



ANNUAL REPORT 2010 - 2011

KREON FINANCIAL
SERVICES LTD

CONTENTS

Board of Directors	:	2
Report of the Board of Directors	:	6
Report on Corporate Governance	:	11
Report of the Auditors	:	24
Balance Sheet	:	27
Profit and Loss Account	:	28
Schedules forming part of Accounts	:	29
Cash Flow Statement	:	34
Balance Sheet Abstract	:	37

Board of Directors

Chairman	: Shri. S. Pannalal Tatia
Executive Director	: Shri. S.P. Bharat Jain Tatia
Directors	: Shri. E. Subbarayan Shri. M. Mohan Ms. C. Hemamalini
Auditors	: M/s. K. Subramanyam & Co. Chartered Accountants No.252, Mugappair ERI Scheme Third Main Road, Chennai - 600 037.
Registered Office	: 'Prince Tatia Info Park' No.81 B, Second Main Road, Ambattur Industrial Estate, Chennai - 600 058, email : tatia@vsnl.com
Bankers	: State Bank of Travancore Commercial Branch Teynampet, Chennai - 600 018. HDFC Bank Ltd., Anna Nagar West, Chennai - 600 040. HDFC Bank Ltd., Nungambakkam, Chennai - 600 006.
Share Transfer Agents (For Demat Mode-CDSL)	: Cameo Corporate Services Ltd., No.1, Club House Road, Subramanian Building, Chennai - 600 002.
Share Transfer Agents (For Demat Mode-NSDL)	: Knack Corporate Services Ltd., 17/9, Thiruvengadam Street, Mandaveli, Chennai - 600 028.
Share Transfer System (For Physical Mode)	: Inhouse

KREON FINANCIAL SERVICES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Shareholders of Kreon Financial Services Limited will be held at Samughanala Kudam, Valanur, Ambattur, Chennai – 600 062 on Friday 30th September 2011, at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit & Loss Account 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. .S. P. Bharat Jain Tatia , who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. E. Subbarayan, who retires by rotation and being eligible, offers himself for reappointment.
4. To re- appoint M/s K. Subramanyam & Co., Chartered Accountants, Chennai as the Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

By order of the Board of Directors
For KREON FINANCIAL SERVICES LIMITED
Sd/=
S. PANNALAL TATIA
Chairman cum Executive Director

Place : Chennai
Date: 31st August 2011
Registered office
81 B 2nd Main Road
Ambattur Industrial Estate
Chennai – 600 058

NOTES:-

- i) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself, and a proxy need not be a member of the company.
- ii) The Proxy form duly completed must reach the Registered Office of the Company not later than forty eight hours before the time appointed for holding the meeting.
- iii) The Register of Members and the Share Transfer books shall remain closed from 22.09.2011 to 30.09.2011 (both days inclusive)
- iv) Members are requested to notify immediately any change in the address
 - To the respective Depository Participants (DP's) in respect of their electronic share accounts.
 - To the registered office at No. 81 B, 2nd Main Road Amabattur Industrial Estate, Chennai – 600 058 in respect to their physical share folios.

KREON FINANCIAL SERVICES LIMITED

v) For the convenience of the shareholders attendance slip is annexed to the proxy form the members are requested to bring the attendance slips duly filled in along with their copies of the annual reports to the meeting. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easy identification of attendance at the meeting.

vi) The Securities and Exchange Board of India notified your company's equity shares for compulsory trading in dematerialized form. Shareholders may avail such facility.

vii) The equity shares of the Company are listed on Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

viii) Members having any specific query on the financial statements of the company are requested to mail their queries directly to the company.

ix) Shareholders are requested to furnish the email ID's to enable the company forward information in relation to the company.

x) The Company has designated an email ID called tatia@vsnl.com for redressal of shareholder's complaints/ grievances. In case you have any queries/ complaints or grievance, then please write to us at our mail ID provided above.

xi) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Registered Office of the Company.

xii) The shares of the Company are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depositories Limited (NSDL) and Central Securities Depositories Limited (CSDL). In view of the enormous advantages offered by the Depository Systems, Members are requested to avail the facilities of dematerialization of the Company's Shares on either of the depositories as aforesaid.

xiii) Request to Members

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting. They are further requested to occupy the seats at least fifteen minutes before the scheduled time for the commencement of the meeting to avoid interruption in proceedings.

xiv) The Securities and Exchange Board of India (SEBI) vide Circular Ref. No. MRD/DOP/Cir- 05/ 2007 Dt. 27.04.2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/ RTA for registration of such transfer of shares.

xv) BRIEF PARTICULARS OF THE DIRECTORS SEEKING RE- APPOINTMENT

Name of the Director : Shri. S. P. Bharat Jain Tatia
Age : 40 years
Date of Appointment : 23.11.1994
Experience in Specific Area : Accounts & Finance
Qualification : B.Com
List of Outside directorship held : Private – 1 4 . Public -2

Chairman and member of :
Committee of Board of Director : Nil
of the Company
Chairman and Member of : Nil
Committee of Board of Director
of the other Companies(listed)

Name of the Director : E. Subbarayan
Age : 54 years
Date of Appointment : 02.07.2003
Experience in Specific Area : Accounts & Finance
Qualification : Bachelor in Commerce
List of Outside directorship held : Private: 0 Public:2
Chairman and member of Chairman of Share Transfer cum
Committee of Board of Director Investor Relations Committee in
Of the Company Ashram Online . Com Limited
Chairman and Member of : NIL
Committee of Board of Director
of the other Companies(listed)

KREON FINNANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Dear Stockholders

Your Directors have great pleasure in presenting the Seventeenth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2011

OPERATIONS

The financial results of the Company for the year ended 31st March 2011 is summarized below:

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Income from Operations	72.98	99.09
Non-operating Income	0.38	13.12
Total Income	73.36	112.21
Total Expenditure	67.42	51.16
Profit/Loss before Depreciation, Interest and Taxation	5.94	61.04
Interest & Finance Charges	0.01	0.01
Depreciation	2.41	2.87
Profit / Loss before Tax	3.52	58.17
Provision for Current Taxes	0.00	0.00
Provision for Deferred Taxes	0.00	0.00
Profit / Loss after Tax	3.52	58.17
Statutory Reserve	0.70	11.63
Balance in Profit & Loss Account	2.82	-121.81
Balance carried to Balance Sheet	-72.46	-75.28

Year 2010-11 has proved to be challenging year considering the global as well as domestic financial markets turbulences on account of global recession. Your Company has achieved operational Profit of Rs 3.52 Lacs for the financial year 2010-11 as compared to Profit of Rs.58.17 lacs in the previous year 2009-10.

DIVIDEND

In order to stream Line Company's business model, the board of directors have decided not to declare any dividend for the current fiscal.

FUTURE PROSPECTS

The current financial activities of the company has been facing resilience on various fronts due to the global phenomenon and economic recession. However the company has prepared itself strategically to diversify and hedge the risk of slowdown. We maintain our positive outlook for the financial sector. Going forward and anticipate maintaining the growth momentum in the year 2011-12. The emerging economy of our country leads to growing demand and has cemented its path and witnessed significant momentum growth.

Your Company is pursuing growth opportunities, which are strategic to its intents and operations.

CHALLENGES

Your Company has set vision to be a trusted player in providing financial solutions along with its investment activities which currently is underperforming due to global crises in the financial markets but are poised to be performing sectors in the times to come.

FIXED DEPOSITS

The Company has not accepted any public deposits and , as such, no amount on account of principal or interest on public deposit was out standing as on date of balance sheet.

DIRECTORS

Mr. .S. P. Bharat Jain Tatia, Director and Mr. E. Subbarayan, Directors retire by rotation and being eligible offer themselves for reappointment

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2011 the applicable Accounting Standards have been followed and there are no 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 account of the company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee that was constituted pursuant to Section 292 A of the Companies Act , 1956 has Mr. M. Mohan (Chairman) and Mr S. Pannnalal Tatia and Ms. C. Hemamalini as its Members.

REMUNERATION COMMITTEE

The Remuneration committee, which was constituted pursuant to the amendment , made to the Schedule XIII of the Companies Act, 1956 has Mr. E. Subbarayan (Chairman), Mr. M.Mohan and C. Hemamalini as its Members.

AUDITORS

M/s K Subramanyam & Co, Chartered Accountants, Auditors of the Company, retire at ensuing Annual General Meeting and have furnished a certificate under Section 224(1B) regarding their eligibility for reappointment as the Company's Auditors for the year 2011 - 12.

The Auditor have certified the Company's Compliance of the requirements of Corporate Governance in terms of the Listing Agreement and the same is enclosed as an annexure to the Corporate Governance Report.

PARTICULARS OF EMPLOYEES

Particulars of the employees of the Company who were in receipt of remuneration, which in aggregate exceeded the limits fixed under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules 1975 is not applicable to the company for the year.

