



ANNUAL REPORT 2012- 2013

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**KREON** FINNANCIAL  
SERVICES LTD

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**BOARD OF DIRECTORS**

Chairman	: Shri. S. Pannalal Tatia
Directors	: Shri. E. Subbarayan : Shri : Rajesh Jain : 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 : <a href="mailto:tatia@vsnl.com">tatia@vsnl.com</a>
Bankers	: 1. State Bank of Travancore 2. HDFC Bank Ltd.,
Share Transfer Agent	: M/s. Purva Sharegistry India Private Limited No. 9, Shiv Shakthi Industrial Estate, J.R. Boricha Marg. Lower Parel (E), Mumbai - 400 001. Phone : 022 - 23016761, 2301 8261 Fax : 022 - 2301 2517 Email : busicomp@vsnl.com

**M/s. KREON FINANCIAL SERVICES LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Shareholders of M/s. Kreon Financial Services Limited will be held at Samudaya Koodam Hall, Morai, Chennai – 600 055, on Monday , the 30<sup>th</sup> September 2013, 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, 2013, 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. Ekambaram Subbarayan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajesh Jain 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.

Place: Chennai – 600 0058

Date: 30th August 2013.

**By order of the Board of Directors  
For KREON FINANCIAL SERVICES LIMITED**

**Sd/-  
S. PANNALAL TATIA  
Chairman cum Executive  
Director**

**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 24.09.2013 to 30.09.2013 (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.
- In respect to their physical share folios. To send request to the Registrar of Transfer Agent office of the following address:

M/s. Purva Shareregistry India Private Limited

Unit. No. 9, Shiv Shakthi Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai – 400 001.

- 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](mailto: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 our Registrar of Transfer Agent M/s. Purva Sharegistry India Private Limited, Unit. No. 9, Shiv Shakthi Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai – 400 001.
- 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 Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to their shareholders electronically as part of its green initiatives in Corporate Governance. We request the members to update the email address with their depository participant to ensure that the Annual Report and other documents reach you on your preferred email account in order to save paper and participate in the "Green Initiative" of MCA.

**XV) INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT FOR RE-APPOINTMENT OF DIRECTOR**

S.no	Name of the Director	Mr. E Subbarayan	Mr. Rajesh Jain
a.	Age	56 years	44 years
b.	Date of Appointment	02.07.2003	04.04.2012
c.	Qualification	B.sc.,	B.Com.,
d.	Experience	15 years	15 years
e.	No. of Shares held in the Company	100	100
f.	Expertise	Accounts & Finance	Accounts, Industrial & Public Relations
g.	Directorship held in other Companies*	Ashram online.com Ltd	Nil
h.	Chairman/Member of Committees of other companies** ( as on 31 <sup>st</sup> March 2013 )	Member in Audit Committee of Ashram Online .Com Ltd	Nil

**Note:**

\* Excludes private limited companies, Foreign companies and Alternate Directorships.

\*\* Memberships in Audit Committee and Share Transfer cum Investor Relation Committee are reckoned for this purpose

**DIRECTORS' REPORT**

**Dear Stockholders,**

Your Directors have great pleasure in presenting the 19th Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2013.

**1. OPERATIONS**

The financial results of the Company for the year ended 31st March 2013 is summarized below:

Particulars	Year ended	Year ended	Year ended	Year ended
	31 <sup>st</sup> March 2013 Standalone	31 <sup>st</sup> March 2012 Standalone	31 <sup>st</sup> March 2013 Consolidated	31 <sup>st</sup> March 2012 Consolidated
	Rs. in Lacs			
Income from Operations	54.29	---	85.69	1785.55
Non-operating Income	----	57.60	----	43.83
Total Income	54.29	57.60	85.69	1829.38
Total Expenditure	28.72	52.51	58.54	1603.99
Profit/Loss before Depreciation	25.57	5.09	27.15	225.38
Interest and Taxation				
Interest & Finance Charges	4.58	0.04	5.14	107.49
Depreciation	0.23	0.23	0.31	42.35
Profit/Loss before Tax	20.76	4.82	21.70	75.54
Provision for Current Taxes	----	----	0.28	18.98
Provision for Deferred Taxes	0.12	0.07	0.12	-2.84
Profit/Loss after Tax	20.88	4.89	21.54	59.40
Statutory Reserve	4.18	0.98	4.18	14.11
Balance in Profit & Loss Account	16.70	3.91	17.36	30.29
Balance carried to Balance Sheet	233.51	-57.12	234.13	-95.52

Your Company has made a Profit / (Loss) of Rs. 16.70 lacs for the financial year 2012 -2013 on standalone basis as compared to Standalone Profit / (loss) of Rs. 3.91 in the previous year 2011-12. Your Company has made a Consolidated Profit / (Loss) of Rs. 17.36 lacs for the financial year 2012-13 as compared to Consolidated Profit / (Loss) of Rs. 30.29 in the previous year 2011-12.

**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.

## **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. E. Subbarayan, Director and Mr. Rajesh Jain, Director 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, 2013 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.

## **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 2013 - 14. 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. 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 as Annexure A.

**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 as **Annexure B.**

**SUBSIDIARIES**

**By virtue of Circular**

Ministry of Corporate Affairs, Government of India vide their General Circular No. 2/2011 dated 8th February 2011 had granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said approval is disclosed in the Annual Report. The company will make available the Annual Accounts of the Subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary Companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

The Company had a Subsidiary M/s. Aran Kitchen World India Private Limited until September 2012, as the company diluted its stake in the said Company the same is no more a subsidiary company and the results and financial statement are adjusting & restated accordingly.

The Company have a subsidiary by name M/S. KRIOS BUSINESS SERVICES PRIVATE LIMITED. The Company holds 100 % of equity shares in the subsidiary Company. The Subsidiary Company is engaged into business of Insurance Agents. The details of Registered office is furnished below:-

Sl. No.	Name of Subsidiary Companies	Registered Office Address
1	M/S. KRIOS BUSINESS SERVICES PRIVATE LIMITED.	No. 81B, 2nd Main Road, Ambattur Industrial Estate, Chennai - 600 058.

#### **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**  
Sd/  
**S.PANNALAL TATIA**  
**CHAIRMAN CUM EXECUTIVE DIRECTOR**

**PLACE : CHENNAI**  
**DATE : 30.08.2013**

**ANNEXURE 'A' TO THE DIRECTOR'S REPORT****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.

**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.

**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. Implementation of policies and reforms by the Government would help sector grow at faster phase.

**FINANCIAL PERFORMANCE**

The Company foresee a better business prospects in the year 2013.

**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.

## ANNEXURE 'B' TO THE DIRECTOR'S REPORT

CORPORATE GOVERNANCE REPORT  
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 4 members comprising of the 1 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* as on 31st March 2013	Number of Committee Membership** in other Companies as on 31st March 2013	Number of Committee Chairmanship** in other Companies as on 31st March 2013
1	Sri. S. Pannalal Tatia -Chairman cum Executive Director	PD & ED	2	3	NIL
2	Sri. E. Subbarayan -Director	NED & ID	1	1	1
3	Ms. C. Hemamalini – Director	NED & ID	2	1	1
4	Mr. Rajesh Jain - Director	NED & ID	NIL	NIL	NIL

PD - Promoter Director; ED - Executive Director; NED - Non Executive Director; ID - Independent Director .  
Note:

\* Excludes Private Limited Companies, Foreign Companies and Alternate Directorships.

\*\* Chairmanships/ Memberships in Audit Committee, Share Transfer cum Investor Relation Committee and Remuneration Committee are reckoned for this purpose

## BRIEF RESUME OF THE DIRECTORS:-

**Mr S Pannalal Jain Tatia**, Chairman & Executive Director - A Fellow Chartered Accountant, He started his career in 1974 with Chartered Accountancy as profession and later cultivated his professionalism to get molded in to corporate expert by being in to manufacturing industry, Financial sector and Project based sectors and gained rich experience in advising and structuring financial closures.

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

**Ms.C. Hemamalini** – Bachelor in Commerce with 6 year experience in Accounts & Finance and in secretarial department

**Mr. Rajesh Jain** A Bachelor in Commerce Graduate from Madras University has vast experienced in to operational exercise in to turnkey projects and account .

**BRIEF PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT AND RE-APPOINTMENT ARE GIVEN IN THE NOTE (XV) OF THE NOTICE.**

**Attendance of Directors in Board Meetings and Annual General Meeting**

Name of the Director	Category	Attendance	
		Board Meetings*	Last AGM (Yes/ No)
Sri. S. Pannalal Tatia	Chairman cum Executive Director	9	Yes
Sri. E. Subbarayan	Non-Executive Independent Director	9	Yes
Ms. C. Hemamalini	Non-Executive Independent Director	9	Yes
Shri. Rajesh Jain	Non-Executive Independent Director	9	Yes

\* During the financial year 2012 - 2013, Nine ( 9 ) meetings of Board of Directors were held on 4th April 2012, 30<sup>th</sup> May 2012 , 4<sup>th</sup> July 2012, 30<sup>th</sup> July 2012 , 9th August 2012, 31st October 2012, 26<sup>th</sup> November 2012, 26th December 2012 and 31<sup>st</sup> January 2013.

**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. Share transfer 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 Re constituted the Audit Committee in its meeting dated 4th April 2012. 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. E. Subbarayan , Non Executive and Independent Director is the Chairman of the Committee.

**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. E. Subbarayan	Non Executive & Independent – Director / Chairman	4	4
2	Sri. S. Pannalal Tatia	Chairman cum 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 30.05.2012, 31.07.2012, 31.10.2012 and 31.01.2013

#### **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 three 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	Ms. Hemamalini	Member	12	12
3	Sri. Rajesh Jain	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 16 complaints were received. The complaint has been resolved to the satisfaction of shareholders. There was no outstanding complaint as on 31st March 2013

### III. Remuneration Committee

The committee consists of Three Non-Executive Directors who are all Independent Directors. Committee oversees and reviews all matters connected with payment made to directors. During the year no meetings has been held.

