

26TH ANNUAL REPORT 2011-2012



KEY CORP LIMITED

100-808-7000

100-808-7000



BOARD OF DIRECTORS

Dr. Gaur Hari Singhania, *Chairman*
Dr. K. B. Agarwal, *Vice-Chairman*
Dr. B. D. Agarwal
Shri Padam Kumar Jain
Shri Raj Kumar Gupta
Shri G. D. Maheshwari, *Executive Director*

COMPANY SECRETARY

Shri S. N. Tripathi

JOINT SECRETARY/ COMPLIANCE OFFICER

Shri V. K. Pandey

CHIEF FINANCE OFFICER

Shri R. N. Singh

AUDITORS

M/s V. P. Aditya & Co.
Chartered Accountants
Kanpur - 208 001

LEGAL ADVISOR

Shri Ravindra Verma

BANKERS

Bank of Baroda
Indian Overseas Bank
State Bank of India
ICICI Bank Ltd.

REGISTERED OFFICE

16/16-A, Civil Lines,
Kanpur - 208 001

26th Annual Report

NOTICE

Notice is hereby given that the 26th Annual General Meeting of Members of Key Corp Limited will be held on Saturday, the 11th August, 2012 at 10:00 a.m. at the Registered Office of the Company at 16/16-A, Civil Lines, Kanpur to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company for the year ended 31st March, 2012, and the Profit & Loss Account for the year ended on that date together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Dr. B. D. Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. K. Gupta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Regd. Office :
16/16-A, Civil Lines,
Kanpur - 208 001

By Order of the Board
G.D. Maheshwari
Executive Director

Dated : 12th May, 2012

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August 2012 to 11th August, 2012 (both days inclusive).
3. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrar & Share Transfer Agent of the Company for consolidation of their holding in one folio.
4. Members are requested to inform the change, if any, in their registered addresses to the Registrar & Transfer Agent of the Company M/s. ABS Consultants Pvt Ltd. 99, Stephen House, 6th Floor, 4, B.B.D. Bag (E), Kolkata-700 001.
5. Dr. B.D. Agarwal, aged 68 years, retires by rotation at the ensuing Annual General Meeting. He was appointed in the year 1995. He is M.Sc. and Ph.D. and possess 39 years experience in Research and Administration. He is not directly interested as Director in any other company.
6. Shri R.K. Gupta, aged 51 years, retires by rotation at the ensuing Annual General Meeting. He is a practicing Chartered Accountant. He was appointed as Director in the year 2001. He has vast experience in accounts and corporate law. He is directly interested as director in Samridh Consultant Pvt. Ltd.

Looking to their experience, their re-appointments are beneficial to the Company.

Regd. Office :
16/16-A, Civil Lines,
Kanpur - 208 001

By Order of the Board
G.D. Maheshwari
Executive Director

Dated : 12th May, 2012

BANKERS

Bank of Baroda
Indian Overseas Bank
State Bank of India
ICICI Bank Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 26th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

(₹ in lakhs)

	31.3.2012	31.3.2011
FINANCIAL RESULTS		
Income from Operations	99.67	85.92
Income from Investment in Mutual Fund	72.29	88.28
Other Income	0.01	0.02
Less : Provision for Standard Assets	0.15	1.00
Net Profit for the Year before tax	117.19	117.21
Less : Provision for Income tax	9.03	5.84
Less : Provision for Deferred Tax	(3.70)	(1.24)
Profit after Tax	111.86	112.62
Balance of Profit brought forward	25.30	12.68
Amount available for appropriation after adjustments	137.16	125.30

APPROPRIATION TO

General Reserve	100.00	100.00
Balance carried over	37.16	25.30

DIVIDEND

In order to build up resources your Directors do not recommend payment of dividend for the Financial Year 2011-12.

PERFORMANCE

Looking to the highly competitive market scenario, your Company has done well. The Company is concentrating in building up sound port-folio of old vehicles and to utilise the surplus funds in mutual fund schemes to augment income.

DIRECTORS

Dr. B.D. Agarwal and Shri R.K. Gupta are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s V. P. Aditya & Company, Chartered Accountants, Kanpur, Auditors of the Company retire at the forthcoming Annual General Meeting. They are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

There was no employee in the Company whose particulars are required to be furnished u/s 217(2A) of the Companies Act, 1956.

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

The Company has no activities relating to conservation of energy or technology absorption. There is no foreign exchange earning and outgo during the year.

LISTING INFORMATION

The equity shares of your Company are listed with The U.P. Stock Exchange Ltd., Kanpur and Bombay Stock Exchange Ltd., Mumbai.

The Company's shares are marketable in Demat mode only. Shareholders are requested to convert their physical shareholding into Demat mode.

INCOME TAX PROCEEDINGS

Company's assessments are completed upto the assessment year 2010-11 and there is no outstanding demand against the Company.

AUDIT COMMITTEE

During the year the committee held four meetings.

REMUNERATION COMMITTEE

During the year the committee held one meeting.

SHAREHOLDERS/INVESTOR' GRIEVANCE COMMITTEE

During the year the committee held five meetings.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance and a certificate from the Auditor's confirming compliance forms part of this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

In terms of Clause 49 of Listing Agreement of the Stock Exchanges, Management Discussions and Analysis Report forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

- I. that in the preparation of Annual Accounts, the applicable accounting standards had been followed;
- II. that the directors have selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable & 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 ended 31st March, 2012 and of the profit of the Company for that year;
- III. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. that the directors have prepared the annual accounts on a going concern basis.

Place : Kanpur

Dated : 12th May, 2012

For and On behalf of the Board
DR. GAUR HARI SINGHANIA
Chairman

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**I) STRUCTURE AND DEVELOPMENT :**

Your Company is an registered NBFC and is engaged in finance business since inception from 1986. The Company's thrust area is vehicle financing, particularly in old vehicle finance. The Company has developed expertise in financing and recovery of its loan and built up sound portfolio of old vehicles. The business activities of the Company are mainly concentrated in U.P. where it has found enough scope.

II) OPPORTUNITIES AND THREATS :

With the growth in economy, particularly the service sector, there is ample scope for vehicle financing which is company's thrust area. Company has developed expertise during the period of 23 years in financing of used vehicles. Company looks forward to avail such opportunities by expanding area net-work.

However, as the vehicle financing is high risk area, particularly in the northern region where the company is operating, it is moving forward with caution. Moreover there is severe competition from the organized banking sector particularly, private sector banks.

III) PRODUCT-WISE PERFORMANCE :

The company is not a manufacturing company and is engaged only in vehicle financing. The performance of the company has been satisfactory looking to global down turn.

IV) OUTLOOK :

As has been explained above, future business scenario is hopeful.

V) RISKS AND CONCERNS :

Risk is an inherent part of finance business. Your company, however, has taken steps in strengthening the risk management systems and practices. The company is continuously monitoring the business by deputing recovery managers. Company during the last several years has not lost any money in recovering its loans.

