Fully Paid up**In Equity Shares of other Companies**

Catholic Syrian Bank Ltd

407,200 Equity Shares of Rs. 10 each

(407,200 Equity Shares)

95,895,600

95,895,600

99,495,60099,495,600**(b) Aggregate Value of: -**

-Quoted Investment

Book value

99,495,600

99,495,600

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 11 - CURRENT INVESTMENT		
(a) Short-term Investments		
Quoted: Fully Paid up		
In Equity Shares of other Companies		
Neha International Ltd	18,392,295	18,392,295
141,000 Equity Shares of Rs.10 each.		
(141,000 Equity Shares)		
	<u>18,392,295</u>	<u>18,392,295</u>
(b) Aggregate Value of: -		
-Quoted Investment		
Book value	18,392,295	18,392,295
Market Value	1,854,150	1,237,980
(Diminution in value of Investments is provided in Profit & Loss Account)		
NOTE NO. 12 - TRADE RECEIVABLES		
(Unsecured & Considered Good)		
(a) Debts due for a period exceeding six months	-	1,489,050
(b) Debts due for a period less then six months	8,093,480	5,055,638
	<u>8,093,480</u>	<u>6,544,688</u>
NOTE NO. 13 - CASH AND CASH EQUIVALENTS		
(a) Cash on Hand	77,316	89,159
(b) Balance with Banks	33,489	86,610
	<u>110,806</u>	<u>175,769</u>
NOTE NO. 14 - SHORT-TERM LOANS AND ADVANCES		
(Unsecured & Considered Good)		
(a) (i) Advance recoverable in cash or in kind for value to be received		
- Related Parties	-	-
- Others	-	-
(ii) Deposits for Rent		
- Related Parties	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
(b) Loans and Advances and Deposits to Related Parties		
Deposit of Rs. 4,000,000 against use of Office Premises has been made to Awaita Properties Pvt Ltd, Holding Company.		
NOTE NO. 15 - REVENUE FROM OPERATIONS		
Income from Consultancy & Arrangement fees	3,500,000	48,679,034
Loss in Futures & Options	-	(14,728,884)
Provision for Profit on Current Investments	666,748	-
	<u>4,166,748</u>	<u>33,950,150</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 16 - OTHER INCOME		
Dividend Income	610,800	458,100
	<u>610,800</u>	<u>458,100</u>
NOTE NO. 17 - EMPLOYEE BENEFITS EXPENSES		
Salary & Wages	-	368,691
Staff Welfare Expenses	145,815	25,685
	<u>145,815</u>	<u>394,376</u>
NOTE NO. 18 - OTHER EXPENSES		
ADMINISTRATIVE AND GENERAL EXPENSES		
Payment to Auditors		
- Audit Fees	56,180	56,180
- Tax Audit Fees	28,090	56,180
- Certification /other Charges	25,281	25,281
- Other matters	-	-
	<u>109,551</u>	<u>137,641</u>
Advertisement	66,990	102,386
Bank Charges	551	1,906
Fee, Taxes & Legal Charges	31,712	31,892
Filing Fees	2,523	4,214
Loss on Sales of Investment	-	8,429,321
Miscellaneous Expenses	23,145	41,530
Other Administrative Expenses	4,399	8,261
Printing & Stationary	29,209	79,533
Professional Charges	193,382	65,221
Provision for Loss on Current Investments	-	5,869,648
Rent Expenses	-	134,832
Sundry Balance Written off	1,539,630	-
Sitting Fees to Directors	84,944	131,742
Travelling & Conveyance	45,862	70,166
Web Design Expenses	9,694	9,594
	<u>2,141,592</u>	<u>15,117,888</u>

NOTE NO. 19 - RELATED PARTY DISCLOSURE:

a) List of Related Parties where control exists and related parties with whom transaction have taken place and relationships:

- i) Holding Company
Awaita Properties Pvt. Ltd
- ii) Subsidiary Company
KLG Stock Brokers Pvt. Ltd
- iii) Key Management Personnel
Hemendra Singh (upto February 11, 2014)
Milan Lalit Mandani (w.e.f. February 12, 2014)
Nikhil P. Gandhi

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

b) Disclosure of Related Party Transactions between the Company and related parties for the year ended March 31, 2014:

Particulars	As At March 31, 2014 (Amount in Rs.)	As At March 31, 2013 (Amount in Rs.)
i) Rent Paid Awaita Properties Pvt. Ltd	-	134,832
ii) Unsecured Loans (Liability) Awaita Properties Pvt. Ltd	2,756,289	1,304,027
iii) Investment in Equity Shares/Advances KLG Stock Brokers Pvt. Ltd	3,600,000	3,600,000
iv) Deposit against use of Office Premises Awaita Properties Pvt. Ltd	4,000,000	4,000,000

NOTE NO. 20 - DIRECTOR'S REMUNERATION

No remuneration has been paid to any of the Directors except for the sitting fees.