### 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 2012-2013, shareholding and relationship with Directors are as under:

Name of the Director	Salary & Perquisites(Rs.)	Sitting Fees (Rs.)	No. of shares held as on 31.3.2013	Relationship with Directors
Shri S. Pannalal Jain Tatia	Rs.8,40,000/- Per Annum	NIL	100	NIL
Shri. Rajesh Jain	NIL	NIL	100	NIL
Ms. C. Hemamalini	NIL	NIL	100	NIL

#### 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
2011-12	27.09.2012	10.00 A.M	SAMUDHAYAKUDAM HALL, Morai, Chennai – 600 055	One	AGM
2010-11	30.09.2011	10.00 A. M	SAMUGHANALAKUDAM, Vallanur, Ambattur, Chennai – 600 062	NIL	AGM
2009-10	30.09.2010	9.30 A. M	SAMUGHANALAKUDAM, Vallanur, Ambattur, Chennai – 600 062	Five	AGM

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

##### 2011-2012

A Special Resolution passed for Mr. Rajesh Jain was appointed as an Additional Director

##### 2010-2011

No special Resolution were passed for the year 2010-11

##### 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 from R.6,00,00,000/- Rs.20,00,00,000/-
- c. Special Resolution Passed for in regard to Alteration of the Capital Clause in Memorandum of Association
- d. Special Resolution Passed for in regard to alteration of Article of Association.
- e. Special Resolution Passed for in regard to allotment of Preferential Warrants of the Company

#### ii. Postal Ballot

No resolutions were passed through postal ballot duringthe 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 this Report of the Company.

## 6. Means of Communication

I. 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.

II. The quarterly results, shareholding pattern and other mandatory information are available at the website of Bombay Stock Exchange Ltd, i.e. [www.bseindia.com](http://www.bseindia.com).

## 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 Ninteenth Annual General Meeting  
Date and time : 30th day of September 2013, 10.00 A.M  
Venue: Samudaya Koodam Hall, Morai, Chennai – 600 055.

## II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2012-13 started on 1st April 2012 and ended on 31st March 2013. The current financial year 2013-14 started on 1st April 2013 and would end on 31st March 2014.

Important dates of announcements of Company's activities

Results for first quarter 30 June, 2013	: Second week of August, 2013
Results for second quarter 30 September, 2013	: Second week of November, 2013
Results for third quarter 31 December, 2013	: Second week of February, 2014
Results for fourth quarter 31 March, 2014	: On or before 30 May, 2014
Annual General Meeting	: fourth week of September, 2014

**IV. Date of Book Closure**

The Register of Member and Share Transfer Books shall be closed for a period of Seven days starting 24/09/2013 to 30/09/2013 (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

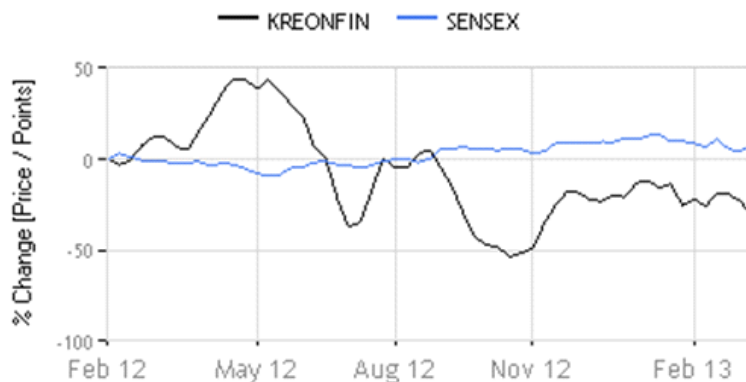
Stock Code: TATIAFIN (For Equity Shares of the Company)

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 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013:

Year	Month	High ( Rs. )	Low ( Rs. )	Monthly close
2012	April	21.9	14.7	21.9
2012	May	22.8	20.15	20.15
2012	June	19.15	15.65	15.65
2012	July	16.3	8.8	10.6
2012	August	15.08	11.13	15.08
2012	September	16.3	11.5	12.45
2012	October	11.85	7.15	7.15
2012	November	11.03	6.81	11.03
2012	December	12.75	10.84	11.83
2013	January	12.99	11.64	12.35
2013	February	13.38	10.9	10.9
2013	March	11.88	11.29	11.87

**VIII. Performance in comparison to BSE sensex**

**IX. Registrar and Share Transfer Agents**

M/s. Purva Shareregistry India Private Limited  
Unit. No. 9, Shiv Shakthi Industrial Estate,  
J.R. Boricha Marg, Lower Parel (E),  
Mumbai – 400 001.

Phone: 022 - 2301 6761, 2301 8261

Fax: 022 - 2301 2517, Email: [busicomp@vsnl.com](mailto:busicomp@vsnl.com)

**X. Share Transfer System**

Share transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are in order in all respects. Request for dematerialization 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 15 days.

**XI. Distribution of shareholding as at 31st March 2013**

Total Authorised Value Rs. 20,00,00,000 Nominal value of each share Rs.10/-

Total Paid – up Value Rs. 10,06,10,000 Paid up value per share is Rs.10/-

Total number of shares- 1,00,61,000 Distinctive Nos. 0000001 to 1,00,61,000

Share holding of nominal value of	Shareholders		Shareholding	
	Rs. 1	Number 2	% to Total Nos. 3	In. Rs. 4
Upto – 5000	2034	73.70	4260550	4.23
5001 -10000	343	12.43	2894540	2.88
10001-20000	192	6.96	2990060	2.97
20001-30000	63	2.28	1611120	1.60
30001-40000	30	1.09	1054060	1.05
40001-50000	22	0.80	1045900	1.04
50001-100000	37	1.34	2625730	2.61
100001 and above	39	1.40	84128040	83.62
Total	2760	100.00	100610000	100.00

**XII. 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 2013 is Rs. 10,06,10,000 comprising of 1,00,61,000 Equity shares of Rs.10/- each. Out of the above shares 25,50,900, Equity Shares representing 25.35% are held physically and balance 75,10,100 Equity Shares representing 74.65% is held in dematerialized form.

**XIII. Outstanding GDR / FCCB / Warrants**

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

**XIV. Plant Location**

The Company is engaged in financial business which is carried out at the registered office address of the company situated at No.81 B Ambattur Industrial Estate, 2<sup>nd</sup> Main Road , Chennai – 600 058.

**XV. 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

M/s. Kreon Financial Services Limited  
No 81 B, Second Main Road,  
Ambattur Industrial Estate, Chennai – 600 058.  
Ph: 044 - 42138702, Fax: 044 – 43084750,  
Email: [tatia@vsnl.com](mailto:tatia@vsnl.com), Website: [www.kreon.in](http://www.kreon.in)

M/s. Purva Sharegistry India Private Limited  
Unit. No. 9, Shiv Shakthi Industrial Estate,  
J.R. Boricha Marg, Lower Parel (E),  
Mumbai – 400 001.  
Phone: 022 - 2301 6761, 2301 8261  
Fax: 022 - 2301 2517  
Email: [busicomp@vsnl.com](mailto:busicomp@vsnl.com)

XV. Shareholding pattern as at 31<sup>st</sup> March 2013

## Statement Showing Shareholding Pattern

Name of the Company : KREON FINANCIAL SERVICES LTD., Script Code : 530139 Quarter Ended : 31.03.2013					Total shareholding as a percentage of total number of shares*	
Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	As a percentage of(A+B) <sup>1</sup>	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group<sup>2</sup></b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	4	1343419	1343419	13.75	13.75
(b)	Central Government/ State Government(s)	0	0	0	0	0
(c)	Bodies Corporate	2	3402700	2450000	33.82	33.82
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Others(Specify)					
	<b>Sub Total(A)(1)</b>	<b>6</b>	<b>4746119</b>	<b>3793419</b>	<b>47.17</b>	<b>47.17</b>
<b>2</b>	<b>Foreign</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
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
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>6</b>	<b>4746119</b>	<b>3793419</b>	<b>47.17</b>	<b>47.17</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(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
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	59	3069204	2711104	30.51	27.90
(b)	Individuals					
I	Individuals -i. Individual share holders holding nominal share capital up to Rs 1 lakh	2660	1580242	521142	15.71	15.64
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	26	665435	484435	6.61	6.61
(c)	Any Other (specify)					
(c-i)	Clearing Members	0	0	0	0.00	0.00
	<b>Sub-Total (B)(2)</b>	<b>2745</b>	<b>5314881</b>	<b>3716681</b>	<b>52.83</b>	<b>50.09</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2745</b>	<b>5314881</b>	<b>3716681</b>	<b>52.83</b>	<b>50.09</b>
	<b>TOTAL (A)+(B)</b>	<b>2751</b>	<b>10061000</b>	<b>7510100</b>	<b>100</b>	<b>100</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>2751</b>	<b>10061000</b>	<b>7510100</b>	<b>100</b>	<b>100</b>

\* Shares pledged or otherwise encumbered is "NIL"

## XVI. Details of Request / Complaints received during the year

Name of Request	Received	Attended	Pending
Change of Address	1	1	NIL
Bank Mandate	NIL	NIL	NIL
Consolidate Share Certificate	NIL	NIL	NIL
Duplicate Share Certificate	2	2	NIL
Splitting of share	NIL	NIL	NIL
Transfer(Physical)	6	6	NIL
Transmission	NIL	NIL	NIL
Dematerialisation	2	2	NIL
Rematerialisation	NIL	NIL	NIL
Complaints	5	5	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 2013 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.

**XVII. Non Mandatory Requirements**

## 1. The Board:

No separate office is maintained and chairman is Executive.

## 2. Shareholders Communications:

The Company's quarterly (unaudited), half yearly (unaudited) and annual (audited) result are available on BSE website at [www.bseindia.com](http://www.bseindia.com), which is accessible to all. The results are also published in English newspaper and in Tamil newspapers having a wide circulation.

**3. Training of Board Members:**

The Company's Board of Directors consists of professionals with expertise in their respective field and industry. They endeavor to keep themselves updated with changes in global economy & legislation. They attend various workshop and seminars to keep themselves abreast with the changing business environment.

**4. Mechanism for evaluating Non-Executive Board Members:**

The Company has adopted a policy for evaluation of Non-Executive Board members based on primarily of attendance and a few other factors including contribution at the Board Meeting and at Meeting of the Audit Committee of the Board.