VI) INTERNAL CONTROL SYSTEM :

The company has adequate Internal Control System commensurate with the size and nature of its business with regard to finance, recovery and investment.

VII) OPERATIONAL PERFORMANCE :

Looking to the highly competitive and subdued economic conditions, your company has done well and has secured the business to the tune of Rs.419.63 lacs.

VIII) HUMAN RESOURCES :

The company has a professional team to control its day to-day activities under the guidance of the Whole Time Director.

**REPORT ON CORPORATE GOVERNANCE**

The detailed report on Corporate Governance in the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below :

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees and the clients. The company believes that all its operations and actions must serve the goal of enhancing overall shareholder value over a sustained period of time.

2. BOARD OF DIRECTORS

The present strength of the Board of Directors is Six, whose composition is given below :

One promoter Non-Executive & Non-Independent Director, Three Independent Non-Executive Directors, One Non-Independent Non-Executive Director and One Non-Independent Executive-Director.

The Board of Directors met 4 times during the year. These were on 21/05/2011, 16/07/2011, 15/10/2011 and 19/01/2012.

The Composition of the Board of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other Companies are given below :

Name of Directors	Category	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance of the last AGM held on 20.08.2011	No. of Directorship in other Companies		No. of Membership in Committee of Directors in other Companies	
					Chairman	Director	Chairman	Member
Dr. Gaur Hari Singhania Chairman	Independent Non-Executive	4	1	No	6	6	-	-
Dr. K. B. Agarwal Vice-Chairman	Promoter Non-Independent Non-Executive	4	3	Yes	-	3	3	2
Dr. B. D. Agarwal Director	Non-Independent Non-Executive	4	2	No	-	-	-	-
Shri Padam Kumar Jain Director	Independent Non-Executive	4	4	Yes	-	4	-	-
Shri Raj Kumar Gupta Director	Independent Non-Executive	4	3	Yes	-	1	-	-
Shri G.D. Maheshwari Director	Non-Independent Executive	4	4	Yes	-	-	-	-

CODE OF CONDUCT:

The CEO of the Company has submitted his report regarding Code of Conduct by the Directors and Senior Management for the year ended 31st March, 2012 and the same is annexed with this report.

3. AUDIT COMMITTEE**A. Composition and Broad Terms of Reference**

The Audit Committee of the Company comprises of following three directors :

Shri R.K. Gupta	: Independent, Non Executive Director & Chairman of the Committee
Shri Padam Kumar Jain	: Independent, Non Executive Director
Shri G.D. Maheshwari	: Non-Independent, Executive Director

All these Directors possess knowledge of Corporate Finance/Accounts/Company Law. The Statutory Auditors attend the meetings as invitees.

The terms of reference of this Committee covers the matters specified for Audit Committee under clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

B. Meetings/Attendance

During the financial year ended 31st March, 2012, four meetings were held on 19th May 2011, 15th July, 2011, 15th October, 2011 and 19th January, 2012 .

The Committee adopted the annual accounts for the year 2010-2011 in their meeting held on 19th May, 2011.

The attendance of the committee meetings is as under :

Name of Members	Meetings Held	Meetings Attended
Shri Raj Kumar Gupta	4	4
Shri Padam Kumar Jain	4	4
Shri G.D. Maheshwari	4	4

4. REMUNERATION COMMITTEE**A. Composition**

The remuneration Committee of the Company comprised of Shri Padam Kumar Jain, Dr. K.B. Agarwal & Shri Raj Kumar Gupta.

B. Meetings / Attendance

During the financial year ended 31st March, 2012 One meeting was held on 20th June, 2011.

The Committee raised the remuneration of the Executive Director in the above meeting.

The attendance of the Committee Meetings is as under :

Name of Members	Meetings Held	Meetings Attended
Shri Padam Kumar Jain	1	1 Chairman
Dr. K. B. Agarwal	1	1
Shri Raj Kumar Gupta	1	1

C. Remuneration Policy

Remuneration policy of the company is directed towards rewarding performance based on review of achievements. However during the year only sitting fee was paid to the Non-Executive Directors. Remuneration was paid to Executive Director as per the terms of his appointment approved by the general body.

D. Remuneration of Directors :

Details of Remuneration/Sitting Fee Paid to all the Directors for the year ended 31st March, 2012.

Name of Directors	Salary	Benefits	Sitting Fee	Total ₹
Dr. Gaur Hari Singhania	—	—	1000	1000
Dr. K. B. Agarwal	—	—	3000	3000
Shri Padam Kumar Jain	—	—	6000	6000
Dr. B. D. Agarwal	—	—	2000	2000
Shri Raj Kumar Gupta	—	—	5000	5000
Shri G. D. Maheshwari	225000	57369	—	282369

**5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Share Transfer Committee inter-alia has been given the powers to deal with all the matters related to transfer, transmission, issuance of duplicate share certificates, split and/or consolidation requests. The Share Transfer Committee meets regularly. The members of the Committee and their attendance is given below :

Name of Members	Meetings Held	Meetings Attended
Dr. K.B. Agarwal	5	5
Shri Padam Kumar Jain	5	5

Shri V.K. Pandey, Jt. Secretary, is the Compliance Officer of the Company and assigned with the responsibilities of overseeing Investor's Grievance. His email address is keycorppltd@gmail.com and Telephone No. 0512-3010422, 3013416 and Fax No. 0512-3919463.

During the year under review, no complaint was received from any shareholder.

6. GENERAL BODY MEETING

Location and time, where last three AGMs were held :

Financial Year	Date	Time	Place of the Meeting
2010-2011	20.08.2011	10.00 a.m.	16/16-A, Civil Lines, Kanpur
2009-2010	31.07.2010	10.00 a.m.	16/16-A, Civil Lines, Kanpur
2008-2009	18.07.2009	10.00 a.m.	16/16-A, Civil Lines, Kanpur

During the year ended 31st March, 2012, no special resolution has been proposed/ passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7. DISCLOSURES

There is no related party relationship as described in clauses (a) to (e) of paragraph 3 of the Accounting Standard-18 'Related Party Disclosures', issued by the Institute of Chartered Accountants of India.

8. No penalties/strictures have been imposed on the company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

9. MEANS OF COMMUNICATION

The Company submitted its Annual, Half Yearly & Quarterly results to the Stock Exchanges in accordance with the Listing Agreement and also published them in the two newspapers namely The Pioneer (English), and Kanpur Ujala (Hindi).