PARTICULARS AS REQUIRED UNDER 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

Conservation of Energy

The Company had taken steps to conserve energy in its office use, consequent to which energy consumption has been minimized. No additional Proposals/Investments were made to conserve energy. Since the company has not carried on industrial activities, disclosures regarding impact of measures on cost of production of goods, total energy consumption, etc., are not applicable.

Technology Absorption:-

The company has not adopted / intends to adopt any technology for its business and hence no reporting is required to be furnished under this heading.

Foreign Exchange Inflow & Outgo:-

Foreign Exchange inflow during the year :- Nil

Foreign Exchange outgo during the year :- Nil

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreements is presented in a separate section forming part of the Directors Report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities Exchange Board of India's, Corporate Governance Practices and have implemented all the stipulations prescribed. Report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is presented in a separate section forming part of the Directors' Report.

EXPLANATION TO AUDITORS OBSERVATION

As regards the qualification given by the auditor in Point No.IX the Annexure to Auditor Report . The Company has filed a writ petition and obtained stay order from the Hon'ble High Court of Madras.

REGISTRAR CUM TRANSFER AGENT

The Company appointed M/s Knack Corporate Services Limited as Registrar and Transfer Agent (RTA) during the year . However M/s. Knack Corporate Services Limited have not completed all required formalities and provided connectivity on full basis. Only the National Securities Depository Limited connectivity was shifted to M/s. Knack Corporate Services Limited. The Central Depository Services (India) Limited connectivity is still with M/s. Cameo Corporate Services Limited due non completion of formalities by M/s Knack Corporate Services Limited . Hence due to the abnormal delay in complying the required formalities by M/s Knack Corporate Services Limited , resulting in undue hardship to investor , the company decided to stay back with M/s. Cameo Corporate Services Limited and the formalities regarding shifting of National Securities Depository Limited connectivity back to M/S. Cameo Corporate Services Limited are under process and shall complete at the earliest.

COMPANY SECRETARY

The Company is making consistent efforts for appointment of whole time Company Secretary. The Company has been availing services of practicing Company Secretary from time to time to ensure compliance of the provisions of the applicable acts and statutes . Also the Annual Return of the Company is being certified by practicing Company Secretary from year to year and the company is also taking certification from them for Stock Exchanges Compliances .

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers and Members during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for committed and dedicated services of the workers, staff, and officers of the Company.

**BY THE ORDER OF THE BOARD
FOR KREON FINNANCIAL SERVICES LIMITED**

PLACE : CHENNAI
DATE : 31.08.2011

Sd/-
S.PANNALAL TATIA
CHAIRMAN CUM EXECUTIVE DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Kreon Financial Services Limited is a non-banking finance company and with reforms being expected in the NBFC sector the company is now poised to grow, building a reputation of quality, craftsmanship and expertise.

Your company currently operating in the finance, investment, dealing in securities activity and it anticipates there appears to be huge potential for growth.

Robust growth in the economic activity in various sectors of the economy turned in an impressive performance in recent time. Barring unforeseen circumstances, the company would be able to achieve its financial objectives without much of constraints.

The company will continue its business strategy of building and creating value for all its stakeholders in both its existing and new business.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

In a dynamic industry such as financial sector the company has added opportunities and risks and is inherent aspect of business. The opportunities which the company is looking to harness are as mentioned below:

- Opening up of financial sector reforms in India
- Fast growing requirement for Industrial clusters leading to credit demand.
- Monetary measures of the government tightening the credit line from banks would open doors for non banking finance companies to explore those avenues.

The company's business, results of operations and financial condition are affected by number of risks, so the risk management function is of paramount importance and integral to the functioning of the company. The objective of the risk management strategy includes ensuring that critical risks are identified, monitored and managed effectively in order to protect the company's business. The company has formal reporting and control mechanism to ensure timely information availability and facilitate proactive risk management.

SEGMENTWISE / PRODUCTWISE PERFORMANCE

The Company has currently only one segment financial sector in line with the Accounting Standard on Segment Reporting (AS-17).

OUTLOOK

India is among one of the most observed emerging markets. With more visibility for investments into the country expected in the future, The Company has ambitious plans to emerge as an integrated financial solutions hub.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has adequate system of internal control in place. This is to ensure that assets are safeguarded and all transactions are authorized, recorded and correctly reported. The top management and the Audit Committee of the Board review the findings and recommend to the Board improvement on the same.

CAUTIONARY STATEMENT

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

A. MANDATORY REQUIREMENTS

1. Philosophy on Code of Governance

The Company right from its inception has been committed to the highest standards of Corporate Governance Practices and to attain the highest levels of transparency, accountability and equity in all facets of its operations and in its all interactions with its Stakeholders including Shareholders, Employees, Lenders, Customers and the Government.

This section, along with section on ‘Management Discussion and Analysis Report’ and ‘General Shareholders Information constitute Company’s compliance with the Clause 49 of the Listing Agreement.

2. Board of Directors

The Board is comprised of appropriate mix of a Executive, Non-Executive and Independent Directors maintaining the Independence of the Board. The Board presently consists of 5 members comprising of the 2 Executive Director, and 3 Non-Executive Directors cum Independent Directors.

Composition of the Board and directorship held during the year are as follows:

Sl. No	Name(s) of Director (s)	Executive / Non-executive/ Independent	Other directorships (Excluding Private Limited Companies	Number of Committee membership in other Companies*	Number of Committee Chairmanship in other Companies*
1	Sri. S. Pannalal Tatia-Chairman	PD & ED	2	2	NIL
2	Sri. S.P. Bharat Jain Tatia – Ex.Director	PD & ED	2	NIL	NIL
3	Sri. E. Subbarayan -Director	NED & ID	2	NIL	1
4	Mr. M.Mohan –Director	NED & ID	NIL	NIL	NIL
5	Ms. C. Hemamalini – Director	NED & ID	1	1	NIL

In accordance with clause 49 of listing agreement, membership/ chairmanship of only Audit and Shareholders and Investors Grievance Committee has been considered.

PD – Promoter Director; ED - Executive Director; NED - Non Executive Director; ID – Independent Director

In accordance with clause 49 of listing agreement, membership/ chairmanship of only Audit and Shareholders and Investors Grievance Committee has been considered.

2. Directors’ Profile

BRIEF PARTICULARS OF THE DIRECTORS SEEKING RE- APPOINTMENT

Name of the Director : Shri. S. P. Bharat Jain Tatia
 Age : 40 years
 Date of Appointment : 23.11.1994
 Experience in Specific Area : Accounts & Finance

KREON FINNANCIAL SERVICES LIMITED

Qualification : B.Com
List of Outside directorship held : Private – 1 4 . Public -2

Chairman and member of :
Committee of Board of Director : Nil
of the Company
Chairman and Member of : Nil
Committee of Board of Director
of the other Companies(listed)

Name of the Director : E. Subbarayan
Age : 54 years
Date of Appointment : 02.07.2003
Experience in Specific Area : Accounts & Finance
Qualification : Bachelor in Commerce
List of Outside directorship held : Private: 0 Public:2
Chairman and member of Chairman of Share Transfer cum
Committee of Board of Director Investor Relations Committee in
Of the Company Ashram Online . Com Limited
Chairman and Member of : NIL
Committee of Board of Director
of the other Companies(listed)

Brief Resume of all the Directors are given below:

Mr S Pannalal Tatia, Chairman & Director - A Fellow Chartered Accountant, He started his career in 1974 with Chartered Accountancy as profession and later cultivated his professionalism to get moulded in to corporate expert by being in to manufacturing industry, merchant banking industry and gained rich experience in advising and structuring financial closures. Later in 1993, he moved to the Corporate Sector and promoted Ashram Online.Com Ltd, Kreon Finaancial Services Limited, Tatia Global Vennture Limited all three were public limited listed corporates. He has been advisor to all kind of Capital Market financial instruments and is an expert on taxation and finance.

Mr S P Bharat Jain Tatia, Director – He is a Bachelor of Commerce in qualification. He has over 15 years of experience in the areas of Export Industry, Investment Consultancy, and Capital Market Operations.

Mr E Subbaryan, Director - A Bachalor in Commerce Graduate from Madras University has vast experience in to operational exercise in to turnkey projects.

Mr M Mohan, Director – A Bachelor of Commerce Graduate by qualification has experience of about 8 years in the field of finance and accounting.

Ms.C. Hemamalini, Director – Bachelor of Commerce with 5 year experience in Account & Finance

Attendance of Directors at Board Meetings and at Annual General Meeting

KREON FINANCIAL SERVICES LIMITED

Following were the attendances of directors in the Board Meeting and AGM:

Name of the Director	Category	Attendance Particulars			Number of Directorships in other Public companies and Committee Members / Chairmanships		
		Board Meetings	Last AGM (Yes/No)	Last EGM (Yes/No)	Other Directorships	Committee Memberships (other than KFSL)	Committee Chairmanships (other than KFSL)
Sri. S. Pannalal Tatia	Chairman cum Executive Director	11	Yes	Nil	2	2	Nil
Sri. S. P. Bharat Jain Tatia	Executive	11	Yes	Nil	2	Nil	Nil
Sri. E. Subbarayan	Non-Executive Independent	11	Yes	Nil	2	Nil	1
Sri. M. Mohan	Non-Executive Independent	11	Yes	Nil	Nil	Nil	Nil
Ms. C. Hemamalini	Non-Executive Independent	11	Yes	Nil	1	1	Nil

KFSL = Kreon Financial Services Limited

During the financial year 2010 - 2011, Eleven meetings of Board of Directors were held on 31st May 2010, 31st July 2010, 25th August 2010, 27th August 2010, 30th September 2010, 30th October 2010, 11th November 2010, 30th December 2010, 31st January 2011, 28th February 2011, 31st March 2011.

