

**20th**  

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**ANNUAL REPORT**  

---

**2011 -2012**



**CITI PORT FINANCIAL SERVICES LIMITED**



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**BOARD OF DIRECTORS**

Smt Madhavi Musnuru	--	Executive Director
Sri Ratan Kishan Musurnur	--	Director
Sri Miriyalad Ethirajan	--	Director
Sri Parthasarathi Prattipati	--	Director
Sri Anil Kumar Talasila	--	Director

**STATUTORY AUDITORS**

M/s. G.V. & Co.,  
Chartered Accountants  
# 2, 159, Street No-3,  
Vani Nagar, Malkajigiri, Hyderabad-47

**LISTED AT:**

BSE Limited  
Madras Stock Exchange Limited  
The Delhi Stock Exchange Association Limited

**SECRETARIAL CONSULTANTS**

**M/s P S RAO & ASSOCIATES**  
Company Secretaries  
Flat No. 10, 4th Floor,  
Iswarya Nilayam, Dwarakapuri Colony  
Punjagutta, Hyderabad-500082

**AUDIT COMMITTEE**

Sri Parthasarathi Prattipati  
Sri Anil Kumar Talasila  
Smt. Madhavi Musnuru

**REGISTERED OFFICE**

House No.8-3-678/42/5,  
1st Floor, Santosh Manor,  
Navodaya Colony,  
Yellareddyguda,  
Hyderabad-500073.

**REMUNERATION COMMITTEE**

Sri Sri Parthasarathi Prattipati  
Sri Anil Kumar Talasila  
Sri Miriyalad Ethirajan

**SHARE TRANSFER AGENTS**

**M/s. Bigshare Services Private Limited**  
Flat No. : 306, Right wing,  
3rd Floor, Amrutha Ville Apts.,  
Opp: Yashodha Hospital,  
Somajiguda, Rajbhavan Road,  
Hyderabad-500082

**SHAREHOLDER GRIEVANCE COMMITTEE**

Sri Parthasarathi Prattipati  
Sri Anil Kumar Talasila  
Sri Miriyalad Ethirajan

**NOTICE**

Notice is hereby given that the 20th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at House No.8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073.on **SATURDAY 29th SEPTEMBER, 2012 at 2.00 P.M** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and the Statement Profit and Loss for the year ended on that date and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Sri. Parthasarathi Prattipati who retires by rotation, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Smt Madhavi Musunuru who retires by rotation, being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board.

By order of the Board  
For CITI PORT FINANCIAL SERVICES LIMITED

sd/-  
Madhavi Musunuru  
Director

Place: Hyderabad  
Date : 09.08.2012

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself / herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hrs before the commencement of the meeting.
2. The Register of members and share transfer books of Company shall remain closed from **TUESDAY, 25th SEPTEMBER, 2012 TO SATURDAY, 29th SEPTEMBER, 2012** (both days inclusive).
3. Members are requested to notify any change in their addresses to the Company immediately.
4. Members desirous of obtaining any information on the Annual Accounts of the Company are requested to write to the Company at least 7 working days before the date of the meeting to enable the Company for compilation of the required information.
5. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and also in respect of their physical share folios, if any to Flat No. 306, Right Wing, 3rd floor, Amrutha Ville Apt., Opp.Yashodha Hospital, Raj Bhavan Road,Somajiguda, Hyderabad-500082

**ADDITIONAL INFORMATION ON THE DIRECTORS SEEKING RE-APPOINTMENT ON RETIRING  
BY ROTATION AT THE ENSUING ANNUAL GENERAL MEETING:**

**SRI PARTHASARATHI PRATTIPATI**

Sri Parthasarathi Prattipati is a Non Executive Independent Director of the Company since 10th January, 2009. He is a B.Com graduate and holds the CAIIB qualification. He is a retired Banker and presently he is financial advisor to various companies. He has worked for the UCO Bank for 27 years. He is neither chairman and member of any committee of any other company.

Share holding in the Company: 100

**SMT MADHAVI MUSNURU**

Smt Madhavi Musunuru aged 31 years is a Executive Director of the Company qualified as PGDBM (HR& Finance) MPA (Master in Professional Accounting ) She has experience of more than 3 years as Accounting Professional and Corporate Finance.

**DIRECTOR'S REPORT**

To  
The Members,

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2012.

**FINANCIAL RESULTS:**

(Rs In Lakhs)

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Net Sales/income from operation	16.88	19.08
<b>TOTAL INCOME</b>	<b>16.88</b>	<b>19.08</b>
<b>TOTAL EXPENDITURE</b>	<b>12.01</b>	<b>12.62</b>
Profit/ (Loss) before depreciation & Financial Charges	4.70	6.46
Depreciation	0.04	0.17
Financial Charges	0.63	0.02
<b>Profit Before Tax</b>	<b>4.20</b>	<b>6.27</b>
Prior period items	--	--
Provision for tax	1.46	1.96
Deferred Tax	0.01	(0.09)
<b>NET PROFIT / (LOSS)</b>	<b>2.73</b>	<b>4.39</b>

The overall performance of the Company of the FY 2011-2012 was satisfactory as compared to the last financial year. Company has recorded net profit of Rs 2.73 Lakhs as compared to Net profit Rs 4.39 Lakhs.

**DIVIDEND:**

During the financial year under review Your Company has recorded a Nominal profit; hence your Directors do not recommend any dividend for the Financial Year 2011-12.

**FIXED DEPOSITS**

The Company has neither accepted nor renewed any deposits falling within the provisions of

Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the Financial Year.

**DIRECTORS**

Sri P.Prattipati and Smt Madhavi Musunuru Directors of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the Financial Year ended 31st March, 2012, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) that the Directors 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 ended 31st March, 2012 and of the profit and loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding 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.

**PARTICULARS OF EMPLOYEES:**

There are no employees drawing remuneration exceeding the limits as specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**AUDITORS:**

M/s. G.V. & Co., Chartered Accountant, Statutory Auditor of the Company retire at the ensuing Annual General Meeting and the company has received a notice in writing from Mr. Grandhi Vittal Chartered Accountant that in the event of appointment as Statutory Auditor at the ensuing Annual General Meeting, such appointment will be in accordance with the limits specified in section 224(1B) of the Companies Act, 1956.