The financial results and shareholding pattern of the Company are also available on website www.keycorppltd.com

10. GENERAL SHAREHOLDER INFORMATION**10.1. Annual General Meeting**

Day, Date and Time	- Saturday, the 11th August, 2012 at 10.00 am.
Venue	- Registered Office of the Company at 16/16-A, Civil Lines, Kanpur - 208 001

10.2. Financial Calender (tentative)**Results for the quarter**

Ending June, 30 2012	- Last week of July, 2012
Ending Sept., 30 2012	- Last week of Oct., 2012
Ending Dec., 31 2012	- Last week of Jan., 2013

Result for the year

Ending March, 31 2013	- Upto 31st May, 2013
Annual General Meeting	- Upto September, 2013

10.3. Book Closure Date - 4th August, 2012 to 11th August, 2012 (Both days inclusive)

10.4. Dividend Payment Date - Not Applicable (No dividend proposed)

10.5. Listing on Stock Exchanges

The Company's shares are listed with The U.P. Stock Exchange Limited., Padam Towers, Civil Lines, Kanpur - 208 001 and The Bombay Stock Exchange Ltd., P.J. Towers, Dalal Street, Mumbai - 400 001.

10.6. Stock Code

Demat ISIN in NSDL/CDSL - INE130F01 016

10.7. Stock Market Price data for the year 2011-2012

During the year, the market quotation of the stock at Bombay Stock Exchange Ltd. Mumbai was as follows :

Month	Market Price Data (Rs.)	
	Bombay Stock Exchange (BSE)	
	High	Low
April 2011	7.68	6.68
May 2011	7.60	6.10
June 2011	7.60	7.60
July 2011	7.60	7.23
August 2011	6.90	4.81
September 2011	5.25	4.67
October 2011	6.65	5.51
November 2011	6.95	6.10
December 2011	5.86	5.00
January 2012	4.78	4.36
February 2012	4.64	3.82
March 2012	6.80	4.87

There was no transaction with the U.P. Stock Exchange Limited, Kanpur during the F.Y. 2011-12.

10.8. Share Price performance in comparison to broad based indices - BSE and NSE

As only few transactions could take place in the Company's shares during the year hence the comparison of share price with BSE and NSE indices, in management's view, is not necessary.

10.9. Registrar and Transfer Agent

M/s. ABS Consultants Pvt. Ltd., having its office at 99, Stephen House, 6th Floor 4 B.B.D. Bag (East), Kolkata-700 001 are Registrar and Transfer Agent for both demat and physical segment.

**10.10. Share Transfer System**

The Company's shares are traded in the Stock Exchanges compulsorily in Demat mode, Shares in physical mode which are lodged for transfer are subject to exercise of option under compulsory transfer-cum-demat procedures. Share certificates are either dematerialised or returned to the respective share holders within the time prescribed by the authorities.

10.11. (a) Distribution of Shareholding as on 31st March, 2012

No. of Equity Shares held	No. of Folios	% of Folios	No. of Shares Held	% of Shares Held
001 to 500	8636	95.40	1391178	23.19
501 to 1000	302	3.34	241973	4.03
1001 to 2000	83	0.92	120389	2.01
2001 to 3000	14	0.15	33869	0.56
3001 to 4000	08	0.09	27472	0.46
4001 to 5000	04	0.04	18700	0.31
5001 to 10000	04	0.04	25900	0.43
10001 and above	01	0.01	4140519	69.01
TOTAL	9052	100.00	6000000	100.00

(b) Categories of Shareholders as on 31st March, 2012

Category	% of share holding
Promoters	69.01
Body Corporate	0.72
Banks/FI's	0.01
Mutual Funds	0.01
Public (Indian)	30.25

(c) There are no institutional investors who are shareholder of the company.

10.12. Dematerialisation of Shares and Liquidity

As on 31st March, 2012, 74.06% of the Company's total shares representing 44,43,794 shares were held in dematerialised form and the balance 25.94% representing 15,56,206 shares were in physical form.

Trading in Equity Shares of the Company is permitted only in Demat form. For having proper liquidity, the equity shares of the company are listed at The U.P. Stock Exchange Ltd., Kanpur and Bombay Stock Exchange Ltd., Mumbai.

10.13. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity - Nil**10.14. Plant locations** - N.A.**10.15. Address for Correspondence****(i) The Company's Registered Office is situated at**

16/16-A, Civil Lines,
Kanpur - 208 001 (U.P.)
Tel : (0512) 3010422, 3013416
Fax : (0512) 3919463 RIM
Email : keycorp Ltd@gmail.com

(ii) Registrar and Share Transfer Agent

M/s. ABS Consultants Pvt. Ltd.,
99, Stephen House, 6th Floor, 4 B.B.D. Bag (East),
Kolkata - 700 001
Tel: (033)-22201043, 22430153
Email: absconsultant@vsnl.net

10.16. Report of CFO

The CFO of the company has submitted his report to the auditors and also to audit committee of the Company in respect of annual accounts for the year ended 31st March, 2012.

Declaration regarding compliance by Board members and senior management personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees and Directors.

I confirm that the company has in respect of the financial year ended March 31, 2012, received from the senior management team of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, senior management team means the Chief Financial Officer, the Company Secretary and all functional heads of the Company as on March 31, 2012.

Place : Kanpur
Dated : 12th May, 2012

G. D. Maheshwari
Executive Director & CEO

Place : Kanpur
Dated : 12th May, 2012



AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,
The Members of
KEY CORP LIMITED

We have examined the compliance of conditions of Corporate Governance by Key Corp Limited, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we report that no investor grievances were pending for a period exceeding one month, as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. P. ADITYA & COMPANY
Chartered Accountants
(FRN : 000542C)

(UDAYAN MUKERJI)
Partner

Membership No. : 405900

Place : Kanpur

Dated : 12th May, 2012

AUDITOR'S REPORT TO, THE MEMBERS OF KEY CORP LIMITED

- We have audited the attached Balance Sheet of KEY CORP LIMITED, as at 31st March, 2012 and also the Profit & Loss Statement for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (as amended by Companies (Auditor's Report) Order, 2004 issued by the Central Government of India) in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure "1" a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
 - We have obtained all the information and explanations, which to the, best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit & Loss Statement and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, **except non compliance of AS-'15', "Employee Benefits" to the extent that the provisions for retirement benefits for Gratuity are made as per The Payment of Gratuity Act, 1972 and not in the manner prescribed in AS-15 (See Note No. 3 (ii) of Notes on Account);**
 - On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - In our opinion, and 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 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:-
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - in the case of the Profit & Loss Statement, of the profit for the year ended on that date; and
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V. P. ADITYA & COMPANY
Chartered Accountants
(FRN : 000542C)
(UDAYAN MUKERJI)

Partner

Place : Kanpur

Dated : 12th May, 2012

Membership No. : 405900



ANNEXURE "1" Referred to in Paragraph 3 of Auditor's Report of even date, to the members of KEY CORP LIMITED on the financial statements for the year ended March 31, 2012.