3. Committee of Directors

Board had constituted several committees to deal with specific matters and delegated powers for different functional areas. Presently Three Committees are functional, few committees have been constituted as per the statutory requirements, and others have been constituted to enable the Board to take the decision faster.

Following are the two Committees of Board:

- I. Audit Committee
- II. Sharetransfer cum Investor Relation Committee
- III. Remuneration Committee

I. Audit Committee

Pursuant to provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement, Board has constituted an Audit Committee in its meeting dated 16th April 2002. Presently, Committee comprise of 1 Executive Director and 2 Non-Executive Directors out of which 2 Directors are Independent. All the members of the Committee are financially literate Mr. M. Mohan, Director is Chairman of the Committee.

KREON FINANCIAL SERVICES LIMITED

Composition of the Audit Committee and Attendance of each member of the Committee are given below:

Sl. No	Name	Category/ Status	Meetings Held	Meetings Attended
1	Sri M. Mohan	Non Executive & Independent – Director / Chairman	4	4
2	Shri S. Pannalal Tatia	Executive Director - Member	4	4
3	Ms. C. Hemamalini	Non Executive & Independent – Director - Member	4	4

During the year four meetings of Audit Committee were held on 31.05.2010, 31.07.2010, 30.10.2010 and 31.01.2011

Terms of reference

Following are the main terms of reference given by Board of Directors to Audit Committee:

- a) To review the quarterly, half-yearly and annual financial statements before submission to the Board, focusing particularly on:
 - i) Any changes in accounting policies.
 - ii) Significant adjustments made in the financial statements arising out of audit findings.
 - iii) Compliance with listing and other legal requirements relating to financial statements.
 - iv) Limited Review Report of Auditors.
 - v) Compliance with applicable accounting standards.
 - vi) Director's Responsibility Statement in terms of section 217 (2A) of the Companies Act, 1956
 - vii) Major accounting entries involving estimates based on the exercise of judgment by management.
 - viii) Disclosure of any related party transactions
 - ix) Qualifications in the draft audit report
- b) To recommend to the Board the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixing of audit fees.
- c) To review the functioning of the Whistle Blower mechanism
- d) To review Management letters / letters of internal control weaknesses issued by the statutory auditors;
- e) To review Internal audit reports relating to internal control weaknesses; and
- f) To review appointment, removal and terms of remuneration of the Chief internal auditors.
- g) To consider other matters, as may be referred to by the Board of Directors from time to time.

II. Share transfer cum Investor Relation Committee

The Committee consists of two Non-Executive Directors out of which both are Independent Directors. Committee oversees and reviews all matters connected with transfer of securities, non-receipt of balance sheet and attending the grievances of the shareholders. The Committee has delegated the authority for share transfers to Managing Director so that it can be take up at regular interval. The Committee oversees performance of Registrars and Transfer Agents of the Company and recommends measures for overall improvements in the quality of investor services.

During the year Twelve meetings has been held. The composition of the Committee and attendance of each Committee member is given under:

Sl. No	Name(s) of Director (s)	Chairman/ Member	Meetings Held	Meetings Attended
1	Sri. E. Subbarayan	Chairman	12	12
2	Sri. M. Mohan	Member	12	12

Compliance Officer

Shri S. Pannalal Tatia , Executive Director of the Company has been appointed as Compliance Officer and is responsible for the Compliance. Further he has been authorized to deal with all correspondence and complaints from the investors. He informs the Committee about status of Complaints.

Investors' Grievance Redressal

During the year total 1 complaint were received. The complaint has been resolved to the satisfaction of shareholders. There was no outstanding complaint as on 31st March 2011

III. Remuneration Committee

The Board has constituted Remuneration Committee as per the approval of shareholder obtained in Thirteenth Annual General Meeting held on 27-09-2007. The Committee consists of Three Non-Executive Directors and Independent Directors. Committee oversees and reviews all matters connected with payment made to directors.

During the year one meeting has been held on. The composition of the Committee and attendance of each Committee member is given under:

Name of the Director	Category	Membership	Meetings Held	Meetings Attended
E. Subbarayan	Independent / Non – executive Director	Chairman	1	1
M. Mohan	Independent / Non – executive Director	Member	1	1
C. Hemamalini	Independent / Non – executive Director	Member	1	1

Terms of reference:

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

Remuneration Policy:

The remuneration of the Executive Directors is recommended by the Remuneration committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry and responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Executive Directors.

The Non-executive Directors are not paid any remuneration including sitting fees. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors.

The details of the remuneration paid/payable to the Executive Director during the Financial Year 2010-2011, shareholding and relationship with Directors are as under:

KREON FINNANCIAL SERVICES LIMITED

Name of the Director	Salary & Perquisites(Rs.)	Sitting Fees (Rs.)	No. of shares held as on 31.3.2010	Relationship with Directors
Sri. S. Pannalal Tatia	Rs.6,00,000/=	-	623,300	Father of Shri. S. P. Bharat Jain Tatia Son of Shri S. Pannalal Tatia
Sri. S. P. Bharat Jain Tatia	-	-	215,219	
Sri. E. Subbarayan	-	-	100	-
Sri. M. Mohan	-	-	100	-
Ms. C. Hemamalini	-	-	100	-

4. General Body Meeting

General Body Meeting

Date, time and location for the General Meetings of the Company held in last three years:

Year	Date	Time	Venue	No. of Special Resolution passed	Type of Meeting Resolution passed
2009-10	30.09.2010	09.30 A.M	SAMUGHANALAKUDAM, VALLANUR, AMBATTUR, CHENNAI – 600 062	Five	AGM
2008-09	30.09.2009	10.00 A. M	SAMUGHANALAKUDAM, VALLANUR, AMBATTUR, CHENNAI – 600 062	One	AGM
2007-08	30.09.2008	10.00 A. M	SAMUGHANALAKUDAM, VALLANUR, AMBATTUR, CHENNAI – 600 062	Two	AGM

I. Special Resolution Passed in the last three AGM'S

2009-2010

- a. Special Resolution Passed for the payment of remuneration to Sri . S. Pannalal Tatia
- b. Special Resolution Passed for Increase in Authorised Capital form R.6,00,00,000/- Rs. 20,00,00,000/-
- c. Special Resolution Passed form in regard to Alteration of the Capital Clause in Memorandum of Association
- d. Special Resolution Passed form in regard to alteration of Article of Association.
- e. Special Resolution Passed form in regard to allotment of Preferential Warrants of the Company

2008-2009

- a. Special Resolution Passed for the Voluntary Delisting of Equity Shares from the Madras Stock Exchange Limited.

2007-2008

- a. Special Resolution Passed for the appointing Mr. K.V. Vishwanathan as the Whole Time Director of the Company.
- b. Special Resolution Passed in regard to the name of Company be changed from Tatia Finaancial Services Limited to Kreon Finnancial Services Limited pursuant to the provisions of Section 21 of Companies Act 1956 ,

ii. Postal Ballot

No resolutions were passed through postal ballot during the financial year under review.

5. Disclosures

I. There are no materially significant transactions with the related parties viz., Promoters, Directors or the Senior Management, their Subsidiaries or relatives conflicting with Company's interest other than current account. Suitable disclosures as required by the Accounting Standard (AS 18) relating to "Related Party Transactions" have been made separately in the Annual Report.

II. Company has complied with all requirements of the listing agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. Other than the above as mentioned, there has been no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.

III. Company has established Whistle Blower Policy and no personnel is denied the access to the Audit Committee.

IV. The Company complies with the entire mandatory requirement and non-mandatory requirement of Corporate Governance as provided under Clause 49 of listing agreement. The disclosure relating to the compliance has been provided separately in this report. The Company has obtained a certificate from its auditors regarding compliance of conditions of corporate governance and certificate is annexed to the Directors' Report of the Company which are sent to share holders and Stock Exchanges.

6. Means of Communication

I. The un-audited Financial Results on quarterly basis along with Limited Review Report by the Auditors of the Company are taken on record by the Board of Directors at its meeting within one month of the close of every quarter and the same are furnished to all the Stock Exchanges where the Company's Shares are listed within fifteen minutes of Close of Meeting. The un-audited Financial Results along with Limited Review Report by the Auditors are first placed before the Audit Committee. The same along with recommendation of the Committee are forwarded to Board of Directors for their consideration.