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

The Company is under the business of investment and financing so the particulars of the Conservation of energy and Technology Absorption is NIL

Foreign Exchange Earnings and Out go: NIL

**MANAGEMENT DISCUSSION & ANALYSIS**

Pursuant to the provision of clause 49 of the listing agreement a report on Management Discussion & Analysis is set out as an **ANNEXURE- A**

**COMPLIANCE CERTIFICATE**

Your Company has obtained the necessary Compliance Certificate as required in terms of Section 383A read with the Companies (Compliance Certificate) Rules 2001 of the Companies Act, 1956 for the financial year 2011-2012 from M/s P S Rao & Associates Practicing Company Secretary same is given in **ANNEXURE--B**

**CORPORATE GOVERNANCE:**

The Company has been making every endeavor to bring more transparency in the conduct of business. As per the requirements of Listing Agreements with the Stock Exchanges, a compliance report on corporate Governance for the year 2011-2012 and a certificate from the Auditors of the Company are furnished as a part of this Annual Report **ANNEXURE--C**

**LISTING FEE:**

Your Company's shares are presently listed on the BSE Limited, The Delhi Association Limited and Madras Stock Exchange Limited. Company is regular in paying the listing fee to the Stock Exchanges.

**ACKNOWLEDGEMENTS:**

Your Directors place on record their appreciation and gratitude for the continuous support and assistance extended by all the Statutory Authorities. The Board also extends its heartfelt gratitude to the Creditors and Shareholders for the confidence reposed by them in the Company. Your Directors also place on record their sincere appreciation for the continued contributions made by the employees at all levels.

By order of the Board

For CITI PORT FINANCIAL SERVICES LIMITED

Sd/-

**MADHAVI MUSNURU**

Director

Sd/-

**PARTHASARATHI PRATTIPATI**

Director

Date : 09-08-2012

Place : Hyderabad



## MANAGEMENT DISCUSSION & ANALYSIS ANNEXURE- A

### NBFC & GROWTH

The Indian economy has been witnessing high rates of growth in the last few years. Financing requirements have also risen commensurately and will continue to increase in order to support and sustain the tremendous economic growth.

NBFCs have been playing a complementary role to the other financial institutions including banks in meeting the funding needs of the economy. They help fill the gaps in the availability of financial services that otherwise occur in bank-dominated financial systems. The gaps are in regards the product as well customer and geographical segments.

NBFCs over the years have played a very vital role in the economy. They have been at the forefront of catering to the financial needs and creating livelihood sources of the so-called unbankable masses in the rural and semi-urban areas. Through strong linkage at the grassroots level, they have created a medium of reach and communication and are very effectively serving this segment. Thus, NBFCs have all the key characteristics to enable the government and regulator to achieve the mission of financial inclusion in the given time.

The number of NBFCs has decreased from 13,014 in FY06 to 12,409 in FY11 however the sector has grown by 2.6 times between FY06 and FY11 at a CAGR of 21%. It accounted for 10.8% in terms of outstanding advances and 13% in terms of assets of the banking system in FY06. This share has risen to 13.2% and 13.78% respectively in FY11. In terms of deposits the share of public deposits held by NBFCs as compared to deposit base of banks has decreased from 1.05% in FY06 to 0.22% in FY11.

Public deposits held by NBFCs have shown a falling trend, decreasing by approximately 48% in the last 5 years, while owned funds (reserves & surplus and capital deployed) have gone up by 195%. The outstanding advances have grown approximately 3 times in the last 5 years to reach Rs.536,074 crores in FY11. Banks exposure to NBFCs has increased from Rs.62,308 crore in FY06 to Rs.183,839 crore in FY11, an increase of approximately 3 times growing at a CAGR of 24% during the period FY06-FY11 and a 37% increase over FY10.

### OVERVIEW OF NBFC

NBFCs have registered impressive growth in the past decade. They provide valuable service to many productive sectors of the economy for asset creation and also in conversion of physical assets to financial assets (eg: gold loans). A large part of the growth can be attributed to prudential norms brought in by the regulator. However, the large number of NBFCs carrying on diverse businesses poses regulatory challenge given their growing size. Regulations have to be suited to diverse aspects of various businesses and strengthened to increase the trust and transparency in the sector.

The Group is of a firm opinion that the registered NBFCs - both deposit taking and non-deposit taking, play a vital role in the economy. There is, however, a strong perception that there may be in the country a large number of unregistered and therefore unregulated NBFCs in urban as well as rural geographies, which is difficult to be estimated. The RBI's Report on 'Trends and Progress in Banking in India' of 2005-06 gives an indication pointing out that the RBI received 38,244 applications for grant of certification as an NBFC.

Therefore, the unregistered entities could be manifold the number of registered NBFCs. Further, a total of 575 NBFCs (both deposit

and non-deposit taking) accounted for 80% of the total assets of the NBFC sector in FY10. In addition, the Residuary Non-banking Companies 9 (RNBCs) account for 66% of public deposits held by the NBFC sector. Therefore, the Group underlines that the regulatory and supervision mechanism for the NBFC sector need to be widened and strengthened.

## RISK FACTORS OF ECONOMIC

The fiscal deficit of the Central Government has remained elevated since 2008-09. The fiscal slippage in 2011-12 was also significantly high. Even though the Union Budget envisages a reduction in the fiscal deficit in 2012-13, several upside risks to the budgeted fiscal deficit remain. In particular, containment of non-plan expenditure within the budget estimates for 2012-13 is contingent upon the Government's ability to adhere to its commitment of capping subsidies. Going by the recent burden-sharing arrangements with the oil marketing companies (OMCs), the budget estimate of compensation for under-recoveries of OMCs at the present level of international crude prices is likely to fall significantly short of the required amount. Any slippage in the fiscal deficit will have implications for inflation.

Further, the large fiscal deficit also has led to large borrowing requirements by the Government. The budgeted net market borrowings through dated securities for 2012-13 at `4.8 trillion were even higher than the expanded borrowings of `4.4 trillion last year. Such large borrowings have the potential to crowd out credit to the private sector. Crowding out of the more productive private credit demand will become more critical if there is fiscal slippage.

For the quarter ended December 2011, the CAD was very high at 4.3 per cent of GDP. This level is unsustainable and needs to be contained. With global capital flows to emerging markets projected at lower levels in 2012, financing of the CAD will continue to pose a major challenge. Inflation in protein-based items continues to be in double digits with little sign of trend reversal. This is mainly because of structural imbalances in such commodities. The Government has announced some supply-side measures to redress protein-inflation in the medium to long term. In the near future, however, the pressure on prices of protein-rich items will continue to be a risk factor for food inflation.

