

KBS CAPITAL MANAGEMENT LIMITED

Registered Office : 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai 400 001

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Shareholders of KBS CAPITAL MANAGEMENT LIMITED will be held on Friday, 30th September, 2005 at the Registered Office of the Company 502, Commerce House, 140, Nagindas Master Road, Fort, Mumbai - 400 001, at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Audited Profit and Loss Account for the year ended 31st March, 2005 and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Tushar Shah who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration.

By order of the Board of Directors
For KBS CAPITAL MANAGEMENT LIMITED

T X / M 
(TUSHAR SHAH)

DIRECTOR

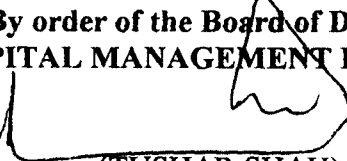
MUMBAI

DATE : 2nd September, 2005

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Register of the Company will remain closed from Monday, 26th September, 2005 to Friday, 30th September, 2005 both the days inclusive.

By order of the Board of Directors
For KBS CAPITAL MANAGEMENT LIMITED

T X / M 
(TUSHAR SHAH)

DIRECTOR

MUMBAI

DATE : 2nd September, 2005

KBS CAPITAL MANAGEMENT LIMITED

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DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Nineteenth Directors' Report to the shareholders together with the audited accounts for the year ended 31st March, 2005 and Auditor's Report thereon.

FINANCIAL RESULTS:

	Year Ended 31/03/2005	Year Ended 31/03/2004
Income	5,03,739	2,89,715
Profit / (Loss) before Depreciation	78,437	6,17,209
Depreciation	11,12,370	10,50,724
Profit / (Loss)	(11,90,807)	(4,33,515)
Current Tax	-----	-----
Deferred Tax	11,22,393	-----
Short Excess Provision for Taxation	8,34,257	-----
Profit / (Loss) after Taxation	(21,37,303)	(4,33,515)
Balance carried forward from Previous Year	1,72,14,195	1,76,47,430
Balance Carried to Balance Sheet	1,40,66,738	1,72,14,195

DIVIDEND:

Your Directors do not recommend any Dividend, as the year ends with the losses.

OPERATIONS AND PROSPECTS:

During the year under review the company has incurred a loss of Rs. 11.91 lacs (previous year profit of Rs. 4.34 lacs).

DEPOSITS:

The Company has not accepted any deposits from public.

DIRECTORS:

Mr. Tushar Shah, retires by rotation and being eligible offers himself for re-appointment.

**CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION
AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, your Directors wish to state that the same is not applicable to the Company.

Foreign Exchange Earnings/Outgo	:	Rs.
Foreign Exchange Earned		Nil
Foreign Exchange Outgo		Nil

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DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement Under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibilities Statement, it is hereby confirmed;

- i) That in the preparation of the Annual Accounts for the financial year 31st March, 2004, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Accounts for the financial year ended 31st March, 2004 on a going concern basis.

EMPLOYEES:

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 are not given as there is no employee covered by the provision.

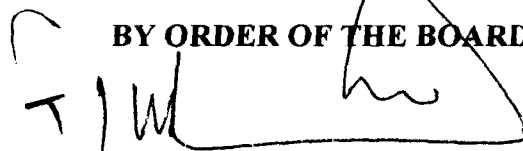
AUDITORS:

M/s. Dixit Dattatray & Associates, Chartered Accountants, auditors of the Company retire at the conclusion of the Annual General Meeting and being eligible, they are recommended for reappointment.

ACKNOWLEDGMENT

The Board gratefully acknowledges the valuable support given by the Bankers, shareholders and the employees of the Company and is looking forward to their continued support in future.

BY ORDER OF THE BOARD,



(TUSHAR SHAH)
DIRECTOR

MUMBAI
DATE : 2nd September, 2005

Dattatray B. Dixit B. Com., F.C.A., LLB.

Dixit Dattatray & Associates
CHARTERED ACCOUNTANTS264, Maru Sadan, N. C. Kelkar Road, Dadar, Mumbai - 400 028.
☎ Off. : 2430 7707 Teletax : 2430 1221
E-mail : dbdixit_m@yahoo.com

AUDITOR'S REPORT

TO THE MEMBER OF KBS CAPITAL MANAGEMENT LTD.

1. We have audited the attached Balance sheet of M/s KBS Capital Management Ltd. As at 31st March 2005, the relevant profit and loss account for the year ended on that both of which we have signed under reference to this report. These financial statements are the responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted are audit in accordance with the auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the companies Act, 1956 we enclose in the Annexure a statement on the matters specified in the paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that;
 - a. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion the company has kept proper books of account as required by the law so far as appears from are examination of those books.
 - c. The Balance sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts
 - d. In our opinion the Balance sheet, and Profit and Loss account dealt with by this report comply with the accounting standards referred to in the sub-sections (3C) of section 211 of the companies Act, 1956.
 - e. On the basis of written representations received from the directors, as on 31st March, 2005 and taken on the record by the Board of Directors, we report that none of the Directors are disqualified as on



Dixit Dattatray & Associates
CHARTERED ACCOUNTANTS

- f. 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of sec. 274 of the Companies Act, 1956
- g. In our best of our opinion to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes on accounts (especially Note 1(ix),2,5 in schedule 13) thereon, give the information required by the companies act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of balance sheet of the state of affairs of the company as at 31st March 2005; and
 - ii In the case of the Profit and Loss account, of the loss for the year ended on that date.

For Dixit Dattatray Associates
Chartered Accountants

Place : Mumbai

Date : 2nd September 2005



D.B. DIXIT
Proprietor

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