II. The quarterly results and audited results as per the requirement of Clause 41 of the Listing Agreement are published within 48 hours in two newspapers, one in English daily Trinity Mirror and one in Regional (Tamil) Language Makkal Kural.

III. The quarterly results, shareholding pattern and other mandatory information are available at the website of Bombay Stock Exchange Ltd, i.e. www.bseindia.com. The website provides all information's and contains news releases.

7. Legal Compliance Reporting:

As required under Clause 49 of the Listing Agreement, the Board periodically reviews compliance of various laws applicable to the Company.

8. General Shareholder Information:

I. Information about Seventeenth Annual General Meeting

Date and time : 30th day of September 2011, 10.00 A.M

Venue: Samuga Nalla Kudam
Vallanur, Ambattur, Chennai – 600 062

II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2010-11 started on 1st April 2010 and ended on 31st March 2011. The current financial year 2011-12 started on 1st April 2011 and would end on 31st March 2012.

Financial Calendar (Tentative)

First Quarter 30 th June 2011	: on or before 31 st July 2011
Second Quarter 30 th September 2011	: on or before 31 st October 2011
Third Quarter 31 st December 2011	: on or before 31 st January 2012
Fourth Quarter 31 st March 2012	: on or before 31 st May 2012

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of Nine days starting 22/09/2011 to 30/09/2011 (Inclusive of Both Days).

V. Listing on Stock Exchange

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

VI. Stock Code

- i) Bombay Stock Exchange Limited
Stock Code: 530139 (For Equity Shares of the Company)
- ii) Madras Stock Exchange Limited
Stock Code: TATIAFIN (For Equity Shares of the Company)
- iii) DEMAT ISIN in NSDL and CDSL for equity shares is INE302CO1018.

VII Market Price Data

Bombay Stock Exchange: High and Low quotations of the Company's shares during the period from 1st April 2009 to 31st March 2010:

Year	Month	High (Rs.)	Low (Rs.)	Monthly close
2010	April	12.88	8.50	12.88
2010	May	18.09	10.95	13.00
2010	June	17.39	11.40	12.53
2010	July	16.29	9.91	11.07
2010	August	13.75	10.75	13.05
2010	September	16.20	11.00	12.15
2010	October	13.29	9.91	9.93
2010	November	11.49	8.16	9.89
2010	December	10.50	8.00	8.40
2011	January	8.82	6.09	6.10
2011	February	8.05	4.98	7.72
2011	March	8.50	6.66	6.66

VIII. Registrar and Share Transfer Agents

M/s CAMEO CORPORATE SERVICES LIMITED for CDSL connectivity
 Subramanian Building,
 1, Club House Road,
 Chennai – 600 002.
 Ph: +91 44 2846 0390
 Fax: +91 44 2846 0129
 Email: investor@cameoindia.com

M/S. KNACK CORPORATE SERVICES LIMITED - for NSDL connectivity
 17/9, Thiruvengadam Street, Mandaveli,
 Chennai – 600028
 Ph: +91 44 24614424
 Email: knackcorp@gmail.com

Physical: In House Share Transfer
 Registered office at Kreon Financial Services Ltd., 81 B 2nd Main Road,
 Ambattur Industrial Estate , Chennai – 600 058, Ph. 044 4213 8702 & 704
 E-mail : tatia@vsnl.com

IX. Share Transfer System

Share transfers are registered and returned in the normal course within a period of **21** days from the date of receipt, if the documents are in order in all respects. Request for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within **21** days.

X. Distribution of shareholding as at 31st March 2011

Total Authorised Value Rs. 20,00,00,000 Nominal value of each share Rs.10/-
 Total Paid – up Value Rs. 5, 01,65,000 Paid up value per share is Rs.10/-
 Total number of shares- 50,16,500
 Distinctive Nos. 0000001 to 5016500

Share holding of nominal value of	Shareholders		Shareholding	
	Rs. 1	Number 2	% to Total Nos. 3	In. Rs. 4
10 - 5000	2080	73.6544	4359700	8.6907
5001 -10000	347	12.2875	2938620	5.8579
10001-20000	200	7.0822	3120240	6.2200
20001-30000	66	2.3371	1678930	3.3468
30001-40000	34	1.2040	1213100	2.4182
40001-50000	23	0.8144	1085880	2.1646
50001-100000	38	1.3456	2706590	5.3954
100001 and above	36	1.2748	33061940	65.9064
Total	2824	100.0000	50165000	100.0000

XI. Dematerialization of Equity Shares and Liquidity

DEMAT ISIN in NSDL and CDSL for equity shares is INE302CO1018.

Authorized Capital of Rs. 20,00,00,000 comprising of into 2,00,00,000 equity shares of Rs.10/- each. Paid up Capital of the Company as on 31st March 2011 is Rs. 5,01,65,000 comprising of 50,16,500 Equity shares of Rs.10/- each. Out of the above shares 26,79,300 Equity Shares representing 53.4098% are held physically and balance 23,37,200 Equity Shares representing 46.5902% is held in dematerialized form.

XII. Outstanding GDR / FCCB / Warrants

The company at no point of time have issued GDR,FCCB, till date.

However the Company have issued Convertible Preferential Warrant of Rs.10/- each at a premium of Rs. 5/- , after the approval of share holder and other statutory authorities . The company have received 25% up front money from the following subscribers to the preferential warrant of the Company.. The Board of Directors at its meeting held on January 31, 2011 approved the following allotment of preferential warrants bearing face value of Rs. 10 each @ Rs. 15/- each and allotted warrants to the following entities with an option of each warrant being eligible to be converted into on equity shares of Rs. 10/- each subject to exercise of such option by the warrant holders after the payment of due amount within a stipulated period of 18 months and complying with all regulation of the issue.

1. Name: Tatia Global Ventures Ltd.
- No. of Equity Warrant (Rs. 10 each): 2950000
2. Name: Subh Labh Infra Developers Pvt. Ltd
- No. of Equity Warrant (Rs. 10 each): 2094500
3. Name: Arul Projects And Services Pvt. Ltd
- No. of Equity Warrant (Rs. 10 each): 500000

XIII. Plant Location

The Company is engaged in financial business and is carried out at the registered office address of the company situated at No.81 B Ambattur Industrial Estate, Chennai – 600 058.

XIV. Address for Correspondence

The Registered Office of the Company is situated at following address. Further all correspondence with the Company can be done at following address, addressing to
Kreon Financial Services Limited - for physical transfer
Executive Director - Mr.S. Pannala Tatia
No 81 B Second Main Road,
Ambattur Industrial Estate,
Chennai – 600 058. Ph: +91 44 42138702,Fax: +91 44 42138704
Email: tatia@vsnl.com

For any correspondence in relation to shareholders' grievance the communication would be addressed to the Registrar and Transfer Agents

M/s CAMEO CORPORATE SERVICES LIMITED for CDSL connectivity
Subramanian Building
1, Club House Road,
Chennai – 600 002,Ph: +91 44 2846 0390, Fax: +91 44 2846 0129

M/S. KNACK CORPORATE SERVICES LIMITED - for NSDL connectivity
17/9, Thiruvengadam Street, Mandaveli, Chennai – 600028
Ph: +91 44 24614424
Email: knackcorp@gmail.com

KREON FINANCIAL SERVICES LIMITED

XV. Details on use of Public Funds **No funds have been raised from the public**
Obtained in the last three years : **in the last three years.**

? **Categories of Shareholding pattern as at 31st March 2011** **Statement Showing Shareholding Pattern**

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of(A+B) ¹	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group²					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	3	1343319	1281619	26.78	26.78
(b)	Central Government/ State Government(s)	0	0	0	0	0
(c)	Bodies Corporate	1	1228200	0	24.48	24.48
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Others(Specify)					
	Sub Total(A)(1)	4	2571519	1281619	51.26	51.26
2	Foreign	0	0	0	0.00	0.00
a	Individuals (Non-Residents)	0	0	0	0.00	0.00
	Individuals/Foreign Individuals)					
b	Bodies Corporate	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0.00
d	Any Others(Specify)	0	0	0	0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	2571519	1281619	51.26	51.26
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0.00
B 2	Non-institutions					
(a)	Bodies Corporate	73	241907	156507	4.82	4.82
(b)	Individuals					
I	Individuals -i. Individual share holders holding nominal share capital up to Rs 1 lakh	2719	1663744	555644	33.17	33.17
I	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	20	539330	343430	10.75	10.75
(c)	Any Other (specify)					
(c-i)	Clearing Members	0	0	0	0.00	0.00
	Sub-Total (B)(2)	2812	2444981	1055581	48.74	48.74
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2812	2444981	1055581	48.74	48.74
	TOTAL (A)+(B)	2816	5016500	2337200	100	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	2816	5016500	2337200	100	100

KREON FINANCIAL SERVICES LIMITED

* Shares pledged or otherwise encumbered is “NIL”

* Details of Request / Complaints received during the year

Name of Request	Received	Attended	Pending
Change of Address	NIL	NIL	NIL
Bank Mandate	NIL	NIL	NIL
Duplicate Share	NIL	NIL	NIL
Certificate	NIL	NIL	NIL
Splitting	NIL	NIL	NIL
Transfer(Physical]	102	102	NIL
Transmission	NIL	NIL	NIL
Dematerialisation	133	133	NIL
Rematerialisation	NIL	NIL	NIL
	235	235	NIL

Insider Trading

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Company has prescribed a Code of Conduct for prevention of Insider Trading. All the employees including directors of the Company comply with Insider Trading Regulations framed by the Company. None of the employee/ director has contravened the regulations during the year.