- (1) Based on such checks and other generally accepted auditing procedures carried on by us and according to the information's and explanations given to us, we report that:-
- a) In respect of its fixed assets: -
- (1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (2) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
 - (3) The Company has not disposed off substantial part of fixed assets during the reporting period, and as such it does not affect the going concern concept.
- b) In respect of its internal control procedures and internal audit system: -
- (1) There are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets, stock on hire and services rendered. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
 - (2) The Company has an internal audit system, which appears to be commensurate with the size and nature of its business.
- c) In respect of payment of statutory dues: -
- (1) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Income tax, wealth tax, service tax and other material statutory dues applicable to it. However, The Employees State Insurance Act is presently not applicable to the Company.

Further, to our information, no undisputed amounts in respect of income tax, wealth tax and other material statutory dues applicable to it, were in arrears as at 31.03.2012 for a period of more than six months from the date these became payable.
 - (2) There are no dues of income tax, wealth tax, service tax and other material statutory dues which have not been deposited on account of any dispute. Custom duty, sales tax, excise duty and cess are not applicable to the company.
- d) The Company is not dealing in shares, securities and debentures. However, it has dealt in units of Mutual Funds and has maintained proper records of purchase and redemption of the units of Mutual Funds. The investment in the units of mutual funds, made by the company, are in its own name.

- (2) Based on various representations and confirmations made by the management, we report that :-
- i) During the year Company had no inventory in the nature of Stock on Hire hence clause (ii) of the Order is not applicable to the company.
 - ii) The Company has not given any guarantee for loans taken by others, from banks or financial institutions.
 - iii) The Company has not applied short terms funds into long term investments.
 - iv) No fraud on or by the company has been noticed or reported during the course, of our audit.
- (3) On the basis of various representations and confirmations made by the management and overall examination of the Balance Sheet we are of the opinion that :-
- (i) The Company has neither granted nor taken loans from firms or other parties, covered in the register maintained u/s 301 of the Companies Act, 1956, therefore sub clause (iii), (v) and (xviii) of clause 4 of the Companies (Auditor's Report) Order, 2003 (as amended by Companies (Auditor's Report) Order, 2004) are not applicable to the company; and
 - (ii) Sub clause (vi), (viii), (x), (xi), (xii), (xiii), (xvi), (xix) and (xx) of Clause 4 of the said order are also not applicable to the Company.

For V. P. ADITYA & COMPANY
Chartered Accountants
(FRN : 000542C)
(UDAYAN MUKERJI)
Partner

Place : Kanpur

Dated : 12th May, 2012

Membership No. : 405900

**BALANCE SHEET AS AT 31ST MARCH, 2012**

Amount in ₹

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
A	B	C	D
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	6,00,00,000	6,00,00,000
(b) Reserves and surplus	2	10,91,31,824	9,79,53,821
SUB TOTAL		16,91,31,824	15,79,53,821
(2) Share application money pending allotment		0	0
(3) Non-current liabilities			
(a) Deferred tax liabilities (Net)		0	1,08,533
(b) Long-term provisions	3	12,41,572	11,14,161
SUB TOTAL		12,41,572	12,22,694
(4) Current liabilities			
(a) Short-term borrowings	4	2,42,000	3,52,000
(b) Trade payables	5	3,46,731	1,76,382
(c) Other current liabilities	6	4,02,263	3,40,759
(d) Short-term provisions	7	15,40,865	6,38,122
SUB TOTAL		25,31,859	15,07,263
TOTAL		17,29,05,255	16,06,83,778
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	8	21,99,120	18,68,553
(b) Non-current investments	9	12,11,35,931	11,18,90,070
(c) Deferred tax assets (Net)	10	2,53,365	0
(d) Long term loans and advances	11	3,80,12,677	3,12,21,625
SUB TOTAL		16,16,01,093	14,49,80,248
(2) Current assets			
(a) Trade receivables	12	3,30,820	1,15,329
(b) Cash and cash equivalents	13	9,48,699	43,76,211
(c) Short-term loans and advances	14	96,35,391	1,05,49,230
(d) Other current assets	15	3,89,252	6,62,760
SUB TOTAL		1,13,04,162	1,57,03,530
TOTAL		17,29,05,255	16,06,83,778

(Additional Notes & Significant Accounting Policies from Note No. : 22 to 28)

AUDITOR'S REPORTAs per our separate Report
of even date attachedS.N. TRIPATHI
Company SecretaryR. N. SINGH
CFOfor V. P. ADITYA & CO.
Chartered Accountants
(FRN : 000542C)(UDAYAN MUKERJI)
Partner

Membership No. : 405900

Place : Kanpur
Dated : 12th May, 2012DR. GAUR HARI SINGHANIA
ChairmanDR. K. B. AGARWAL
Vice-ChairmanPADAM KUMAR JAIN
DirectorR. K. GUPTA
DirectorG. D. MAHESHWARI
Executive Director**26th Annual Report****PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

Amount in ₹

Particulars	Note No.	Year Ended 31.03.2012	Year Ended 31.03.2011
A	B	C	D
I. Revenue from operations	16	99,66,843	85,92,156
II. Other Income	17	72,29,413	88,29,666
III. Total Revenue (I + II)		1,71,96,256	1,74,21,822
IV. Expenses :			
Employee benefits expense	18	23,24,749	21,44,642
Finance costs	19	25,741	34,723
Depreciation and amortization expense	8	2,44,888	1,76,362
Other expenses	20	28,82,030	33,44,635
Total Expenses		54,77,408	57,00,362
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,17,18,848	1,17,21,460
VI. Profit before extraordinary items and tax		1,17,18,848	1,17,21,460
VII. Profit before tax		1,17,18,848	1,17,21,460
VIII Tax expense :			
(1) Current tax		9,02,743	5,83,660
(2) Deferred tax (Net)	10	(3,69,778)	(1,24,215)
IX Profit/(Loss) for the period from continuing operations (VII-VIII)		1,11,85,883	1,12,62,015
X Profit/(Loss) from Discontinuing operations (after tax)		0	0
XI Profit/(Loss) for the period (IX + X)		1,11,85,883	1,12,62,015
XII Earnings per equity share (Basic)	21	1.86	1.88

(Additional Notes & Significant Accounting Policies from Note No. : 22 to 28)

AUDITOR'S REPORTAs per our separate Report
of even date attachedS.N. TRIPATHI
Company SecretaryR. N. SINGH
CFOfor V. P. ADITYA & CO.
Chartered Accountants
(FRN : 000542C)(UDAYAN MUKERJI)
Partner

Membership No. : 405900

Place : Kanpur
Dated : 12th May, 2012DR. GAUR HARI SINGHANIA
ChairmanDR. K. B. AGARWAL
Vice-ChairmanPADAM KUMAR JAIN
DirectorR. K. GUPTA
DirectorG. D. MAHESHWARI
Executive Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(₹ in Lacs)