## FUTURE OUTLOOK:

The Board of Director's are looking for various new investment plans for the Company. Keeping in view the ups and downs in the stock Markets in the recent past

**ANNEXURE-B**  
**FORM**  
**(See Rule 3)**

**COMPLIANCE CERTIFICATE**

CIN : L65991AP1992PLC065867

Authorized Capital : Rs. 3,20,00,000/-

Paid-up Capital : Rs. 3,10,00,000/-

To  
The Members,  
**M/s. CITI PORT FINANCIAL SERVICES LIMITED**  
House No.8-3-678/42/5, 1st Floor,  
Santosh Manor, Navodaya Colony,  
Yellareddyguda, Hyderabad-500073

We have examined the registers, records, books and papers of M/s. CITI PORT FINANCIAL SERVICES LIMITED (The Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, and its officers, we certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in Annexure A to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure B to this certificate, with the Registrar of Companies.
3. The company being a public limited company comments are not required.

4. The Board of Directors duly met four times on 30.05.2011, 13.08.2011, 12.11.2011 and 14.02.2012 in respect of which proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members, during the financial year under review from Monday 19th September, 2011 to Thursday 22nd September, 2011 (both day inclusive) for the purpose of 19th Annual General Meeting.
6. The 19th Annual General Meeting of the Company for the financial year ended 31st March, 2011 was held on 22nd September, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced loans to its Directors and/or the persons or firms or companies referred to under Section 295 of the Act during year under review.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act during

the financial year under review and as such company was not required to obtain any approval from the Board of Directors, members or the Central Government.

12. The Company has not issued any duplicate share certificates during the financial year under review.

13. The Company has

- i) not made any allotment/ transmission of Securities during the financial year.
- ii) delivered all the certificates on Transfer of shares in accordance with the provisions of the Act
- iii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.
- iv) no amounts lying with it in unpaid dividend account or any application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years or more.
- v) complied with requirements of Section 217 of the Act for the financial year under review.

14. The Board of Directors is duly constituted during the financial year under review and the following changes took place:

- o Sri Minjur Doraisamy Ethirajan and Sri Ratan Kishan Musurnuru, the retiring directors were reappointed as directors by the members in the Annual General Meeting

There were no other instances of appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year.

15. The Company has not appointed/ re-appointed any Managing Director/ whole – time director/ Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the financial year under review.

17. There were no instances requiring the Company to obtain approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.

18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under during the financial year.

19. The Company has not allotted any shares/debentures/other securities during the financial year under review.

20. The Company has not bought back any shares during the financial year.

21. There was no redemption of Preference Shares / Debentures during the financial year under review as the company has not issued any preference shares or debentures.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited any deposits falling within the purview of Section 58A during the financial year under review.
24. The company has not borrowed any amounts from its Directors, members, public, financial institutions, banks and others during the financial year under review.
25. The provisions of Section 372A of the Act are not applicable as the principle business of the Company is acquisition of shares, stocks or other securities.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered during the financial year under review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the financial year under review.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital during the financial year under review.
30. The Company has not altered its Articles of Association during the financial year under review.
31. As per the information given by the officers of the Company, there were no prosecutions initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The Company has not constitutes a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

**for P S Rao & Associates**  
Company Secretaries

Sd/-  
**CS Vanitha**  
Company Secretary  
C.P.No:10573

DATE:09-08-2012  
PLACE: Hyderabad

**ANNEXURE - A**  
**STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY**

1. Register of Directors' U/s 303
2. Register of Directors' Shareholdings U/s 307
3. Register of Members U/s 150
4. Minutes of Board Meetings U/s 193
5. Minutes of Annual and Extra-Ordinary General Meetings U/s 193
6. Register of contracts, firms and Companies in which Directors are interested U/s 301.
7. Register of Investment U/s 372A

**ANNEXURE – B**

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March, 2012

Sl. No	Forms/ Returns	Section	Purpose	Remarks
1	Form No.32	256	Appointment of smt Madhavi Musnuru as Director	Filed with normal fees on 12/10/2011
2	Form No.66	383A	Submission of Compliance certificate	Filed with normal fees on 21.10.2011
3	Form No. 23AC&ACA	209	Balance Sheet & Profit & Loss A/c for the financial year ending 31/03/2011	Filed with Additional fees on 17/11/2011
4	Form 20B	159	Filing of Annual return for financial year ended 31/03/2011	Filed with normal fees on 17.11.2011

for **P S Rao & Associates**  
Company Secretaries

Sd/-  
**CS Vanitha**  
Company Secretary  
C.P.No:10573

DATE: 09-08-2012  
PLACE: Hyderabad

**CORPORATE GOVERNANCE REPORT**

(In compliance with clause 49 of the listing agreement entered with the stock exchanges)

**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your company also believes in taking into confidence all the stakeholders viz. Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronizes and synergies their efforts in their growth along with the growth of their company.

**2. BOARD OF DIRECTORS:**

- Composition of Board of Directors

At present, the strength of the Board is Five Directors. The Board comprises of 1 Executive, 1 Non Executive Not Independent Director and 3 Non-Executive and Independent Directors.

- Board meeting and attendance

Four Board Meetings were held during the Financial Year and the gap between two board meetings did not exceed four months.

The dates on which meeting were held are as follows:

30.5.2011	13.08.2011	12.11.2011	14.02.2012
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The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 22.09.2011	Attendance in Board Meeting		Other Boards		
				Held	Attended	Directorship Chairman ship	Committee ship	Committee member
1	Smt Madhavi Musnuru	Executive Director	Yes	4	4	1	Nil	Nil
2	Sri Ratan Kishan Musurnur	Non Executive Not Independent Director	Yes	4	4	1	Nil	Nil
3	Sri Miriyalad Ethirajan	Non Executive & Independent Director	Yes	4	4	1	Nil	Nil
4	Sri Parthasarathi Prattipati	Non Executive & Independent Director	Yes	4	4	6	Nil	Nil
5	Sri Anil Kumar Talasila	Non Executive & Independent Director	Yes	4	4	4	Nil	Nil



### 3. AUDIT COMMITTEE:

#### ✧ Brief description of terms of reference

- Review the un-audited quarterly results, half yearly and annual accounts of the company
- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of Statutory auditors, fixation of audit fee and also approval for payment of any other services
- Reviewing with the management, the annual financial statements before submission to the Board focusing primarily on:
  - (i) Any changes in accounting policies and practices
  - (ii) Major accounting entries based on exercise of judgment by management
  - (iii) Qualifications in draft audit reports
  - (iv) Significant adjustments arising out of the audit
  - (v) The going concern assumption
  - (vi) Compliance with accounting standards
- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relative etc.; that may have potential conflict with the interests of the company at large
- Reviewing with management, external and internal auditor's, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected of fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Discussion with external auditors before the audit commences, on the nature and scope of audit as well as have post- audit discussion to ascertain any areas of concern



- Reviewing the company's financial and risk management policies
- To look into and review the reasons for substantial defaults, if any, in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to provide any clarification on queries from shareholders.