Secretarial Audit

Secretarial Audit as required in terms of Circular No. D&CC/FITTC/CIR – 16/2002 dated 30th June 2002 is being done by a Practicing Chartered Accountants on quarterly basis for reconciling total admitted capital with NSDL and CDSL and total issued and listed capital. The Company has obtained Reconciliation of Share Capital Audit Report for all the four quarter during the year ended 31st March 2011 and same has been forwarded to Stock Exchanges. The audit confirms that the total issued/ paid up Capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Code of Conduct

The Board of Company has laid down a code of conduct for all the Board Members and the Senior Management personnel. All the Board Members and Senior Management personnel comply the code of conduct. A declaration have been made to give effect to the code signed by the Executive Director.

CEO Certification

As required under the Clause 49 of the Listing Agreement a certificate duly signed by Mr.S. Pannalal Tatia, Executive Director and of the Company was placed at the meeting of the Board of Directors.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Executive Director. In addition, the Company has adopted the Code of Conduct for its Non-Executive Directors.

I confirm that the Company has in respect of the financial year ended 31st March 2011 received from the Management Personnel of the Company and the Members of the Board a declaration of compliance with the code of conduct as applicable to them.

**BY THE ORDER OF THE BOARD
FOR KREON FINANCIAL SERVICES LIMITED**

-Sd/-

**S.Pannalal Tatia
Chairman cum Executive Director**

**PLACE : CHENNAI
DATE : 31st August 2011**

KREON FINANCIAL SERVICES LIMITED

AUDITOR'S CERTIFICATE

To,
The members of
KREON FINANCIAL SERVICES LIMITED

I have examined the compliance of conditions of Corporate Governance by Kreon Financial Services Limited for the period from 1st April 2010 to 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the company, as per the record maintained by the share transfer cum investor relation committee of the Company.

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

**K SUBRAMANYAM & CO.,
CHARTERED ACCOUNTANTS,
Sd/-
K SUBRAMANYAM
PROPRIETOR
M.No.023663**

**Place : Chennai
Date : 31.05.2011**

Firm Regn No.004146S

CERTIFICATE BY EXECUTIVE DIRECTOR

We S. Pannalal Tatia, Chairman cum Executive Director and S.P. Bharat Jain Tatia, Executive Director of Kreon Financial Services Limited

Hereby certify

1. That we have reviewed that financial statements and the cash flow statement for the year ended 31st March 2011 and that to the best of my knowledge and belief,
 - i. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - ii. These statements present a true and fair view of the company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of my knowledge and belief, no transaction entered into by the company during the year, which are fraudulent, illegal or violating of the company's code of conduct.
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operational of internal controls, if any, of which we were aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of
 - a Significant changes in internal control during the year
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - c. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For KREON FINANCIAL SERVICES LIMITED

sd-

-sd-

Place : Chennai
Date : 31.08.2011

S. Pannalal Tatia
Chairman cum
Executive Director

S.P. Bharat Jain Tatia
Executive Director

KREON FINANCIAL SERVICES LIMITED

AUDITOR'S REPORT

TO THE MEMBERS OF KREON FINANCIAL SERVICES LIMITED

1. I have audited the attached balance sheet of M/s Kreon Financial Services Limited as at 31st march, 2011 and also the profit & loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I 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 & disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the companies order, 2003, issued by the central govt. of India in terms of section 227 (4A) of the companies act, 1956, I give in the annexure, a statement on the matters specified in paragraphs 4 of the said order.
4. Further to my comments in the annexure referred to in Para 3 above, I report that:
 - (a) I have obtained all the information and explanation, which to the best of my knowledge and belief were necessary for the purpose of my audit. In my opinion, proper books of accounts as required by law have been kept by the company so far as appears from my examination of such books.
 - (b) the balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the book of account.
 - (c) in my opinion, the balance sheet, profit & loss account and 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.
 - (d) On the basis of the written representation received from the directors as on 31st March 2011 and taken on record by board of directors, I report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the companies act, 1956. as regards government nominee directors ,they are exempted from the provision of section 274 (1) (g) in view of general circular issued by the department of company affairs.
5. in my opinion and to the best of my information and according to the explanation given to me, the said accounts read with significant accounting policies and the other 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 :
 - (i) in case of the balance sheet of the state of affairs of the company as at 31st March, 2011;
 - (ii) in case of profit & loss account of the loss for the year ended on that date, and
 - (iii) in case of cash flow statement, of the cash flows for the year ended on that date.

**K SUBRAMANYAM & CO.,
CHARTERED ACCOUNTANTS**

Sd/-

**K SUBRAMANYAM
PROPRIETOR**

Membership No. 023663
Firm Regn No.004146S

**Place : Chennai
Date : 31.05.2011**

KREON FINNANCIAL SERVICES LIMITED

ANNEXURE REFERRED TO IN PARAGARAPH 3 OF OUR REPORT OF EVEN DATE
RE: KREON FINNANCIAL SERVICES LIMITED

- (I) In respect of its fixed assets:
- (a) The company has maintained proper records showing full particulars, including quantitative details & situation of fixed assets.
- (b) The company has physically verified certain assets during the year in accordance with a programme of verification, which in my opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information & explanation given to me no material discrepancies were noticed on such verification.
- (c) In my opinion & according to the information & explanation given to me, the Company has not made any substantial disposals during the year.
- (II) In respect of its inventories:
- There are no inventory in the Company on the year end, hence the valuation of the same is dispensed with.
- (III) (a) The company has neither granted nor taken any loan, secured or unsecured, to / from companies , firms and other parties covered in the register maintained under section 301 of the Act.
- (b) Since there are no such loans , the comments regarding terms and conditions, repayments of the principal, interest thereon and overdue amount are not required.
- (IV) In my opinion and according to the information and explanation given to me, there are adequate internal control procedures commensurate with the size of the company and nature of its business.
- (V) In my opinion and according to the information and explanation given to me, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 , exceeding the value of Rs 5 lakhs, in respect of any party during the year.
- (VI) The company has not accepted any deposits from the public during the period under review.
- (VII) In my opinion, the company has adequate internal audit system commensurate with the size of business.
- (VIII) The Central Government has not prescribed maintenance of cost records by the Company under section 209(1) (d) of the Act.

The company has been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities. According to the information and explanation given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable other than mentioned hereunder.

According to the records of the Company, there are no outstanding Sales tax, Income tax act 1961, Customs duty, Wealth tax, excise duty on account of any dispute other than following:

KREON FINANCIAL SERVICES LIMITED

Financial period to which the amount relates to	Act	Nature of dues	Forum where dispute is pending	Amount (Rs in Lakhs)
1995-96	Income Tax Act	Income Tax	Madras High Court – Stay obtained	30.68

- (X) The Company has made cash profit of Rs 3.52 lakhs during the year. The company have accumulated losses of Rs 72.46 lakhs at the end of the financial year to be adjusted against future profits.
- (XI) Based on my audit procedures and on the information and explanation given by the management, I am of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (XII) According to the information and explanations given to me, the company has given any loans and advances on the basis of security by way of Pronotes, post dated instruments, pledge of shares, debentures and other securities. The loans advanced are subject to confirmation.
- (XIII) In my opinion the company is not a chit fund or nidhi/mutual benefit fund/society. therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (XIV) In my opinion the company is dealing in or trading in shares, securities, debentures and other investments. Accordingly, the company has complied with provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003.
- (XV) According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (XVI) There were no term loans obtained by the company during the year.
- (XVII) According to the cash flow statement and other records examined by me and the information and explanations given to me, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment pending application.
- (XVIII) The company has made preferential allotment of convertible warrant during the year having a face value of Rs10/- each @ price of Rs 15/- each (including premium of Rs 5/-) totally amount to Rupees 28062505/-. The company has received 25% upfront payment towards the same. The company does not have any outstanding debentures during the year.
- (XIX) The company has not issued any debentures and no securities and charges are required to be created.
- (XX) The company has not raised any money by public issue during the year.
- (XXI) To the best of my knowledge and belief and according to the information explanation given to me, no fraud on or by the company was noticed or reported during the year.

