

ANNUAL REPORT 2009 - 2010

KREON FINNANCIAL
SERVICES LTD

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Board of Directors

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

DIRECTORS' REPORT

Dear Stockholders

Your Directors have great pleasure in presenting the Sixteenth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2010

OPERATIONS

The financial results of the Company for the year ended 31st March 2010 is summarized below:

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Income from Operations	99.09	40.44
Non-operating Income	13.12	1.01
Total Income	112.21	41.45
Total Expenditure	51.16	146.03
Profit/Loss before Depreciation, Interest and Taxation	61.04	-104.58
Interest & Finance Charges	0.01	0.00
Depreciation	2.87	2.99
Profit / Loss before Tax	58.17	-107.57
Provision for Current Taxes	0.00	-0.69
Provision for Deferred Taxes	0.00	0.00
Profit / Loss after Tax	58.17	-106.89
Statutory Reserve	11.63	1.78
Balance in Profit & Loss Account	-121.81	-14.92
Balance carried to Balance Sheet	-75.28	-121.81

Year 2009-10 has proved to be challenging year considering the global as well as domestic financial markets turbulences on account of global recession. Your Company has achieved operational Profit of Rs.58.17 Lacs for the financial year 2009-10 as compared to Loss of Rs 106.89 lacs in the previous year 2008-09.

DIVIDEND

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

FUTURE PROSPECTS

The current financial activities of the company has been facing resilience on various fronts due to the global phenomenon and economic recession. However the company has prepared itself strategically to diversify and hedge the risk of slowdown. We maintain our positive outlook for the financial sector. Going forward and anticipate maintaining the growth momentum in the year 2010-11. The emerging economy of our country leads to growing demand and has cemented its path and witnessed significant momentum growth.

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

CHALLENGES

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

FIXED DEPOSITS

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

DIRECTORS

Mr.S. Pannalal Tatia and Mr. M. Mohan, Directors retire by rotation and being eligible offer themselves for reappointment

Change in Designation:-

Mr. S. Pannalal Tatia , Director is re- designated as Executive Director cum Compliance officer of Company.

RESIGNATION

During the year Ms. D. Ruby has ceased to be Director due to resignation. The Board places on record its appreciation of the invaluable contribution made by her during her tenure as a Director of the company.

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, 2010 the applicable Accounting Standards have been followed and there are no material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared annual accounts on a going concern basis.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDITORS

M/s K Subramanyam & Co, Chartered Accountants, Auditors of the Company, retire at ensuing Annual General Meeting and have furnished a certificate under Section 224(1B) regarding their eligibility for reappointment as the Company's Auditors for the year 2010 - 11.

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

PARTICULARS OF EMPLOYEES

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

PARTICULARS AS REQUIRED UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

CONSERVATION OF ENERGY

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

Technology Absorption:-

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

Foreign Exchange Inflow & Outgo:-

Foreign Exchange inflow during the year :- Nil

Foreign Exchange outgo during the year :- Nil

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

EXPLANATION TO AUDITORS OBSERVATION

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

COMPANY SECRETARY

The company is making consistant 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 compnay secretary from year to year and the company is also taking certifications from them for Stock Exchange Compliances.

ACKNOWLEDGEMENT

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

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

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

PLACE : CHENNAI
DATE :02.09.2010

Sd/-
S.PANNALAL TATIA
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

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

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

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

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

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

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

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

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

OUTLOOK

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

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

A. MANDATORY REQUIREMENTS

1. Philosophy on Code of Governance

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

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

2. Board of Directors

The Board is comprised of appropriate mix of a Executive, Non-Executive and Independent Directors maintaining the Independence of the Board.. The Board presently consists of 5 members comprising of the Executive Director, and 4 Non-Executive Directors out of which three are Independent Directors.

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

Sl. No	Name(s) of Director (s)	Executive / Non-executive/ Independent	Other directorships (Excluding Private Limited Companies	Number of Committee membership in other Companies*	Number of Committee Chairmanship in other Companies*
1	Sri. S. Pannalal Tatia-Chairman	PD & ED	2	2	NIL
2	Sri. S.P. Bharat Jain Tatia – Ex.Director	PD & ED	2	NIL	NIL
3	Sri. E. Subbarayan -Director	NED & ID	2	2	NIL
4	Mr. M.Mohan –Director	NED & ID	NIL	NIL	NIL
5	Ms. D. Ruby – Director (Resigned w.e.f. 31.03.2010)	NED & ID	1	1	NIL
6	Ms. D. Hemamalini – Director (Appointed w.e.f. 31.03.2010)	NED & ID	1	1	NIL

* Excluding Directorships held in Private Companies

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

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

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

2. Directors' Profile

BRIEF PARTICULARS OF THE DIRECTORS SEEKING RE-APPOINTMENT

Name of the Director : Shri. S. Pannalal Tatia
 Age : 61 years
 Date of Appointment : 23.11.1994
 Experience in Specific Area : Accounts & Finance

Qualification : B.Com , F.C.A
 List of Outside directorship held : Private - 14 . Public -3

Chairman and member of : Chairman of the Board
 Committee of Board of Director : Member of Audit Committee
 of the Company

Chairman and Member of : Chairman of the Board
 Committee of Board of Director : Member of Audit committee
 of the other Companies(listed) of Ashram online.com Ltd.,
 &Tatia Global Vennture Limited

Name of the Director : M. Mohan
 Age : 41 years
 Date of Appointment : 24.03.2002
 Experience in Specific Area : Accounts & Finance
 Qualification : B.com
 List of Outside directorship held : Private: Nil Public: Nil
 Chairman and member of : Chairman of Audit Committee
 Committee of Board of Director : & Member of Remuneration Committee
 of the Company

Chairman and Member of : NIL
 Committee of Board of Director
 of the other Companies(listed)

Brief Resume of all the Directors are given below:

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

Mr S P Bharat Jain Tatia, Director – He is a Bachelor of Commerce in qualification. He has over 14 years of experience in the areas of Export Industry, Investment Consultancy, and Capital Market Operations.

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

Ms G Ruby, Director - B.A. Corporate, with over 7 years of experience in Finance and Accounts.

Mr M Mohan, Director – A B.Com Graduate by qualification has experience of about 7 years in the field of finance and accounting.

Ms.D. Hemamalini, Director – B.com with 4 year experience in Account & Finance

Attendance of Directors at Board Meetings and at Annual General Meeting

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

Sl. No	Name(s) of Director (s)	No. of Board Meetings held	Board Meetings attended	Attendance at Previous AGM
1	Sri. S. Pannalal Tatia-Chairman	14	14	Yes
2	Sri. S.P. Bharat Jain Tatia – Director	14	14	Yes
3	Sri. E. Subbarayan -Director	14	14	Yes
4	Mr. M.Mohan –Director	14	14	Yes
5	Ms. D. Ruby – Director (Resigned w.e.f. 31.03.2010)	14	14	Yes
6	Ms. D. Hemamalini – Director (Appointed w.e.f. 31.03.2010)	14	1	No

During the financial year 2009 - 10, 14 meetings of Board of Directors were held on 21st April 2009, 30th June 2009, 31st July 2009, 12th August 2009, 31st August 2009, 02nd September 2009, 4th September 2009, 30th September 2009, 31st October 2009, 20th November 2009, 30th November 2000, 31st January 2010, 19th February 2010, 31st March 2010

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. Shareholders/ Investor Grievance Committee
- III. Remuneration Committee

I. Audit Committee

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

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

Sl. No	Name	Category/ Status	Meetings Held	Meetings Attended
1	Sri M. Mohan	Non Executive & Independent – Director / Chairman	5	5
2	Shri S. Pannalal Tatia	Executive Director - Member	5	5
3	Ms. D. Ruby (Resigned w.e.f 31.3.10)	Non Executive & Independent – Director - Member	5	5
4	Ms. D. Hemamalini (Appointed w.e.f 31.3.10)	Non Executive & Independent – Director - Member	5	1

During the year four meetings of Audit Committee were held on 30.06.2009, 31.07.2009, 31.10.2009 and 31.01.2010 & 31.03.2010

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 Board has Re-constituted Share Transfer cum Investor Relations Committee in its meeting dated 31st October 2006. Presently, Committee consists of two Non-Executive Directors out of which both are Independent Directors. Committee oversees and reviews all matters connected with transfer of securities, non-receipt of balance sheet and attending the grievances of the shareholders. The Committee has delegated the authority for share transfers to Executive Director so that it can be take up at regular interval. The Committee oversees performance of Registrars and Transfer Agents of the Company and recommends measures for overall improvements in the quality of investor services.