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 (EPS)

Particulars	As At March 31, 2014	As At March 31, 2013
Net Profit / (Loss) After Tax available for Equity Shareholders (in Rs.)	1,463,302	11,331,704
Weighted Average Number of Equity Shares of Rs.10/- each outstanding during the year	3,202,400	3,202,400
Basic/Diluted EPS (in Rs.)	0.46	3.54

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 Reg. No. 110100W

Devdas Bhat
Partner
Membership No. 48094

Place: Mumbai
Date : May 30, 2014

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Director

B. S. Bhalerao
Director

Milan Lalit Mandani
Manager

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **KLG CAPITAL SERVICES LIMITED**

We have audited the accompanying Consolidated financial statements of **KLG CAPITAL SERVICES LIMITED** ("the Company") and its subsidiary (together, 'the group'), which comprise the consolidated Balance Sheet as at March 31, 2014 and the consolidated Statement of Profit & Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For NBS & Co.
Chartered Accountants
Firm Reg.No.110100W

Devdas Bhat
Partner
Membership No. 48094

Place : Mumbai
Date : May 30, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	Current Year		Previous Year
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
I EQUITY & LIABILITIES:				
(1) SHAREHOLDERS' FUNDS				
Share Capital	2	32,024,000		32,024,000
Reserves and Surplus	3	<u>32,010,172</u>		<u>30,644,508</u>
			64,034,172	62,668,508
Share Application Money Pending Allotment				-
(2) NON-CURRENT LIABILITIES				
Deferred Tax Liabilities (Net)	4		2,075	2,777
(3) CURRENT LIABILITIES				
Short-term Borrowings	5	2,756,289		1,304,027
Other Current Liabilities	7	14,776,141		23,223,219
Short-term Provisions	8	<u>48,300,852</u>		<u>41,274,830</u>
			65,833,282	65,802,076
TOTAL			<u>129,869,529</u>	<u>128,473,361</u>
II ASSETS:				
(1) NON-CURRENT ASSETS				
Fixed Assets	9			
-Tangible Assets			18,520	14,161
Non-Current Investments	10		95,895,600	95,895,600
Long-term Loan and Advances	11		100,000	100,000
Other Non-Current Assets	12		157,832	236,748
(2) CURRENT ASSETS				
Current Investments	13	18,392,295		18,392,295
Trade Receivables	14	8,093,480		6,544,688
Cash and Cash Equivalents	15	211,802		283,956
Short Term Loans and Advances	16	<u>7,000,000</u>		<u>7,005,914</u>
			33,697,577	32,226,853
TOTAL			<u>129,869,529</u>	<u>128,473,361</u>
Significant Accounting Policies	1			
Notes on Financial Statements	2 to 26			

AS PER OUR REPORT OF EVEN DATE

For and on behalf of the Board of Directors

For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W

Devdas Bhat
Partner
Membership No. 48094

Nikhil P. Gandhi
Director

B. S. Bhalerao
Director

Place: Mumbai
Date : May 30, 2014

Milan Lalit Mandani
Manager

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	Current Year		Previous Year
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Revenue from Operation	17		4,166,748	33,950,150
Other Income	18		610,976	458,100
Total Revenue			4,777,724	34,408,250
Expenditure				
Employee Benefits Expenses	19		145,815	394,376
Depreciation and Amortization Expenses	9		85,806	88,356
Other Expenses	20		2,160,491	15,138,112
Total Expenses			2,392,113	15,620,843
Profit/(Loss) before Exceptional and Extraordinary Items and Tax			2,385,612	18,787,407
Exceptional Items			-	-
Profit/(Loss) before Extraordinary Items and Tax			2,385,612	18,787,407
Extraordinary Items			-	-
Profit/(Loss) before Tax			2,385,612	18,787,407
<u>Tax Expenses</u>				
- Current Tax			1,020,650	7,554,619
- Deferred Tax			(702)	(338)
Profit/(Loss) for the period from Continuing Operations			1,365,664	11,233,126
Profit/(Loss) for the period from Discontinuing Operations (After Tax)			-	-
Profit/(Loss) for the period			1,365,664	11,233,126
Earnings per share (Basic and Diluted)			0.43	3.51
(Refer Note No. 25)				
Significant Accounting Policies	1			
Notes on Financial Statements	2 to 26			