**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 2013 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 : 30<sup>th</sup> August 2013**

**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 2012 to 31st March 2013, 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/-

**Place : Chennai**  
**Date : 30.08.2013**

**K SUBRAMANYAM**  
**PROPRIETOR**  
**M.No.023663**  
**Firm Regn No.004146S**

**CERTIFICATE BY EXECUTIVE DIRECTOR**

We S. Pannalal Tatia, Chairman cum Executive Director and E. Subbaryan 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 2013 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**

**Place : Chennai**  
**Date : 30.08.2013**

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

-sd-  
**E. Subarayan**  
**Director**



**INDEPENDENT AUDITOR'S REPORT**  
**To the Members of M/s. Kreon financial Services Limited**

**Report on the Financial Statements**

I have audited the accompanying financial statements of Kreon Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

**Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, I report that:

a. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;

b. in my opinion proper books of account as required bylaw have been kept by the Company so far as appears from my examination of those books and proper returns adequate for the purposes of my audit have been received from branches not visited by me;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by me;

d. in my opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**for K. Subramanyam & Co.,  
Chartered Accountants.,  
sd/-**

**K. Subramanyam  
Proprietor**

**Membership No. 023663  
Firm Regn. No. 004146S**

**Place:Chennai  
Date: 31.05.2013**

**ANNEXURE REFERRED TO IN PARAGARAPH REPORT ON OTHER LEGAL AND REGULATORY  
REQUIREMENTS OF OUR REPORT OF EVEN DATE  
RE: M/s. KREON FINANCIAL 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.
- (II) In respect of its inventories:
- There are no inventory in the Company during the year.
- (III) (a) The company has given loan amounting to Rs. 73.25 lacs to the companies covered in the register maintained under section 301 of the Act 1956.
- (b) The terms and conditions, as to the repayments, interest thereon are not prejudicial to the interest of the company. there are no overdue amount outstanding.
- (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.
- (IX) 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.
- (X) The Company has made cash profit of Rs 20.88 lakhs during the year. The company does not have any acumlated losses during the year.

- (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 loans and advances on the basis of security by way of Promotes, 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 are not applicable to the company.
- (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 allotted 50,44,500 Equity shares at Rs.10/- each @ Rs. 15/- (Premium Rs.5/-) upon conversion of Preferential warrant issued in previous year to person's including promoters and others.
- (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: 31.05.2013**

**K SUBRAMANYAM & CO.,**  
**CHARTERED ACCOUNTANTS,**  
sd/-  
**K SUBRAMANYAM**  
**PROPRIETOR**  
**Membership No. 023663**  
**Firm Regn.No. 004146S**

**M/S. KREON FINANCIAL SERVICES LIMITED****Stand Alone Balance Sheet as at 31st March, 2013**

Particulars	Note No	Figures for the	Figures for the
		current reporting period 31/03/2013	previous reporting period 31/03/2012
		Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	10,06,10,000	50,165,000
(b) Reserves and Surplus	2	23,350,846	(57,11,883)
(c) Money received against share warrants		-	44,904,375
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		97,600	1,09,296
(c) Other Long term liabilities	3	21,75,116	20,45,249
(d) Long-term provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	4	39,29,351	22,560,120
(c) Other current liabilities		-	-
(d) Short-term provisions	5	15,000	15,000
<b>Total</b>		<b>13,01,77,913</b>	<b>11,40,87,157</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	6	34,932	58,125
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	7	50,777,888	3,81,39,527
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	8	51,117,814	3,44,81,460
(e) Other non-current assets	9	-	3,97,600
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	10	26,163,441	3,90,97,391
(d) Cash and cash equivalents	11	7,61,103	5,37,975
(e) Short-term loans and advances		-	-
(f) Other current assets	12	13,22,734	13,75,079
<b>Total</b>		<b>130,177,913</b>	<b>11,40,87,157</b>

Notes Annexed to Forming Part of Accounts 19

for and on behalf of M/s KREON FINANCIAL SERVICES LTD

Sd/-  
S. PANNALAL TATIA  
Chairman cum Executive Director

Sd/-  
E SUBBARAYAN  
Director

As per our report of even date  
for K SUBRAMANYAM & Co.,  
Chartered Accountants.,

Sd/-  
K Subramanyam  
Proprietor  
MemberShip No. 023663  
Firm Regn. No. 004146S

Place: Chennai  
Dated: 31/05/2013

**M/S. KREON FINANCIAL SERVICES LIMITED**

Stand Alone Profit and Loss statement for the year ended 31st March, 2013

Particulars	Note No	Figures for the	Figures for the
		current reporting period 31/03/2013 Rs.	previous reporting period 31/03/2012 Rs.
I. Revenue from operations	13	54,29,433	57,60,434
II. Other Income		-	-
III. <b>Total Revenue (I +II)</b>		<b>54,29,433</b>	<b>57,60,434</b>
IV. <u>Expenses:</u>			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefit expense	14	11,09,667	9,96,330
Financial costs	15	4,57,713	4,395
Depreciation and amortization expense	16	4,20,792	3,19,556
Other expenses	17	13,64,449	39,57,703
<b>Total Expenses</b>		<b>33,52,621</b>	<b>52,77,986</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		20,76,812	4,82,448
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		20,76,812	4,82,448
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		<b>20,76,812</b>	<b>4,82,448</b>
X. Tax expense:			
(1) Current tax		-	-
(2) Short Provision for Previous year		-	-
(2) Deferred tax		(11,696)	(6,270)
		20,88,508	4,88,718
XI. Profit/(Loss) from the period from continuing operations (VII - VIII)		20,88,508	4,88,718
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		4,17,702	97,744
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		<b>16,70,806</b>	<b>3,90,976</b>
XVI. Earning per equity share:	18		
(1) Basic		0.33	0.10
(2) Diluted		0.17	0.10

for and on behalf of M/s KREON FINANCIAL SERVICES LTD

Sd/-  
S. PANNALAL TATIA  
Chairman cum Executive Director  
Place: Chennai  
Dated: 31/05/2013

Sd/-  
E SUBBARAYAN  
Director

As per our report of even date  
for K SUBRAMANYAM & Co.,  
Chartered Accountants.,  
Sd/-  
K. Subramanyam  
Proprietor  
MemberShip No. 023663  
Firm Regn. No. 004146S

**STAND ALONE CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31.03.2013**

	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Rs.</b>	<b>Rs.</b>
Net Profit befor tax and extraordinary items	20,76,812	488,718
Adjustments for :		
Add : Miscellaneous Expenditure w/off	3,97,600	296,800
Add : Depreciation	23,192	22,756
Add : Tax provision	-	7,671
Less; Defered tax Adjustments	(11,696)	6,270
Less: Statutory Provision	1,23,279	365,850
Less : Misc. Expenses during the year	-	-
	<b><u>23,86,021</u></b>	<b><u>4,28,483</u></b>
Operating Profit before working Capital Changes		
Adjustments for		
Less : Increase in Current Assets	36,50,060	43,05,639
Add : Increase in current Liabilities	-	-
Add : Decrease in Current Assets	-	-
Less : Decrease in current Liabilities	1,85,12,598	12,219
Cash Flow From Operating activities(A)	<b><u>(1,97,76,637)</u></b>	<b><u>(38,89,375)</u></b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments during the year	<u>(1,26,38,361)</u>	<u>(1,39,45,981)</u>
Cash Flow From Investment Activities (B)	<b><u>(1,26,38,361)</u></b>	<b><u>(1,39,45,981)</u></b>
<b>C.CASH FLOW FROM FINANCE ACTIVITIES</b>		
Cash Flow From finance Activities (C)	3,26,38,126	1,68,27,178
Increase / (Decrease) in cash and cash equivalent (A+B+C)	<b><u>2,23,128</u></b>	<b><u>(1,008,178)</u></b>
Cash and cash Equivalentents as on 31.03.2012	5,37,975	15,46,153
Cash and cash Equivalentents as on 31.03.2013	<u>7,61,103</u>	<u>5,37,975</u>
Net Increase/(Decrease) in Cash Balances	<b><u>2,23,128</u></b>	<b><u>(10,08,178)</u></b>

I have examined the above Cash Flow Statement of M/s. Kreon Financial services Ltd for the year ended March 31st 2013. The statement has been prepared by the company in accordance with the requirements of AS-3 and is based on and derived from and where applicable, and is in agreement with the profit and Loss a/c and Balance sheet of the company covered by my report dated 31st May 2013 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: 31.05.2013**

Note No	Schedules forming Part of Accounts	Figures for the current reporting period		Figures for the previous reporting period	
1	2	3		4	
	No. of Shares	31/03/2013		31/03/2012	
		Rs.		Rs.	
<b>1</b>	<b>Share Capital</b>				
	Equity Share Capital				
	<b>Authorised Share capital</b>	20,000,000	200,000,000	200,000,000	
	<b>Issued, subscribed &amp; fully paid share capital</b>				
	10061000 Equity Shares of Rs.10/-each	10061000	10,06,10,000	50,165,000	
	Less: Calls in Arrears		-	-	
	(From Directors-Nil)		-	-	
	Note:50,44,500 Equity Shares allotted on 6.7.2013 @Rs. 10 Each				
	<b>Total</b>		<b>10,06,10,000</b>	<b>50,165,000</b>	
<b>A</b>	<b>Details of Share Holders Holding More Than 5% of the Company</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
		<b>31.3.2013</b>		<b>31.3.2012</b>	
1	Tatia Global Vennture Ltd	24,50,000	24.35	-	-
2	Subh Labh Infrastructure Pvt Ltd	20,94,500	20.82	-	-
3	Jaijash Tatia	6,23,300	6.20	6,23,300	12.42
4	Chandrakantha Tatia	5,04,800	5.02	504,800	10.06
5	Ashram Online.Com Ltd	9,52,700	9.47	9,52,700	18.99
	<b>Total</b>	<b>66,25,300</b>	<b>65.86</b>	<b>20,80,800</b>	<b>41.47</b>
<b>2</b>	<b>Reserves and Surplus</b>				
	Capital Reserves		18,75,000	-	
	Securities Premium Reserves		2,52,22,500	-	
	Other Statutory Reserve / fund		15,09,336	14,11,592	
	Add: During The Year		4,17,702	97,774	
	<b>Total A</b>		<b>2,90,24,538</b>	<b>15,09,336</b>	
	<b>General Reserve</b>				
	Profit & Loss Account (opening blance)		(7221219)	(7,246,345)	
	Add/Less: Profit/Loss for the current year		16,70,806	3,90,976	
	Less: Allocation / Appropriations		1,23,279	3,65,850	
	<b>Total B</b>				
	<b>Grand Total A + B</b>		<b>(56,73,692)</b>	<b>(72,21,219)</b>	
			<b>2,33,50,846</b>	<b>(57,11,883)</b>	
<b>3</b>	<b>Other Long Term Liabilities</b>				
	<b>Secured</b>				
	Other Long Term Liabilities		-	-	
	<b>Unsecured</b>				
	Provison for Liabilities		16,79,399	16,79,399	
	Provision for NPA		4,89,129	3,65,850	
	TDS Payable		6,588	-	
	<b>Total</b>		<b>21,75,116</b>	<b>20,45,249</b>	