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

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

Compliance Officer

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

Investors' Grievance Redressal

During the year total 11 complaints were received. All the complaints has been resolved to the satisfaction of shareholders. There was no outstanding complaint as on 31st March 2010.

I. Remuneration Committee

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

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

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

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
2008-09	30.09.2009	10.00 A. M	SAMUGHANALAKUDAM, VALLANUR, AMBATTUR, CHENNAI – 600 062	One	AGM
2007-08	30.09.2008	10.00 A. M	SAMUGHANALAKUDAM, VALLANUR. AMBATTUR, CHENNAI – 600 062	Two	AGM
2006-07	27.09.2007	10.00 A. M	SAMUGHANALAKUDAM, VALLANUR, AMBATTUR, CHENNAI – 600 062	Two	AGM

5. Disclosures

I. There are no materially significant transactions with the related parties viz., Promoters, Directors or the Senior Management, subsidiaries or relatives conflicting with Company's interest. 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.

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

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

6. Means of Communication

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

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

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

7. Legal Compliance Reporting:

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

8. General Shareholder Information:

I. Information about Sixteenth Annual General Meeting

Date and time : 30th day of September 2010. 09.30 A.M

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

II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2009-10 started on 1st April 2009 and ended on 31st March 2010. The current financial year 2010-11 started on 1st April 2010 and would end on 31st March 2011.

Financial Calendar (Tentative)

First Quarter 30th June 2010 : on or before 31st July 2010
 Second Quarter 30th September 2010 : on or before 31st October 2010
 Third Quarter 31st December 2010 : on or before 31st January 2011
 Fourth Quarter 31st March 2011 : on or before 31st May 2011

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of Eight days starting 23/09/2010 to 30/09/2010 (Inclusive of Both Days).

V. Listing on Stock Exchange

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

VI. Stock Code

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

VII Market Price Data

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

Year	Month	High (Rs.)	Low (Rs.)	Monthly close
2009	April	1.99	1.72	1.99
2009	May	2.08	1.74	1.91
2009	June	4.95	2.00	4.95
2009	July	5.40	4.43	4.43
2009	August	4.66	4.00	4.20
2009	September	4.99	3.71	3.71
2009	October	4.51	3.53	4.17
2009	November	6.41	4.37	6.41
2009	December	10.20	6.73	9.25
2010	January	9.50	6.15	6.16
2010	February	9.82	5.75	9.82
2010	March	11.70	8.00	8.10

VIII. Registrar and Share Transfer Agents

The Company has appointed M/s. Cameo Corporate Services Limited as Registrar and Share Transfer Agent and also has agreements with both the depositories NSDL and CDSL. Following is the address of Registrar and Transfer Agents:

M/s CAMEO CORPORATE SERVICES LIMITED

Subramanian Building,

1, Club House Road,

Chennai – 600 002.

Ph: +91 44 2846 0390

Fax: +91 44 2846 0129

Email: investor@cameoindia.com

Physical: In House Share Transfer

Registered office at 81 B 2nd Main Road

Ambattur Industrial Estate , Chennai – 600 058

IX. Share Transfer System

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

X. Distribution of shareholding as at 31st March 2010

Total Authorised Value Rs. 6,00,00,000 Nominal value of each share Rs.10/-

Total Paid – up Value Rs. 5, 01,65,000 Paid up value per share is Rs.10/-

Total number of shares- 50,16,500

Distinctive Nos. 0000001 to 5016500

Share holding of nominal value of Rs.	Shareholders		Shareholding	
	Number 2	% to Total Nos. 3	In. Rs. 4	% to Total Amount 5
10- 5000	2100	74.1787	4388420	8.7480
5001 -10000	355	12.5397	3006120	5.9925
10001-20000	197	6.9587	3055760	6.0914
20001-30000	59	2.0841	583340	1.1628
30001-40000	35	1.2363	1227680	2.4473
40001-50000	26	0.9184	1223400	2.4388
50001-100000	31	1.0950	2234510	4.4543
100001 and above	28	0.9890	3445770	68.6649
Total	2831	100.0000	50165000	100.0000

XI. Dematerialization of Equity Shares and Liquidity

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

Authorized Capital of Rs. 6,00,00,000 comprising of into 60,00,000 equity shares of Rs.10/- each. Paid up Capital of the Company as on 31st March 2009 is Rs. 5,01,65,000 comprising of 50,16,500 Equity shares of Rs.10/- each. Out of the above shares 3046800 Equity Shares representing 60.74 % are held physically and balance 1969700 Equity Shares representing 39.26 % is held in dematerialized form.

XII. Outstanding GDR / FCCB / Warrants

The company at no point of time have issued GDR, FCCB, Warrants or any other convertible securities till date.

XIII. Plant Location

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

XIV. Address for Correspondence

The Registered Office of the Company is situated at following address. Further all correspondence with the Company can be done at following address, addressing to

Executive Director -Mr.S. Pannala Tatia
 No 81 B Second Main Road,
 Ambattur Industrial Estate,
 Chennai – 600 058. Ph: +91 44 42138702, Fax: +91 44 42138704
 Email: tatia@vsnl.com

For any correspondence in relation to shareholders' grievance the communication would be addressed to the Registrar and Transfer Agents
 M/s CAMEO CORPORATE SERVICES LIMITED
 Subramanian Building
 1, Club House Road,
 Chennai – 600 002, Ph: +91 44 2846 0390, Fax: +91 44 2846 0129
 Email: investor@cameoindia.com

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

* Categories of Shareholding as at 31st March 2010

	Category	No. of Shares Holders	Total No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding			
1	Promoters/ Persons acting in Concert	3	1582900	31.55
2	Bodies Corporate	1	1228200	24.48
	Sub Total	4	2811100	56.04
B	Non Promoters Holding			
a	Mutual funds/FIs/Bonds	Nil	Nil	Nil
b	FIs	Nil	Nil	Nil
c	Body Corporate	61	227647	4.54
d	NRI/OCB	Nil	Nil	Nil
e	Indian Public	2766	1977753	39.42
f	Others-(Clearing Members)	Nil	Nil	Nil
g	Shares represented by GDRs	Nil	Nil	Nil
	Sub Total	2827	2205400	43.96
	Grand Total	2831	5016500	100.00

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
Duplicate Share	NIL	NIL	NIL
Certificate	NIL	NIL	NIL
Splitting	NIL	NIL	NIL
Transfer(Physical]	22	22	NIL
Transmission	NIL	NIL	NIL
Dematerialisation	74	71	NIL
Rematerialisation	NIL	NIL	NIL
	97	97	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 Secretarial Audit Report for all the four quarter during the year ended 31st March 2010 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 Managing Director.