#### ✧ **Composition**

The Audit Committee of the Company comprise of the following Directors:

<b>Name of the Director</b>	<b>Designation</b>
Sri Parthasarathi Prattipati	Chairman
Sri Anil Kumar Talasila	Member
Smt. Madhavi Musnuru	Member

#### ✧ **Meetings and Attendance during the Financial Year:**

##### **MEETINGS:**

The Audit committee of the Board met four times during the year, the meetings was held for approval of Un- Audited Financial Results and Audited Financial results of the Company i.e. on:

30.05.2011	13.08.2011	12.11.2011	14.02.2012
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##### **ATTENDANCE:**

<b>Name</b>	<b>No of Meetings Held</b>	<b>No of Meetings Attended</b>
Sri Parthasarathi Prattipati	4	4
Sri Anil Kumar Talasila	4	4
Smt Madhavi Musnuru	4	4

The un-audited financial results for each quarter are approved by the Audit Committee before passed on to the Board of Directors for approval and adoption.

#### 4. REMUNERATION COMMITTEE:

##### ✧ Terms of Reference:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors / non-executive directors
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

##### ✧ Composition

Remuneration Committee of the Company consists of following Non-Executive Directors, which is as follows:

NAME OF THE DIRECTOR	DESIGNATION
Sri Parthasarathi Prattipati	Chairman
Sri Anil Kumar Talasila	Member
Sri Miriyalad Ethirajan	Member

##### ✧ Remuneration paid to Directors during the Financial Year

Name of Director	Designation	Remuneration for Financial Year 2011-12 (in Rs.)	
		Salary & Perks	Total
Smt Madhavi Musnuru	Director (Finance)	300000	300000

## 5. INVESTORS AND SHAREHOLDERS GRIEVANCE COMMITTEE:

✧ Brief description of terms of reference:

To supervise and ensure:

- (i) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- (ii) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- (iii) Issue of duplicate / split / consolidated share certificates;
- (iv) Allotment and listing of shares;
- (v) Review of cases for refusal of transfer / transmission of shares and debentures;
- (vi) Reference to statutory and regulatory authorities regarding investor grievances;
- (vii) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

✧ **Composition**

The Committee comprises of the following members:

NAME OF THE DIRECTOR	DESIGNATION
Sri Parthasarathi Prattipati	Chairman
Sri Anil Kumar Talasila	Member
Sri Miriyalad Ethirajan	Member

**Name & Designation of the Compliance Officer** : **Smt Madhavi Musnuru**  
Director

No. of shareholders complaints received during the Financial Year : Nil

No. of complaints solved to the satisfaction of the share holders : Nil

No. of pending complaints : Nil

**6. LOCATION AND TIME WHERE THE LAST THREE AGM'S HELD:**

Year	Date	Location	Time
2010-11	22-09-2012	8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073	2.00 P.M.
2009-10	16-09-2010	8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073	11.00 A.M.
2008-09	19-09-2009	41A, Vivek Nagar, Ambathur, Chennai-53	11.00 A.M.

No Special Resolution is passed in the Previous three Annual General Meeting

**POSTAL BALLOT:**

*No special Resolution is passed through Postal Ballot during the last Financial Year under Review*

*No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.*

**7. DISCLOSURES:**

- a. Materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large. – **NIL** –
- b. Details on non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.: - **NIL** -

**8. MEANS OF COMMUNICATION:**

- The Quarterly results are usually published in the Business Standard (in English) and Andhra bhoomi (in regional language) dailies.

**Website :** [www.citiport.in](http://www.citiport.in)

**9. SHAREHOLDER INFORMATION:**

- AGM: The 20th Annual General Meeting of the Company will be held on Saturday, 29th September, 2012 at the Registered Office of the Company
- Financial Year: April to March**

## CALENDER OF EVENTS:

Event	Dates
First Quarter un-audited (Provisional) Financial Results	Second Week of August, 2012
Second Quarter un-audited (Provisional) Financial Results	Second Week of November, 2012
Third Quarter un-audited (Provisional) Financial Results	Second Week of February, 2013
Fourth Quarter Audited Financial Results	Last Week of May, 2013

- **BOOK CLOSURE DATE:**

- **Book Closure Date:** FROM TUESDAY, 25th SEPTEMBER, 2012 TO SATURDAY, 29th SEPTEMBER, 2012 (both days inclusive).
- **Listing on Stock Exchanges:** The shares of the Company are listed at  
BSE Limited  
Madras Stock Exchange Limited  
The Delhi Stock Exchange Association Limited  
The company has paid the listing fees to the above Stock Exchanges
- Dividend Payment Date: NA
- Stock Exchange Code: BSE Limited 531235  
Madras Stock Exchange Limited CITIPORFIN  
the Delhi Stock Exchange Association Limited 03193
- Demat ISIN Number

Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares by NSDL & CDSL	INE494D01011
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- **Share Transfer System:**

All the physical share transfers received are processed by the Share Transfer Agents M/s. Bigshares Services Private Limited Hyderabad. The Company's shares are being traded in compulsory Demat form. The Company has entered into agreement with both NSDL and CDSL to dematerialize its shares, which enable the Company's shares to be transferred electronically through Depositories System.

- **Market Price Data:** During then Financial Year 2011-12

Month	BSE Limited	
	High (Rs.)	Low (Rs.)
April, 2011	14.05	13.00
May, 2011	13.00	13.00
June, 2011	15.04	13.65
July, 2011	18.85	15.80
August, 2011	18.65	16.05
September, 2011	16.75	16.00
October, 2011	15.90	14.50
November, 2011	15.00	12.90
December, 2011	--	--
January, 2012	12.35	11.05
February, 2012	11.75	9.05
March, 2012	10.45	9.55

- **Registrar and Transfer Agents** : **M/s. Bigshare Services Private Limited**  
Flat No. 306, Right Wing, 3rd floor,  
Amrutha Ville Apt., Opp.Yashodha Hospital,  
Raj Bhavan Road,Somajiguda,  
Hyderabad-500082

