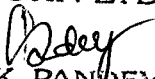


**23RD
ANNUAL
REPORT
2008-2009**

CERTIFIED TO BE A TRUE COPY

For KEY CORP. LTD.


(V.K. PANDEY)
Joint Secretary
Compliance Officer



KEY CORP LIMITED



BOARD OF DIRECTORS

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

**COMPANY SECRETARY
JOINT SECRETARY
CHIEF FINANCE OFFICER**

Shri S. N. Tripathi
Shri V. K. Pandey
Shri R. N. Singh

AUDITORS

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

LEGAL ADVISOR

Shri Ravindra Verma

BANKERS

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

REGISTERED OFFICE

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

23rd Annual Report

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of Members of Key Corp Limited will be held on Saturday, the 18th July, 2009 at 10.00 a.m. at the Registered Office of the Company at 16/16-A, Civil Lines, Kanpur to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company for the year ended 31st March, 2009, and the Profit & Loss Account for the year ended on that date together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Padam Kumar Jain who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri G.D. Maheshwari who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Regd. Office :
16/16-A, Civil Lines,
Kanpur-208 001.
Dated : 2nd May, 2009

By Order of the Board
Dr. K. B. Agarwal
Vice Chairman



NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 11th July 2009 to 18th July, 2009 (both days inclusive).
3. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrar & Share Transfer Agent of the Company for consolidation of their holding in one folio.
4. Members are requested to inform the change, if any, in their registered addresses to the Registrar & Transfer Agent of the Company M/s. ABS Consultants Pvt Ltd. 99, Stephen House, 6th Floor, 4, B.B.D. Bag (E), Kolkata-700 001.
5. Shri G. D. Maheshwari, aged 52 years, retires by rotation at the ensuing Annual General Meeting. He is Post Graduate in Commerce and is working with the company since inception. He was appointed as Executive Director w.e.f. 1st October 2003.
6. Shri Padam Kumar Jain, aged 65 years, retires by rotation at the ensuing Annual General Meeting. He was appointed as Director in the year 1995. He is Post Graduate in Commerce and possess 39 years experience in Financial & Securities Market. He is directly interested as a director in following Companies :-
 1. S.P.F.L. Securities Ltd.
 2. Padam Kumar Jain Real Estate Pvt. Ltd.
 3. S.P.F.L. Commodities Pvt. Ltd.

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

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

Dated : 2nd May, 2009

By Order of the Board
Dr. K. B. Agarwal
Vice Chairman

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 23rd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

(Rs. in lakhs)

	<u>31.3.2009</u>	<u>31.3.2008</u>
FINANCIAL RESULTS		
Income from Operations	41.73	28.37
Income from Investment in Mutual Fund	44.35	158.12
Other Income	0.02	0.04
Net Profit for the year	43.18	140.42
Less : Deferred Tax	0.36	0.25
Less : Provision for Fringe Benefit Tax	0.40	0.41
Profit after Tax	42.42	139.76
Balance of Profit brought forward	82.41	92.65
Amount available for appropriation after adjustments	124.83	232.41
APPROPRIATION		
General Reserve	100.00	150.00
Balance carried over to Balance Sheet	24.83	82.41

DIVIDEND

In order to build up resources, your Directors do not recommend payment of dividend for the Financial Year 2008-09.

PERFORMANCE

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

DIRECTORS

Shri Padam Kumar Jain and Shri G.D. Maheshwari are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

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

PARTICULARS OF EMPLOYEES

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



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

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

LISTING INFORMATION

The equity shares of your Company continue to be listed with The U.P. Stock Exchange Association Ltd., Kanpur. The Company has requested the Bombay Stock Exchange to revoke suspension of trading.

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

INCOME TAX PROCEEDINGS

Company's assessments are upto date and there is no outstanding demand against the Company.

AUDIT COMMITTEE

During the year the committee held four meetings.

REMUNERATION COMMITTEE

During the year the committee held one meeting.

CORPORATE GOVERNANCE

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

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

- i) that in the preparation of Annual Accounts, the applicable accounting standards had been followed;
- ii) that the directors have selected such accounting policies & applied them consistently and made judgments & estimates that are reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2009 and of the profit of the Company for that year;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

Place : Kanpur
Dated : 2nd May, 2009.

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

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

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

The Board of Directors met 5 times during the year. These were on 10/04/2008, 10/05/2008, 12/07/2008, 18/10/2008 and 10/01/2009.

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

Name of Directors	Category	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM held on 22.09.2007	No. of Directorship in other Companies		No. of Membership in Committee of Directors in other Companies	
					Chairman	Director	Chairman	Director
Dr. Gaur Hari Singhania <i>Chairman</i>	Independent Non-Executive	5	1	No	6	6	-	-
Dr. K. B. Agarwal <i>Vice-Chairman</i>	Promoter Non-Independent Non-Executive	5	5	Yes	-	2	3	-
Dr. B. D. Agarwal <i>Director</i>	Non-independent Non-Executive	5	2	No	-	-	-	-
Shri Padam Kumar Jain <i>Director</i>	Independent Non-Executive	5	4	Yes	-	3	-	-
Shri Raj Kumar Gupta <i>Director</i>	Independent Non-Executive	5	4	Yes	-	1	-	-
Shri G. D. Maheshwari <i>Director</i>	Non-Independent Executive	5	5	Yes	-	-	-	-

3. AUDIT COMMITTEE

A. Composition and Broad Terms of Reference

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

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



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

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

B. Meetings/Attendance

During the financial year ended 31st March, 2009 four meetings were held on 10th May, 2008; 10th July, 2008, 16th October, 2008 and 10th January, 2009.