CEO Certification

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

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

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

I confirm that the Company has in respect of the financial year ended 31st March 2010 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
Executive Director**

**PLACE : CHENNAI
DATE : 2nd September 2010**

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 2009 to 31st March, 2010, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

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 the 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 my 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 certified by the share transfer agents of the company, based on the records maintained by them.

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

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

Sd/-

**K SUBRAMANYAM
PROPRIETOR
M.No.023663**

Place : Chennai
Date : 31.05.2010

CERTIFICATE BY EXECUTIVE DIRECTOR

I, S. Pannalal Tatia, Executive Director of Kreon Financial Services Limited, hereby certify

1. That I have reviewed the financial statements and the cash flow statement for the year ended 31st March 2010 and to the best of my knowledge and belief
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. 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 violation of the company's code of conduct.
3. That I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That I 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 I have become aware and the involvement therein, if any, of the management of or an employee having a significant role in the company's internal control system

For KREON FINANCIAL SERVICES LIMITED

-sd-

S. Pannalal Tatia
Executive Director

Place : Chennai
Date : 02.09.2010

AUDITOR'S REPORT

TO THE MEMBERS OF KREON FINNANCIAL SERVICES LIMITED

1. I have audited the attached balance sheet of M/s Kreon Financial Services Limited as at 31st march, 2010 and also the profit & loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts & disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the companies order, 2003, issued by the central govt. of India in terms of section 227 (4A) of the companies act, 1956, I give in the annexure, a statement on the matters specified in paragraphs 4 of the said order.
4. Further to my comments in the annexure referred to in Para 3 above, I report that:
 - (a) I have obtained all the information and explanation, which to the best of my knowledge and belief were necessary for the purpose of my audit. In my opinion, proper books of accounts as required by law have been kept by the company so far as appears from my examination of such books.
 - (b) the balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the book of account.
 - (c) in my opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3c) of section 211 of the companies act, 1956.
 - (d) On the basis of the written representation received from the directors as on 31st March 2010 and taken on record by board of directors, I report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the companies act, 1956. as regards government nominee directors .they are exempted from the provision of section 274 (1) (g) in view of general circular issued by the department of company affairs.
5. in my opinion and to the best of my information and according to the explanation given to me, the said accounts read with significant accounting policies and the other notes thereon, give the information required by the companies act,1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in case of the balance sheet of the state of affairs of the company as at 31st March, 2010;
 - (ii) in case of profit & loss account of the loss for the year ended on that date, and
 - (iii) in case of cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-

**K SUBRAMANYAM
PROPRIETOR**

Membership No. 023663

Place : Chennai
Date : 31.05.2010

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

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

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

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

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

- (X) The Company has made cash profit of Rs 58.17 lakhs during the year. The company have accumulated losses of Rs 75.28 lakhs at the end of the financial year to be adjusted against future profits.
- (XI) Based on my audit procedures and on the information and explanation given by the management, I am of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (XII) According to the information and explanations given to me, the company has given any loans and advances on the basis of security by way of Pronotes, post dated instruments, pledge of shares, debentures and other securities. The loans advanced are subject to confirmation.
- (XIII) In my opinion the company is not a chit fund or nidhi/mutual benefit fund/society, therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (XIV) In my opinion the company is dealing in or trading in shares, securities, debentures and other investments. Accordingly, the company has complied with provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003.
- (XV) According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (XVI) There were no term loans obtained by the company during the year.
- (XVII) According to the cash flow statement and other records examined by me and the information and explanations given to me, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment pending application.
- (XVIII) The company has not made any preferential allotment during the year nor does the company have any outstanding debentures during the year.
- (XIX) The company has not issued any debentures and no securities and charges are required to be created.
- (XX) The company has not raised any money by public issue during the year.
- (XXI) To the best of my knowledge and belief and according to the information explanation given to me, no fraud on or by the company was noticed or reported during the year.

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

**Place : Chennai
Date : 31.05.2010**

**K SUBRAMANYAM
PROPRIETOR
Membership No. 023663**

KREON FINANCIAL SERVICES LIMITED

Balance Sheet as at	Sch	31.03.2010	31.03.2009
Sources of Funds		Rs.	Rs.
1. Shareholder's funds:			
a. Share Capital	1	50,165,000	50,165,000
2. Reserves & Surplus			
a. Statutory Reserves	2	1,341,172	177,798
		51,506,172	50,342,798
Application of Funds			
3. Fixed Assets:	3		
a. Gross Block of Fixed Assets		4,800,287	4,806,787
b. Less : Accumulated Depreciation		4,493,045	4,205,846
c. Net Fixed Assets		307,242	600,942
4. Investments	4	21,911,866	18,185,352
5. Current Assets, Loans & Advances			
a. Inventory	5	-	7,249,604
b. Loans, Advances & Deposits	6	40,101,115	44,806,984
c. Sundry Debtors	7	2,558,843	13,115,237
d. Cash & Bank Balances	8	750,057	664,189
		43,410,015	65,836,014
6. Current Liabilities & Provisions			
a. Current Liabilities	9	21,802,179	46,629,034
		21,802,179	46,629,034
Net Current Assets		21,607,836	19,206,980
7. Miscellaneous Expenditure	11		
a) Miscellaneous Expenses (to the extent not w /off or adjusted)		151,200	168,000
b) Profit & Loss Account		7,528,028	12,181,524
		51,506,172	50,342,798
Notes Annexed to and Forming Part of Accounts	16		

As per my report on even date

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

Sd/-

**K. Subramanyam
Proprietor
Membership No.023663**

for and on behalf of the Board of Directors

Sd/-

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

Sd/-

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

**Place : Chennai
Date: 31/05/2010**

KREON FINNANCIAL SERVICES LIMITED

Profit and Loss Account for the Year ended on	<u>Sch</u>	<u>31.03.2010</u>	<u>31.03.2009</u>
		Rs.	Rs.
<u>Income</u>			
Income from Operations		9,908,995	3,310,747
Dividend Income		14,804	-
Misc. Income		1,297,451	833,621
		<u>11,221,250</u>	<u>4,144,368</u>
<u>Expenditure</u>			
Human Resource & Related Costs	13	166,525	145,539
Administration & General Expenditure	14	4,674,987	1,586,443
Interest & Financial Charges	15	1,368	2,110
Loss in Share Trading Activities		257,500	12,852,300
Miscellaneous Expenditure	12	16,800	16,800
		<u>5,117,180</u>	<u>14,603,192</u>
Profit/ (Loss) before depreciation & taxes		6,104,070	-10,458,824
Less : Depreciation for the year		287,200	298,988
Profit after depreciation before taxes		5,816,870	-10,757,812
Add : Tax Expenses		-	68,614
Profit/ (Loss) after depreciation & taxes		5,816,870	-10,689,198
Less: Transfer to Statutory Reserves		1,163,374	-
Profit for the year to be carried to Balance Sheet		4,653,496	-10,689,198
Add: Amount Transfer from Profit and Loss A/c		-12,181,524	-1,492,326
Balance Carried to Balance Sheet / Profit / (Loss)		<u>-7,528,028</u>	<u>-12,181,524</u>
Earnings per share (EPS) Basic and diluted (Rs)		1.16	-2.13
Face value per Equity share (Rs.)		10/-	10/-
Notes on Account			