• **SHAREHOLDING PATTERN AS ON 31ST MARCH 2012:**

Sl No	Category	No. of Shares Held	% of Shareholding
<b>A1.</b>	<b>SHAREHOLDING OF PROMOTERS &amp; PROMOTER GROUP</b>		
	<b>INDIAN</b>		
	Individuals/Hindu Undivided Family	-	-
	Central Government /State Government(s)	-	-
	Bodies Corporate	899304	29.01
	Financial Institutions/Banks		
	<b>Sub Total of A1</b>	<b>899304</b>	<b>29.01</b>
<b>A2.</b>	<b>FOREIGN</b>		
	Individuals (Non-Residents)	-	-
	Bodies Corporate	-	-
	Institutions	-	-
	Any Other (Specify)	-	-
	<b>Sub Total of A2</b>	<b>-</b>	<b>-</b>
	<b>TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP ( A1 +A2)</b>	<b>899304</b>	<b>29.01</b>
<b>B.1</b>	<b>Public Shareholdings</b>		
	Institutions	-	-
	Mutual Funds and UTI	-	-
	Banks/Financial Institutions	-	-
	Central Government/State Government	-	-
	Venture Capital Funds	-	-
	Insurance Companies	-	-
	Foreign Institution Investor	-	-
	Foreign Venture Capital Investors	-	-
	Any Other (Specify)	-	-
	<b>Sub Total B1</b>	<b>-</b>	<b>-</b>
<b>B2.</b>	<b>Non Institutions</b>		
	Bodies Corporate	627826	20.25
	Individuals		
	Individuals share holders holdings nominal share capital upto Rs. 1 Lakhs	315917	10.19
	Individual Shareholding holding nominal share capital in excess of Rs. 1 Lakhs	1256941	40.55
	Any Other (Specify)		
	NRI/OCBs	12	-
	Foreign Collaborators	-	-
	HUF	-	-
	<b>Sub Total B2</b>	<b>22,00,696</b>	<b>70.99</b>
	<b>TOTAL OF PUBLIC SHAREHOLDING (B1+B2)</b>	<b>22,00,696</b>	<b>70.99</b>
<b>C</b>	Shares held by Custodian and against which Depository Receipts have been issued	-	-
	<b>TOTAL A+B+C</b>	<b>3100000</b>	<b>100.00</b>

## DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

Sl. No.	Category From - To Holders	No. of Holders	% of Shares	No. of Shares	% of
1	Upto - 5000	601	91.48	2,43,356	7.85
2	5001 - 10000	12	1.82	89,799	2.90
3	10001 - 20000	13	1.98	1,78,541	5.76
4	20001 - 30000	8	1.22	2,34,400	7.57
5	30001 - 40000	10	1.52	3,04,000	9.80
6	40001 - 50000	4	0.61	1,98,400	6.40
7	50001 - 100000	5	0.76	4,02,400	12.98
8	100001 and above	4	0.61	14,49,104	46.74
	<b>TOTAL</b>	<b>657</b>	<b>100.00</b>	<b>31,00,000</b>	<b>100.00</b>

- **DEMATERIALIZATION OF SHARES AND LIQUIDITY:** Since the Company has already entered into agreement with both the depositories, viz., NSDL and CDSL for dematerialization of its shares, the shareholders are free to dematerialize their shares and keep them in dematerialized form with any Depository Participant.
- Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity: **Not Issued**
- **ADDRESS FOR CORRESPONDENCE :** **Madhavi Musnuru**  
House No.8-3-678/42/5,  
1st Floor, Santosh Manor,  
Navodaya Colony,  
Yellareddyguda,  
Hyderabad-500073

## CEO &amp; CFO CERTIFICATION

- : The Executive Director of the Company gave annual certificates on financial reporting and internal controls to the board in terms of clause 49.



**DECLARATION BY DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS**

CITI PORT FINANCIAL SERVICES LIMITED has adopted Code of Business Conduct and Ethics ("the code") which applied to all the employees and Director of the Company. Under the Code, it is responsibility of all employees and Directors to familiarize themselves with the Code and comply with its Standards.

I hereby certify that the Board members and senior management personnel of CITI PORT FINANCIAL SERVICES LIMITED have affirmed compliance with the Code for the Financial Year 2011-2012.

By order of the Board  
For CITI PORT FINANCIAL SERVICES LIMITED

Place: Hyderabad  
Date: 09-08-2012

Sd/-  
**MADHAVI MUSNURU**  
Director

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificates:**

I, Madhavi Musnuru, Executive Director and CFO of M/s Citi port Financial Services Limited to the best of our knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statement for the year ended 31.03.2012
2. To the best of our knowledge and belief:
  - a) These statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.
  - b) The financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
3. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. I accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
5.
  - a) There has not been any significant change in internal control over financial reporting during the year under reference;
  - b) There has not been any significant changes in accounting policies during the year under reference; and
  - c) We are not aware of any instances during the year of significant fraud, with involvement there in of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad  
Date: 09.08.2012

Sd/-  
Madhavi Musnuru  
Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Board of Directors  
Citiport Financial Services Limited  
Hyderabad

I have examined the compliance of the conditions of Corporate Governance by Citi Port Financial Services Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination, conducted in the manner described in the guidance note on 'Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For GV & Co.,  
Chartered Accountants

Sd/-  
Grandhi Vittal  
Proprietor  
Membership No.206462  
Firm Regn. No.012875S

Place: Hyderabad  
Date: 09.08.2012

**AUDITOR'S REPORT**

To  
THE MEMBERS,  
CITI PORT FINANCIAL SERVICES LIMITED  
HYDERABAD

1. We have audited the attached Balance Sheet of M/s. Citi Port Financial Services Limited as at 31st March, 2012, the Profit and 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 and 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 (Auditors Report) Order, 2003, issued by the central Government 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 or 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 2012 and taken on record by board of directors, I report that none of the directors is disqualified as on 3 1st March, 2012 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 note 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, 2012;
- 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.

**For G.V & Co.,**  
CHARTERED ACCOUNTANTS

Sd/-

**Grandhi Vittal**

Proprietor.

Membership No.206462

Firm Regn. No.012875S

Place : HYDERABAD

Date : 30.05.2012

**ANNEXURE TO THE AUDITOR'S REPORT**  
(Referred to in Paragraph 3 of our Report of even date)

**I. In respect of its Fixed Assets**

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. All the fixed assets have been physically verified by the management at the reasonable interval. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. In our opinion and according to information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.

**II. The Company is a financial services company, therefore physical verification and maintenance of adequate record of inventory is not applicable to the company.**

- III. a. The company has granted unsecured loans, to companies, firms and other parties covered in the register maintained under section 301 of the Act.
- b. In our opinion and according to the information and explanations given to us, the rate of interest, whenever applicable and other terms and conditions of the unsecured loans given by the company are not prima facie, prejudicial to the interest of the company.