AS PER OUR REPORT OF EVEN DATE

For and on behalf of the Board of Directors

For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W

Devdas Bhat
Partner
Membership No. 48094

Place: Mumbai
Date : May 30, 2014

Nikhil P. Gandhi
Director

B. S. Bhalerao
Director

Milan Lalit Mandani
Manager

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Current Year Amount(Rs.)	Previous Year Amount(Rs.)
A) Cash flow from operating activities		
Net profit after tax & extraordinary items	1,365,664	11,232,788
Adjustment for:		
Depreciation, Amortisation and Impairment of Goodwill	85,104	88,018
Dividend Income	(610,800)	(458,100)
Profit on Sale of Fixed Assets	-	-
Operating Profit before working capital changes	839,968	10,862,706
Adjustment for working capital changes		
(Increase)/Decrease in Debtors	(1,548,792)	(2,077,538)
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Advance Payment	5,914	(1,283,434)
Increase/(Decrease) in Trade and Other Payable	(8,447,078)	13,822,165
Increase/(Decrease) in Provisions	7,026,022	8,472,405
Cash generated from Operations	(2,123,967)	29,796,304
Direct taxes	-	-
Cash flow before extraordinary items	(2,123,967)	29,796,304
Extraordinary items	-	-
Cash flow from operating activities	(A) (2,123,967)	29,796,304
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(11,250.00)	-
Sales of Fixed Assets	-	-
Purchase of Investments-Long Term	-	12,916,875
Purchase of Investments-Short Term	-	-
Dividend Income	610,800	458,100
Membership Deposit	-	-
Sale of Investment	-	(7,635,000)
Net cash used in Investment activities	(B) 599,550	5,739,975
C. Cash flow from Financing activities		
Increase/(Decrease) in Term Loan (Net of Repayment)	-	-
Increase/(Decrease) in Unsecured Loan (Net of Repayment)	1,452,262	(43,282,980)
Proceeds from issue of Share Capital	-	-
Dividend Paid (Net)	-	-
Net cash used in financing activities	(C) 1,452,262	(43,282,980)
Net increase / decrease in cash and cash equivalents	(A+B+C) (72,155)	(7,746,701)
Cash & Cash Equivalents as at April 1, 2013	283,956	8,030,656
(Opening Balance) Cash in hand & Balance with Banks		
Cash & Cash Equivalents as at March 31, 2014	211,801	283,956
(Closing Balance) Cash in hand & Balance with Banks		
Note: Figures in brackets represent outflows		

AS PER OUR REPORT OF EVEN DATE

For and on behalf of the Board of Directors

For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W

Devdas Bhat
Partner
Membership No. 48094

Place: Mumbai
Date : May 30, 2014

Nikhil P. Gandhi
Director

B. S. Bhalerao
Director

Milan Lalit Mandani
Manager

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014**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 in an accrual basis.
- B. The subsidiaries (which along with KLG Capital Service Limited, the Parent, Constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name	Percentage of Ownership interest	
	As At March 31, 2014	As At March 31, 2013
KLG Stock Brokers Pvt. Ltd (Incorporated in India)	100.00	100.00

The Financial statements of all the subsidiaries considered in the consolidated accounts are drawn up to March 31, 2013.