The Committee adopted the annual accounts for the year 2007-2008 in their meeting held on 10th May, 2008.

The attendance of the committee meetings is as under :

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

4. REMUNERATION COMMITTEE

A. Composition

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

B. Meetings / Attendance

During the financial year ended 31st March, 2009 One meeting was held on 21st July, 2008.

The Committee increased the remuneration of Shri G.D. Maheshwari, Executive Director in their meeting held on 21st July, 2008.

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

C. Remuneration Policy

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

D. Remuneration of Directors :

Details of Remuneration/Sitting Fee to all the Directors for the year ended 31st March, 2009 :

Name of Directors	Salary	Benefits	Sitting Fee	Total
Dr. Gaur Hari Singhania	—	—	1000	1000
Dr. K. B. Agarwal	—	—	5000	5000
Shri Padam Kumar Jain	—	—	6000	6000
Dr. B. D. Agarwal	—	—	2000	2000
Shri Raj Kumar Gupta	—	—	6000	6000
Shri G. D. Maheshwari	180000	47049	—	227049

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

Name of Members	Meetings Held	Meetings Attended
Dr. K.B. Agarwal	2	2
Shri Padam Kumar Jain	2	2

Shri V.K. Pandey, Jt. Secretary, is the Compliance Officer of the Company and assigned with the responsibilities of overseeing Investor's Grievance. His Email address is keycorp@relianceemail.net and Telephone No. 0512-2305416, 3013416 and Fax No. 0512-3919463.

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

6. GENERAL BODY MEETING

Location and time, where last three AGMs were held :

Financial Year	Date	Time	Place of the Meeting
2007-2008	16.8.2009	10.00 a.m.	16/16-A, Civil Lines, Kanpur
2006-2007	22.9.2007	10.00 a.m.	16/16-A, Civil Lines, Kanpur
2005-2006	23.9.2006	10.00 a.m.	16/16-A, Civil Lines, Kanpur

During the year ended 31st March, 2009, no special resolution has been proposed/ passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

7. DISCLOSURES

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

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

9. MEANS OF COMMUNICATION

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

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

10. GENERAL SHAREHOLDER INFORMATION

10.1. Annual General Meeting

Day, Date and Time	- Saturday, the 18th July, 2009 at 10.00 am.
Venue	- Registered Office of the Company at 16/16-A, Civil Lines, Kanpur - 208 001



10.2. Financial Calender (tentative)

Results for the quarter

Ending June 30, 2009	-	Last week of July, 2009
Ending Sept. 30, 2009	-	Last week of Oct., 2009
Ending Dec. 31, 2009	-	Last week of Jan., 2010

Result for the year

Ending March 31st, 2010	-	Upto 30th June, 2010
Annual General Meeting	-	Upto September, 2010

- 10.3. **Book Closure Date** - 11th July, 2009 to 18th July, 2009
(Both days inclusive)

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

- 10.5. **Listing on Stock Exchanges** - The Company's shares are listed with The U.P. Stock Exchange Association. Ltd., Padam Towers, Civil Lines, Kanpur-208 001.

The Company has requested Bombay Stock Exchange to revoke suspension of trading.

10.6. Stock Code

Demat ISIN in NSDL/CDSL - **INE130F01016**

10.7. Stock Market Price data for the year 2008-2009

During the year, the market quotation of the stock at U.P. Stock Exchange Asson. Ltd., Kanpur remained at Rs. 2.25.

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

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

10.9. Registrar and Transfer Agent

M/s. ABS Consultants Pvt. Ltd., having its office at R.No. 99 Stephen House, 6th Floor, 4 B.B.D. Bag (East), Kolkata-700 001 are Registrar and Transfer Agent for both demat and physical segment.

10.10. Share Transfer System

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

10.11.(a) Distribution of Shareholding as on 31st March, 2009

No. of Equity Share held	No. of Folios	% of Folios	No. of Share Held	% of Shares Held
001 to 500	8677	95.50	1402842	23.38
501 to 1000	303	3.34	243139	4.05
1001 to 2000	77	0.85	111200	1.86
2001 to 3000	13	0.14	31600	0.53
3001 to 4000	07	0.08	24100	0.40
4001 to 5000	04	0.04	18700	0.31
5001 to 10000	04	0.04	29400	0.49
10001 and above	01	0.01	4139019	68.98
TOTAL	9086	100.00	6000000	100.00

(b) Categories of Shareholder as on 31st March, 2009

Category	% of share holding
Promoters	69.00
Body Corporate	0.53
Banks/FI's	0.01
Mutual Funds	0.01
Public (Indian)	30.45

(c) There is no institutional investor as shareholder of the company.

10.12. Dematerialisation of Shares and Liquidity

As on 31st March, 2009, 73.16% of the Company's total shares representing 43,89,644 shares were held in dematerialised form and the balance 26.84% representing 16,10,356 shares were in physical form.