**IV. In my opinion and according to the information and explanation given to me,**

there are no laid down internal control procedures commensurate with the size of the company and nature of its business.

**V. In our opinion and according to the information and explanations given to us, we are of the opinion, that the transaction that need to be entered in the register maintained under section 301 of the companies act, 1956 have been so entered and they have been made at price which are reasonable having regard to the prevailing market price at the relevant time.**

**VI. In my opinion and according to the information and explanations given to us, the company has not accepted deposits from public and therefore, the provision of Section 58A and 58AA of the Companies Act, 1956 and rules there under are not applicable to the company.**

**VII. In my opinion, there is an internal audit system commensurate with the size of business.**

**VIII. The Central Government has not prescribed maintenance of cost records by the Company under section 209(1) (d) of the Act.**

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

- X. The Company have accumulated losses at the end of the year of Rs.Nil and the company has not incurred cash losses during current year and the company wasn't incurred any cash losses in the immediately preceding financial year.
- XI. Based on my audit procedures and on the information and explanation given by the management, I am of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- XII. According to the information and explanations given to me, the company has given loans and advances on the basis of security by way of Pronotes, post dated instruments, pledge of shares, debentures and other securities.
- XIII. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- XIV. In my opinion the company is not dealing or trading in shares, securities, debentures and other investments during the year under review; however there are long-term investments in the company. The records, however, does not fully comply with the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 applicable to the company.
- XV. According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. There were no term loans obtained by the company during the year.
- XVII. According to the cash flow statement and other records examined by me and the information and explanations given to me, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment pending application.
- XVIII. The company has 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.

For **G.V & Co.,**  
**CHARTERED ACCOUNTANTS**

Sd/-  
**Grandhi Vittal**  
 Proprietor.  
 Membership No.206462  
 Firm Regn. No.012875S

Place : Hyderabad  
 Date : 30.05.2012

## BALANCE SHEET AS ON 31ST MARCH, 2012

Amount in INR.

Particulars	Note No.	As At 31.03.2012	As At 31.03.2011
<b>A Equity and Liabilities:</b>			
<b>Shareholders funds</b>			
(a) God Account		22.00	22.00
(b) Share Capital	1	31000000.00	31000000.00
(c) Reserves and Surplus	2	2918999.04	2647640.98
(d) Money Received against Share Warrants		-	-
<b>Share application money pending allotment</b>		-	-
<b>Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
<b>Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	3	143923.00	130701.00
(d) Short-term provisions	4	205489.00	196493.00
<b>TOTAL</b>		<b>34268433.04</b>	<b>33974856.98</b>
<b>B Assets:</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	5	50374.91	54286.03
(ii) Intangible assets		-	-
(iii) Capital work - in - progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current Investments	6	2107137.62	2314057.02
(c) Deferred tax assets (net)	18	2290.00	3290.00
(d) Long- term loans and advances	7	22430221.00	20669467.00
(e) Other non-current assets	8	145738.00	145738.00
<b>Current assets</b>			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade Receivable		-	-
(d) Cash and Bank balances	9	761472.51	907695.93
(e) Short -term loans and advances	10	8602357.00	9693538.00
(f) Other current assets	11	168842.00	186785.00
<b>TOTAL</b>		<b>34268433.04</b>	<b>33974856.98</b>

Accounting Policies &amp; Other relevant Notes 16 to 30

Previous Year Figures have been regrouped/ reclassified/ rearranged wherever necessary.

As per the report of even date attached

For G.V &amp; Co.,

For and on behalf of the Board

Chartered Accountants

Sd/-

(Grandhi Vittal)

Sd/-

MADHAVI MUSNURU

Sd/-

PARTHASARATHI PRATTIPATI

Proprietor

Whole time Director

Director

Membership No.206462

Firm Regn No. : 012875S

Place : Hyderabad

Date : 30-05-2012



## STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012 Amount in INR

S. No.	Particulars	Note No	Year ended 31.03.2012	Year ended 31.03.2011
<b>A</b>	<b>Continuing Operations:</b>			
1	Revenue from operations	12	1688373.00	1908097.00
	<b>Total Revenue</b>		<b>1688373.00</b>	<b>1908097.00</b>
2	<b>Expenses:</b>			
	(a) Employee Benefit Exepense	13	682704.00	597848.00
	(b) Other Expenses	14	518958.00	663992.00
	<b>Total</b>		<b>1201662.00</b>	<b>1261840.00</b>
3	<b>Earnings before exceptional and extra ordinary items, interest, tax, depreciation and amortisation (EBITDA) (2-3)</b>		<b>486711.00</b>	<b>646257.00</b>
4	Finance Costs	15	63783.32	2084.68
5	Depreciation and amortisation expense	5	3911.63	17074.97
6	Other Income		-	-
7	<b>Profit / (Loss) before exceptional and extraordinary items and tax (3-4-5+6)</b>		<b>419016.06</b>	<b>627097.35</b>
8	Exceptional Items		-	-
9	<b>Profit / (Loss) before extraordinary items and tax (7-8)</b>		<b>419016.06</b>	<b>627097.35</b>
10	Extraordinary items		-	-
11	<b>Profit / (Loss) before tax (9-10)</b>		<b>419016.06</b>	<b>627097.35</b>
12	<b>Tax Expense:</b>			
	- Current Tax		146658.00	196493.00
	- Deferred Tax		1000.00	(9200.00)
13	<b>Profit / (Loss) for the period from continuing operations (11-12)</b>		<b>271358.06</b>	<b>439804.35</b>
<b>B</b>	<b>Discontinuing Operations</b>			
14	Profit/(loss) from discontinuing operations		-	-
15	Tax expense of discontinuing operations		-	-
16	<b>Profit/(Loss) from Discontinuing operations (after tax) (14-15)</b>		<b>-</b>	<b>-</b>
<b>C</b>	<b>Total Operations</b>			
17	<b>Profit / (Loss) for the year (13+16)</b>		<b>271358.06</b>	<b>439804.35</b>
18	Earnings per equity share:			
	- Basic		0.09	0.14
	- Diluted		0.09	0.14

Accounting Policies &amp; Other relevant Notes 16 to 30

Previous Year Figures have been regrouped/ reclassified/ rearranged wherever necessary.