Note No	Schedules forming Part of Accounts	Figures for the	Figures for the
		current reporting period	previous reporting period
		31/03/2013	31/03/2012
<b>4</b>	<b>Current Liabilities</b>	<b>Rs.</b>	<b>Rs.</b>
	Trade Payable		
	Secured	-	-
	Unsecured	39,29,351	2,25,60,120
		<u>39,29,351</u>	<u>2,25,60,120</u>
<b>5</b>	<b>Short-term provisions</b>		
	Provision for Income tax	-	-
	Audit fees	15,000	15,000
	<b>Total</b>	<u>15,000</u>	<u>15,000</u>
<b>6</b>	<b>Tangible Assets</b>		
	Land/ Building/ Plant & Equipment/ Furniture & fixtures/ Vehicles/ Office Equipment/ Others (individually)		
	<b>Gross Block:</b>		
	Opening Balance	3,44,589	4,98,646
	Other Adjustments	-	14,962
	<b>Sub total</b>	<u>3,44,589</u>	<u>5,13,608</u>
	Less: Disposals	-	-
	Gross Block at year end (a)	3,44,589	5,13,608
	<b>Less: Depreciation</b>		
	Opening Depreciation	2,86,465	4,32,727
	Depreciation for the year	23,192	22,756
	<b>Total accumulated depreciation (b)</b>	3,09,657	4,55,483
	<b>Net Carrying Value (a-b)</b>	<u>34,932</u>	<u>58,125</u>
<b>7</b>	<b>Long Term Loans and Advances</b>		
	Unsecured considered good	-	-
	Loans & Advances to Related Parties	-	-
	<b>Other loans and advances (Considered Good)</b>	5,11,17,814	3,44,81,460
	<b>Total</b>	<u>5,11,17,814</u>	<u>3,44,81,460</u>
<b>8</b>	<b>Other Current Assets</b>		
	<b>Deferred Revenue Expenses</b>		
	Opening Balance	3,97,600	6,94,400
	Add: acquisition through business combination	-	-
	Less : Written off during the year	3,97,600	2,96,800
	<b>Total</b>	<u>-</u>	<u>3,97,600</u>
<b>10</b>	<b>Trade receivables</b>		
	Unsecured (Considered Good)	2,61,63,441	3,90,97,391
	<b>Total</b>	<u>2,61,63,441</u>	<u>3,90,97,391</u>

Note No	Schedules forming Part of Accounts	Figures for the current reporting period	Figures for the previous reporting period
		31/03/2013 Rs.	31/03/2012 Rs.
<b>11</b>	<b>Cash and cash equivalents</b>		
	Balances with banks	12,537	(4,06,867)
	Cash on hand	7,48,566	9,44,842
	Others	-	-
	<b>Total</b>	<b><u>7,61,103</u></b>	<b><u>5,37,975</u></b>
<b>12</b>	<b>Other Current Assets</b>		
	Karvy Comtrade Ltd.	25,000	25,000
	Salary Advance	1000	5000
	Income Tax Refund	3,48,224	5,73,839
	TDS Receivables	9,48,510	7,71,240
	<b>Total</b>	<b><u>13,22,734</u></b>	<b><u>13,75,079</u></b>
<b>13</b>	<b>Revenue from Operations (for companies other than a finance company)</b>		
	Revenue from - Share of products	-	-
	Sale of services	-	-
	Other operating revenues	54,29,433	5,760,434
	Less: Excise Duty	-	-
	<b>Total</b>	<b><u>54,29,433</u></b>	<b><u>5,760,434</u></b>
<b>14</b>	<b>Employee Benefits Expense</b>		
	Salaries and wages	11,09,667	9,96,330
	Staff welfare expenses	-	-
	<b>Total</b>	<b><u>11,09,667</u></b>	<b><u>9,96,330</u></b>
<b>15</b>	<b>Finance Costs</b>		
	Interest expenses	4,52,497	-
	Bank commission /Charges	5,216	4,395
	<b>Total</b>	<b><u>4,57,713</u></b>	<b><u>4,395</u></b>

<b>Note : 6</b> <b>Non - Current Investments</b>	<b>31.03.2013</b>			<b>31.03.2012</b>		
	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>
Appolo Hospital Ltd	20	4,093	16,660	20	4,093	12,776
Arihant foundation ltd	11	443	492	11	443	441
Beckon Inds ltd	500	4,440	185	500	4,440	420
BGR energy Ltd	1	746	192	1	746	327
Cals Refineries Ltd	150,000	66,000	16,500	150,000	66,000	30,000
Cera Sanitarwar	2	268	887	2	268	464
CNI Research Ltd	1,000	16,570	2,950	1,000	16,570	2,680
Dabar Indi Ltd	200	8,808	27,410	200	8,808	21,320
DLF Limited	11	1,987	2,581	11	1,987	2,219
GMR Infrastructure Ltd	10	583	216	10	583	311
Gokul Refoil Ltd	1	56	19	1	56	78
GVK Power & Infrstructure Ltd	10	447	92	10	447	174
IFICI Ltd	14,639	406,662	382,078	15,100	637,029	632,690
Jayaswal Neco Ltd	-	-	-	48,500	808,781	776,000
Jain Granites & Project India Ltd	1,470	14,700	14,700			
J I K Industries Ltd	210	3,409	214	210	3,409	924
Karturi Global Ltd	1,110	9,325	3,452	1,110	9,325	5,162
King fisher Airline ltd	24,200	213,928	193,116	24,100	490,697	397,650
Kohinoor Food ltd	10	908	228	10	908	318
K.S.oil	1,000	10,110	2,170	1,000	10,110	7,850
Lovable Lingerie Ltd	10	3,843	2,452	10	3,843	3,578
Madras Cement Ltd	500	29,508	126,000	500	29,508	76,875
Marg Ltd	10	1,529	193	10	1,529	872
Medione global Entertainment Ltd	1	90	32	1	90	75
MRF Ltd	1	7,204	11,993	1	7,204	9,933
Munoth Financial Ltd	100	821	1,128	100	821	376
ONGC Ltd	40	6,368	12,446	40	6,368	10,734
Power Soft Ltd	400	3,964	500	400	3,964	1,140
Page Insustries Ltd	10	3,383	33,224	10	3,383	26,982
Reliance Com Ltd	10	1,642	552	10	1,642	841
Reliance Industries Ltd	-	-	-	210	158,638	157,626
Reliance power Ltd	25	6,466	1,539	25	6,466	2,929
Rupa & Company Ltd	100	14,149	16,555	100	14,149	14,000
SBI Ltd	10	11,926	20,728	10	11,926	20,964
Sesa Goa Ltd	10	4,497	1,557	10	4,497	1,947
Shree Asthivinayak Ltd	100	1,396	119	100	1,396	355
Sonarji Jewellery Ltd	10,000	125,000	100,000	10,000	125,000	125,000
Spicejet ltd	3,600	31,333	95,940	100	5,586	2,355
Tata Investments Ltd	10	5,085	4,302	10	5,085	4,444
Tata Teleservices Ltd	100	1,190	790	20,100	291,641	294,465
Tatia Global Vennture Ltd	12,381,985	23,170,553	19,687,356	9,061,985	8,220,553	34,979,262
Timber Home Ltd	500	19,159	13,100	500	19,159	10,000
TT Ltd	500	7,968	10,950	500	7,968	9,525
Vijayshanthi Builders ltd	61,010	1,232,065	1,031,069	1,010	35,243	23,079
<b>Total A</b>	<b>12,653,437</b>	<b>25,452,620</b>	<b>21,836,666</b>	<b>9,337,538</b>	<b>11,030,359</b>	<b>37,669,161</b>

<b>Note : 6</b>	<b>31.03.2013</b>			<b>31.03.2012</b>		
	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>
<b>ii.Unquoted/Unlisted</b>						
Clarus Commercial Pvt Ltd	-	-	-	1,00,000	1,000,000	1,000,000
Krios Business Services Pvt Ltd. (Wholly owned Subsidiary)	10,000	1,65,000	1,50,000	-	-	-
Aran Kitchen World Pvt. Ltd	24,76,510	2,46,00,100	2,46,00,100	2,554,900	25,549,000	25,549,000
<b>Total B</b>	<b>24,86,510</b>	<b>2,47,65,100</b>	<b>2,47,50,100</b>	<b>2,654,900</b>	<b>2,65,49,000</b>	<b>2,65,49,000</b>
<b>Share Application Money</b>						
Bay organics Pvt ltd	10,000	100,000	100,000	10,000	100,000	100,000
<b>Total C</b>	<b>10,000</b>	<b>100,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>	<b>100,000</b>
<b>iii ) Bullion</b>						
366.64 gms Bullion	-	460,168	1,028,058	-	460,168	598,356
<b>Total D</b>	<b>-</b>	<b>460,168</b>	<b>1,028,058</b>	<b>-</b>	<b>460,168</b>	<b>598,356</b>
<b>Grand Total (A+B+C+D)</b>	<b>1,51,49,947</b>	<b>5,07,77,888</b>	<b>4,77,81,553</b>	<b>12,002,438</b>	<b>38,139,527</b>	<b>65,346,219</b>

Note No	Schedules forming Part of Accounts	Figures for the	Figures for the
		current reporting period	previous reporting period
		31/03/2013 Rs.	31/03/2012 Rs.
<b>16</b>	<b>Depreciation and Amortisation of Expenses</b>		
	Depreciation of Tangible Assets	23,192	22,756
	Amortisation of Deferred Revenue Expenses	3,97,600	296,800
	<b>Total</b>	<b><u>4,20,792</u></b>	<b><u>319,556</u></b>
<b>17</b>	<b>Other Expenses</b>		
	Advertisement	17,275	19,851
	AGM & Board meeting Expenses	2,100	2,825
	Audit Fees	15,000	15,000
	Bad Debts	-	3,468,998
	CDSL Fees	20,980	-
	Consultancy Fees	10,300	49,369
	Filing Fees	4,310	4150
	General Expenses	1,16,749	1,67,221
	Listing fees	62,048	27,575
	Trading Loss	54,927	-
	Loss on Sale of Shares	8,42,476	-
	NSDL Fees	27,840	-
	Postage & Telegram	23,129	44,399
	Printing & Stationary	33,096	31,426
	Professional Fees	75,843	-
	Rates & Taxes	42,593	32,572
	Travelling Expenses	15,783	94,317
	<b>Total</b>	<b><u>13,64,449</u></b>	<b><u>39,57,703</u></b>