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

10.13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion Date and likely impact on equity - Nil

10.14. Plant locations - N.A.

10.15. Address for Correspondence

(i) **The Company's Registered Office is situated at**

16/16-A, Civil Lines,
Kanpur - 208 001 (U.P.)
Tel : (0512) 2305416, 3013416
Fax : (0512) 3919463 RIM
Email : keycorp@reliancemail.net

(ii) **Registrar and Share Transfer Agent**

M/s. ABS Consultants Pvt. Ltd.,
R. No. 99, Stephen House 6th Floor
4 B.B.D. Bag (East),
Kolkata - 700 001
Tel : (033)-22201043, 22430153
Email : absconsultant@vsnl.net

10.16. Report of CFO

The CFO of the company has submitted his report to the auditors and also to audit committee of the Company in respect of annual accounts for the year ended 31st March, 2009.



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

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

I confirm that the company has in respect of the financial year ended March 31, 2009, received from the senior management team of the Company and the members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, senior management team means the Chief Financial Officer, the Company Secretary and all functional heads of the Company as on March 31, 2009.

Place : Kanpur
Dated : 2nd May, 2009

G. D. MAHESHWARI
EXECUTIVE DIRECTOR & CEO

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,
The Members,
KEY CORP LIMITED

We have examined the compliance of conditions of Corporate Governance by Key Corp Limited, for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

For V. P. ADITYA & COMPANY
Chartered Accountants
(V. P. ADITYA)
Partner

Place : Kanpur
Dated : 2nd May, 2009

Membership No. : 006387



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

1. We have audited the attached Balance Sheet of **KEY CORP LIMITED**, as at 31st March, 2009 and also the Profit & Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by Companies (Auditor's Report) Order, 2004 issued by the Central Government of India) in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure- "1" a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (iii) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, **except non compliance of AS-15' "Employee Benefits" to the extent that the provisions for retirement benefits for Gratuity are made as per The Payment of Gratuity Act, 1972 and not in the manner prescribed in AS-15 (See Note No. 2 (iv) of Notes on Account).**
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :—
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - (b) in the case of the Profit & Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V. P. ADITYA & COMPANY
Chartered Accountants
(V. P. ADITYA)
Partner

Place : Kanpur
Dated : 2nd May, 2009

Membership No. : 006387

ANNEXURE "1" Referred to in Paragraph 3 of Auditor's Report of even date, to the members of KEY CORP LIMITED on the financial statements for the year ended March 31, 2009.

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

Further, to our information, no undisputed amounts in respect of income tax, wealth tax and other material statutory dues applicable to it, were in arrears as at 31.03.2009 for a period of more than six months from the date these became payable.
 - (2) There are no dues of income tax, wealth tax, service tax and other material statutory dues which have not been deposited on account of any dispute.
 - d) The Company is not dealing in shares, securities and debentures. However, it has dealt in units of Mutual Funds and has maintained proper records of purchase and redemption of the units of Mutual Funds. The investment in the units of mutual funds, made by the company, are in its own name.



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

For V. P. ADITYA & COMPANY
Chartered Accountants
(V. P. ADITYA)
Partner

Place : Kanpur
Dated : 2nd May, 2009

Membership No. : 006387

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule		As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
SOURCES OF FUNDS :				
Shareholders Funds				
Capital	1	6,00,00,000		6,00,00,000
Reserves and Surplus	2	<u>7,37,35,318</u>	13,37,35,318	7,01,61,104
Deferred Tax Liability			<u>7,91,821</u>	7,00,533
	TOTAL		<u>13,45,27,139</u>	<u>13,08,61,637</u>
APPLICATION OF FUNDS :				
Fixed Assets				
Gross Block	3	58,53,222		56,97,297
Less : Depreciation		<u>38,04,067</u>		<u>38,03,923</u>
Net Block			20,49,155	18,93,374
Investments	4		10,23,51,167	10,50,40,621
Deferred Tax Assets			11,53,364	17,65,415
Current Assets, Loans & Advances				
Current Assets	5	22,16,512		34,92,286
Loans & Advances	6	<u>2,89,21,507</u>		<u>2,04,07,442</u>
	SUB TOTAL	3,11,38,019		2,38,99,728
Less :				
Current Liabilities & Provisions				
Liabilities	7	10,32,687		6,53,741
Provisions		<u>11,31,879</u>		<u>10,83,760</u>
	SUB TOTAL	21,64,566		17,37,501
Net Current Assets			<u>2,89,73,453</u>	<u>2,21,62,227</u>
	TOTAL		<u>13,45,27,139</u>	<u>13,08,61,637</u>
Schedule to the Balance Sheet of a Non-Banking Financial Company				
	13			
Significant Accounting Policies & Notes on Accounts				
	14			