As per the report of even date attached

For G.V & Co.,  
Chartered Accountants

For and on behalf of the Board

Sd/-  
(Grandhi Vittal)  
Proprietor  
Membership No.206462  
Firm Regn No. : 0128755Sd/-  
MADHAVI MUSNURU  
Whole time DirectorSd/-  
PARTHASARATHI PRATTIPATI  
DirectorPlace : Hyderabad  
Date : 30-05-2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(Pursuant to clause 32 of Listing Agreement as amended)

Amount in INR

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>A. Cash flow from Operating activities</b>		
Net Profit before tax as per Profit and loss account	419016.06	627097.35
<b>Adjustments</b>		
(Profit) / Loss on sale of investments (net)	-	-
Depreciation and Amortisation Expense	3911.63	17074.97
Preliminary Expenditure Written Off	-	-
Interest Income	-	-
Dividend income	-	-
Finance Costs	63783.32	2084.68
	486711.00	646257.00
(Increase)/Decrease in Trade and Other Receivables	-	-
(Increase)/Decrease in Trade Payables	-	-
(Increase)/Decrease in Other Current Liab. /Short Term Prov.	(124440.00)	(153750.00)
(Increase)/Decrease in Other Long Term Liab. / Long Term Prov.	-	-
Cash generated from Operations	362271.00	492507.00
Direct Taxes paid	(10900.00)	(149050.00)
Net Cash from Operating activities	351371.00	343457.00
<b>B. Cash flow from Investing Activities</b>		
(Purchase) / Sale of Fixed Assets (Net)	-	-
Capital Work-in-progress	-	-
(Purchase) / Sale of Investments (Net)	206919.40	-
(Profit) / Loss on sale of investments	-	-
Movement in Loans & Advances	(669573.00)	(394991.00)
Changes in Other Current Assets / Non current Assets	28842.50	48798.00
Interest Income	-	-
Dividend income	-	-
Cash flow before exceptional items	(433811.10)	(346193.00)
Exceptional Items	-	-
Net Cash from Investment Activities	(433811.10)	(346193.00)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital/ Share Application Money	-	-
Proceeds / (Repayment) from Borrowings	-	-
Finance Costs	(63783.32)	(2084.68)
Dividends Paid	-	-
Dividend tax paid	-	-
Effect of Exchange Rate change	-	-
Net cash used in financing activities	(63783.32)	(2084.68)
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(146223.42)</b>	<b>(4820.68)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>907695.93</b>	<b>912516.61</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>761472.51</b>	<b>907695.93</b>

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 on Cash Flow Statements notified under section 211 (3C) of the Companies Act, 1956.

2. Previous Year Figures have been regrouped/ reclassified/ rearranged wherever necessary.

As per the report of even date attached

**For G.V & Co.,**  
Chartered Accountants  
Sd/-

**(Grandhi Vittal)**  
Proprietor

Membership No.206462  
Firm Regn No. : 012875S

Place : Hyderabad  
Date : 30-05-2012

**For and on behalf of the Board**

Sd/-

**MADHAVI MUSNURU**  
WHOLE TIME DIRECTOR

Sd/-

**P. PARTHASARATHI**  
DIRECTOR

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012**

**Note No. 1 : SHARE CAPITAL**

Amount in INR

Sl No.	Particulars	As At 31.03.2012		As At 31.03.2011	
		Number	Amount	Number	Amount
1	<b>Authorised</b> Equity Shares of Rs. 10/- each with Voting Rights	3200000	32000000.00	3200000	32000000.00
1	<b>Issued, Subscribed and Paid up</b> Equity Shares of Rs. 10/- each fully paid up with Voting Rights	3100000	31000000.00	3100000	31000000.00
	<b>Total</b>	<b>3100000</b>	<b>31000000.00</b>	<b>3100000</b>	<b>31000000.00</b>

**(a) Reconciliation of the number of shares outstanding as at 31.03.2012 and 31.03.2011**

Sl No.	Particulars	As At 31.03.2012		As At 31.03.2011	
		Number	Amount	Number	Amount
1	Equity Shares outstanding at the beginning of the year	3100000	31000000.00	3100000	31000000.00
2	Equity Shares Issued during the year	0	0.00	0	0.00
3	Equity Shares bought back during the year	0	0.00	0	0.00
4	Equity Shares outstanding at the end of the year	3100000	31000000	3100000	31000000

**(b) Details of Shareholders holding more than 5 percent shares:**

Sl No.	Particulars	As At 31.03.2012		As At 31.03.2011	
		No of Shares Held	% of Holding	No of Shares Held	% of Holding
	<b><u>Equity Shares with Voting Rights</u></b>				
1	Ginza Communication Private Limited	307600	9.92%	307600	9.92%
2	Mithul Investment Private Limited	242200	7.81%	242200	7.81%

**(c) Aggregate number and class of shares allotted as fully paid up for consideration other than cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date**

S.No.	Particulars	No. of shares	
		As At 31.03.2012	As At 31.03.2011
		Nil	Nil

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Amount in INR

Note No	Particulars	As at 31.03.2012 Rs.	As at 31.03.211
2	<b>Note : Reserves &amp; Surplus</b>		
	<b>General Reserve</b>		
	As per last Balance Sheet	18913.32	18913.32
	Add: Transferred from Profit & Loss A/c	0.00	0.00
	Closing Balance	<u>18913.32</u>	<u>18913.32</u>
	<b>Statutory Reserve Fund *</b>		
	Opening Balance	874952.48	786991.61
	(+) Addition during the year	54271.61	87960.87
	Closing Balance	<u>929224.09</u>	<u>874952.48</u>
	* Statutory Reserve Fund Created as per Section 45-IC of Reserve Bank of India Act, 1934		
	<b>Profit and Loss Account</b>		
	As per last Balance Sheet	1753775.18	1401931.70
	(+) Net Profit for the current year	271358.06	439804.35
	(+) Transfer from Reserves	0.00	0.00
	(-) Net Loss for the current year	0.00	0.00
	(-) Proposed Dividends	0.00	0.00
	(-) Interim Dividends	0.00	0.00
	(-) Transfer to Statutory Reserve	54271.61	87960.87
	Closing Balance	<u>1970861.62</u>	<u>1753775.18</u>
	<b>Total</b>	<u>2918999.04</u>	<u>2647640.98</u>
3	<b>Note : Other Current Liabilities</b>		
	TDS Payable	5052.00	8452.00
	Expenses Payable	138871.00	122249.00
		<u>143923.00</u>	<u>130701.00</u>
4	<b>Note : Short Term Provisions</b>		
	Provisions for Incometax	146658.00	196493.00
	Provision for Standard Assets	58831.00	0.00
		<u>205489.00</u>	<u>196493.00</u>