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

- i) 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.
- ii) Post employment and other long term employee benefits are recognised as an expense in the Profit & 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 & 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 5 - SHORT-TERM BORROWINGS		
Unsecured Loan		
-From Holding Company (Repayable on Demand)	2,756,289	1,304,027
	<u>2,756,289</u>	<u>1,304,027</u>

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	198,574	8,704,553
Others-Duties and Taxes	14,577,567	14,518,666
	<u>14,776,141</u>	<u>23,223,219</u>

NOTE NO. 8 - SHORT-TERM PROVISIONS

Provisions for Income Tax (Net)	31,762,707	24,069,937
Diminution in value of Investments held	16,538,145	17,204,893
	<u>48,300,852</u>	<u>41,274,830</u>

NOTE NO. 9 - FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	As at April 1, 2013	Additions during the year	Acquisitions through Busi- ness combi- nations	Deduc- tions/ Adjust- ments during the year	As at March 31, 2014	Upto April 1, 2013	Provided during the year	Deduc- tions/ Adjust- ments during the year	Upto March 31, 2014	Before Impair- ment as at March 31, 2014	Impair- ment	As at March 31, 2014	As at March 31, 2013
(Owned Asset)													
Tangible Assets													
Computer	35,000	-	-	-	35,000	20,839	5,664	-	26,504	8,496	-	8,496	14,161
Office Equip- ment	-	11,250	-	-	11,250	-	1,226	-	1,226	10,023	-	10,023	-
Total	35,000	11,250	-	-	46,250	20,839	6,890	-	27,730	18,520	-	18,520	14,161
Previous Year	35,000	-	-	-	35,000	11,399	9,440	-	20,839	14,160	-	14,161	23,601

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, 2014

NOTE NO. 10 - NON-CURRENT INVESTMENT

(a) Long-term Non-Trade Investments

(i) Unquoted: Fully Paid up

In Equity Shares of other Companies

Catholic Syrian Bank Ltd 407,200 Equity Shares of Rs. 10 each (407,200 Equity Shares)	95,895,600	95,895,600
	<u>95,895,600</u>	<u>95,895,600</u>

(b) Aggregate Value of: -

-Unquoted Investment
Book value

95,895,600	95,895,600
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NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 11 - LONG-TERM LOANS & ADVANCES		
Membership Deposit	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
NOTE NO. 12 - OTHER NON-CURRENT ASSETS		
Preliminary Expenses and Pre-operative Expenses	157,832	236,748
	<u>157,832</u>	<u>236,748</u>
NOTE NO. 13 - CURRENT INVESTMENT		
(a) Short-term Investments		
Quoted: Fully Paid up		
In Equity Shares of other Companies		
Neha International Limited	18,392,295	18,392,295
1,41,000 Equity Shares of Rs.10 each. (1,41,000 Equity Shares)	<u>18,392,295</u>	<u>18,392,295</u>
(b) Aggregate Value of: -		
-Quoted Investment		
Book value	18,392,295	18,392,295
Market Value	1,854,150	1,237,980
(Diminution in value of Investments is provided in Profit & Loss Account)		
NOTE NO. 14 - TRADE RECEIVABLES		
(Unsecured & Considered Good)		
(a) Debts due for a period exceeding six months	7,059,200	1,489,050
(b) Debts due for a period less then six months	1,034,280	5,055,638
	<u>8,093,480</u>	<u>6,544,688</u>
NOTE NO. 15 - CASH AND CASH EQUIVALENTS		
(a) Cash on Hand	83,417	95,259
(b) Balance with Banks	128,385	188,697
	<u>211,802</u>	<u>283,956</u>
NOTE NO. 16 - SHORT-TERM LOANS AND ADVANCES		
(Unsecured & Considered Good)		
(a) (i) Advance recoverable in cash or in kind for value to to be received		
- Related Parties	-	-
- Others	-	5,914
	<u>-</u>	<u>5,914</u>
(ii) Deposits for Rent		
- Related Parties	7,000,000	7,000,000
	<u>7,000,000</u>	<u>7,005,914</u>
(b) Loans and advances and Deposits to Related Parties		
Deposit of Rs. 7,000,000 against use of Office Premises has been made to Awaita Properties Pvt Ltd, Holding Company.		
NOTE NO. 17 - REVENUE FROM OPERATIONS		
Income from Consultancy & Arrangement fees	3,500,000	48,679,034
Loss in Futures & Options	-	(14,728,884)
Provision for Profit on Current Investments	666,748	-
	<u>4,166,748</u>	<u>33,950,150</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
NOTE NO. 18 - OTHER INCOME		
Interest on Income Tax Refund	176	-
Dividend Income	610,800	458,100
	<u>610,976</u>	<u>458,100</u>
NOTE NO. 19 - EMPLOYEE BENEFITS EXPENSES		
Salary & Wages	-	368,691
Staff Welfare Expenses	145,815	25,685
	<u>145,815</u>	<u>394,376</u>
NOTE NO. 20 - OTHER EXPENSES		
ADMINISTRATIVE AND GENERAL EXPENSES		
Advertisement	66,990	102,386
Payment to Auditors		
- Audit Fees	67,416	67,416
- Tax Audit Fees	28,090	56,180
- Certification /other Charges	25,281	25,487
- Other matters	-	-
	<u>120,787</u>	<u>149,083</u>
Bank Charges	551	1,906
Fee, Taxes & Legal Charges	31,712	31,892
Filing Fees	4,568	6,254
Loss on Sales of Investment	-	8,429,321
Miscellaneous Expenses	23,145	41,530
Other Administrative Expenses	4,399	8,261
Printing & Stationary	29,209	79,533
Professional Charges	199,000	71,963
Provision for Loss on Current Investments	-	5,869,648
Rent Expenses	-	134,832
Sundry Balance Written off	1,539,630	-
Sitting Fees to Directors	84,944	131,742
Travelling & Conveyance	45,862	70,166
Web Design Expenses	9,694	9,594
	<u>2,160,491</u>	<u>15,138,112</u>