As per my report on even date

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

Sd/-

***K. Subramanyam
Proprietor
Membership No.023663***

***Place : Chennai
Date: 31/05/2010***

for and on behalf of the Board of Directors

Sd/-

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

Sd/-

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

Schedules forming part of Accounts

	<u>Sch</u>	<u>31.03.2010</u> Rs.	<u>31.03.2009</u> Rs.
<u>Equity Share Capital</u>	1		
<u>Authorised Capital :</u> 6000000 equity shares of Rs 10 /- each		60,000,000	60,000,000
<u>Issued,Subscribed and Called Up</u> 5016500 equity shares of Rs 10 /- each.		50,165,000	50,165,000
<u>Paid Up Capital</u> 5016500 equity shares of Rs 10 /- each fully paid.		50,165,000	50,165,000
		<u>50,165,000</u>	<u>50,165,000</u>
<u>Reserves & Surplus</u>	2		
<u>a. Statutory Reserves</u>			
Opening Balance		177,798	177,798
Add : Transferred during the year		1,163,374	-
		<u>1,341,172</u>	<u>177,798</u>
b. Profit & Loss a/c			
Profit & Loss (Opening Balance)		(12,181,524)	(1,492,326)
Add: Current Year Profit / Loss		4,653,496	-10,689,198
		<u>-7,528,028</u>	<u>(12,181,524)</u>
<u>Loans,Advances & Deposits</u> <u>(Unsecured Considered Good)</u>	6		
Loans above six months		40,101,115	44,806,984
Loans below six months		-	-
		<u>40,101,115</u>	<u>44,806,984</u>
<u>Sundry Debtors</u>	7		
Sundry Debtors above six months		2,558,843	13,115,237
Sundry Debtors below six months		-	-
		<u>2,558,843</u>	<u>13,115,237</u>
<u>Cash & Bank Balance</u>			
Cash in Hand	8	739,421	484,180
<u>Balances with Schudeled Banks</u>			
HDFC Bank Ltd		2,377	73,731
SBT - Commercial Branch		8,259	106,278
		<u>750,057</u>	<u>664,189</u>
<u>Current Liabilities</u>	9		
Sundry Creditors		21,802,179	46,629,034
		<u>21,802,179</u>	<u>46,629,034</u>
<u>Miscellaneous Expenditure</u>	11		
Deffered Revenue Expenses		168,000	184,800
Less: W / off during the year		16,800	16,800
		<u>151,200</u>	<u>168,000</u>

KREON FINANCIAL SERVICES LTD

Rs.

Details of Fixed Assets as per Companies Act, 1956

Schedule - 3

Particulars	Rate @%	Gross Block			Depreciaton			Net Block	
		Cost on 01.04.2009	Add/-Del for year	Cost on 31.03.2010	As at 01.04.2009	During the year	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010
Furniture & Fixtures	18.10%	3,948,589	-	3,948,589	3,479,814	249,946	3,729,760	468,775	218,829
Office Equipments	13.91%	503,866	5,220	498,646	393,715	16,518	410,233	110,151	88,413
Electrical Fittings	13.91%	354,332	1,280	353,052	332,317	20,735	353,052	22,015	0
Total		4,806,787	6,500	4,800,287	4,205,846	287,199	4,493,045	600,942	307,242
Previous Year		4,806,787	-	4,806,787	3,906,857	298,988	4,205,845	899,930	600,942

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KREON FINANCIAL SERVICES LIMITED

Schedule - 4

Investments (At Cost)

Long Term Investments

In Equited shares of Indian Companies

A). Company under the same management

Quoted Equity Share - (Fully Paid)

	<u>Qty</u>	<u>Face Value</u>	<u>Cost</u>
Tatia Global Vennture Limited	1345676	10	12590553
Apollo hospital Ltd	10	10	4093
Arihant Foundation Ltd	11	10	442
Cals Refineries Ltd	150000	10	6600
Dabar India Ltd	100	10	8808
DLF Ltd	11	10	1987
GMR Infrastructure Ltd	10	10	583
Jayaswal Neco Ltd	48405	10	2042692
King fisher Airlines Ltd	60000	10	2805130
Kohinoor Foods Ltd	10	10	908
Gokul Refoil Ltd	1	1	56
GVK Power & Infrastructure Ltd	10	10	446
IFICI Ltd	15000	10	747964
JIK Industries Ltd	110	10	1687
Kaleidoscope Ltd	15000	10	80550
Tata Tele Services (Maharastra) Ltd	20000	10	473198
Karturi Global Ltd	10	10	188
Marg Ltd	10	10	1528
MRF Ltd	1	10	7204
Madras Cements Ltd	500	10	29508
Munoth Investments Ltd	28965	10	250714
ONGC Ltd	10	10	6368
Power Soft Ltd	100	10	1832
Page Industries Ltd	10	10	3383
Reliance Com Ltd	10	10	1642
Reliance Industries Ltd	1	10	1017
Reliance Natural Ltd	100	10	6466
SBI Shares	10	10	11926
Sesa Gao	10	10	4497
Tata Investments Ltd	10	10	5085
Vijayshanthi Builders Ltd	1010	10	35243
Sonarji Jewellery Ltd	10000	10	125000
	<u>1695111</u>		<u>19316698</u>

B. Others

i) Script Name

Munoth Investments Ltd	912000	10	750000
Less: Allotment Money Payable	162000		
	<u>91200</u>		<u>750000</u>

ii). Unquoted

Investments in others

Unquoted Equity Shares (Fully Paid)

Clarus Commercial Pvt Ltd	100000	10	1000000
Bokaria Reinforcing P limited	10000	10	100000
	<u>110000</u>		<u>11000000</u>

Share Application Money Pending Allotment

Bay Organice P Ltd	10000	10	100000
Van Abhi impex Ltd	18500	10	185000
Total C	28500		285000
ii). Bullion			
Bullion	-		460168
Total D	-		460168
Grand Total (A+B+C+D)	1924811		21911866

Aggregate Net cost and Market Value of Company's Investments

	Figures as at 31.3.2010		Figures as at 31.3.2009	
	Aggregate Net Cost	Market Value	Aggregate Net Cost	Market Value
i) Quoted	19191698	176074538	13152684	23996915
Total A	19191698	176074538	13152684	23996915
ii) Unquoted	2260000	-	4572500	-
Total B	2260000	-	4572500	-
iii) Bullion	460168	-	460168	-
Total C	460168	-	460168	-
Total Investments A+B+C	21911866	176074538	18185352	23996915

Schedules forming part of Accounts

	<u>Sch</u>	<u>31.03.2010</u>	<u>31.03.2009</u>
		Rs.	Rs.
<u>Human resources & Related Costs</u>	13		
Salary Payments		166,525	145,539
		<u>166,525</u>	<u>145,539</u>
<u>Administration & General Expenses</u>	14		
Advertisement Expenses		7,000	8,750
Audit fees		15,000	15,000
AGM Expenses		6,475	-
Bad Debts		4,377,134	618,982
Consultancy fees		2,100	127,500
Director Sitting Fees		9,000	24,750
Directors Remuneration		60,000	-
Filing Fees		4,960	10,900
Listing Fees		16,695	456,000
Office Expenses		15,035	55,051
Processing Fees		33,368	99,159
Postage & Telegram		22,298	35,120
Printing & Stationery		21,992	21,865
Travelling & Conveyance Expenses		29,236	106,000
Rates & Taxes		54,694	112,306
		<u>4,674,987</u>	<u>1,586,443</u>
<u>Interest & Financial Charges</u>	15		
Bank Commission		1,368	2,110
		<u>1,368</u>	<u>2,110</u>