**Schedules forming Part of Accounts****Earnings Per Share****The Following reflects the profit and share data used in the basic and diluted EPS Computations**

	<b>Note 18</b>	<b>31/03/2013 Rs</b>	<b>31/03/2012 Rs</b>
Total Operation for the year			
Profit / (Loss) after tax		16,70,806	3,90,976
Less Dividends on convertible preference shares and tax thereon		-	-
<b>Net Profit/ (Loss) for calculation of basic EPS</b>		<b>16,70,806</b>	<b>3,90,976</b>
Net Profit/ (Loss) as above		16,70,806	3,90,976
Add : Dividends on convertible preference shares & tax thereon		-	-
Add : Interest on bonds convertible into equity shares (net of tax)		-	-
<b>Net Profit/ (Loss) for calculation of diluted EPS</b>		<b>16,70,806</b>	<b>3,90,976</b>
Continuing Operations			
Profit / (Loss) after tax		16,70,806	3,90,976
Less Dividends on convertible preference shares and tax thereon		-	-
<b>Net Profit for calculation of basic EPS</b>		<b>16,70,806</b>	<b>3,90,976</b>
Net Profit as above		16,70,806	3,90,976
Add : Dividends on convertible preference shares & tax thereon		-	-
Add : Interest on bonds convertible into equity shares (net of tax)		-	-
<b>Net Profit/ (Loss) for calculation of diluted EPS</b>		<b>16,70,806</b>	<b>3,90,976</b>
<b>Weighted average number of equity shares in calculating basic EPS</b>		<b>0.33</b>	<b>0.10</b>
<b>Effect of Dilution :</b>			
Convertible Preference Shares		-	-
Convertible Bonds		-	-
Stock options granted under ESOP		-	-
<b>Weighted average number of equity shares in calculating basic EPS</b>		<b>0.17</b>	<b>0.10</b>

**Note - 19**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31<sup>ST</sup> MARCH 2013**

**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**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

Method of Accounting -

1. The Company maintain its accounts on accrual basis.
2. The Accounting Standards recommended by The Institute of Chartered Accountants of India have been followed wherever applicable to the Company.

**B. REVENUE RECOGNITION**

In respect of income from financing, the Company has accounted on a accrual basis the interest due from the respective parties.

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 inventories in the company

**E. MISCELLANEOUS EXPENSES**

Deferred revenue expenses fully written off the year.

**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 recognized.

**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**

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.

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 Basic Rs. 0.33 and Dilution Rs 0.17 as compared to the previous year of Rs. 0.10. and dilution Rs. Nil.

**J. RELATED PARTY DISCLOSURES**

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

**Sundry Creditors**

<u>Name of the persons</u>	<u>Nature of Transaction</u>	<u>Amount (RS)</u>
S.Pannalal Tatia	Director remuneration	7,70,000/-
S. Pannalal Tatia	On Account	16,45,990/-

**Loans & Advance**

<u>Name of the persons</u>	<u>Nature of Transaction</u>	<u>Amount (RS)</u>
Tatia Global Vennutture Limited	Loan	17,00,000/-

**Investments**

<u>Script Name</u>	<u>No.of shares</u>	<u>Amount (Rs)</u>
Tatia Global Vennture Limited	1,23,81,985	2,31,70,553/-

**SUBSIDIARY COMPANIES**

<u>Company Name</u>	<u>No.of Shares</u>	<u>Amount (Rs.)</u>	<u>%</u>
Krios Business Services Pvt Ltd	10,000	1,65,000/-	100%

**K. IMPAIRMENT OF ASSETS**

As required by AS-28 issued by the Institute of Chartered Accountants of India ,provision for hurt 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 31,2013

<b><u>N.AUDITOR REMUNERATION</u></b>	<b><u>2012-2013</u></b>	<b><u>2011-2012</u></b>
Statutory Audit Fees	Rs.15,000/-	Rs. 15,000/-

**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 19**

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

**For and on behalf of the Board of Directors**

**Sd/-  
K SUBRAMANYAM  
Proprietor  
M.No. 023663  
Place : Chennai  
Date : 31.05.2013**

**Sd/-  
S PANNALAL TATIA  
Chairman cum Executive Director**

**Sd/-  
S.SUBBARAYAN  
Director**

**Schedule to the Balance Sheet for the Year Ended March 31,2013** (as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988)

S.no	Particulars	Amount Outstanding	(Rs in Lakhs)
			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	515.78	
4	Break-up of Leased Assets and stocks on hire and hyporthecation 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) Hyporthecation 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	---	
	(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)		---

S.no	Particulars	Amount Outstanding	(Rs in Lakhs)	
			Amount Overdue	
	Long Terms Investments			
	1. Quoted:			
	(i) Shares (a) Equity	254.52		
	(b) Preference	—		
	(ii) Debentures and Bonds	—		
	(iii) Units of mutual funds	—		
	(iv) Government Securities	—		
	(v) Others (specify)	—		
	2. Unquoted			
	(i) Shares (a) Equity	248.65		
	(b) Preference	—		
	(ii) Debentures and Bonds	—		
	(iii) Units of mutual funds	—		
	(iv) Government Securities	—		
	(v) Others (specify) <b>Bullion</b>	4.60		
6	Borrower group-wise classification of all leased assets, stock on hire and loans and advances * note 2:			
	Category	<b>Secured</b>	<b>Unsecured</b>	
	1. Related Parties	—	—	
	(a) Subsidiaries	—	—	
	(b) Companies under same group	—	—	
	(c) Others	—	—	
	2. Other than related parties	—	255.91	
	Total	—	255.91	
7	Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) * note 3 :			
	Category	<b>Market Value</b>	<b>Book Value</b>	
	Related Parties			
	(a) Subsidiaries			
	(b) Companies under same group	1.50	1.65	
	(c) Others	196.87	231.71	
	Other than related parties	268.49	269.82	
	Total	<b><u>466.86</u></b>	<b><u>503.18</u></b>	
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	—		

## Financial Information of Subsidiary Companies as on 31.03.2013

Sl.	Name of Subsidiary	Reporting Currency	Capital	Reserves	Total Liabilities	Total Assets	Net Current Assets	Miscellaneous Expenses	Turnover	Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Taxation
1	M/s. Krios Business Services Private Limited	INR	100000	127383	1473034	1700417	1692557	7860	3139208	92940	27882	65058	..	

**CONSOLIDATED AUDITOR'S REPORT**

**To the Members of M/s. KREON FINANCIAL SERVICES LIMITED**

**Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of M/s. KREON FINANCIAL SERVICES LIMITED ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2013, and Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

**Opinion**

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

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Consolidated statement of Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**K SUBRAMANYAM & CO.,**  
**CHARTERED ACCOUNTANTS,**  
sd/-

**K SUBRAMANYAM**  
**PROPRIETOR**  
**Membership No. 023663**  
**Firm Regn.No. 004146S**

**Place:Chennai**  
**Date: 31.05.2013**

**Consolidated Balance Sheet as at 31st March, 2013**

Particulars	Note No	Figures for the current	Figures for the previous
		reporting period CONSOLIDATE 31/03/2013 Rs.	reporting period CONSOLIDATE 31/03/2012 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	100,610,000	50,165,000
(b) Reserves and Surplus	2	23,413,229	(9,551,593)
(c) Money received against share warrants		-	44,904,375
<b>(2) Minority Interest</b>			
<b>(3) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	-	23,667,104
(b) Deferred tax liabilities (Net)		97,600	-
(c) Other Long term liabilities	4	22,68,991	24,605,369
(d) Long-term provisions		-	-
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	-	54,647,249
(b) Trade payables	6	4,439,496	77,022,624
(c) Other current liabilities		-	-
(d) Short-term provisions	7	8,84,014	15,673,884
<b>Total</b>		<b>13,17,13,330</b>	<b>30,76,85,012</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	8	74,995	18,655,326
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	9	5,06,12,887	12,590,527
(c) Deferred tax assets (net)		-	416,809
(d) Long term loans and advances	10	5,11,17,813	30,964,212
(e) Other non-current assets	11	-	425,200
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	12	-	66,888,475
(c) Trade receivables	13	2,71,26,357	155,116,650
(d) Cash and cash equivalents	14	804,178	1,386,185
(e) Short-term loans and advances	15	-	21,241,628
(f) Other current assets	16	19,77,097	-
<b>Total</b>		<b>13,17,13,330</b>	<b>30,76,85,012</b>

for and on behalf of M/s KREON FINANCIAL SERVICES LTD

sd/-

S. PANNALAL TATIA

Chairman cum Executive Director

Place: Chennai

Dated: 31/05/2013

sd/-

E SUBBARAYAN

Director

As per our report of even date

for K SUBRAMANYAM &amp; Co.,

Chartered Accountants.,

sd/-

K Subramanyam

Proprietor

MemberShip No. 023663

Firm Regn. No. 004146S

**Consolidated Profit and Loss statement for the year ended 31st March, 2013**

Particulars	Note No	Figures for the current	Figures for the previous
		reporting period CONSOLIDATE 31/03/2013 Rs.	reporting period (*) CONSOLIDATE 31/03/2012 Rs.
I. Revenue from operations	17	85,68,641	178,554,454
II. Other Income		-	<u>4,383,030</u>
III. <b>Total Revenue (I + II)</b>		<u><b>85,68,641</b></u>	<u><b>182,937,484</b></u>
IV. <b>Expenses:</b>			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade	18	-	107,973,618
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefit expense	19	3,781,426	16,260,347
Financial costs	20	514,294	10,749,497
Depreciation and amortization expense	21	428,652	4,234,805
Other expenses	22	<u>1,674,517</u>	<u>36,165,280</u>
V. <b>Total Expenses</b>		<u><b>6,398,889</b></u>	<u><b>175,383,547</b></u>
VI. Profit before exceptional and extraordinary items and tax (III - IV)		21,69,752	7,553,937
VII. Exceptional Items		-	-
VIII. Profit before extraordinary items and tax (V - VI)		21,69,752	7,553,937
IX. Extraordinary Items		-	-
X. Profit before tax (VII - VIII)		<u>21,69,752</u>	<u>7,553,937</u>
XI. Tax expense:			
(1) Current tax		27,882	1,898,329
(2) Short Provision for Previous year		-	-
(2) Deferred tax		(11,696)	(284,137)
XII. Profit/(Loss) from the period from continuing operations (VII - VIII)		21,53,566	5,939,745
XIII. Profit/(Loss) from discontinuing operations		-	-
XIV. Tax expense of discounting operations		-	-
XV. Profit/(Loss) from Discontinuing operations (XII - XIII)		21,53,566	5,939,745
XVI. Profit/(Loss) Statutory Provision (XIV - XV)		417,702	-
XVII. Less: Minority Interest on Profit		-	<u>2,910,475</u>
XVIII. Profit/(Loss) for the period (XI + XIV)		<u>17,35,865</u>	<u>3,029,270</u>
XIX. Earning per equity share:	23		
(1) Basic		0.35	0.60
(2) Diluted		0.18	0.60

for and on behalf of M/s KREON FINANCIAL SERVICES LTD

sd/-  
S. PANNALAL TATIA  
Chairman cum Executive Director

sd/-  
E SUBBARAYAN  
Director

As per our report of even date  
for K SUBRAMANYAM & Co.,  
Chartered Accountants.,

sd/-  
K Subramanyam  
Proprietor

MemberShip No. 023663  
Firm Regn. No. 004146S

Place: Chennai

Dated: 31/05/2013

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET  
FOR THE YEAR ENDED 31|03|2013**