Place : Chennai
Date : 31.05.2011

K SUBRAMANYAM & CO.,
CHARTERED ACCOUNTANTS,
Sd/-
K SUBRAMANYAM
PROPRIETOR

Membership No. 023663
Firm Regn No.004146S

KREON FINANCIAL SERVICES LIMITED

Balance Sheet as at	Sch	31.03.2011	31.03.2010
Sources of Funds		Rs.	Rs.
1. Shareholder's funds:			
a. Share Capital	1	50,165,000	50,165,000
b. Preferential warrant money		28062505	-
2. Reserves & Surplus			
a. Statutory Reserves	2	1,411,592	1,341,172
Deferred Tax Liability		115,567	-
		79,754,664	51,506,172
Application of Funds			
3. Fixed Assets:	3		
a. Gross Block of Fixed Assets		4,800,287	4,800,287
b. Less : Accumulated Depreciation		4,734,368	4,493,045
c. Net Fixed Assets		65,919	307,242
4. Investments	4	24,193,546	21,911,866
5. Current Assets, Loans & Advances			
a. Loans & Advances	5	22,322,819	4,151,684
b. Sundry Debtors	6	48,318,070	38,508,274
c. Cash & Bank Balances	7	1,546,153	750,057
		72,187,042	43,410,015
6. Current Liabilities & Provisions			
a. Current Liabilities	8	24,632,588	21,802,179
		24,632,588	21,802,179
Net Current Assets		47,554,454	21,607,836
7. Miscellaneous Expenditure	9		
a) Miscellaneous Expenses (to the extent not w /off or adjusted)		694,400	151,200
b) Profit & Loss Account		7,246,345	7,528,028
		79,754,664	51,506,172
Notes Annexed to and Forming Part of Accounts 14		-	-

As per my report on even date

**For K. Subramanyam & Co.,
Chartered Accountants**

Sd/-

K. Subramanyam
Proprietor
Membership No.023663
Firm Regn No.004146S

Place : Chennai
Date: 31/05/2011

for and on behalf of the Board of Directors

Sd/-

S.Pannalal Tatia
Chairman cum
Executive Director

Sd/-

S.P.Bharat Jain Tatia
Director

KREON FINNANCIAL SERVICES LIMITED

Profit and Loss Account for the Year ended on	Sch	31.03.2011	31.03.2010
Income		Rs.	Rs.
Sale / Income Operation		11,455,644	9,908,995
Dividend Income		36,070	14,804
Misc. Income		21363	1,297,451
		<u>11,513,077</u>	<u>11,221,250</u>
Expenditure			
Cost of Goods traded	10	4,540,734	-
Human Resource & Related Costs	11	209,611	166,525
Administration & General Expenditure	12	5,895,924	4,932,487
Interest & Financial Charges	13	1,014	1,368
Miscellaneous Expenditure written off	9	156,800	16,800
		<u>10,804,083</u>	<u>5,117,180</u>
Profit/ (Loss) before depreciation & taxes		708,994	6,104,070
Less : Depreciation for the year		241,324	287,200
Profit after depreciation before taxes		467,670	5,816,870
Less : Defered Tax Adjustment		115,567	-
Profit/ (Loss) after depreciation & taxes		352,103	5,816,870
Less: Transfer to Statutory Reserves		70,420	1,163,374
Profit for the year to be carried to Balance Sheet		281,683	4,653,496
Add: Amount Transfer from Profit and Loss A/c		-7,528,028	-12,181,524
Balance Carried to Balance Sheet / Profit / (Loss)		<u>-7,246,345</u>	<u>-7,528,028</u>
Earnings per share (EPS) Basic and diluted (Rs)		0.07	1.16
Face value per Equity share (Rs.)		10/-	10/-
Notes on Account			

As per my report on even date

**For K. Subramanyam & Co.,
Chartered Accountants**

Sd/-

**K. Subramanyam
Proprietor
Membership No.023663
Firm Regn No.004146S
Place : Chennai
Date: 31/05/2011**

for and on behalf of the Board of Directors

Sd/-

**S.Pannalal Tatia
Chairman cum
Executive Director**

Sd/-

**S.P.Bharat Jain Tatia
Director**

KREON FINANCIAL SERVICES LIMITED

Schedules forming part of Accounts

	<u>Sch</u>	<u>31.03.2011</u> Rs.	<u>31.03.2010</u> Rs.
<u>Equity Share Capital</u>	1		
<u>Authorised Capital :</u>			
20000000 equity shares of Rs 10 /- each		20,00,00,000	6,00,00,000
<u>Issued,Subscribed and Called Up</u>			
5016500 equity shares of Rs 10 /- each.		50,165,000	50,165,000
<u>Paid Up Capital</u>			
5016500 equity shares of Rs 10 /- each fully paid.		50,165,000	50,165,000
		<u>50,165,000</u>	<u>50,165,000</u>
<u>Reserves & Surplus</u>	2		
<u>a. Statutory Reserves</u>			
Opening Balance		1,341,172	177,798
Add : Transferred during the year		70,420	1,163,374
		<u>1,411,592</u>	<u>1,341,172</u>
b. Profit & Loss a/c			
Profit & Loss (Opening Balance)		-7,528,028	-12,181,524
Add: Current Year Profit / Loss		281,683	4,653,496
		<u>-7,246,345</u>	<u>-7,528,028</u>
<u>Loans,Advances & Deposits</u>	5		
<u>(Unsecured Considered Good)</u>			
Loans above six months		22,322,819	4,151,684
		<u>22,322,819</u>	<u>4,151,684</u>
<u>Sundry Debtors</u>	6		
Sundry (above six months)		48,318,070	38,508,274
Sundry (below six months)		-	-
		<u>48,318,070</u>	<u>38,508,274</u>
<u>Cash & Bank Balance</u>	7		
Cash in Hand		177,559	739,421
<u>Balances with Schudeled Banks</u>			
HDFC Bank Ltd (Anna Nagar Branch)		13,246	2,377
SBT - Commercial Branch		6,211	8,259
HDFC Bank Ltd (Nungambakam Branch)		1,349,137	-
		<u>1,546,153</u>	<u>750,057</u>
<u>Current Liabilities</u>	8		
Sundry Creditors		24,632,588	21,802,179
		<u>24,632,588</u>	<u>21,802,179</u>
<u>Miscellaneous Expenditure</u>	9		
Deffered Revenue Expenses		151,200	168,000
Add:during the year		700,000	-
		851,200	168,000
Less: W / off during the year		156,800	16,800
		<u>694,400</u>	<u>151,200</u>

KREON FINANCIAL SERVICES LTD											
											Rs.
Details of Fixed Assets as per Companies Act, 1956											
<u>Schedule - 3</u>											
Particulars	Rate @%	Gross Block			Depreciaton			Net Block			
		Cost on 01.04.2010	Add/-Del for year	Cost on 31.03.2011	As at 01.04.2010	During the year	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2011	
Furniture & Fixtures	18.10%	2,188,29	-	218,829	3,729,760	218,829	3,948,589	218,829	-	-	
Office Equipments	13.91%	88,413	-	88,413	410,233	22,494	432,727	88,413	65,919	65,919	
Electrical Fittings	13.91%	-	-	-	353,052	-	353,052	-	-	-	
Total		307,242	-	307,242	4,493,045	241,323	4,734,368	307,242	65,919	65,919	
Previous Year		4,806,787	6,500	4,800,287	4,205,846	287,199	4,493,045	600,942	307,242	307,242	

Schedule - 4

Investments (At Cost)

Long Term Investments

In Equited shares of Indian Companies

A). Company under the same management

<u>Quoted Equity Share - (Fully Paid)</u>	<u>Qty</u>	<u>Face Value</u>	<u>Cost</u>	<u>Rate</u>	<u>Market Value</u>
Tatia Global Vennture Limited	9815910	1	12220553	6.28	61643915
Apollo hospital Ltd	20	10	4093	471.20	9424
Arihant Foundation Ltd	11	10	443	62.55	688
Beckond Inds Ltd	500	10	4440	1.81	905
BGR energy Ltd	1	10	746	477.15	477
Cals Refineries Ltd	150000	1	66000	0.30	45000
Cera Sanitarwar	2	5	268	156.60	313
CNI Research Ltd	1000	10	16570	7.57	7570
Dabar India Ltd	200	10	8808	96.05	19210
DLF Ltd	11	10	1987	267.20	2939
GMR Infrastructure Ltd	10	10	583	40.70	407
Jayaswal Neco Ltd	48405	10	2042692	23.45	1135097
King fisher Airlines Ltd	24000	10	1122000	39.90	957600
Kohinoor Foods Ltd	10	10	908	48.00	480
Gokul Refoil Ltd	1	1	56	100.50	101
GVK Power & Infrastructure Ltd	10	10	447	25.95	260
IFICI Ltd	15000	10	747964	52.65	789750
JKI Industries Ltd	210	10	3409	8.06	1693
Medione global Enterprises	1	10	90	83.70	84
Tata Tele Services Ltd	20000	10	473198	17.10	342000
Karturi Global Ltd	110	10	2115	10.76	1184
Marg Ltd	10	10	1529	108.75	1088
MRF Ltd	1	10	7204	6275.05	6275
Madras Cements Ltd	500	10	29508	101.75	50875
Munoth Financial Ltd	100	10	821	6.22	622
National Plastic Ltd	3848	10	116412	16.50	63492
ONGC Ltd	40	10	6368	290.10	11604
Power Soft Ltd	400	10	3964	5.59	2236
Page Industries Ltd	10	10	3383	1624.55	16246
Reliance Com Ltd	10	10	1642	107.70	1077
Reliance Industries Ltd	201	10	217894	1047.80	210608
Reliance Power Ltd	25	10	6466	129.70	3243
R P R Infra Project Ltd	25000	10	1906455	65.85	1646250
SBI Shares	10	10	11926	2767.90	27679
Sesa Gao	10	10	4497	290.40	2904
Shree Asthivinayak Ltd	100	10	1396	6.36	636
Spicejet Ltd	40100	10	1963652	38.30	1535830
Tata Investments Ltd	10	10	5085	510.25	5103
TT Ltd	500	10	7968	29.10	14550
Vijayshanthi Builders Ltd	1010	10	35243	20.65	20857
	<u>10147297</u>		<u>21048783</u>		<u>68580268</u>