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

	<u>Sch</u>	<u>31.03.2010</u>	<u>31.03.2009</u>
		Rs.	Rs.
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net Profit before tax and extraordinary items		5,816,870	(10,757,812)
Adjustments for :			
Add : Miscellaneous Expenditure		16,800	16,800
Add : Depreciation		287,200	298,988
Add: Provision for Tax		-	9,357
Add: Adjustments for Deffered Taxes		-	59,257
		<u>6,120,870</u>	<u>(10,373,410)</u>
Operating Profit before Working Capital changes			
Adjustments for :			
Less : Increase in Current Assets		-	19,120,949
Add : Increase in Current Liabties		-	-
Add : Decrease in Current Assets		18,910,227	-
Less: Decrease in Current Liabilities		21,220,083	28,523,731
Cash Flow form Operating activities	(A)	<u>3,811,014</u>	<u>(970,628)</u>
<u>B.CASH FLOW FROM INVESTING ACTIVITIES</u>			
Investments during the year		(3,726,514)	917,820
Cash Flow from Investment Activities	(B)	<u>(3,726,514)</u>	<u>917,820</u>
<u>C.CASH FLOW FROM FINANCE ACTIVITIES</u>			
	(C)	1,368	-
Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	<u>85,868</u>	<u>(52,808)</u>
Cash and cash Equivalents as on 31.03.2009		664,189	716,997
Cash and cash Equivalents as on 31.03.2010		750,057	664,189
Net Increase/(Decrease) in Cash Balances		<u>85,868</u>	<u>(52,808)</u>

AUDITOR'S STATEMENT

I have examined the above Cash Flow Statement of M/s Kreon Financial Services Ltd, for the period eneded March 31st 2010. The statement has been prepared by the company in accordance with the requirments of A S 3 and is based on and derived from and where applicable are in agreement with the profit and loss account and Balance Sheet of the Company covered by my report dated 31st May 2010 to the Members of the Company.

for K. Subramanyam & Co.,
Chartered Accountants
Sd/-

K. Subramanyam
Proprietor
Membership No.023663

Place : Chennai
Date : 31.05.2010

SCHEDULE 16**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2010****Brief description of the Company and its Business**

KREON FINANCIAL SERVICES LIMITED was incorporated in India, and is engaged primarily into financing and securities trading 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 to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and except for the changes in accounting policy discussed ore fully blow if any, are consistent with those used in previous year.

During the year under review the company has converted its stock in trade in to Investments after valuing the inventories as per Accounting Standard 2 on year end. The investments were valued in the books on its carrying amount after valuing the same as referred above. The difference between the cost of acquisition and market price was already considered in the profit and loss account on account of valuation of inventories and the investments were fairly valued on the market realizable values.

REVENUE RECOGNITION

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

B. USE OF ESTIMATES

The preparation of financial statement sin conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual amounts and the estimates are recognized in the year in which the events become known / are materialized.

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 written down value method, as per the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on fixed assets added / disposed off/discarded during the year has been provided on pro-rata basis with reference to the date of addition/discarding.

D. VALUATION OF CLOSING STOCK

The company does hold shares as stock in trade as on year end date as the same were valued as per Accounting Standard 2 and later converted in to investment and the said investment were recorded in the books as determined on the valuation basis during the year under review. The stock have been valued at the cost price (after effecting the differential value on account of conversion of investment in to stock) or Market realizable value which ever is less.

E. MISCELLANEOUS EXPENSES

Deferred revenue expenses incurred by the company are being written off over a period from the year operation of business activities.

F. INVESTMENTS

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

During the year under review the stock of shares held by the company on year end were converted in to investment after duly effecting the valuation difference in the books of the company. The valuation of the shares held by the company were being arrived at considering the lower of cost of acquisition or market price which ever was lower on that given date. The valuation so derived were fairly valued in terms of market realizable value of the said share and there were no major variation these were required to be made considering the applicability of Accounting Standard 13 relating to valuation of Investment.

G. RETIREMENT BENEFITS

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

H. TAX ON INCOME

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

I. EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the Company's earnings per share is net profit after tax. The earnings per share for the year is Rs 1.16 as compared to the previous year of Rs – 2.13 The EPS reported is basic and diluted.

J. RELATED PARTY DISCLOSURES

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

K. IMPAIRMENT OF ASSETS

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

L. SEGMENTAL REPORTING

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

M. DUES TO SME'S

Management has determined that there were no balances outstanding as at the beginning of the year and no transactions entered with micro, small and medium enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, during the current year, based on the information available with the company as at March 31,2010.

N. AUDITORS RENUMERATION

	<u>2009-10</u>	<u>2008-09</u>
Statutory Audit Fees (Rs)	15000/-	15000/-
(all inclusive)		

O. GENERAL

- a. 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.
- b. The company has followed prudential norms, except otherwise stated, prescribed by Reserve Bank of India for Non-Banking Finance Companies-financial statements.
- c. The figures have been rounded off to the nearest rupee.

Signatories to Schedule 1 to 16

As per our Report of even date attached

For K SUBRAMANYAM & CO

Chartered Accountants

Sd/-

K SUBRAMANYAM

Proprietor

M.No.023663

Place : Chennai

Date : 31st May 2010

For and on behalf of the Board of Directors

Sd/-

Sd/-

S PANLAL TATIA S P BHARAT TATIA

Chairman cum

Director

Executive Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

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

I Registration Details

Registration No. :

2	9	3	1	7
---	---	---	---	---

 State No. 18

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month year

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

Public Issue

				N	I	L
--	--	--	--	---	---	---

Right Issue

				N	I	L
--	--	--	--	---	---	---

Bonus issue

				N	I	L
--	--	--	--	---	---	---

Private payment

				N	I	L
--	--	--	--	---	---	---

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

Total Liabilities

				5	1	5	0	6
--	--	--	--	---	---	---	---	---

Total Assets

				5	1	5	0	6
--	--	--	--	---	---	---	---	---

Sources of Funds

Paid up Capital

				5	0	1	6	5
--	--	--	--	---	---	---	---	---

Reserves & Surplus

						1	3	4	1
--	--	--	--	--	--	---	---	---	---

Secured Loan

						N	I	L
--	--	--	--	--	--	---	---	---

Unsecured Loan

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Capital

						3	0	7
--	--	--	--	--	--	---	---	---

Investments

						2	1	9	1	2
--	--	--	--	--	--	---	---	---	---	---

Net Current Asset

						2	1	6	0	8
--	--	--	--	--	--	---	---	---	---	---

Misc. Expenditure

							7	6	7	9
--	--	--	--	--	--	--	---	---	---	---

IV Performance of Company (Amount in Rs. Thousands)

Turnover

						1	1	2	2	1
--	--	--	--	--	--	---	---	---	---	---

Total Expenditure

							5	4	0	4
--	--	--	--	--	--	--	---	---	---	---

Profit / Loss Before Tax

						5	8	1	7
--	--	--	--	--	--	---	---	---	---

Profit / Loss After Tax

						5	8	1	7
--	--	--	--	--	--	---	---	---	---

Earning per Share in Rs.