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>No</b>	<b>31 03 2013 Rs.</b>	<b>31 03 2012 * Rs.</b>
Net Profit before tax and extraordinary items		2,153,566	-
Adjustments for :			
Add : Miscellaneous Expenditure w/off		398,011	-
Add : Depreciation		30,641	-
Add : Tax provision		27,882	-
Less; Deferred tax Adjustments		(11,696)	-
Less: Statutory Provision		123,279	-
Less :Misc. Expenses during the year		-	-
		<u>2,442,754</u>	-
Operating Profit before working Capital Changes			
Adjustments for			
Less : Increase in Current Assets			-
Add : Increase in current Liabilities			-
Add : Decrease in Current Assets		194,414,897	-
Less : Decrease in current Liabilities		(188,020,692)	-
<b>Cash Flow From Operating activities</b>	<b>A</b>	<u><b>(3,951,452)</b></u>	<u>-</u>
<b><u>B.CASH FLOW FROM INVESTING ACTIVITIES</u></b>			
Investments during the year		(29,268,681)	-
<b>Cash Flow From Investment Activities</b>	<b>B</b>	<u><b>(29,268,681)</b></u>	<u>-</u>
<b><u>C.CASH FLOW FROM FINANCE ACTIVITIES</u></b>			
<b>Cash Flow From finance Activities</b>	<b>C</b>	32,638,126	-
<b>Increase / (Decrease) in cash and cash equivalent (A+B+C)</b>		<u><b>(582,007)</b></u>	<u>-</u>
Cash and cash Equivalents as on 31.03.2012		1,386,185	-
Cash and cash Equivalents as on 31.03.2013		804,178	-
<b>Net Increase/(Decrease) in Cash Balances</b>		<u><b>(582,007)</b></u>	<u>-</u>

**\*Note:**

Previous year figures are not available for comparison as this year being first year of consolidation of subsidiary company.

I have examined the above Consolidated Cash Flow Statement of M/s. Kreon Financial services Ltd for the Year ended March 31st 2013. The statement has been prepared by the company in accordance with the requirements of AS-3 and is based on and derived from and where applicable, and is in agreement with the profit and Loss a/c and Balance sheet of the company covered by my report dated 31st May 2013 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: 31.05.2013**



Note. No.	Schedules forming Part of Accounts	Figures for the current reporting period		Figures for the previous reporting period	
		CONSOLIDATE 31/03/2013		CONSOLIDATE 31/03/2012	
		Rs.	Rs.	Rs.	Rs.
<b>1</b>	<b>Share Capital</b>				
	Equity Share Capital	20,000,000	20,00,00,000	200,000,000	
	<b>Authorised Share capital</b>				
	<b>Issued, subscribed &amp; fully paid share capital</b>	10,061,000	10,06,10,000	50,165,000	
	10061000 Equity Shares of Rs.10/-each				
	Less: Calls in Arrears (From Directors - NIL)				
	(Note: 50,44,500 Equity Shares Allotted on 6.7.2012 @ Rs. 10/- Each)				
			<b>100,610,000</b>	<b>50,165,000</b>	

A	Details of Share Holders Holding More Than 5% of the Company	No. of Shares 31.3.2013		No. of Shares 31.3.2012	
			%		%
1	Tatia Global Vennture Ltd	2,450,000	24.35	-	-
2	Subh Labh Infrastructure Pvt Ltd	2,094,500	20.82	-	-
3	Jaijash Tatia	623,300	6.20	623,300	12.4
4	Chandranantha Tatia	504,800	5.02	504,800	10.0
5	Ashram Online.Com Ltd	952,700	9.47	952,700	18.9
	<b>Total</b>	<b>6,625,300</b>	<b>65.86</b>	<b>2,080,800</b>	<b>41.47</b>

**2 Reserves and Surplus**

a	Capital Reserves				
	Shares Forefitted A/c	1,875,000		-	
	Securities Premium Reserves	25,222,500		-	
	Statutory Reserve / fund	1,509,336		1,411,592	
	Add: During The Year	417,702		-	
		<b>29,024,538</b>		<b>1,411,592</b>	
b	General Reserve				
	Profit & Loss Account (opening blance)	(9,489,269)		(16,537,081)	
	Add/Less: Profit/Loss for the current year	17,35,865		7,553,938	
	Less:	-		1,980,042	
	Adjustments	2,330,374		-	
	Allocations / Appropriations / Adjustments	123,279		-	
	Good Will	65,000		-	
	<b>Sub Total B</b>	<b>(56,11,309)</b>		<b>(10,963,185)</b>	
	<b>Total (A+B)</b>	<b>2,34,13,229</b>		<b>(9,551,593)</b>	

**3 Long Term Borrowings (C) Other Long Term Libalities Secured**

Other Long Term Liabilities	-	-
<b>Unsecured</b>		
Other Long Term Liabilities	-	23,667,104
	-	<b>23,667,104</b>

Note No	Schedules forming Part of Accounts	Figures for the current reporting period	Figures for the previous reporting period
		CONSOLIDATE 31/03/2013 Rs.	CONSOLIDATE 31/03/2012 Rs.
<b>4</b>	<b>Non - Current Liabilities (C) Other Long Term Liabilities</b>		
	<b>Secured</b>		
	Other Long Term Liabilities	-	-
	<b>Unsecured</b>		
	Provision For Liabilities	16,79,399	-
	Provision For NPA	4,89,129	-
	TDS Payable	6,588	-
	Other Long Term Liabilities	-	24,605,369
	Service Tax Payable	93,875	-
	<b>Total</b>	<b>22,68,991</b>	<b>24,605,369</b>
<b>5</b>	<b>Short - Term Borrowings</b>		
	<b>Trade Payables</b>	-	-
	Secured - Considered Good	-	45,214,585
	Unsecured - Other Loans And Advance - Considered Good	-	9,432,664
	<b>Total</b>	<b>-</b>	<b>54,647,249</b>
<b>6</b>	<b>Current Liabilities</b>		
	<b>Trade Payables</b>		
	Secured	-	-
	Unsecured	4,439,496	75,722,624
	Franchise Advance	-	1,300,000
	<b>Total</b>	<b>4,439,496</b>	<b>77,022,624</b>
<b>7</b>	<b>Short-term provisions</b>		
	Provision for Income tax	27,882	-
	Provision for Salary	8,24,324	-
	Audit fees	26,236	15,000
	Others	5,572	15,658,884
	<b>Total</b>	<b>8,84,014</b>	<b>15,673,884</b>
<b>8</b>	<b>Tangible Assets</b>		
	Land/ Building/ Plant & Equipment/ Furniture & fixtures/ Vehicles/ Office Equipment/ Others (individually)		
	<b>Gross Block:</b>		
	Opening Balance	403,089	29,385,061
	Add: acquisition through business combination	-	-
	Other Adjustments	-	28,524
	<b>Sub total</b>	<b>403,089</b>	<b>29,413,585</b>
	Less: Disposals	-	-
	Gross Block at year end (a)	403,089	29,413,585

Note No	Schedules forming Part of Accounts	Figures for the current reporting period	Figures for the previous reporting period
		CONSOLIDATE 31/03/2013 Rs.	CONSOLIDATE 31/03/2012 Rs.
	<b>Less: Depreciation</b>		
	Opening Depreciation	297,453	6,820,254
	Depreciation for the year	30,641	3,938,005
	<b>Total accumulated depreciation (b)</b>	<b>328,094</b>	<b>10,758,259</b>
	<b>Net carrying value (a) - (b)</b>	<b>74,995</b>	<b>18,655,326</b>
<b>10</b>	<b>Long Term Loans and Advances</b>		
	Unsecured considered good		
	Loans and advances to related parties	-	-
	<b>Other loans and advances (Considered Good)</b>	<b>5,11,17,813</b>	<b>30,964,212</b>
	<b>Total</b>	<b>5,11,17,813</b>	<b>30,964,212</b>
<b>11</b>	<b>Other non Current Assets</b>		
	<b>Defrrd Revenue Expenses</b>		
	Opening Balance	398,011	749,600
	Add: acquisition through business combination	-	-
		<b>398,011</b>	<b>749,600</b>
	<b>Less: Written off During The Year</b>	<b>398,011</b>	<b>324,400</b>
	<b>Total</b>	<b>-</b>	<b>425,200</b>
<b>12</b>	<b>Inventories:</b>		
	(a) Stock-in-trade (in respect of goods acquired for trading)	-	66,888,475
	(b) Others (specify nature)	-	-
	<b>Total</b>	<b>-</b>	<b>66,888,475</b>
<b>13</b>	<b>Trade receivables</b>		
	Out Standing Exceeding Six Months	-	38,618,097
	Others	-	72,508,836
	Unsecured (Considered Good)	<b>2,71,26,357</b>	<b>43,989,717</b>
	<b>Total</b>	<b>2,71,26,357</b>	<b>155,116,650</b>
<b>14</b>	<b>Cash and cash equivalents</b>		
	Balances with banks	22,638	(290,523)
	Cash on hand	781,540	1,676,708
	Others	-	-
	<b>Total</b>	<b>804,178</b>	<b>1,386,185</b>