	As at 31.3.2012	As at 31.3.2011
A. CASH FROM OPERATING ACTIVITIES :		
Net Profit after tax	111.86	112.62
Adjustment for :-		
Add : (i) Non Cash Item, Depreciation	2.45	1.76
(ii) Provision for Standard Assets	0.15	1.00
(iii) Provision for Income Tax	9.03	5.84
Less : (i) Dividend from Mutual Fund	(69.96)	(86.73)
(ii) Balances Written Back	(0.01)	(0.01)
(iii) Gain from Mutual Fund Units	(2.32)	(1.55)
(iv) Deferred Tax	(3.70)	(1.24)
Operating Profit before working capital changes	47.50	31.69
Adjustments for Changes in Working Capital		
Add : (i) Increase in Provision for Gratuity	1.13	0.40
(ii) Increase in Current Liabilities	0.56	(1.02)
Add : Increase in Advances from Customers	0.65	0.16
Less : Increase in Loan on Vehicles	(61.86)	(101.55)
Add : Decrease in Advances given	12.67	18.44
Less : Advance Income Tax Paid	(9.00)	(6.20)
Net Cash (Outflow)/inflow from operating activities (a)	(8.35)	(58.08)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Add : (i) Dividend from Mutual Fund	69.96	86.73
(ii) Sale of Investments (Mutual Fund)	99.03	203.34
(iii) Sale of Fixed Assets	0.00	0.11
Less : (i) Purchase of Investment (Mutual Fund)	(189.17)	(233.43)
(ii) Purchase of Fixed Assets	(5.75)	(0.94)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES (b)	(25.93)	55.81
C. CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH (OUTFLOW)/INFLOW DURING THE PERIOD (a+b+c)	(34.28)	(2.27)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	43.76	46.03
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	9.48	43.76

AUDITOR'S REPORT

As per our separate Report
of even date attached

for V. P. ADITYA & CO.
Chartered Accountants
(FRN : 000542C)

S.N. TRIPATHI
Company Secretary

R. N. SINGH
CFO

(UDAYAN MUKERJI)
Partner

Membership No. : 405900

DR. GAUR HARI SINGHANIA
Chairman

DR. K. B. AGARWAL
Vice-Chairman

PADAM KUMAR JAIN
Director

R. K. GUPTA
Director

G. D. MAHESHWARI
Executive Director

Place : Kanpur
Dated : 12th May, 2012

26th Annual Report

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS AS AT 31.03.2012

Particulars	As at 31.3.2012 ₹	As at 31.3.2011 ₹
1) SHARE CAPITAL :		
(a) Authorised :		
1,00,00,000 Equity Shares of ₹ 10/- each	10,00,00,000	10,00,00,000
(b) Issued, Subscribed & Paid-up :		
60,00,000 (60,00,000) Equity Shares of ₹ 10/- each fully paid-up in cash	6,00,00,000	6,00,00,000
TOTAL	6,00,00,000	6,00,00,000

(c) As at the year end the following equity shareholders held more than five percent shares in the company :-

S.No.	Name of the Shareholder	Number of Shares held
(i)	Shri K.B. Agarwal	41,40,519

Particulars	As at 31.3.2012 ₹	As at 31.3.2011 ₹
2) RESERVES & SURPLUS :		
(a) Capital Reserve	2,52,323	2,52,323
(b) General Reserve :		
Opening Balance	9,50,00,000	8,50,00,000
Add : Transferred from Profit & Loss Account during the year	1,00,00,000	1,00,00,000
Sub Total	10,50,00,000	9,50,00,000
(c) Reserve for Deferred Tax	1,63,816	1,71,696
(d) Profit and Loss Account :		
Opening Balance	25,29,802	12,67,787
Add : Surplus in the Statement of Profit and Loss Account	1,11,85,883	1,12,62,015
Amount available for appropriation	1,37,15,685	1,25,29,802
Less : Transferred to General Reserve	(1,00,00,000)	(1,00,00,000)
Sub Total	37,15,685	25,29,802
TOTAL (a+b+c+d)	10,91,31,824	9,79,53,821



Particulars	As at	As at
	31.3.2012	31.3.2011
	₹	₹
3) (i) LONG-TERM PROVISIONS :		
(a) Provision for Employees benefits	11,26,886	10,14,403
(b) Provision against Standard Assets	1,14,686	99,758
Total	12,41,572	11,14,161

- (ii) The Accounting Standard-15 "Employee benefits", prescribed by the Central Government, has become applicable to the company in its entirety as our company is listed on Stock Exchanges.

In formulating the accounting policy regarding employee benefits, we were motivated by the fact that average number of employees during the financial year, were 19 i.e. less than 50.

In similar circumstances, unlisted companies have been permitted to calculate and account for the accrued liability under the head "Gratuity", by some other rational method. Provisions of The Payment of Gratuity Act, 1972 gives one such method. This is based on the assumption that such benefits are payable to all employees at the end of the accounting year.

The management still feels that the size of the company does not make it feasible to provide Gratuity by way of actuarial valuation. Hence, it decided to continue with the same accounting policy.

4) SHORT TERM BORROWINGS :		
Security deposits (interest bearing - Unsecured)	2,42,000	3,52,000
Total	2,42,000	3,52,000

5) (i) TRADE PAYABLES :		
(a) Miscellaneous Payable (Centre head)	2,95,911	1,36,323
(b) Liabilities for Expenses	50,820	40,059
Total	3,46,731	1,76,382

- (ii) The company has not received any memorandum (as required to be filed by the Suppliers with the notified authority under the Micro small and medium Enterprises Development Act, 2006), claiming their status as Micro, small or medium enterprises. Consequently, the amount paid / payable to these parties during the year is Nil.

Particulars	As at	As at
	31.3.2012	31.3.2011
	₹	₹
6) OTHER CURRENT LIABILITIES :		
(a) Tax deducted at Source (Payable)	2,949	2,965
(b) Interest accrued on Security deposits	50,252	54,329
(c) Instalment received in advance from customers	2,12,301	1,46,704
(d) Other charges received in advance from customer	1,36,761	1,36,761
Total	4,02,263	3,40,759

7) SHORT TERM PROVISIONS :		
(i) Others :		
Provisions for Tax (MAT)	15,40,865	6,38,122
Total	15,40,865	6,38,122

- (ii) Provision for Tax is made in accordance with the requirements of the Income Tax Act, 1961

9) NON CURRENT INVESTMENTS :		
(i) Investment in mutual fund (unquoted) (Details as per annexure annexed)	12,11,35,931	11,18,90,070
Total	12,11,35,931	11,18,90,070

- (ii) The net asset value of the investments in mutual fund as on 31.03.2012 is ₹ 11,55,12,503/- (previous year ₹ 11,42,03,933/-)

- (iii) In the opinion of the management diminution of ₹ 56.23 lacs in the value of investments is a temporary market phenomenon and the company has adequate general reserve to meet any contingency.