						(+)	1	1	6
--	--	--	--	--	--	-----	---	---	---

Dividend Rate

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

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

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

Schedule to the Balance Sheet for the Year Ended March 31,2010 (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. Deferred 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	401.01	
4	Break-up of Leased Assets and stocks on hire and hypothecation loans counting towards EL/HP business	---	
	(i) Lease assets including lease rentals under sundry debtors :-	---	
	(a) Financial Lease	---	
	(b) Operating Lease	---	
	(ii) Stock on hire including hire charges under sundry debtors :	---	
	(a) Assets on hire	---	
	(b) Repossessed Assets	---	
	(iii) Hypothecation loans counting towards EI/HP activities	---	
	(a) Loans where assets have been repossessed	---	
	(b) Loans other than (a) above	---	
5	Break-up of Investments:-		
	Current Investments :		
	1. Quoted:		
	(i) Shares (a) Equity	---	
	(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)		---

	Long Terms Investments	
	1. Quoted:	
	(i) Shares (a) Equity	199.42
	(b) Preference	—
	(ii) Debentures and Bonds	—
	(iii) Units of mutual funds	—
	(iv) Government Securities	—
	(v) Others (specify)	—
	2. Unquoted	
	(i) Shares (a) Equity	22.60
	(b) Preference	—
	(ii) Debentures and Bonds	—
	(iii) Units of mutual funds	—
	(iv) Government Securities	—
	(v) Others (specify) Bullion	4.60
6	Borrower group-wise classification of all leased assets, stock on hire and loans and advances * note 2:	
	Category	Secured Unsecured
	1. Related Parties	— —
	(a) Subsidiaries	— —
	(b) Companies under same group	— —
	(c) Others	— —
	2. Other than related parties	— 401.01
	Total	— 401.01
7	Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) * note 3 :	
	Category	Market Value Book Value
	Related Parties	
	(a) Subsidiaries	
	(b) Companies under same group	1695.55 126.90
	(c) Others	— 92.22
	Other than related parties	
	Total	1695.55 219.12
8	Other Information	
	Particulars	
	(i) Gross Non-performing Assets	—
	(a) related parties	—
	(b) other than related parties	—
	(ii) Net Non - Performing Assets	—
	(a) related parties	—
	(b) other than related parties	—
	(iii) Assets acquired in satisfaction of debt	—

KREON FINANCIAL SERVICES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of Kreon Financial Services Limited will be held at Samughanala Kudam, Valanur, Ambattur, Chennai – 600 062 on Thursday 30th September 2010, at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.S. Pannalal Tatia Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. M. Mohan, 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.

SPECIAL BUSINESS :

5. To consider and if though fit to pass with or without modification(s) the following resolution as ordinary resolution.

“RESOLVED THAT Mr. D. Hemamalini, who was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 31-03-2010 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing her candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:-

“RESOLVED THAT pursuant to section 198, 309, 310, 314 and Schedule XIII of the Companies Act, 1856 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval by way of Special Resolutions for the payment of remuneration not exceeding Rs.20,000/- per month to Mr. S. Pannalal Tatia a Director of the Company including all usual allowance and benefits, amenities and facilities with effect from 1st January 2010.”

7. INCREASE IN AUTHORISED CAPITAL :

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum & Articles of Association of the Company and the Listing Agreement entered into by the Company with Stock Exchange where shares of the Company are listed, the Authorised share capital of the Company be and is hereby increased from Rs. 6,00,00,000/- (Rupees Six crores only) divided into 60,00,000 (Sixty Lakh only) Equity Shares of Re. 10/- each to Rs. 20,00,00,000/- (Rupees Twenty crores only) divided into 2,00,00,000 (Two crores only) Equity Shares of Rs. 10/- each by creation of 2,00,00,000 (Two crores only) new Equity Shares of Rs.10/- each ranking pari passu with the existing Equity Shares and consequently the

respective Capital Clause of in the Memorandum & Articles of Association of the Company do stand altered accordingly.”

8. ALTERATION OF THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 16 and other applicable provisions if any, of the Companies Act, 1956 the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

- V. The Authorized share capital of the Company is Rs20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two crores only) Equity Shares of Re.10/- (Rupee Ten only) each carrying appropriate rate of dividend as may be determined by the Articles of Association of the Company (Free of Company’s Tax but subject to deduction of tax as required under the provision of the Income Tax Act, 1961 for the time being in force), subject to be increased or decreased in accordance with the Company’s regulation and legislative provisions for the time being in force in this behalf, and with power to divide the share in capital for the time being into Equity Shares Capital and/or Preference Share Capital, with or without voting rights as may be permissible at law, and to attach thereto respectively, any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Companies Act, 1956 and the regulation of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulation of the Company”

9. ALTERATION OF THE ARTICLES OF ASSOCIATION :

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 31 and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the existing Article 3 of the Articles of Association of the Company be deleted and the following be substituted in its place :

3. The Authorized share capital of the Company is Rs20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity Shares of Rs10/- (Rupees Ten only) each carrying appropriate rate of dividend as may be determined by the Articles of Association of the Company (Free of Company’s Tax but subject to deduction of tax as required under the provision of the Income Tax Act, 1961 for the time being in force), subject to be increased or decreased in accordance with the Company’s regulation and legislative provisions for the time being in force in this behalf, and with power to divide the share in capital for the time being into Equity Shares Capital and/or Preference Share Capital, with or without voting rights as may be permissible at law, and to attach thereto respectively, any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Companies Act, 1956 and the regulation of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulation of the Company”

10. ALLOTMENT OF PREFERENTIAL WARRANTS OF THE COMPANY

To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies act, 1956, relevant guidelines of the Securities Exchange Board of India, listing agreement entered into with the stock exchanges and any other applicable laws/rules/regulations and subject to the consent/approval of any other authorities/institutions, consent of the company be and is hereby accorded to the Board of Directors to create, offer and allot Equity warrants on a preferential basis to promoters and to the Persons other than promoters (hereinafter referred to as "Warrants") with each warrant convertible into equity share of the company of nominal value of Rs.10/- each at a price of Rs 15/- per Share (including a premium of Rs 5/- per share) or the price calculated in accordance with Chapter VII 76(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter known as SEBI ICDR 2009) whichever is higher for preferential allotment of equity shares/warrants and on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall be deemed to include any duly authorized committee thereof) at the time of issue allotment"

"RESOLVED FURTHER THAT the total number of convertible warrants to be subscribed may be inter changeable within the proposed allottees however the total number of convertible warrants to be allotted shall remain same"

"RESOLVED FURTHER THAT the 'relevant date' in relation to the issue of warrants in accordance with the SEBI ICDR 2009, the date 30 days prior to the date of passing of this resolution".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve other terms and conditions of the issue of Convertible Warrants as above, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may deem expedient."

"RESOLVED FURTHER THAT the Board, be and is here by authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as Reserve Bank of India (RBI) / Securities Exchange Board of India (SEBI) / Stock Exchange and /or such other appropriate authority may impose at the time of their approval as may be agreed by the Board"

"RESOLVED FURTHER THAT that for the purpose of creation, issue and allotment of the convertible warrants/equity shares and listing thereof with the Stock Exchange, the Board of Directors, be and is hereby authorized to do and perform all such acts, deeds and things as it may, in its absolute discretion, deem necessary , expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the above stated Convertible Warrant* of the Company"

"RESOLVED FURTHER THAT the Board be and is here by authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee(s) of directors or any other officer or officers of the company or to any other person or persons as it may deem fit, for the purpose of giving effect to the aforesaid resolution"

"RESOLVED FURTHER THAT the issue of warrants, if any, as above, shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the option of the warrant holders) at any time within a period of 18 months from the date of allotment of warrants.
2. Each warrant shall be convertible into one equity share of nominal value of Rs. 10/- each at a price of Rs 15/- (including a premium of Rs 5/- per share) or the price calculated in accordance with Chapter VII 76 (1) of SEBI ICDR 2009 ,whichever is higher for preferential allotment of shares.

