

# 26TH ANNUAL REPORT 2011-2012



KEY CORP LIMITED





## BOARD OF DIRECTORS

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

## COMPANY SECRETARY JOINT SECRETARY/ COMPLIANCE OFFICER CHIEF FINANCE OFFICER

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

## AUDITORS

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

## LEGAL ADVISOR

Shri Ravindra Verma

## BANKERS

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

## REGISTERED OFFICE

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

## 26th Annual Report

### NOTICE

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

### ORDINARY BUSINESS :

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

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

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

Dated : 12th May, 2012





## NOTES :

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

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

Regd. Office :  
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Kanpur – 208 001

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

Dated : 12th May, 2012

## 26th Annual Report

### DIRECTORS' REPORT TO THE MEMBERS

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

( ₹ in lakhs)

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

### APPROPRIATION TO

General Reserve	100.00	100.00
Balance carried over	37.16	25.30

### DIVIDEND

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

### PERFORMANCE

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

### DIRECTORS

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

### AUDITORS

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

### PARTICULARS OF EMPLOYEES

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





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

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

## LISTING INFORMATION

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

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

## INCOME TAX PROCEEDINGS

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

## AUDIT COMMITTEE

During the year the committee held four meetings.

## REMUNERATION COMMITTEE

During the year the committee held one meeting.

## SHAREHOLDERS/INVESTOR' GRIEVANCE COMMITTEE

During the year the committee held five meetings.

## CORPORATE GOVERNANCE

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

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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

## DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

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

Place : Kanpur  
Dated : 12th May, 2012

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

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

### I) STRUCTURE AND DEVELOPMENT :

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

### II) OPPORTUNITIES AND THREATS :

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

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

### III) PRODUCT-WISE PERFORMANCE :

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

### IV) OUTLOOK :

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

### V) RISKS AND CONCERNS :

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

### VI) INTERNAL CONTROL SYSTEM :

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

### VII) OPERATIONAL PERFORMANCE :

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

### VIII) HUMAN RESOURCES :

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



**REPORT ON CORPORATE GOVERNANCE**

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

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

**2. BOARD OF DIRECTORS**

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

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

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

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

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

**CODE OF CONDUCT:**

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

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

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

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

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

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

**B. Meetings/Attendance**

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

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

The attendance of the committee meetings is as under :

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

**4. REMUNERATION COMMITTEE****A. Composition**

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

**B. Meetings / Attendance**

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

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

The attendance of the Committee Meetings is as under :

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

**C. Remuneration Policy**

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

**D. Remuneration of Directors :**

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

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