<b>Note : 9</b> <b>Non - Current Investments</b>	<b>31.03.2013</b>			<b>31.03.2012</b>		
	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>
Appollo Hospital Ltd	20	4,093	16,660	20	4,093	12,776
Arihant foundation ltd	11	443	492	11	443	441
Beckon Inds ltd	500	4,440	185	500	4,440	420
BGR energy Ltd	1	746	192	1	746	327
Cals Refineries Ltd	150,000	66,000	16,500	150,000	66,000	30,000
Cera Sanitarwar	2	268	887	2	268	464
CNI Research Ltd	1,000	16,570	2,950	1,000	16,570	2,680
Dabar Indi Ltd	200	8,808	27,410	200	8,808	21,320
DLF Limited	11	1,987	2,581	11	1,987	2,219
GMR Infrastructure Ltd	10	583	216	10	583	311
Gokul Refoil Ltd	1	56	19	1	56	78
GVK Power & Infstruecture Ltd	10	447	92	10	447	174
IFICI Ltd	14,639	406,662	382,078	15,100	637,029	632,690
Jayaswal Neco Ltd	-	-	-	48,500	808,781	776,000
Jain Granites & Project India Ltd	1,470	14,700	14,700			
J I K Industries Ltd	210	3,409	214	210	3,409	924
Karturi Global Ltd	1,110	9,325	3,452	1,110	9,325	5,162
King fisher Airline ltd	24,200	213,928	193,116	24,100	490,697	397,650
Kohinoor Food ltd	10	908	228	10	908	318
K.S.oil	1,000	10,110	2,170	1,000	10,110	7,850
Lovable Lingerie Ltd	10	3,843	2,452	10	3,843	3,578
Madras Cement Ltd	500	29,508	126,000	500	29,508	76,875
Marg Ltd	10	1,529	193	10	1,529	872
Medione global Entertainment Ltd	1	90	32	1	90	75
MRF Ltd	1	7,204	11,993	1	7,204	9,933
Munoth Financial Ltd	100	821	1,128	100	821	376
ONGC Ltd	40	6,368	12,446	40	6,368	10,734
Power Soft Ltd	400	3,964	500	400	3,964	1,140
Page Insustries Ltd	10	3,383	33,224	10	3,383	26,982
Reliance Com Ltd	10	1,642	552	10	1,642	841
Reliance Industries Ltd	-	-	-	210	158,638	157,626
Reliance power Ltd	25	6,466	1,539	25	6,466	2,929
Rupa & Company Ltd	100	14,149	16,555	100	14,149	14,000
SBI Ltd	10	11,926	20,728	10	11,926	20,964
Sesa Goa Ltd	10	4,497	1,557	10	4,497	1,947
Shree Asthivinayak Ltd	100	1,396	119	100	1,396	355
Sonarji Jewellery Ltd	10,000	125,000	100,000	10,000	125,000	125,000
Spicejet ltd	3,600	31,333	95,940	100	5,586	2,355
Tata Investments Ltd	10	5,085	4,302	10	5,085	4,444
Tata Teleservices Ltd	100	1,190	790	20,100	291,641	294,465
Tatia Global Vennture Ltd	12,381,985	23,170,553	19,687,356	9,061,985	8,220,553	34,979,262
Timber Home Ltd	500	19,159	13,100	500	19,159	10,000
TT Ltd	500	7,968	10,950	500	7,968	9,525
Vijayshanthi Builders ltd	61,010	1,232,065	1,031,069	1,010	35,243	23,079
<b>Total A</b>	<b>12,653,437</b>	<b>25,452,620</b>	<b>21,836,666</b>	<b>9,337,538</b>	<b>11,030,359</b>	<b>37,669,161</b>

<b>Note : 6</b>	<b>31.03.2013</b>			<b>31.03.2012</b>		
	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>	<b>Qty</b>	<b>Cost</b>	<b>Market Value Rs.</b>
<b>ii.Unquoted/Unlisted</b>						
Clarus Commercial Pvt Ltd	-	-	-	1,00,000	1,00,000	1,00,000
Aran Kitchen World Pvt. Ltd	24,76,510	2,46,00,100	2,46,00,100	2,554,900	25,549,000	25,549,000
<b>Total B</b>	<b>2,476,510</b>	<b>24,600,100</b>	<b>24,600,100</b>	<b>2,654,900</b>	<b>1,000,000</b>	<b>26,549,000</b>
<b>Share Application Money</b>						
Bay organics Pvt Ltd	10,000	100,000	100,000	10,000	100,000	100,000
<b>Total C</b>	<b>10,000</b>	<b>100,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>	<b>100,000</b>
<b>iii ) Bullion</b>						
366.64 gms Bullion	-	460,168	1,028,058	-	460,168	598,356
<b>Total D</b>	-	<b>460,168</b>	1,028,058	-	<b>460,168</b>	598,356
<b>Grand Total (A+B+C+D)</b>	<b>15,139,947</b>	<b>50,612,888</b>	<b>47,631,553</b>	<b>12,002,438</b>	<b>12,590,527</b>	<b>65,346,219</b>

Note No	Schedules forming Part of Accounts	Figures for the current	Figures for the previous
		reporting period CONSOLIDATE 31/03/2013 Rs.	reporting period CONSOLIDATE 31/03/2012 Rs.
<b>15</b>	<b>Short Term Loans and Advances</b>		
	<b>Secured considered good</b>		
	Security Deposit		-
	Other loans and advances	-	7,956,852
	<b>Sub Total A</b>	-	<b>7,956,852</b>
	<b>Unsecured considered good</b>		
	Security Deposits	-	-
	Loans and advances to related parties	-	5,875,321
	<b>Other loans and advances (Considered Good)</b>	-	7,409,455
	<b>Sub Total B</b>	-	<b>13,284,776</b>
	<b>Total A+B</b>	-	<b>21,241,628</b>
<b>16</b>	<b>Other Current Assets</b>		
	M/s. Karvy Comtrade Ltd	25,000	-
	Salary Advance	1,000	-
	Income Tax Refund	705,294	-
	TDS Receivables	12,45,803	-
	<b>Total</b>	<b>19,77,097</b>	-
<b>17</b>	<b>Revenue from Operations (for companies other than a finance company)</b>		
	Revenue from - Share of products	-	160,417,694
	Sale of services	-	12,376,326
	Other operating revenues	85,68,641	5,760,434
	Other Income	-	4,383,030
	<b>Total</b>	<b>85,68,641</b>	<b>182,937,484</b>
<b>18</b>	<b>Details of Cost of Material Consumed</b>		
	Opening Stock	-	65,151,410
	Add: Purchase	125,130,407	78,656,273
	Add: Direct Expenses	-	31,054,410
		-	174,862,093
	Less: Closing Stock	-	66,888,475
	<b>Total</b>	<b>125,130,407</b>	<b>107,973,618</b>
<b>19</b>	<b>Employee Benefits Expense</b>		
	Salaries and wages	3,781,426	15,310,159
	Managerial Remuneration	-	-
	Contribution to provident and other funds	-	-
	Staff welfare expenses	-	950,188
	<b>Total</b>	<b>3,781,426</b>	<b>16,260,347</b>
<b>20</b>	<b>Finance Costs</b>		
	Interest expenses	508,747	8,904,870
	Bank commission /Charges	5,547	1,844,627
	<b>Total</b>	<b>514,294</b>	<b>10,749,497</b>

Note No	Schedules forming Part of Accounts	Figures for the current	Figures for the previous
		reporting period CONSOLIDATE 31/03/2013 Rs.	reporting period CONSOLIDATE 31/03/2012 Rs.
<b>21</b>	<b>Depreciation and Amortisation of Expenses</b>		
	Depreciation of Tangible Assets	30,641	1,298,634
	Amortisation of Deferred Revenue Expenses	398,011	2,936,171
	<b>Total</b>	<b>428,652</b>	<b>4,234,805</b>
<b>22</b>	<b>Other Expenses</b>		
	Advertisement	17,275	2,058,622
	AGM & Board meeting Expenses	2,100	2,825
	Audit Fees	25,000	15,000
	Bad Debts	-	5,465,563
	Commission	-	815,396
	Conveyance	-	2,069,057
	Coolie & Cartage Charges	-	198,625
	CDSL Fees	20,980	-
	Consultancy Fees	10,300	1,000,243
	Director Remuneration	-	720,000
	Donation	-	200,000
	Electricity Charges	10,971	80,779
	Frieght Charges	-	1,432,555
	Filling Fees	10,210	12,800
	General Expenses	125,723	810,278
	Insurance Charges	-	506,626
	Listing fees	62,048	27,575
	Trading Loss	54,927	-
	Loss on Sale of Shares	8,42,476	-
	Membership Charges	-	36,664
	Maintanance Expenses	118,740	-
	NSDL Fess	27,840	-
	Postage & Telegram	26,724	461,543
	Printing & Stationary	47,064	925,139
	Professional Fees	75,843	-
	Rates & Taxes	42,593	444,701
	Rent	90,000	9,584,342
	Repairs & Maintanance	-	1,155,385
	Sales Promotion Expenses	-	2,378,765
	Showroom Inaguration Expenses	-	350,000
	Telephone Expenses	-	578,606
	Training Expenses	-	234,551
	Travelling Expenses	63,703	4,599,640
	<b>Total</b>	<b>1,674,517</b>	<b>36,165,280</b>

Schedules forming Part of Accounts	Note No. 23	
<b>Earnings Per Share</b>		
<b>The Following reflects the profit and share data used in the basic and diluted EPS Computations</b>		
	<b>Consolidated 31 03 2013 Rs.</b>	<b>Consolidated 31 03 2012 Rs.</b>
Total Operation for the year		
Profit / (Loss) after tax	17,35,865	3,029,270
Less Dividends on convertible preference shares and tax thereon	-	-
	<u>17,35,865</u>	<u>3,029,270</u>
<b>Net Profit/ (Loss) for calculation of basic EPS</b>		
Net Profit/ (Loss) as above	17,35,865	3,029,270
Add : Dividends on convertible preference shares & tax thereon	-	-
Add : Interest on bonds convertible into equity shares (net of tax)	-	-
	<u>17,35,865</u>	<u>3,029,270</u>
<b>Net Profit/ (Loss) for calculation of diluted EPS</b>		
Continuing Operations		
Profit / (Loss) after tax	17,35,865	3,029,270
Less Dividends on convertible preference shares and tax thereon	-	-
	<u>17,35,865</u>	<u>3,029,270</u>
<b>Net Profit for calculation of basic EPS</b>		
Net Profit as above	17,35,865	3,029,270
Add : Dividends on convertible preference shares & tax thereon	-	-
Add : Interest on bonds convertible into equity shares (net of tax)	-	-
	<u>17,35,865</u>	<u>3,029,270</u>
<b>Net Profit/ (Loss) for calculation of diluted EPS</b>	<u>17,35,865</u>	<u>3,029,270</u>
<b>Weighted average number of equity shares in calculating basic EPS</b>	<b>0.35</b>	<b>0.60</b>
<b>Effect of Dilution :</b>		
Convertible Preference Shares	-	-
Convertible Bonds	-	-
Stock options granted under ESOP	-	-
<b>Weighted average number of equity shares in calculating basic EPS</b>	<b>0.18</b>	<b>0.60</b>



**Note - 25**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CFS) AS AT 31<sup>ST</sup> MARCH 2013**

**Brief description of the Company and its Business**

KREON FINANCIAL SERVICES LIMITED ( Formerly Tatia Financial Services Limited) “ KFSL “ 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. The company is listed at Bombay Stock Exchange (BSE) and madras Stock Exchange (MSE).