3. The Warrant holder(s) shall, on the date of allotment of warrants, pay an amount equivalent to 25% of the total consideration per warrant. The balance 75% needs to be paid before exercising the option of acquiring/conversion of warrants in to equity shares of the company.
4. The conversion of warrants into equity shares shall be made in one or more trenches within a period of 18 months from the date of allotment of warrants.
5. The amount referred in (3) above shall be forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment of warrants.
6. The number of warrants and the price per warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.
7. The lock in of shares acquired by exercise of warrants shall be for a period of as determined by the concerned statutory authorities and as per statutory regulations in force.

M/s. L Ramesh & Associates, Chartered Accountants, has certified that the preferential issue is being made in accordance with the requirements contained in SEBI ICDR 2009. A copy of the certificate will be laid before the meeting of the share holders. A copy of the said certificate shall be placed before shareholders.

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

Sd/=

S. PANNALAL TATIA
Chairman

Place : Chennai
Date: 2nd September 2010

Registered office :
81 B 2nd Main Road
Ambattur Industrial Estate
Chennai – 600 058

NOTES:-

- i) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/ herself, and a proxy need not be a member of the company.
- ii) The Proxy form duly completed must reach the Registered Office of the Company not later than forty eight hours before the time appointed for holding the meeting.
- iii) The Register of Members and the Share Transfer books shall remain closed from 23.09.2010 to 30.09.2010 (both days inclusive)
- iv) Members are requested to notify immediately any change in the address
To the respective Depository Participants (DP's) in respect of their electronic share accounts.
To the registered office at No. 81 B, 2nd Main Road Amabattur Industrial Estate, Chennai – 600 058 in respect to their physical share folios.
- v) For the convenience of the shareholders attendance slip is annexed to the proxy form the members are requested to bring the attendance slips duly filled in along with their copies of the annual reports to the meeting. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easy identification of attendance at the meeting.
- vi) The Securities and Exchange Board of India notified your company's equity shares for compulsory trading in dematerialized form. Shareholders may avail such facility.
- vii) The equity shares of the Company are listed on Bombay Stock Exchange Limited and Madras Stock Exchange Limited.
- viii) Members having any specific query on the financial statements of the company are requested to mail their queries directly to the company.
- ix) Shareholders are requested to furnish the email ID's to enable the company forward information in relation to the company.
- x) The Company has designated an email ID called tatia@vsnl.com for redressal of shareholder's complaints/ grievances. In case you have any queries/ complaints or grievance, then please write to us at our mail ID provided above.
- xi) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Registrar and Transfer agent, M/s Cameo Corporate Services Ltd, for consolidation in to single folio.
- xii) The shares of the Company are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depositories Limited (NSDL) and Central Securities Depositories Limited (CSDL). In view of the enormous advantages offered by the Depository Systems, Members are requested to avail the facilities of dematerialization of the Company's Shares on either of the depositories as aforesaid.

- xiii) Request to Members
As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting. They are further requested to occupy the seats at least fifteen minutes before the scheduled time for the commencement of the meeting to avoid interruption in proceedings.
- xiv) The Securities and Exchange Board of India (SEBI) vide Circular Ref. No. MRD/DOP/Cir-05/2007 Dt. 27.04.2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/ RTA for registration of such transfer of shares.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 and forming part of the Notice convening the Extra-Ordinary General meeting of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM. 5

Ms. D. Hemamalini was appointed by the Board of Directors as Additional Directors on 31-03-2010. According to section 260 of the Companies Act, 1956 she shall hold office until ensuing Annual General Meeting. The Company has received notices in writing from members proposing the candidature of the above person as directors in terms of section 257 of the Companies Act, 1956. Hence the resolution in item no 5 is now been placed before share holders for approval.

None of the other Directors except Ms. D. Hemamalini interested in respect of her appointment.

ITEM 6

It is brought to the notice of shareholders that Shri. S. Pannalal Tatia has been Director with effect from November 23rd, 1994. In view of the onerous responsibilities shoulder by him, it is proposed to pay remuneration of Rs. 20,000/- per month with effect from 1st January 2010.

Your Directors recommend passing the special resolution.

Shri S. Pannalal Tatia and Shri Bharat Jain Tatia be and are hereby deemed to be concerned or interested in passing the special resolution.

ITEM NO. 7

Increase in the Authorised Capital:

The Board of Directors of your Company are contemplating to expand the scope and activities of the Company and venture into unexplored avenues. In order to part fund the proposed activities, your Directors are contemplating to infuse funds either as debt or as equity. The infusion of equity into the Company will necessitate the increase in the Authorised Capital of the Company to accommodate the issue of equity shares.

The Board therefore, considers it appropriate to increase the Authorised Share Capital of the Company from the existing limit of Rs.6,00,00,000/- (Rupees Six crores only) divided into 60,00,000 Equity Shares of Re.10/- each to Rs20,00,00,000/- (Rupees Twenty crores only) divided into 2,00,00,000 Equity Shares of Re.10/- each in order to accommodate the proposed increase in the number of shares and warrants of the Company.

ITEM NO.8 & 9

Alteration of Memorandum and Articles of Association of the Company

Consequent to the resolutions set out in Item No. 7 of the Notice, it is necessary to alter the Capital Clause in the Memorandum of Association and Article 3 of the Article of Association of the Company and any change in the Memorandum and Articles of Association of the Company requires the approval of the shareholders accorded by special resolutions.

The Board of Directors accordingly recommend the resolutions set out in item no.8 &9 of the accompanying notice for the approval of the members.

A copy of the Memorandum and Articles of Association of the Company showing the proposed alteration would be available for inspection by the members of the Company at the registered office of the Company during the working hours of the Company up to the date of the meeting.

None of the Directors of the Company is in any way concerned or interested in the said resolutions except to the extent of their share and warrant holding

ITEM NO. 10

As per Section 81 (1A) of the Companies Act, 1956, approval of shareholders in the General Meeting is required for allotment of warrants on preferential basis and hence the resolution is placed before the shareholders.

The company plans to reap the benefits of economies of scale and to explore new business opportunities plans to implement new expansion plans.

The company therefore plans to augment its long-term financial resources by the issuance of equity/ equity linked securities/ or any other financial instruments.

The Special resolution , if passed will have effect or allowing the Board to issue and allot securities other than to the existing share holders.

The Board is of the opinion that the proposed resolution are in the best interest of the company and hence recommend the resolution for approval of share holders of the company.

Mr S Pannalal Tatia , Mr Bharat Tatia are concerned or interested in the said resolution to the extent of warrants allotted to the promoter group.

The required disclosure as per SEBI ICDR 2009 Guidelines are furnished as under:

1) Objects of the Issue through Preferential Offer

The Objects of the issue of equity shares on preferential basis is to augment the capital base of the Company and also to meet the financial requirements for the expansion of business of the company in to new trajectories at various levels.