NOTE NO. 21- RELATED PARTY DISCLOSURE:

a) List of Related Parties where control exists and related parties with whom transaction have taken place and relationships:

- i) Holding Company
Awaita Properties Pvt. Ltd
- ii) Key Management Personnel
Hemendra Singh (upto February 11, 2014)
Milan Lalit Mandani (w.e.f. February 12, 2014)
Nikhil P. Gandhi

b) Disclosure of Related Party Transactions between the Company and related parties for the year ended March 31, 2014:

Particulars	As at March 31, 2014 Amount (Rs.)	As at March 31, 2013 Amount (Rs.)
i) Rent Paid Awaita Properties Pvt. Ltd	-	134,832
ii) Unsecured Loans (Liability) Awaita Properties Pvt. Ltd	2,756,289	1,304,027
iii) Deposit against use of Office Premises Awaita Properties Pvt. Ltd	7,000,000	7,000,000

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2014

NOTE NO. 22 - DIRECTOR'S REMUNERATION

No remuneration has been paid to any of the Directors, except for the sitting fees.

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 (EPS)

Particulars	As At March 31, 2014	As At March 31, 2013
Net Profit / (Loss) After Tax available for Equity Shareholders (in Rs.)	1,365,664	11,233,126
Weighted Average Number of Equity Shares of Rs.10/- each outstanding during the year	3,202,400	3,202,400
Basic/Diluted EPS (in Rs.)	0.43	3.51

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.

Summary of financial information of Subsidiary Companies for the year ended March 31, 2014.

(Amount in Rs.)

Name of the Subsidiary	KLG Stock Brokers Private Limited
Financial Year ending on	March 31, 2014
Paid-up Equity Share Capital	3,600,000
Reserve & Surplus	(2,58,026)
Total Assets	3,358,828
Total Liabilities	3,358,828
Details of Investment (Except in case of investment in subsidiaries)	Nil
Turnover (including other Income)	176
Profit/(Loss) Before Taxation	(97,639)
Provision for Taxation	-
Profit/(Loss) after Taxation	(97,639)
Proposed Dividend	-

AS PER OUR REPORT OF EVEN DATE

**For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W**

**Devdas Bhat
Partner
Membership No. 48094**

**Place: Mumbai
Date : May 30, 2014**

For and on behalf of the Board of Directors

**Nikhil P. Gandhi
Director**

**B. S. Bhalerao
Director**

**Milan Lalit Mandani
Manager**

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

Liabilities Side (Rs. In Lacs)

	Particulars	Amount Outstanding	Amount Overdue
1	Loans and Advances availed by the NBFCs inclusive of Interest accrued thereon but not paid	0.00	0.00
a.	Debentures	0.00	0.00
	Secured	0.00	0.00
	Unsecured (other than falling within the meaning of Public Deposits)	0.00	0.00
b.	Deferred Credits	0.00	0.00
c.	Term Loans	0.00	0.00
d.	Inter-corporate loans and borrowing	0.00	0.00
e.	Commercial Paper	0.00	0.00
f.	Other loans	27.56	0.00
	Total	27.56	0.00