8. TANGIBLE ASSETS AND DEPRECIATION THEREON

DESCRIPTION	Rate of Dep. %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 1.4.2011 ₹	Additions/ Adjustments during the year ₹	Sales/ Adjustments ₹	Total Cost as on 31.3.2012 ₹	Upto 31.3.2012 ₹	Sales/ Adjustments ₹	For the year ₹	Total as on 31.3.2012 ₹	As at 31.3.2012 ₹	As at 31.3.2011 ₹
1	2	3	4	5	6	7	8	9	10	11	12
Land (Freehold)		670447	—	—	670447	—	—	—	—	670447	670447
Office Building	10	2407953	—	—	2407953	1991193	—	41676	2032869	375084	416759
Plant & Equipment (Data Processing M/C)	60	132050	18100	—	150150	116386	—	14829	131215	18935	15664
Furniture & Fixture	10	928254	—	—	928254	766182	—	16207	782389	145865	162072
Vehicles	15	785704	531105	—	1316809	369208	—	142140	511348	805461	416497
Office Equipment	15	611246	26250	—	637496	424132	—	30036	454168	183328	187114
Grand Total		5535654	575455	0	6111109	3667101	0	244888	3911989	2199120	1868553
Previous Year Figures		5479707	93715	37768	5535654	3517539	26800	176362	3667101	1868553	—

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ANNEXURE TO NOTE NO. 9

LONG TERM TRADE INVESTMENT IN MUTUAL FUNDS

SCHEMES OF MUTUAL FUNDS	BALANCE AS ON 01.04.11		PURCHASE DURING THE YEAR		SALES DURING THE YEAR		BALANCE AS ON 31.03.12	
	UNITS	AMOUNT (₹)	UNITS	AMOUNT (₹)	UNITS	AMOUNT (₹)	UNITS	AMOUNT (₹)
EQUITY/EQUITY ORIENTED FUND								
Birla Sun Life Infrastructure Fund - Dividend	52876.364	800000.00					52876.364	800000
Birla Sun Life Midcap Fund - Dividend	5620.082	150000.00					5620.082	150000
Birla Sun Life Dividend Yield Plus - Dividend	98768.678	1500000.00					98768.678	1500000
DSP BR Micro cap Fund - Dividend	176073.564	1800000.00					176073.564	1800000
DSP BR Small & Midcap Fund - Dividend	81430.191	1350000.00					81430.191	1350000
DSP BR Top 100 Equity Fund - Dividend	18851.475	450000.00					18851.475	450000
Franklin India Prima Fund - Dividend	6154.112	300000.00					6154.112	300000
HDFC Equity Fund - Dividend	112787.043	3970383.00					112787.043	3970383
HDFC Midcap Opp. Fund - Dividend	120048.024	1800000.00					120048.024	1800000
HDFC Top 200 Fund - Dividend	85222.625	3311095.00					85222.625	3311095
HSBC Equity Fund - Dividend	15412.253	450000.00					15412.253	450000
IDFC Premier Equity Fund - Dividend	71905.018	1700000.00					71905.018	1700000
Pramerica Dynamic Fund - Dividend	100000.000	1000000.00					100000.000	1000000
Principal Emerging Bluechip Fund - Dividend	27758.737	650000.00					27758.737	650000
ICICI Prudential Dynamic Plan - Dividend	156970.437	3382361.00					156970.437	3382361
ICICI Prudential Midcap Fund - Dividend	114160.141	2560488.00					114160.141	2560488
ICICI Prudential Top 100 Fund - Dividend	78354.554	1600000.00					78354.554	1600000
ICICI Prudential Top 200 Fund - Dividend	99538.331	2232721.00					99538.331	2232721
Reliance Diversified Power Sector Fund - Dividend	18761.826	950000.00					18761.826	950000
Reliance Equity Opportunities Fund - Dividend	259498.536	5485459.00					259498.536	5485459
Reliance Growth Fund - Dividend	237262.816	13090397.00					237262.816	13090397
Reliance Regular Saving Fund - Equity - Dividend	23042.852	453592.00					23042.852	453592
Reliance Vision Fund - Dividend	24808.304	1500000.00	44723.560	1563455.00			69531.864	3063455
SBI Magnum Global Fund - Dividend	249226.906	6312402.00					249226.906	6312402
SBI Magnum Multiplier Plus Scheme-93 - Dividend	45787.849	2203324.00					45787.849	2203324
SBI MSFU - Contra - Dividend	182674.880	3996850.00					182674.880	3996850
Sundaram Select Midcap - Dividend	159507.107	3300000.00					159507.107	3300000
Sundaram Smile Fund - Dividend	21613.981	300000.00					21613.981	300000

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Tata Infrastructure Fund - Dividend	54227.138	1400000.00					54227.138	1400000
Tata Ethical Fund - Dividend	152324.504	5076123.00					152324.504	5076123
Templeton India Growth Fund - Dividend	14548.652	650000.00					14548.652	650000
UTI Master Value Fund - Dividend	80633.225	1950000.00					80633.225	1950000
TOTAL EQUITY/ EQUITY ORIENTED FUNDS	2945850.205	75675195.00	44723.560	1563455.00	0.000	0.00	2990573.765	77238650
LIQUID/ DEBT FUNDS								
BSL Dynamic Bond Fund- Retail - Growth	0.000	0.00	42899.560	760000.00			42899.560	760000
ICICI Prudential Flexible Income Plan Reg-Growth	0.000	0.00	6445.944	760000.00			6445.944	760000
IDFC Dynamic Bond Fund Plan A- Growth	0.000	0.00	78370.086	1550000.00	78370.086	1550000.00	0.000	0
IDFC Money Manager - Treasury Plan A-Growth	47745.460	750000.00	330095.184	5322449.00	159283.530	2560000.00	218557.114	3512449
IDFC Fixed Maturity Quarterly Series 66 -Growth	0.000	0.00	760000.000	760000.00	760000.000	760000.00	0.000	0
IDFC Fixed Maturity Quarterly Series 67 -Growth	0.000	0.00	57104.202	571042.00	57104.202	571042.00	0.000	0
Principal Income Fund - Short Term Plan -Growth	0.000	0.00	30698.637	570000.00			30698.637	570000
Principal Ultra Short Term Fund -Growth	0.000	0.00	56186.788	720000.00	56186.788	720000.00	0.000	0
Reliance Quarterly Interval Series 11 -Retail-Growth	0.000	0.00	21304.700	300000.00	21304.700	300000.00	0.000	0
Reliance FHF-XXI Series 3- Growth	0.000	0.00	102995.713	1029957.00			102995.713	1029957
Reliance FHF-XXI Series 7- Growth	0.000	0.00	60000.000	600000.00			60000.000	600000
Reliance Money Manager Fund - Retail - Growth	681.318	900000.00	2523.500	3390000.00	1975.298	2640000.00	1229.520	1650000
Tata Fixed Income PortFolio Sch.B2 Reg- Growth	0.000	0.00	43367.115	570000.00	43367.115	570000.00	0.000	0
Tata Floater Fund - Growth	0.000	0.00	29037.690	450000.00			29037.690	450000
TOTAL LIQUID/DEBT FUNDS	48426.778	1650000	937029.119	17353448	493591.719	9671042	491864.178	9332406
BALANCE FUNDS								
FT India Balance Fund - Dividend Payout	69918.118	1350000.00					69918.118	1350000
HDFC Balance Fund - Dividend	95938.288	1651644.00					95938.288	1651644
HDFC Prudence Fund - Dividend	277299.741	8036313.00					277299.741	8036313
Kotak Balance Fund	353540.327	7800000.00					353540.327	7800000
ICICI Prudential Balance Fund - Dividend	425290.686	6824467.00					425290.686	6824467
SBI Magnum Balance Fund - Dividend	226425.216	5102451.00					226425.216	5102451
Tata Balance Fund - Dividend	99003.484	3800000.00					99003.484	3800000
TOTAL BALANCE FUNDS	1547415.860	34564875	0.000	0	0.000	0	1547415.860	34564875
GRAND TOTAL	4541692.843	111890070	981752.679	18916903	493591.719	9671042	5029853.803	121135931