KREON FINANCIAL SERVICES LIMITED

B. Others

Quoted Equity Share - (Partly Paid)

<u>i) Script Name</u>	Qty	Face Value	Cost	Rate	Market Value	
Munoth Investments Ltd	912000	146001	10	1174595	3.00	438003
Less: Allotment Money Payable	162000					
Total B	750000	146001		1174595		438003

ii). Unquoted

Investments in others

Unquoted Equity Shares (Fully Paid)

Clarus Commercial Pvt Ltd	100000	10		1000000		1000000
Bokaria Reinforcing P limited	10000	10		100000		100000
Sonarji Jewellery Ltd	10000	10		125000		125000
	120000			1225000		1225000

Share Application Money Pending Allotment

Bay Organice P Ltd	10000	10		100000		100000
Van Abhi impex Ltd	18500	10		185000		185000
				285000		285000
Total C				1510000		1510000

iii). Bullion

Bullion	366.64 gms			460168		759678
Total D				460168		759678
Grand Total (A+B+C+D)				24193546		71287949

Cost of goods traded

	Sch 10	30.03.2011	31.03.2010
Opening Stock		2094120	-
Add: Purchase		3884814	-
		5978934	
Less: Closing Stock		1438200	
Cost of goods sold		4540734	

KREON FINNANCIAL SERVICES LIMITED

<i>Schedules forming part of Accounts</i>			
	<u>Sch</u>	<u>31.03.2011</u>	<u>31.03.2010</u>
		Rs.	Rs.
<u>Human resources & Related Costs</u>	11		
Salary Payments		209,611	166,525
		<u>209,611</u>	<u>166,525</u>
<u>Administration & General Expenses</u>	12		
Advertisement Expenses		12,512	7,000
Audit fees		15,000	15,000
AGM Expenses		950	6,475
Bad Debts		4,765,199	4,377,133
Consultancy fees		4,500	2,100
Director Sitting Fees		-	9,000
Directors Remuneration		600,000	60,000
Filling Fees		2,737	4,960
Listing Fees		39,708	16,695
General Expenses		288,243	15,035
Processing Fees		-	33,368
Postage & Telegram		29,956	22,298
Printing & Stationery		41,126	21,992
Travelling & Conveyance Expenses		67,010	29,236
Rates & Taxes		28,983	54,694
		<u>5,895,924</u>	<u>4,674,987</u>
<u>Interest & Financial Charges</u>	13		
Bank Commision		1,014	1,368
		<u>1,014</u>	<u>1,368</u>

KREON FINNANCIAL SERVICES LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31.03.2011

<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>	<u>Sch</u>	<u>31.03.2011</u>	<u>31.03.2010</u>
		Rs.	Rs.
Net Profit before tax and extraordinary items		352,103	5,816,870
Adjustments for :			
Add : Miscellaneous Expenditure		156,800	16,800
Add : Depreciation		241,324	287,200
Add: Provision for Tax		-	-
Add: Deffered Tax adjustments		115,567	
Less: Miscelleneous expenses during this year		(700,000)	-
		<u>165,794</u>	<u>6,120,870</u>
Operating Profit before Working Capital changes			
Adjustments for :			
Less : Increase in Current Assets		27,980,932	-
Add : Increase in Current Liabilities		2,830,409	-
Add : Decrease in Current Assets		-	18,910,227
Less: Decrease in Current Liabilities		-	<u>21,220,083</u>
Cash Flow form Operating activities	(A)	<u>(24,984,729)</u>	<u>3,811,014</u>
 <u>B.CASH FLOW FROM INVESTING ACTIVITIES</u>			
Investments during the year		(2,281,680)	(3,726,514)
Cash Flow from Investment Activities	(B)	<u>(2,281,680)</u>	<u>(3,726,514)</u>
 <u>C.CASH FLOW FROM FINANCE ACTIVITIES</u>	(C)	28,062,505	1,368
Increase/(Decrease) in Cash and Cash Equivalentents	(A+B+C)	<u>796,096</u>	<u>85,868</u>
Cash and cash Equivalentents as on 31.03.2010		750,057	664,189
Cash and cash Equivalentents as on 31.03.2011		<u>1,546,153</u>	<u>750,057</u>
Net Increase/(Decrease) in Cash Balances		<u>796,096</u>	<u>85,868</u>

AUDITOR'S STATEMENT

I have examined the above Cash Flow Statement of M/s Kreon Finnancial Services Ltd, for the period eneded March 31st 2011. The statement has been prepared by the company in accordance with the requirments of A S 3 and is based on and derived from and where applicable are in agreement with the profit and loss account and Balance Sheet of the Company covered by my report dated 31st May 2011 to the Members of the Company.

for K. Subramanyam & Co.,
Chartered Accountants

Sd/-

K. Subramanyam
Proprietor

Membership No.023663
Firm Regn No.004146S

Place : Chennai
Date : 31.05.2011

SCHEDULE 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2011

Brief description of the Company and its Business

KREON FINANCIAL SERVICES LIMITED was incorporated in India, and is engaged primarily into financing activities along with investing in to long term and short term projects, securities, debts related instruments etc.

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the company act, 1956.
2. Method of accounting - The Company maintains its accounts on accrual basis.
3. The accounting standards recommended by The Institute of Chartered Accountants of India have been followed wherever applicable to the Company.
4. During the year under review the company has converted some of its Investments into stock in trade and the differential amount between cost of acquisition and fair market value on the date of conversion has been charged and adjusted in the Profit and Loss Account of the year.

B. REVENUE RECOGNITION

1. In respect of income from financing, the Company has accounted on a accrual basis the interest due from the respective parties.
2. In respect of other incomes, accrual system of accounting is followed.

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

1. The Fixed Assets are stated at cost of their acquisition less depreciation.
2. Depreciation is provided on fixed assets, on straight line method, as per the rates specified in Schedule XIV of the Companies Act, 1956.

D. VALUATION OF CLOSING STOCK

There are no closing stock of inventory, hence valuation dispensed with.

E. MISCELLANEOUS EXPENSES

Miscellaneous expenditure incurred by the company are being written off over a period of 5 years.

F. INVESTMENTS

Investments are classified as Long-term investments and current investment including the share application made by the company. Long-term investments are shown at cost. Current investment have been valued at cost. In case of both investments temporary diminution in the value has not been recognised.

G. RETIREMENT BENEFITS

Contribution of Provident fund, Gratuity and Leave encashment benefits wherever applicable is being accounted on actual liability basis as and when arises. However the above referred provisions are not applicable to the company as it does not have employees who have served minimum period to become eligible for retirement benefits.

H. TAX ON INCOME

- a. Tax on income for the current period is determined on the basis of Taxable Income computed in accordance with the provisions of the Income Tax Act 1961.
- b. Deferred Tax on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date as per the Accounting Standard (AS 22) laid down by the Institute of Chartered Accountants of India (ICAI).

I. EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the Company's earnings per share is net profit after tax. The earnings per share for the year is Rs 0.06 as compared to the previous year of Rs 1.16. The EPS reported is basic and diluted.

KREON FINNANCIAL SERVICES LIMITED

J. RELATED PARTY DISCLOSURES

The Company had no transactions with the related parties during the year under review other than following temporary current account transactions.

Name of the Persons	Nature of payment	Amount
S. Pannalal Tatia	Director Remuneration	Rs. 50,000/- p.m
Tatia Global Vennture Limited	Invesments	Rs.14,062,500

K. IMPAIRMENT OF ASSETS

As required by AS-28 issued by the Institute of Chartered Accountants of India ,provision for impairment loss of Assets is not required to be made as the estimated realizable value of such assets will be more or equal to the carrying amount stated in the Balance Sheet.

L. SEGMENTAL REPORTING

The company is engaged primarily in the business of financing and investments and accordingly there are no separate reportable segment as per the accounting standard 17 (Segmental Reporting) issue by the Institute of Chartered Accountants of India.