AUDITOR'S REPORT

As per our separate Report
of even date

for V. P. ADITYA & CO.
Chartered Accountants
(V. P. ADITYA)
Partner

Membership No. : 006387

S. N. TRIPATHI
Company Secretary

R. N. SINGH
CFO

DR. GAUR HARI SINGHANIA
Chairman

DR. K. B. AGARWAL
Vice-Chairman

PADAM KUMAR JAIN
Director

R. K. GUPTA
Director

G. D. MAHESHWARI
Executive Director

Place : Kanpur
Dated : 2nd May, 2009



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended 31.3.2009 Rs.	Year ended 31.3.2008 Rs.
INCOME :			
Income from Operations	8	41,73,031	28,36,731
Dividend from Mutual funds		43,38,368	1,56,76,088
Gain from Mutual Fund Units		97,103	1,36,263
Other Income	9	2,284	3,744
TOTAL		86,10,786	1,86,52,826
EXPENDITURE :			
Financial & Other Expenses	10	4,72,864	4,71,741
Personnel Expenses	11	18,93,765	19,56,563
Administrative Expenses	12	17,12,592	19,96,456
Depreciation	3	2,13,629	1,85,830
TOTAL		42,92,850	46,10,590
Profit before Income Tax		43,17,936	1,40,42,236
Provision for Income Tax		(0)	0
Deferred Tax (Net)		(35,945)	(24,917)
Provision for Fringe Benefit Tax		(40,383)	(40,889)
Profit for the Year - after Tax		42,41,608	1,39,76,430
Add : Balance brought forward from Last Year's Profit & Loss Account		82,41,069	92,64,639
Amount Available for Appropriation		1,24,82,677	2,32,41,069
APPROPRIATION			
General Reserve		1,00,00,000	1,50,00,000
Balance Carried to Balance Sheet		24,82,677	82,41,069
		1,24,82,677	2,32,41,069
Earning Per Equity Share (Face value Rs. 10/- per share)			
Basic (Rupees)		0.71	2.33

Significant Accounting Policies &
Notes on Accounts

14

AUDITOR'S REPORT

As per our separate Report
of even date
for V. P. ADITYA & CO.
Chartered Accountants
(V. P. ADITYA)
Partner
Membership No. : 006387

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Director

G. D. MAHESHWARI
Executive Director

Place : Kanpur
Dated : 2nd May, 2009

23rd Annual Report

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

(Rs. in Lacs)

	As at 31.3.2009	As at 31.3.2008
A. CASH FROM OPERATING ACTIVITIES :		
Net Profit after tax	42.42	139.76
Adjustment for :-		
Add : (i) Non Cash Item, Depreciation	2.14	1.86
(ii) Loss on Sale of Fixed Assets	0.00	1.12
(iii) Provision for Fringe Benefit Tax	0.40	0.41
(iv) Deferred Tax	0.36	0.25
Less : (i) Dividend from Mutual Fund	(43.38)	(156.76)
(ii) Balances Written Back	(0.00)	(0.02)
(iii) Gain from Mutual Fund Units	(0.97)	(1.36)
	(41.45)	(154.50)
Operating Profit before Working capital changes	0.97	(14.74)
Adjustments for Changes in Working Capital		
Add : (i) Increase in Provision for Gratuity	0.49	1.06
(ii) Increase in Current Liabilities	1.35	0.29
(iii) Decrease in Stock on Hire	0.00	3.90
(iv) Increase in Advances from Customers	2.43	2.10
Less : Increase in Loan on Vehicles	(81.18)	(23.76)
Increase in Advances given	(3.99)	(14.58)
	(80.90)	(30.99)
Add : Income Tax Refund Received	0.00	0.11
Less : Fringe Benefit Tax Paid	(0.40)	(0.42)
	(0.40)	(0.31)
Net Cash (Outflow)/inflow from operating activities (a)	(80.33)	(46.04)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Add : (i) Dividend from Mutual Fund	43.38	156.76
(ii) Sale of Investments (Mutual Fund)	58.87	29.37
(iii) Sale of Fixed Assets	0.91	9.12
	103.16	195.25
Less : (i) Purchase of Investment (Mutual Fund)	(31.00)	(144.81)
(ii) Purchase of Fixed Assets	(4.59)	(1.48)
	(35.59)	(146.29)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES (b)	67.57	48.96
C. CASH FLOW FROM FINANCING ACTIVITIES (c)	Nil	Nil
NET CASH (OUTFLOW)/INFLOW DURING THE PERIOD (a+b+c)	(12.76)	2.92
OPENING BALANCE OF CASH & CASH EQUIVALENTS	34.92	32.00
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	22.16	34.92

AUDITOR'S REPORT

As per our separate Report of even date

for V. P. ADITYA & CO.
Chartered Accountants
(V. P. ADITYA)
Partner
Membership No. : 006387

Place : Kanpur
Date : 2nd May, 2009

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Company Secretary

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Vice-Chairman

PADAM KUMAR JAIN
Director

R. K. GUPTA
Director

G. D. MAHESHWARI
Executive Director



	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised :		
1,00,00,000 Equity Shares of Rs.10/- each	<u>10,00,00,000</u>	10,00,00,000
Issued, Subscribed & Paid-up :		
60,00,000 (60,00,000) Equity Shares of Rs.10/- each fully paid-up in cash	<u>6,00,00,000</u>	6,00,00,000
TOTAL	<u>6,00,00,000</u>	<u>6,00,00,000</u>