10) DEFERRED TAX ASSETS / (LIABILITIES) (NET) :

(a) Deferred tax is calculated and determined in accordance with the requirements of Accounting Standard - 22 "Accounting for Taxes on Income" and is subject to the concept of prudence, on timing difference being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are reviewed for their carrying values at each balance sheet date and recognised only if there is 'reasonable certainty' that they will be realised in future. As at 31.03.2012 the recognised deferred tax liability/asset is as follows:-

(b) **Deferred Tax Liability :**
The Break-up of deferred tax liability into major components as on 31.03.2012 is as follows :

Particulars	Total ₹	Deferred Tax Impact ₹
Timing difference on depreciation for the year	3,06,934	94,843
Total	3,06,934	94,843

(c) **Deferred Tax Assets :**
The Break-up of deferred tax assets into major components as on 31.03.2012 is as follows :

Particulars	Total ₹	Deferred Tax Impact ₹
(i) Gratuity	11,26,886	3,48,208
Total	11,26,886	3,48,208

(d) Net Deferred Tax Assets / (Liability) ₹ 2,53,365/- (Previous Year ₹ 1,09,533/-)
(e) The net deferred tax recognised in the profit and loss account is ₹ 3,69,778/- (Previous Year ₹ 1,24,215/-).

Particulars	As at 31.3.2012 ₹	As at 31.3.2011 ₹
11) (i) LONG TERM LOANS AND ADVANCES :		
Loan on vehicles (Secured by hypothecation of vehicles)	3,80,12,677	3,12,21,625
Total	3,80,12,677	3,12,21,625

(ii) Balance in some accounts of long term loans and advances is subject to confirmation.



Particulars	As at	As at
	31.3.2012	31.3.2011
	₹	₹
12) (i) TRADE RECEIVABLES :		
Interest on loan Receivables	3,30,820	1,15,329
Total	3,30,820	1,15,329

(ii) Balance in some accounts of trade receivables is subject to confirmation.

(iii) All trade receivables are outstanding for a period less than six months from the date they are due for payment. Also, no debts are due by directors or any other officers of the company either severally or jointly.

13) CASH AND CASH EQUIVALENTS :

(a) Cash in hand	44,947	30,608
(b) Balances with scheduled banks : In current accounts	9,03,752	43,45,603
Total	9,48,699	43,76,211

14) (i) SHORT TERM LOANS AND ADVANCES :

(a) Advance Income Tax	17,45,000	8,45,000
(b) Loan on vehicles (Secured by hypothecation of vehicles)	78,61,925	86,81,713
(c) Prepaid expenses (to the extent not written-off)	28,466	22,517
(d) Other advances	0	10,00,000
Total	96,35,391	1,05,49,230

(ii) Balance in some accounts of short term loans and advances is subject to confirmation.

15. OTHER CURRENT ASSETS :

Dividend Receivable	3,89,252	6,62,760
Total	3,89,252	6,62,760

26th Annual Report

Particulars	Year ended	Year ended
	31.3.2012	31.3.2011
	₹	₹
16. REVENUE FROM OPERATIONS :		
(a) Interest	92,76,189	78,53,074
(b) Other financial services		
(i) Interest (TDS ₹ NIL last year ₹ NIL)	95,004	71,282
(ii) Processing charges	5,95,650	6,67,800
Sub Total (b)	6,90,654	7,39,082
Grand Total (a+b)	99,66,843	85,92,156

17) OTHER INCOME :

(i) Dividend Income	69,96,212	86,73,112
(ii) Net gain/loss on sale of investments	2,32,391	1,55,080
(iii) Other non-operating income (net of expenses)		
(a) Balance written back	810	1,042
(b) Profit on Sale of assets	0	432
Sub Total (iii)	810	1,474
Total [(i) + (ii) + (iii)]	72,29,413	88,29,666
Grand Total (16+17)	1,71,96,256	1,74,21,822

18. EMPLOYEES BENEFITS EXPENSES :

(a) Salaries Expenses	16,84,880	15,69,150
(b) Bonus / Ex-Gratia	1,07,978	1,90,600
(c) Contribution to Provident Fund	62,983	54,720
(d) Employees Pension Fund	89,094	86,832
(e) Administrative Expenses & Insurance to P.F.	20,454	18,960
(f) Gratuity	1,64,550	52,673
(g) Leave Encashment	1,39,459	1,21,410
(h) Staff welfare expenses	55,351	50,297
Total (a to h)	23,24,749	21,44,642

19. FINANCE COSTS :

Interest Expenses	25,741	34,723
Total	25,741	34,723



NOTE TO THE BALANCE SHEET OF A NON DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY (as required in the terms of Paragraph 13 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

PARTICULARS	₹ in Lacs	
	Amount outstanding	Amount overdue
LIABILITIES SIDE :		
1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans (specify nature)	NIL	NIL
* Please see Note 1 below.		
ASSETS SIDE :		
PARTICULARS	₹ in Lacs	
	Amount outstanding	
2. Break-up of Loans & Advances including bills receivable (other than those included in (4) below :		
(a) Secured	NIL	
(b) Unsecured	21.63	21.63
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	NIL	
(b) Operating Lease	NIL	NIL
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	NIL	
(b) Repossessed Assets	NIL	NIL
(iii) Other loans counting towards AFC activities :		
(a) Loans where assets have been repossessed	NIL	
(b) Loans other than (a) above	462.05	462.05