M. DUES TO SME'S

Management has determined that there were no balances outstanding as at the beginning of the year and no transactions entered with micro, small and medium enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, during the current year, based on the information available with the company as at March 31,2011.

N. AUDITORS REMUNARATION

	2010-2011	2009-2010
Statutory Audit fees (Rs.) (all inclusive)	15000/-	15000/-

O. GENERAL

- The figures for the previous year have been regrouped / reclassified / rearranged where ever necessary with the conformity with the current year figures for facilitating proper comparisons.
- The company has followed prudential norms, except otherwise stated, prescribed by Reserve Bank of India for Non-Banking Finance Companies-financial statements.
- The figures have been rounded off to the nearest rupee.

Signatories to Schedule 1 to 14

As per our Report of even date attached
For K SUBRAMANYAM & CO
Chartered Accountants

K SUBRAMANYAM
Proprietor
M.No.023663

Firm Regn No.004146S

Place : Chennai
Date : 31st May 2011

For and on behalf of the Board of Directors

Sd/-	Sd/-
S PANNLAL TATIA	S P BHARAT TATIA
Chairman cum	Director
Executive Director	

KREON FINANCIAL SERVICES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

PROFILE AS PER PART IV TO SCHEDULE VI TO THE COMPANIES, 1956

I Registration Details

Registration No. :

2 9 3 1 7

State No. 18

Balance Sheet Date

3 1

0 3

2 0 1 1

Date

Month

year

II Capital Raised during the year (Amount in Rs. Thousand)

Pulic Issue

 N I L

Right Issue

 N I L

Bonus issue

 N I L

Private payment

 N I L

III. Postion of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

 7 9 7 5 5

Total Assets

 7 9 7 5 5

Sources of Funds

Paid up Capital

 5 0 1 6 5

Reserves & Surplus

 1 4 1 2

Secured Loan

 N I L

Unsecured Loan

 N I L

Preferential warrant

 2 8 0 6 2

Defered Tax Liability

 1 1 6

Application of Funds

Net Fixed Capital

 6 6

Investments

 2 4 1 9 4

Net Current Asset

 4 7 5 5 4

Misc.Expenditure

 7 9 4 1

IV Performance of Company (Amount in Rs. Thousands)

Turnover

 1 1 5 1 3

Total Expenditure

 1 1 0 4 5

Profit / Loss Before Tax

 4 6 8

Profit / Loss After Tax

 3 5 2

Earning per Share in Rs.

 (+) 0 . 0 7

Dividend Rate

 N I L

V. Generic Name of three Principal Products/ Services of Company [as per monetary terms]

- a) Loan b) Investments and Trading in Shares c) Consultancy Services

KREON FINANCIAL SERVICES LIMITED

Schedule to the Balance Sheet for the Year Ended March 31,2011 (as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988)

		(Rs in Lakhs)	
S.no	Particulars	Amount Outstanding	Amount Overdue
1	Liabilities Side :-		
	a. Debentures : Secured : Unsecured (other than falling with in the meaning of public deposits)	---	
	b. Deffered Credits	---	
	c. Term Loans	---	
	d. Inter - Corporate loans and borrowings	---	
	e. Commercial Paper	---	
	f. Public Deposits * (note1)	---	
	g. Other Loans (Specify Nature)	---	
2	Break-up of (1) (f) above (outstanding of public deposits inclusive of accrued interest there on)	---	
	a. In the form of Unsecured debentures	---	
	b. In the form of partly secured debentures i.e. debentures where there is shortfall in value of security	---	
	c. Other Public Deposit	---	
	Asset Side :-		
3	Break-up of Loans and Advances including bills receivables (other than those included in (4) below)		
	a. Secured	---	
	b. Unsecured	223.23	
4	Break-up of Leased Assets and stocks on hire and hypothecation loans counting towards EL/HP business		
	(i) Lease assets including lease rentals under sundry debtors :-	---	
	(a) Financial Lease	---	
	(b) Operating Lease	---	
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	---	
	(b) Repossessed Assets	---	
	(iii) Hypothecation loans counting towards EI/HP activities		
	(a) Loans where assets have been repossessed	---	
	(b) Loans other than (a) above	---	
5	Break-up of Investments:-		
	Current Investments :		
	1. Quoted:		
	(i) Shares (a) Equity	22.82	
	(b) Preference	---	
	(ii) Debentures and Bonds	---	
	(iii) Units of mutual funds	---	
	(iv) Government Securities	---	
	(v) Others (specify)		
	2. Unquoted		
	(i) Shares (a) Equity		---
	(b) Preference		---
	(ii) Debentures and Bonds		---
	(iii) Units of mutual funds		---
	(iv) Government Securities		---
	(v) Others (specify)		---

KREON FINANCIAL SERVICES LIMITED

	Long Terms Investments		
	1. Quoted:		
	(i) Shares (a) Equity		222.24
	(b) Preference		—
	(ii) Debentures and Bonds		—
	(iii) Units of mutual funds		—
	(iv) Government Securities		—
	(v) Others (specify)		—
	2. Unquoted		
	(i) Shares (a) Equity	15.10	
	(b) Preference	—	
	(ii) Debentures and Bonds	—	
	(iii) Units of mutual funds	—	
	(iv) Government Securities	—	
	(v) Others (specify) Bullion	4.60	
6	Borrower group-wise classification of all leased assets, stock on hire and loans and advances * note 2:		
	Category	Secured	Unsecured
	1. Related Parties	—	—
	(a) Subsidiaries	—	—
	(b) Companies under same group	—	—
	(c) Others	—	—
	2. Other than related parties	—	223.23
	Total	—	223.23
7	Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) * note 3 :		
	Category	Market Value	Book Value
	Related Parties		
	(a) Subsidiaries		
	(b) Companies under same group	626.44	132.20
	(c) Others	86.44	109.74
	Other than related parties		
	Total	712.88	241.94
8	Other Information		
	Particulars		
	(i) Gross Non-performing Assets	—	
	(a) related parties	—	
	(b) other than related parties	—	
	(ii) Net Non - Performing Assets	—	
	(a) related parties	—	
	(b) other than related parties	—	
	(iii) Assets acquired in satisfaction of debt	—	

KREON FINNANCIAL SERVICES LIMITED

KREON FINNANCIAL SERVICES LIMITED
Regd. Office. "Prince Tatia Info Park", No. 81 B Second Main Road
Ambattur Industrial Estate , Chennai – 600 058
Email : tatia @vsnl.com

PROXY FORM

I / Weofbeing a Member (s) of Kreon Finnancial Services Limited, hereby appointofor failing him / her at Seventeenth Annual General Meeting of the Company to be held on 30th September 2011 at Samughanala Kudam, Vallanur, Ambattur, Chennai – 600062, 10.00 A.M or at any adjourned date thereof.

Signed thisday of2011

Address

Signature

No. of Shares held:

Members Folio No./Client ID No.

1. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
2. Proxy need not be a member.

KREON FINNANCIAL SERVICES LIMITED
Regd. Office. "Prince Tatia Info Park", No. 81 B Second Main Road
Ambattur Industrial Estate , Chennai – 600 058
Email : tatia @vsnl.com

ATTENDANCE SLIP

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company being held on Friday 30th September 2011 at Samughanala Kudam, Vallanur, Ambattur, Chennai – 600062, 10.00 A.M

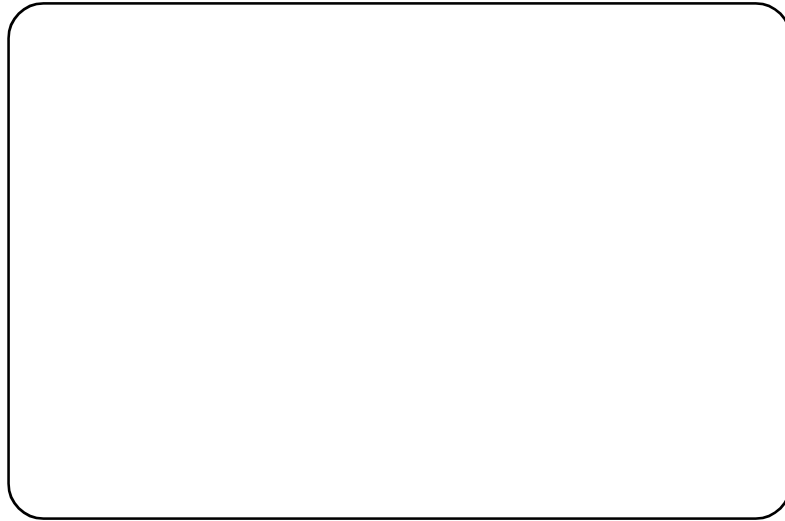
Full Name of the Member attending:

Folio No./Client ID No.

Signature

Note : Member attending the meeting in person are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. No attendance slip will be issued at the time of Meeting.

BOOK - POST



If undelivered, please return to :

KREON FINANCIAL SERVICES LIMITED

**Regd. Office : "Prince Tatia Info Park",
No.81 B, Second Main Road,
Ambattur Industrial Estate,
Chennai - 600 058.**