SCHEDULE - 2

RESERVES & SURPLUS :		
Capital Reserve	2,52,323	2,52,323
General Reserve		
Opening Balance	6,00,00,000	4,50,00,000
Add : Transferred from Profit & Loss Account during the year	1,00,00,000	1,50,00,000
Add : Reserve for Deferred Tax	<u>10,00,318</u>	16,67,712
Profit & Loss Account	24,82,677	82,41,069
TOTAL	<u>7,37,35,318</u>	<u>7,01,61,104</u>

SCHEDULE - 4

INVESTMENTS : (UNQUOTED)		
Mutual Funds	<u>10,23,51,167</u>	10,50,40,621
TOTAL	<u>10,23,51,167</u>	<u>10,50,40,621</u>

Note : The net Asset value of the Investment in Mutual Funds as on 31.03.2009
Rs. 6,20,38,996/- (previous year Rs. 10,67,40,245/-).

SCHEDULE - 3

FIXED ASSETS

DESCRIPTION	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Rate of Dep.	Cost as on 1.4.2008	Additions/ Adjustments during the year	Sales/ Adjustments	Total Cost as on 31.3.2009	Upto 31.3.2008	Adj./Written Back during the year	For the year	Total as on 31.3.2009	As at 31.3.2009	As at 31.3.2008
	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11	
Land (Freehold)		670447	—	—	670447	—	—	—	—	670447	670447
Office Building	10	2407952	—	—	2407952	1836267	—	57169	1893436	514516	571685
Plant & Machinery	15	970661	8650	—	979311	814763	—	24682	839445	139866	155898
Furniture & Fixture	10	918755	—	—	918755	708162	—	21059	729221	189534	210593
Vehicles	15	630732	440131	302806	768057	368669	213485	91931	247115	520942	262063
Data Processing Machine	60	98750	9950	—	108700	76062	—	18788	94850	13850	22688
Total		5697297	458731	302806	5853222	3803923	213485	213629	3804067	2049155	1893374
Previous Year Figures		7440226	148390	1891319	5697297	4486194	868101	185830	3803923	1893374	2954032

ANNEXURE TO SCHEDULE - 4

INVESTMENT IN MUTUAL FUND

NAME OF MUTUAL FUND	BALANCE AS ON 01.04.08		PURCHASE DURING THE YEAR		SALES DURING THE YEAR		BALANCE AS ON 31.03.09	
	UNITS	AMOUNT (Rs.)	UNITS	AMOUNT (Rs.)	UNITS	AMOUNT (Rs.)	UNITS	AMOUNT (Rs.)
BALANCE FUNDS								
SBI Magnum Balance Fund - Dividend*	406575.817	8984353			161715.404	3470798	244860.413	5513555
Prudential ICICI Balance Fund - Dividend	425290.686	6824467					425290.686	6824467
Kotak Balance Fund	353540.327	7800000					353540.327	7800000
HDFC Balance Fund - Dividend	95938.288	1651644					95938.288	1651644
Tata Balance Fund - Dividend	131387.078	5000000					131387.078	5000000
FT India Balance Fund - Dividend	69918.118	1350000					69918.118	1350000
HDFC Prudence Fund - Dividend	277299.741	8036314					277299.741	8036314
TOTAL BALANCE FUNDS	1759950.055	39546778			161715.404	3470798	1598234.651	36175980
EQUITY/ EQUITY ORIENTED FUNDS								
Birla Midcap Fund-Dividend			5620.082	150000			5620.082	150000
DSPML Top 100 Equity Fund-Dividend			18851.475	450000			18851.475	450000
SBI Magnum Umbrella Contra - Dividend	182674.880	3996850					182674.880	3996850
SBI Magnum Global Fund - Dividend	249226.906	6312402					249226.906	6312402
SBI Magnum Equity Fund - Dividend			12718.601	400000			12718.601	400000
Tata Select Equity Fund - Dividend	152324.504	5076123					152324.504	5076123
Reliance Growth Fund - Dividend	142341.730	7688934	2612.330	150000			144954.060	7838934
Reliance Equity Opportunities Fund - Dividend	348385.617	5606560			147608.884	2318655	200776.733	3287905
Franklin India Opportunities Fund - Dividend	180153.946	3116019					180153.946	3116019
HDFC Equity Fund - Dividend	101970.330	3516009					101970.330	3516009
HDFC Top 200 Fund - Dividend	41160.310	1351787					41160.310	1351787
HSBC Equity Fund - Dividend			15412.253	450000			15412.253	450000
Kotak 30 Fund - Dividend	18573.356	603405	13735.175	450000			32308.531	1053405

contd.....