Particulars	Year ended 31.3.2012	Year ended 31.3.2011
	₹	₹
20) OTHER EXPENSES :		
(i) Conveyance Expenses	5,77,455	4,74,580
(ii) Power and Fuel	2,21,488	2,37,833
(iii) Directors Sitting Fee	17,000	21,000
(iv) Rates & Taxes excluding taxes on Income	35,667	35,817
(v) Repairs to Building	70,187	66,264
(vi) Repairs to Machinery	83,393	87,713
(vii) Insurance	4,269	4,336
(viii) Payment to the Auditors :		
(a) As Auditors	25,000	25,000
(b) For Taxation Matters	5,000	5,000
(ix) Miscellaneous Expenses	6,95,216	10,89,841
(x) Donations	5,00,000	5,00,000
(xi) Service Charges	2,77,750	3,53,650
(xii) Recovery Charges	3,54,677	3,43,843
(xiii) Provision for Standard Assets	14,928	99,758
Total {(i) to (xiii)}	28,82,030	33,44,635

21) EARNING PER SHARE :

(i) Annualised earning per equity share has been calculated on the net profit (after taxation) of ₹ 1,11,85,883/- (previous year ₹ 1,12,62,015/-) taken as the numerator divided by number of equity shares 60,00,000 (previous year 60,00,000) taken as the denominator.

Particulars	Year ended 31.3.2012	Year ended 31.3.2011
	₹	₹
Basic Earning per share	1.86	1.88
Total	1.86	1.88

(ii) There is no diluted earning per share in the company.

22) (a) The company follows the Reserve Bank of India guidelines applicable to Non Banking Financial Companies regarding assets classification, provisioning and income recognition on non performing assets and accounting for investments.

(b) Information required to be disclosed in terms of paragraph 13 of Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is as under :-



4. Break-up of Investments :

Current Investments :

(1) Quoted :

(i) Shares : (a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds	NIL	
(iii) Units of Mutual Funds	NIL	
(iv) Government Securities	NIL	
(v) Others (please specify)	NIL	NIL

(2) Unquoted :

(i) Shares : (a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds	NIL	
(iii) Units of Mutual Funds	NIL	
(iv) Government Securities	NIL	
(v) Others (please specify)	NIL	NIL

Long Term Investments :

(1) Quoted :

(i) Shares : (a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds	NIL	
(iii) Units of Mutual Funds	NIL	
(iv) Government Securities	NIL	
(v) Others (please specify)	NIL	NIL

(2) Unquoted :

(i) Shares : (a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds	NIL	
(iii) Units of Mutual Funds	1211.36	
(iv) Government Securities	NIL	
(v) Others (please specify)	NIL	1211.36

5. Borrower group-wise classification of Assets financed as in (2) and (3) above :
Please see Note 2 below

₹ in Lacs

CATEGORY	Amount net of provisions		
	Secured	Unsecured	Total
(1) Related Parties**			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
(2) Other than Related Parties	462.05	21.63	483.68
Total	462.05	21.63	483.68

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

Please see Note 3 below

₹ in Lacs

CATEGORY	Market Value/Break-up /fair Value/NAV	Book Value (Net of Provisions)
(i) Related Parties**		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
(ii) Other than Related Parties	1155.13	1211.36
Total	1155.13	1211.36

**As per Accounting Standard of ICAI (Please see Note 3)

7. Other information :

₹ in Lacs

PARTICULARS	Amount	
(i) Gross Non-performing assets :		
(a) Related Parties	NIL	
(b) Other than related parties	NIL	NIL
(ii) Net Non-performing Assets :		
(a) Related Parties	NIL	
(b) Other than related parties	NIL	NIL
(iii) Assets acquired in satisfaction of debt		NIL

NOTES :

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance, of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (non deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

23) In the financial year 2011-12, the Company has operated in only one business segment, hence compliance of AS-17 regarding "Segment Reporting" is not necessary.

24) **Related party transactions :**

There are no related party as described in Clauses (a) to, (e) of paragraph 3 of the Accounting Standard-18 "Related party disclosures" issued by the Institute of Chartered Accountants of India.

25) **CONTINGENT LIABILITIES :**

CONTINGENT LIABILITY NOT PROVIDED FOR	(2011-12)	(2010-11)
Claims against the Company not acknowledged as debt	₹ NIL	₹ NIL



26) SIGNIFICANT ACCOUNTING POLICIES

a) VALUATION :-

- i. Fixed Assets are valued at cost.
- ii. Non-current investments are valued at cost.
- iii. Current investments are valued at lower of cost or fair value.
- iv. Stock on Hire are valued at Cost less Capital recovery.

b) PHYSICAL VERIFICATION :-

- i. Fixed Assets in use of the Company are physically verified once in every year.
- ii. Physical verification of stock on hire is carried out on test check basis.

c) DEPRECIATION :-

- i. In respect of own Assets, Depreciation is provided on written down value as per the rates prescribed under the Income Tax Act, 1961.
- ii. In respect of Leased Assets, depreciation is provided on Straight Line Method in accordance with the Section 205(2)(b) of the Companies Act, 1956.

d) REVENUE RECOGNITION :-

- i. All income & expenses are accounted for on accrual basis, except otherwise stated.
- ii. Interest on overdue instalments and dividend on shares of corporate bodies and units of mutual funds are accounted for on certainty of the realisation.
- iii. The Company has followed the prudential norms for Income recognition and provisioning for non-performing assets as prescribed by the Reserve Bank of India for non-banking financial companies.

e) EARNING PER SHARE :-

The Company reports earnings per share in accordance with AS-20.

f) EMPLOYEE BENEFITS :-

- i. Provisions for Retirement benefits for Gratuity are made as per the payment of Gratuity Act, 1972.
- ii. Leave Encashment is accounted as per Service Rules and charged to the P&L Account.
- iii. Contribution to Provident Fund is recognised when due.

g) INTANGIBLE ASSETS :-

The Company recognise intangible assets in accordance with AS 26.

h) IMPAIRMENT OF ASSETS :-

An asset is impaired if there are sufficient indication that the carrying cost would exceed the recoverable amount of cash generating assets. In that event an impairment loss so computed would be recognised in the accounts in the relevant year.

27) The figures have been rounded off to the nearest rupee.

28) Last year's figures have been regrouped and re-arranged wherever necessary to conform to the figures of the current year, and in consonance to the requirements of revised Schedule VI which became applicable w.e.f. 01-04-2011.

AUDITOR'S REPORT

As per our separate Report
of even date attached

for V. P. ADITYA & CO.
Chartered Accountants
(FRN : 000542C)

(UDAYAN MUKERJI)
Partner

Membership No. : 405900

Place : Kanpur
Dated : 12th May, 2012

S.N. TRIPATHI
Company Secretary

R. N. SINGH
CFO

DR. GAUR HARI SINGHANIA
Chairman

DR. K. B. AGARWAL
Vice-Chairman

PADAM KUMAR JAIN
Director

R. K. GUPTA
Director

G. D. MAHESHWARI
Executive Director