2) Intention of promoters/directors/key management persons to subscribe to the offer:

The Promoters/Directors intends to subscribe to this offering and are said to be interested in the passing of the said resolution to the extent of their subscription. The details of promoters/directors are as under:-

3) Shareholding pattern before and after the offer:

The shareholding pattern before and after completion of the proposed preferential issue would be as under:

	Pre offer in terms of shares		Post offer in terms of shares	Assuming the entire warrants are converted into Equity Shares	
	No.	%	No.	No.	%
A Promoters, Holdings					
1 (a) Individual/ Hindu Undivided	1343319	26.78	5250000	6593319	32.97
(b) Central Government / State Governments	Nil	Nil	NIL	NIL	NIL
(c) Bodies Corporate	1228200	24.48	2950000	4178200	20.89
(d) Financial Institution/Banks	Nil	Nil	NIL	NIL	NIL
(e) Any Others (Specify)	Nil	Nil	NIL		NIL
Sub Total	2571519	51.26	8200000	10771519	53.86
B Non Promoters' Holdings					
3 Institutional Investors					
(a) Mutual Funds	Nil	Nil	NIL	NIL	NIL
(b) Banks	Nil	Nil	NIL	NIL	NIL
(c) FIs	Nil	Nil	NIL	NIL	NIL
4 Others	Nil	Nil	NIL	NIL	NIL
(a) Corporate Bodies	262688	5.24	67,83,500	7046188	35.23
(b) NRI's and Overseas Corporate Bodies	Nil	Nil	NIL	NIL	NIL
(c) Indian Public	2179709	43.45	NIL	2179709	10.90
(d) Clearing Members	2584	0.05	NIL	2584	0.01
(e) Shares Represented by GDR's	NIL	NIL	NIL	NIL	NIL
Sub Total	2444981	48.74	6783500	9228481	46.14
Total Number of Shares of the Company.	5016500	100	14983500	20000000	100

Note :-

a) The above shareholding pattern has been prepared on the basis of shareholdings as on 27th August 2010

b) The post-issue shareholding pattern has been arrived on the assumption that the entire warrants proposed to be issued to Persons/Investors would be converted into equity shares.

4) Proposed time within which the allotment shall be completed

The allotment of shares on preferential basis shall be completed within a period of 15 days from the date of shareholders approval provided that where the allotment on preferential basis is pending on account of pendency of any approval by any statutory authority as per SEBI Guidelines, the allotment shall be completed within 15 days from the date of such approval.

5) The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by him:

The percentage of the post-preferential issue capital held by the proposed allottee assuming full conversion of warrants into fully paid equity shares is as under:

The proposed allottee(s) has not sold any shares during the 6 months period prior to the relevant date.

Sl. No.	Name of the Proposed Allottees	Category	Pre-Issue No. of Equity Shares/ Warrants	Post -issue Capital on conversion of proposed equity warrants	% of holding
1	S. Pannalal Jain Tatia	Promoter-Resident Indian	623300	1773300	8.87
2	Chandrakanta Tatia	Promoter-Resident Indian	504800	1654800	8.27
3	Sangita Tatia	Promoter-Resident Indian	Nil	2950000	14.75
4	Tatia Global Vennture Ltd.,	Promoter Corporate Bodies	Nil	2950000	14.75
5	Madhu Infra Developers Private Ltd.,	Corporate Bodies	Nil	2094500	10.47
6	Swaranabhoomi Infra Developers Private Ltd.,	Corporate Bodies	Nil	2094500	10.47
7	Subh Labh Infra Structure Private Ltd.,	Corporate Bodies	Nil	2094500	10.47
8	Arul Projects and Services Private Limited	Corporate Bodies	Nil	500000	2.50
			Total	16111600	80.55

The proposed allottee(s) has not sold any shares during the 6 months period prior to the relevant date.

6) The aforementioned allotment shall be subject to lock-in provisions contained in SEBI (ICDR 2009) Guidelines, for the time being in force.

7) Change in the Control or Composition of the Board

There will neither be any change in the composition of the Board nor any change in the Control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment.

8) No. of warrants and Issue price

It is proposed to issue, offer and allot up to 14983500 Equity warrants on preferential basis to promoters and to the persons other than Promoters with each warrant convertible into one equity share of the Company of nominal value Rs. 10/- at a price of Rs 15/- per share (including a premium of Rs 5/- per share) or at a price which is determined in accordance with the SEBI (ICDR 2009) Guidelines, whichever is higher and for the purpose of the above guidelines the relevant date is 30 days prior to the passing of the resolution by the members of the company. The subscriber(s) to warrant shall, on the date of allotment, pay an amount equivalent to 25% of the total consideration per warrant and pay the balance 75% of the consideration towards the subscription to each equity share on the date of conversion. The conversion of warrants into equity shares can be opted in tranches within a period of 18 months from the date of allotment of warrants.

9) The party to the proposed allotment are Promoter and persons other than Promoter(s) of the Company.

10) Auditors Certificate

M/s. L Ramesh & Associates, have certified that the preferential issue is being made in accordance with the requirements contained in SEBI ICDR 2009 guidelines for preferential issues. A copy of the certificate is being placed before the shareholders.

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

Place : Chennai - 58
Date : 02.09.2010

Sd/=
S. PANNALAL TATIA
Chairman

KREON FINANCIAL SERVICES LIMITED
Regd. Office. No. 81 B Second Main Road
Ambattur Industrial Estate, Chennai – 600 058
Email: tatia@vsnl.com

PROXY FORM

I/Weofbeing a Member (s) of Kreon Financial Services Limited, hereby appointofor failing him / her at Sixteenth Annual General Meeting of the Company to be held on 30th September 2010 at Somughanala Kudam, Vallanur, Amabatur, Chennai – 600062 , 9.30 A.M or at any adjourned date thereof.

Signed thisday of2010

Address



Signature

No. of Shares held :

Members Folio No.

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

KREON FINANCIAL SERVICES LIMITED
Regd. Office. No. 81 B Second Main Road
Ambattur Industrial Estate, Chennai – 600 058
Email: tatia@vsnl.com

ATTENDANCE SLIP

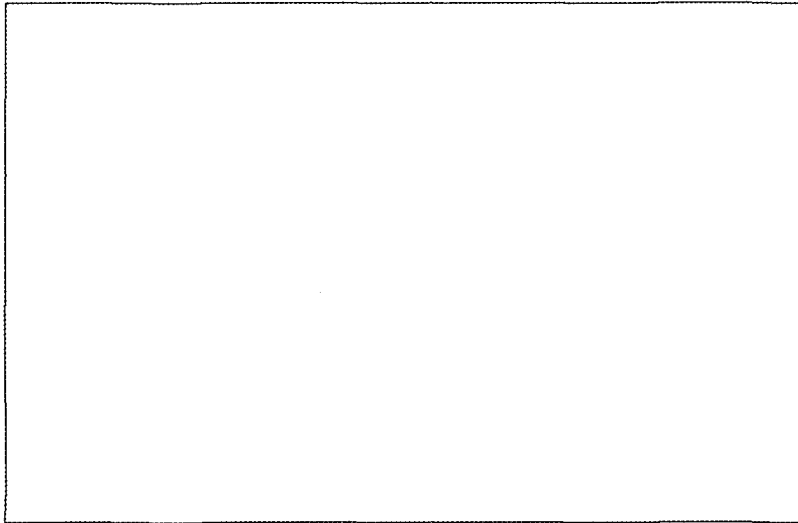
I hereby record my presence at the SIXTEENTH GENERAL MEETING of the Company being held on Thursday 30th September 2010 at Somughanala Kudam, Vallanur, Amabatur, Chennai – 600062, 09.30 A.M

Full Name of the Member attending :

Folio No. / Client Id

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. No. Gift will be distributed at the Annual General Meeting.



If undelivered, please return to :

KREON FINANCIAL SERVICES LIMITED

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