SBI Magnum Multiplier Plus Scheme - 93	39413.984	1900183					39413.984	1900183
Sundaram BNP Paribas Select Focus - Dividend	197563.625	2900000	12619.252	150000			210182.877	3050000
Sundaram BNP Paribas Select Midcap - Dividend	151371.293	3150000					151371.293	3150000
Sundaram BNP Paribas Growth Fund - Dividend			21215.657	300000			21215.657	300000
Prudential ICICI Growth Plan - Dividend	78354.554	1600000					78354.554	1600000
Prudential ICICI Power - Dividend	99538.331	2232721					99538.331	2232721
Prudential ICICI Dynamic Plan - Dividend	156970.437	3382361					156970.437	3382361
Prudential ICICI Emerging Star Fund - Dividend	114160.141	2560488					114160.141	2560488
Templeton India Growth Fund - Dividend	11377.237	500000	3171.415	150000			14548.652	650000
Birla Infrastructure Fund - Dividend	52876.364	800000					52876.364	800000
Tata Infrastructure Fund - Dividend	54227.138	1400000					54227.138	1400000
Reliance Vision Fund - Dividend	24808.304	1500000					24808.304	1500000
Standard Chartered Premier Equity Fund - Dividend	71905.018	1700000					71905.018	1700000
Reliance Diversified Power Sector Fund - Dividend	8555.813	500000	10206.013	450000			18761.826	950000
SBI MF Magnum Comma Fund - Dividend	21881.838	500000					21881.838	500000
Reliance Equity Advantage Fund - Dividend	116856.559	1200000					116856.559	1200000
Prudential ICICI Service Industries Fund - Dividend	143596.615	2300000					143596.615	2300000
TOTAL EQUITY/ EQUITY ORIENTED FUNDS	2760268.830	65393842	116162.253	3100000	147608.884	2318655	2728822.199	66175187
GRAND TOTAL	4520218.885	105040620	116162.253	3100000	309324.288	5789453	4327056.850	102351167

* Out of the total investment in this fund, 132752.790 units of this investment are pledged with the State Bank of India against overdraft facilities



		As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
SCHEDULE - 5			
CURRENT ASSETS :			
Cash in hand		57,755	2,08,615
Balances with Scheduled Banks :			
In Current Accounts	21,58,757	22,16,512	32,83,671
TOTAL		22,16,512	34,92,286

SCHEDULE - 6			
LOANS AND ADVANCES :			
Loan on Vehicle (Secured by hypothecation of vehicles)		2,57,25,308	1,75,63,765
Advances (Recoverable in cash or in kind for value to be received) - Unsecured		27,61,916	23,63,165
Advance Income Tax		3,50,671	3,53,281
Interest Receivable		83,612	1,27,231
TOTAL		2,89,21,507	2,04,07,442

SCHEDULE - 7			
CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities :			
Sundry Creditors :			
Others		2,95,263	1,59,660
Advance from Customers :			
Instalments	69,911		57,320
Others	6,67,513	7,37,424	4,36,761
Provisions :			
Income Tax	1,59,395		1,59,395
Gratuity	8,44,531		7,95,648
Fringe Benefit Tax	1,27,953	11,31,879	1,28,717
TOTAL		21,64,566	17,37,501

23rd Annual Report

	Year ended 31.3.2009 Rs.	Year ended 31.3.2008 Rs.
SCHEDULE - 8		
INCOME FROM OPERATION :		
Finance Charges	0	19,799
Interest on Loan	36,46,676	24,07,104
Interest (TDS Rs. Nil Last year Rs. Nil)	39,805	72,103
Processing Charges	4,86,550	3,37,725
TOTAL	41,73,031	28,36,731

SCHEDULE - 9

OTHER INCOME :

Profit on Sale of Assets	1,979	0
Miscellaneous Income	305	3,744
TOTAL	2,284	3,744

SCHEDULE - 10

FINANCIAL & OTHER EXPENSES :

Interest and Other Finance Charges :

Service Charges	2,28,565	1,53,550
Recovery Charges	1,94,696	1,44,674
Other Finance Charges	36,822	40,994
Loss on Sale of Assets	0	1,11,714
Interest paid to Income Tax Deptt.	0	20,809
Interest on Security Deposits	12,781	0

TOTAL **4,72,864** **4,71,741**

SCHEDULE - 11

PERSONNEL EXPENSES :

Salaries	15,46,781	14,34,447
Contribution to Provident Fund	1,31,508	2,48,385
Gratuity & Leave Encashment	1,61,629	2,22,074
Foods & Beverages in Office	36,183	34,260
Administrative Expenses to PF	17,664	17,397

TOTAL *** 18,93,765** **19,56,563**

* Note : Including payment to Executive Director
Rs.2,27,049/- (Previous Year Rs. 1,93,181/-)



SCHEDULE - 12	Year ended	Year ended
	31.3.2009	31.3.2008
	Rs.	Rs.
ADMINISTRATIVE EXPENSES :		
Travelling & Conveyance (Including Rs. Nil on Account of Director's Travelling Last Year Rs. NIL)	4,19,577	4,67,315
Registration & Renewal	36,700	94,750
Postage & Telegram	57,696	59,492
Telephones, Telex & Fax	1,13,797	1,09,062
Repairs & Maintenance :		
Office Building	2,12,840	
Computers	10,150	1,30,903
Legal & Professional Charges	1,11,437	1,59,787
Share Transfer Agent's Expenses	56,362	60,365
Printing & Stationery	76,152	72,277
Advertisement	49,081	32,072
Rates & Taxes	39,457	25,046
Donation	2,00,000	5,00,000
Insurance	3,766	4,997
Electricity & Fuel Charges	2,26,984	1,87,344
Motor Car Expenses	20,000	27,205
Directors Sitting Fee	20,000	11,500
Auditor's Remuneration :		
Audit Fee	20,000	
Tax Audit Fee	5,000	25,000
Miscellaneous Expenses	33,593	29,341
TOTAL	17,12,592	19,96,456

SCHEDULE - 13

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY
(as required in the terms of Paragraph 9BB of Non-Banking Financial Companies
Prudential Norms (Reserve Bank) Directions, 1998)

LIABILITIES SIDE : Rs. in Lacs

PARTICULARS	Amount outstanding	Amount overdue
1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowings	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Public Deposits*	NIL	NIL
(g) Other Loans (specify nature)	NIL	NIL

* Please see Note 1 below.

2. Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :

(a) In the form of unsecured debentures	NIL	NIL
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
(c) Other public deposits	NIL	NIL

* Please see Note 1 below.

ASSETS SIDE :

PARTICULARS	Amount Outstanding	
3. <u>Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :</u>		
(a) Secured	NIL	
(b) Unsecured (considered good)	<u>31.13</u>	31.13



4. **Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities :**

(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	NIL	
(b) Operating Lease	<u>NIL</u>	NIL
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	NIL	
(b) Repossessed Assets	<u>NIL</u>	NIL
(iii) Hypothecation loans counting towards EL/HP activities :		
(a) Loans where assets have been repossessed	NIL	
(b) Loans other than (a) above	<u>258.09</u>	258.09

5. **Break-up of Investments :**

Current Investments :

(1) Quoted :

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

(2) Unquoted :

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

Long Term Investments :

(1) Quoted :

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

(2) Unquoted :

(i) Shares : (a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds	NIL	
(iii) Units of Mutual Funds	1023.51	
(iv) Government Securities	NIL	
(v) Others (please specify)	<u>NIL</u>	1023.51

6. Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :

Please see Note 2 below

CATEGORY	Amount net of provisions		
	Secured	Unsecured	Total
(1) <u>Related Parties**</u>			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
(2) <u>Other than Related Parties</u>	258.09	31.13	289.22
Total	258.09	31.13	289.22

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

Please see Note 3 below

CATEGORY	Market Value/Break-up or fair Value or NAV	Book Value (Net of Provisions)
(i) <u>Related Parties**</u>		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
(ii) <u>Other than Related Parties</u>	620.39	1023.51
Total	620.39	1023.51

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

8. Other information :

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

NOTES :

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance, of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.



SCHEDULE - 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies

- A. VALUATION :-
- Fixed Assets are valued at cost.
 - Long term investments are valued at cost.
 - Current investments are valued at lower of cost or fair value.
 - Stock on Hire are valued at Cost less Capital recovery.
- B. PHYSICAL VERIFICATION :-
- Fixed Assets in use of the Company are physically verified once in every year.
 - Physical verification of stock on hire is carried out on test check basis.
- C. DEPRECIATION :-
- In respect of own Assets, Depreciation is provided on written down value as per the rates prescribed under the Income Tax Act, 1961.
 - In respect of Leased Assets, depreciation is provided on Straight Line Method in accordance with the Section 205(2)(b) of the Companies Act, 1956.
- D. REVENUE RECOGNITION :-
- The income & expenses are accounted for on accrual basis.
 - Interest on overdue instalments is accounted for on certainty of the realisation.
 - The Company has followed the prudential norms for Income recognition and provisioning for non-performing assets as prescribed by the Reserve Bank of India for non-banking financial companies.
- E. EARNING PER SHARE :-
The Company reports earnings per share in accordance with AS-20.
- F. EMPLOYEE BENEFITS :-
- Provisions for Retirement benefits for Gratuity are made as per the payment of Gratuity Act,1972.
 - Leave Encashment is accounted as per Service Rules and charged to the P&L Account.
 - Contribution to Provident Fund is recognised when due.
- G. INTANGIBLE ASSETS :-
The Company recognises intangible assets in accordance with AS 26.
- H. IMPAIRMENT OF ASSETS :-
An asset is impaired if there are sufficient indication that the carrying cost would exceed the recoverable amount of cash generating assets. In that event an impairment loss so computed would be recognised in the accounts in the relevant year.

2. Notes on Account :-

- i) CONTINGENT LIABILITIES :
- | CONTINGENT LIABILITY NOT PROVIDED FOR | (2008-09) | (2007-08) |
|---|-----------------|-----------------|
| Claims against the Company not acknowledged as debt | Rs. 4,00,000.00 | Rs. 4,00,000.00 |
- ii) The Company follows the Reserve Bank of India guidelines applicable to Non Banking Financial Companies regarding Assets Classification, Provisioning and Income Recognition on non performing assets and Accounting of Investments.

23rd Annual Report

- iii) Long term investments of the company consist of investments in various schemes of Mutual Funds, where the "Net Assets Value" of the Investments as on 31.03.2009 has dipped by Rs 4.03 Crores. Management however is of the view that it is a temporary market phenomenon and company has adequate general reserve to meet any contingency.
- iv) The Accounting Standard-15 "Employee benefits", prescribed by the Central Government, has become applicable to the company in its entirety as our company is listed on Stock Exchanges.

In formulating the accounting policy regarding employee benefits, we were motivated by the fact that average number of employees during the financial year, remained 20 i.e. less than 50.