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

KLG Capital Services Limited

Particulars		Amount Outstanding
	(ii) Debentures and Bonds	0.00
	(iii) Units of Mutual Funds	0.00
	(iv) Government Securities	0.00
	(v) Others	0.00
	Total	0.00
2.	Unquoted:	
	(i) Shares:	
	a. Equity	994.96
	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	994.96

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

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

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

AS PER OUR REPORT OF EVEN DATE
For and on behalf of the Board of Directors
**For NBS & Co.
Chartered Accountants
Firm Reg. No. 110100W**
**Devdas Bhat
Partner
Membership No. 48094**
**Nikhil P. Gandhi
Director**
**B. S. Bhalerao
Director**
**Place: Mumbai
Date : May 30, 2014**
**Milan Lalit Mandani
Manager**

ATTENDANCE SLIP

Name of the Company: KLG Capital Services Limited; CIN: L67120MH1994PLC218169;
 Registered Office: SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023;
 Tel: 022-6619 9000; Fax: 022-2269 6024; E-mail: company.secretary@klgcapital.com; Website: www.klgcapital.com

Name:.....
 DP ID No. / Client ID No.: (for investors holding shares in electronic form)
 Ledger Folio No.:No. of Shares:

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Members of the Company being held on Tuesday, September 30, 2014 at 1600 Hours at Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai - 400 001.

Signature:.....

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: KLG Capital Services Limited; CIN: L67120MH1994PLC218169;
 Registered Office: SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023;
 Tel: 022-6619 9000; Fax: 022-2269 6024; E-mail: company.secretary@klgcapital.com; Website: www.klgcapital.com

Name of Member(s)	
Registered Address	
E-mail ID	
Folio No/Client ID	
DP ID	

I/We, being the Member (s) of shares of the above named company, hereby appoint

- Name :Address :
 E-mail ID :Signature :, or falling him/her
- Name :Address :
 E-mail ID :Signature :, or falling him/her
- Name :Address :
 E-mail ID :Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Tuesday, the 30th day of September 2014 at 1600 hours at Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai - 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	RESOLUTIONS	Optional*	
		For	Against
Ordinary Business:			
1.	Ordinary Resolution for adoption of Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.		
2.	Ordinary Resolution for re-appointment of Mr. Nilesh Mehta, Director, who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Ordinary Resolution for appointment of Auditors and fixing their remuneration.		
Special Business:			
4.	Ordinary Resolution for considering Mr. Nikhil Gandhi as a Retiring Director.		
5.	Ordinary Resolution for appointment of Mr. V. Ramanan as an Independent Director of the Company.		
6.	Ordinary Resolution for appointment of Ms. Gayathri Ramachandran as an Independent Director of the Company.		
7.	Ordinary Resolution for appointment of Mr. Milan Mandani as a Manager of the Company under section 196, 203 of the Companies Act, 2013.		
8.	Ordinary Resolution for approving re-appointment of Mr. Hemendra Singh as a Whole-time Director of the Company for a period from October 1, 2013 upto closure of working hours on February 11, 2014.		
9.	Special Resolution under section 180(1)(c) of the Companies Act, 2013 for borrowing an amount not exceeding Rs. 400 Crores.		
10.	Ordinary Resolution for ratifying decision of the Board of Directors of the Company for rescission of Resolution No. 1 contained in Postal Ballot Notice dated February 11, 2013.		
11.	Special Resolution for ratifying decision of the Board of Directors of the Company for rescission of Resolution No. 2 contained in Postal Ballot Notice dated February 11, 2013.		
12.	Special Resolution for ratifying decision of the Board of Directors of the Company for rescission of Resolution No. 3 contained in Postal Ballot Notice dated February 11, 2013.		

Signed this day of, 2014 Signature of Shareholder :

Signature of Proxy holder(s) :

Affix Revenue Stamp (Rs. 0.15)

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the resolutions, explanatory statements and Notes, please refer to the Notice of 20th Annual General Meeting.
- *It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Please complete all details including details of member(s) in the above box before submission.

If Undelivered, Please Return to :
KLG Capital Services Limited
SKIL, House
209, Bank Street Cross Lane,
Fort, Mumbai - 400 023

CRYSTAL +91 22 6614 0900