The company holds 100% stake in its subsidiary company M/s Krios Business Services Pvt. Ltd.

**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

1. The Consolidated financial statements have been prepared to comply in all material respects with the Notified accounting standard by the companies Accounting standards Rules, 2006 and the relevant provisions of the companies Act'1956 (the Act) to reflect the financial position of KFSL together with its subsidiary, M/s. Krios Business Services Pvt. Ltd. referred to in the preceding paragraph.

Further, the consolidated financial statements are presented in the general format specified in the Scheduled VI of the Companies Act, 1956. However, as these consolidated financial statements are not statutory financial statements, full compliance with the above Act are not required and so they do not reflect all the disclosure requirements of the Act.

2. The accounting policies applied by the group are consistent in all aspects wherever possible except for the change in accounting policy discussed more fully below.

**B. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements of the group have been prepared on a line by line consolidation Balance Sheet as at 31<sup>st</sup> March 2013 and Profit & Loss a/ statement of KFSL and it's subsidiary company for the year ended March 31'2013

The financial statements of the subsidiary company used for consolidation are drawn for the same reporting period as that of the company.

All material inter- company transaction and balances between the entities included in the consolidated financial statements have been eliminated.

The investment in the subsidiary company have been accounted under the equity method as per the Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India (ICAI). The company's share in profits / losses of a subsidiary company is accounted for to the extent of the Company's Direct and indirect percentage holding in its share capital of the respective subsidiary

An excess / shortage of cost to the company of its investment in the subsidiaries over its proportionate share in the equity of such subsidiary (if any) as at the date of the Investment are recognized as goodwill / capital reserve/ minority interest in the CFS.

The CFS have been prepared using uniform accounting policies, except stated otherwise, for like transaction and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### **C. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates.

### **D. TANGIBLE 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 followed by the Parent company as per the rates specified in Schedule XIV of the companies Act, 1956.
3. Depreciation is provided on fixed assets, on Written down Value method followed by the Subsidiary company as per the rates specified in Schedule XIV of the Companies Act, 1956

### **E. VALUATION OF CLOSING STOCK**

There are no Inventories in the holding company & its subsidiary company.

### **F. INVESTMENTS**

Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and there are no Current Investments in the company.

### **G. OTHER NON- CURRENT ASSETS**

Deferred revenue expenses fully written off the year.

### **H. IMPAIRMENT OF ASSETS**

As required by AS -28 issued by the Institute of Chartered Accounts 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.

### **I. RETIREMENT BENEFITS**

The retirement benefits and other statutory contribution to the retirement plan's are not applicable in case of parent company. While in case of subsidiary Contribution to Provident fund, ESI, Gratuity and leave encashment benefits wherever applicable is being accounted on actual liability basis as currently there were no contributions were be made either by company or any of its employees.

**J. 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) .

**K. EARNINGS PER SHARE (EPS)**

The earnings considered in ascertaining the Company's earnings per share is net profit after tax. The basic earnings per share for the year is Rs 0.35 and dilution for the year Rs.0.18. as compared to the previous year of Rs 0.60 and dilution Rs. Nil.

**L. RELATED PARTY DISCLOSURES**

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

**Sundry Creditors**

<b><u>Name of the persons</u></b>	<b><u>Nature of Transaction</u></b>	<b><u>Amount (RS)</u></b>
S.Pannalal Tatia	Director remuneration	7,70,000/-
S. Pannalal Tatia	On Account	16,45,990/-

**Loans & Advance**

Tatia Global Vennutire Limited	Loan	17,00,000/-
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**Investments**

<b><u>Script Name</u></b>	<b><u>No.of shares</u></b>	<b><u>Amount (Rs)</u></b>
Tatia Global Vennture Limited	1,23,81,985	2,31,70,553/-

**SUBSIDIARY COMPANIES**

<b><u>S.No.</u></b>	<b><u>Company Name</u></b>	<b><u>Investments</u></b>	<b><u>%</u></b>
1.	Krios Business Services Pvt Ltd	Rs. 1,65,000/-	100%

**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, 2013.

**O.GENERAL**

- a. The Company has followed prudential norms, except otherwise stated, prescribed by Reserve Bank of India for Non – Banking Finance Companies – Financial Statements for the parent company.
- b. The figures for previous year are not available for comparison as this being the first year of consolidation.
- c. The Cash Flow statement is not available for comparison as this being the first year of consolidation.
- d. The figures have been rounded off to the nearest rupee.

**Signatories to Notes 1 to 23**

**As per our Report of even date attached**

**For K SUBRAMANYAM & CO**

**Chartered Accountants**

**For and on behalf of the Board of Directors**

**sd/-**

**K SUBRAMANYAM**

**Proprietor**

**M.No. 023663**

**Firm Regn. No. 004146S**

**Place: Chennai**

**Date: 31.05.2013**

**sd/-**

**S. PANNALAL TATIA**

**Chairman cum**

**Executive Director**

**sd/-**

**E SUBBARAYAN**

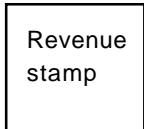
**Director**

**KREON FINANCIAL 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/We .....of .....being a member (s) of Kreon Financial Services Limited, hereby appoint .....of .....or failing him / her ..... of ..... As my/our proxy to attend and vote for me/us and my/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Monday, 30th September 2013 at Samudaya Koodam Hall, Morai, Chennai – 600 055 , 10.00 A.M or at any adjourned date thereof.

Signed this .....day of .....2013  
Dp Id \* ..... Client Id \*  
Members Folio No: \*\*  
No. of Shares held:



Signature .....

Applicable for members holding shares in electronic form \*  
Applicable for members holding shares in physical form \*\*

- 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 FINANCIAL 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/We hereby record my presence at the NINETEENTH MEETING of the Company being held on Monday 30th September 2013 at at Samudaya Koodam Hall, Morai, Chennai – 600 055 ,10.00 A.M

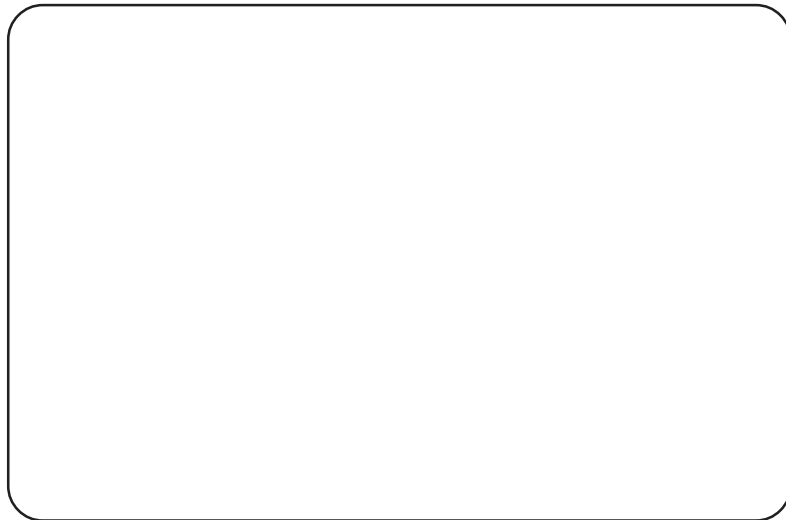
Full Name of the Member attending:

DP Id \* ..... Client Id \* .....  
Folio 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 FINNANCIAL SERVICES LIMITED**

**Regd. Office : "Prince Tatia Info Park",**

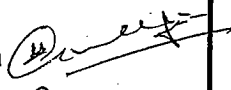
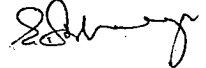

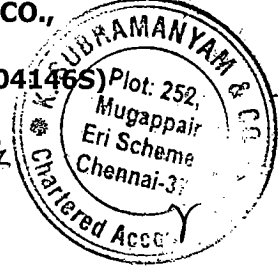
**No.81 B, Second Main Road,**

**Ambattur Industrial Estate,**

**Chennai - 600 058.**

**FORM - A**

**(PURSUANT TO CLAUSE 31 (A) OF LISTING AGREEMENT)**

S.no	Particulars	Details
1	Name of the Company	<b>M/s. KREON FINNANCIAL SERVICES LIMITED</b>
2	Annual Stand Alone Financial Statements for the year Ended	<b>31st MARCH, 2013</b>
3	Type of Audit Observation	Nil
4	Frequency of Observation	Nil
5	<b>To Be Signed by:</b> * Chairman cum Executive Director * Audit Committee Chairman * Auditors of the Company	<p><b>Mr. Sampathlal Pannalal Jain Tatia</b> </p> <p><b>Mr. Ekambaram Subbrayan</b> </p> <p>Refer Our Audit Report dated 31st May, 2013 on the Stand Alone Financial Statements of the Company For <b>K SUBRAMANYAM &amp; CO., Chartered Accountants</b> (Firm Registration No. 0041465) Plot: 252, Mugappair Eri Scheme Chennai-37</p> <p>  <b>K. SUBRAMANYAM</b>                      Proprietor                      Membership No. 023663</p> <p></p> <p>Chennai, 20th January, 2014</p>

**Certified to be True**

**For KREON FINNANCIAL SERVICES LTD.,**

  
**Director / Authorised Signatory**