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

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

- v) In the financial year 2008-09, the Company has only operated one business segment, hence compliance of AS-17 regarding "Segment Reporting" is not necessary.
- vi) Balance in some accounts of Receivables and Loans & Advances are subject to confirmation.
- vii) Related party transactions :

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

viii) Earning per share (EPS) :

Annualised earning per equity share have been calculated on the net profit (after taxation) of Rs. 42,41,608/- (previous year Rs. 1,39,76,430/-) and the number of equity shares 60,00,000 (previous year 60,00,000).

	31.03.2009	31.03.2008
	Rs.	Rs.
Basic earning per share	0.71	2.33

- ix) (a) As required under accounting Standard "22" in respect of "Accounting for taxes of income".

(1) Deferred Tax Liability :

The break up of Deferred Tax Liability into major components as on 31.3.2009 was as follows :-

	31.03.2009		31.03.2008	
	Total (Rs.)	Deferred Tax Impact (Rs.)	Total (Rs.)	Deferred Tax Impact (Rs.)
Accumulated timing difference on Depreciation for the year	25,62,527	7,91,821	20,60,997	7,00,533



(2) Deferred Tax Assets :

The break up of Deferred Tax Assets into major components as on 31.3.2009 was as follows :

	31.03.2009		31.03.2008	
	Total (Rs.)	Deferred Tax Impact (Rs.)	Total (Rs.)	Deferred Tax Impact (Rs.)
Unabsorbed Depreciation	26,78,252	8,27,580	43,98,276	14,94,974
Gratuity	8,44,531	2,60,961	7,95,648	2,70,441
Carried forward of losses A.Y. 2008-09	2,09,783	64,823	—	—
	37,32,566	11,53,364	51,93,924	17,65,415

- (b) Deferred Tax Assets were reviewed on 31.03.2009. Looking to the current business activity of the Company there is uncertainty about sufficient future taxable income. Therefore, it was considered prudent to create deferred tax assets on a conservative basis. Consequently, no asset was created on the following :-

	Total (Rs.)	Deferred Tax Impact (Rs.)
Unabsorbed depreciation for the F.Y. 2008-09	7,76,482/-	2,63,926/-

- x) The company has not received any memorandum (as required to be filed by the Suppliers with the notified authority under the Micro, small and medium Enterprises Development Act, 2006), claiming their status as Micro, small or medium enterprises. Consequently, the amount paid/payable to their parties during the year is Nil.
- xi) The figures have been rounded off to the nearest rupee.
- xii) Last year's figures have been regrouped and re-arranged wherever necessary to confirm to the figures of the current year.
- xiii) Schedule '1' to '14' form an integral part of the accounts and have been duly authenticated.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Information pursuant to Part-IV of Schedule VI of Companies Act, 1956)

I. Registration Details

Registration No. : 20-7547
State Code : 20
Balance Sheet Date : 31st March, 2009
Date Month Year

II. Capital raised during the year (Amount in Thousands)

Public Issue : Nil Rights Issue : Nil
Bonus Issue : Nil Private Placement : Nil

**III. Position of Mobilisation and Deployment of Funds
(Amount in Thousands)**

Total Liabilities : 134527 Total Assets : 134527

Sources of Funds

Paid-up Capital : 60000 Reserves & Surplus : 73735
Secured Loans : Nil Unsecured Loans : Nil
Deferred Tax Liability : 792

Application of Funds

Net Fixed Assets : 2049 Investments : 102351
Net Current Assets : 28973 Misc. Expenditure : Nil
Accumulated Losses : Nil Deferred Tax Assets : 1153

IV. Performance of Company (Amount in Thousands)

Turnover : 8611 Total Expenditure : 4293
+ – Profit/(Loss) : + – Profit/(Loss)
Before Tax : 4318 After Tax : 4242
Earning Per Share in Rs. : 0.71 Dividend Rate % : Nil

**V. Generic Names of Three Principal Products/Services of Company
(as per monetary terms)**

Item Code No. (ITC Code) : N.A.
Service Description : (i) Leasing, Financing and Hire
Purchase of Assets.
(ii) Dealing in Shares & Securities.
(iii) Investment in Mutual Funds & Bonds.



KEY CORP LIMITED

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

ATTENDANCE SLIP

Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the meeting hall.

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company on Saturday, the 18th July, 2009 at 10.00 a.m. at the Registered Office of the Company at 16/16-A, Civil Lines, Kanpur.

Folio No./ DPID / CLIENT ID

Full Name of the Shareholder/Proxy
(in Block Letters)

.....
(Signature)

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP AT THE MEETING



KEY CORP LIMITED

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

PROXY FORM

Regd. Folio No./ DPID / CLIENT ID No. of Shares held.....

I/We.....

of..... in the district of being

a member/members of the above named Company, hereby appoint

..... of

..... in the district of.....

or failing him..... of.....

in the district of.....

as my/our proxy to vote for my/our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 18th July, 2009 at 10.00 a.m. at the Registered Office of the Company at 16/16-A, Civil Lines, Kanpur and at any adjournment thereof.

Signed this..... day of..... 2009.

Affix
Revenue
Stamp

Note : This form duly completed should be deposited at the Registered Office of the Company atleast 48 hours before the time of the above meeting.

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**23RD
ANNUAL
REPORT
2008-2009**



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

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