## Note No. 5 : FIXED ASSETS

Amount in INR

Particulars	Rate (%) of Depreciation	Gross Block					Depreciation			Net Block	
		As At 01.04.2011	Additions during the year	Deletions during the year	As At 31.03.2012	Upto 01.04.2011	For the Year	Deletions	Total Upto 31.03.2012	As At 31.03.2012	As At 31.03.2011
(i) Tangible Assets											
Furniture and Fixtures	6.33	277268.80	0.00	0.00	277268.80	267677.14	0.00	0.00	267677.14	9591.66	9591.66
Computer *	16.21	188130.00	0.00	0.00	188130.00	181630.00	0.00	0.00	181630.00	6500.00	6500.00
Typewriter	4.75	8750.00	0.00	0.00	8750.00	6328.63	415.63	0.00	6744.26	2006.25	2421.37
Airconditioner	4.75	43800.00	0.00	0.00	43800.00	26495.50	2080.50	0.00	28576.00	15224.00	17304.50
Generator	4.75	29800.00	0.00	0.00	29800.00	11331.50	1415.50	0.00	12747.00	17053.00	18468.50
Total (i)		547748.80	0.00	0.00	547748.80	493462.77	3911.63	0.00	497374.40	50374.91	54286.03
Previous Year (a)		547748.80	0.00	0.00	547748.80	476387.80	17074.97	0.00	493462.77	54286.03	71361.00
(ii) Intangible Assets											
Total (ii)		-	-	-	-	-	-	-	-	-	-
Previous Year (b)		-	-	-	-	-	-	-	-	-	-
"Total Current Year (i) + (ii)"		547748.80	0.00	0.00	547748.80	493462.77	3911.63	0.00	497374.40	50374.91	54286.03
"Total Previous Year (a) + (b)"		547748.80	0.00	0.00	547748.80	476387.80	17074.97	0.00	493462.77	54286.03	71361.00
(iii) Capital Work in Progress (at cost)											
Current Year											
Previous Year											

\* There was no purchase of software which were capitalised except embedded with the computers

\* There was no purchase of software which were capitalised except embedded with the computers

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Amount in INR

Note No	Particulars	No of Shares	As at 31.03.2012 Rs.	No of Shares	As at 31.03.211 Rs.
6	<b>Note : Non Current Investments</b>				
	<b>In Equity Shares (Quoted - fully paid up)</b>				
	Ensa Steel Ltd.	550	5500.00	550	5500.00
	Nahar Spinning Mills Ltd.	50	12525.00	50	12525.00
	Pankaj Polymers Ltd.	3400	27167.62	3400	27167.62
	Samtel Color Ltd.	200	16940.00	200	16940.00
	Skypack Ltd.	100	3155.00	100	3155.00
	Standard Industries Ltd.	4000	20000.00	4000	20000.00
	Suraj Diamonds & Jewellery Ltd.	55	3850.00	55	3850.00
	Uniroyal Industries Ltd.,	1700	17000.00	1700	17000.00
	Vinyl Chemicals (India) Ltd.	50	1000.00	50	1000.00
	<b>Total</b>		<b>107137.62</b>		<b>107137.62</b>
	<b>In Equity Shares (Unquoted - fully paid up)</b>				
	Suryauday Spinning Mills (P) Ltd.	200000	2000000.00	200000	2000000.00
	Amrut Industries Ltd.			1400	2800.00
	Jindal Iron & Steel Company Ltd.			500	12889.40
	Jindal Lease Fin Ltd.			14100	165070.00
	Mayar Finance Ltd.			400	8160.00
	Upcom Cables Ltd.			1200	12000.00
	Vishal Lakto India Ltd.			2000	6000.00
	<b>Total</b>		<b>2000000.00</b>		<b>2206919.40</b>
	<b>Grand Total</b>		<b>2107137.62</b>		<b>2314057.02</b>

Note 1: Aggregate amount of Quoted Investments Rs.1,07,137.62 (Previous Year Rs.1,07,137.62)

Note 2: Market Value of Quoted Investments Rs.1,14,596.25 (Previous Year Rs.1,81,200.50)

Note 3: Book value has been taken in the absence of Stock Exchange quotations in Market Value of Quoted Investments

Note 4: Aggregate amount of Un-quoted Investments Rs.20,00,000.00 (Previous Year Rs.22,06,919.40)

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Amount in INR

Note No	Particulars	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
7	<b>Note : Long Term Loans &amp; Advances</b>		
	(a) Capital Advances	-	-
	(b) Security Deposits	-	-
	(c) Loans & Advances to related parties	-	-
	(d) Loans & Advances to Employees	-	-
	(e) Prepaid Expenses	-	-
	(f) Advance Income Tax	-	-
	(g) MAT Credit Entitlement	-	-
	(h) Balances with Government Authorities	-	-
	(i) Other Loans & Advances		
	Secured, considered good	-	-
	Unsecured, considered good		
	Ginza Communications Pvt Ltd.	14930221.00	13924882.00
	Precision Infrastructure (P) Ltd.	2500000.00	2500000.00
	Citiport Credit Ltd.	5000000.00	4244585.00
	(j) Doubtful	-	-
		<b>22430221.00</b>	<b>20669467.00</b>
	Less: Provision for other doubtful loans & advances	-	-
		<b>22430221.00</b>	<b>20669467.00</b>
	Note: Long Term Loans & Advances include amounts due from		
	Directors	-	-
	Other Officers of company	-	-
	Firms in which any director is a partner	-	-
	Private companies in which any director is a director or member	-	-
8	<b>Note : Other Non-Current Assets</b>		
	Deposits	30000.00	30000.00
	TDS Receivable	115738.00	115738.00
		<b>145738.00</b>	<b>145738.00</b>
9	<b>Note : Cash and Bank balances</b>		
	Balances with banks;		
	In Deposit Accounts	0.00	0.00
	In Current Accounts	411190.11	686931.93
	Cheques, drafts on hand	336000.00	0.00
	Cash on hand	14282.40	220764.00
		<b>761472.51</b>	<b>907695.93</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Amount in INR

Note No	Particulars	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>10</b>	<b>Note : Short Term Loans &amp; Advances</b>		
	(a) Loans & Advances to related parties		
	Secured, considered good	-	-
	Unsecured, considered good		
	Trinox Infrastructure and Developers Private Ltd	1094325.00	1438540.00
	Doubtful	-	-
		1094325.00	1438540.00
	Less: Provision for doubtful loans & advances	-	-
		1094325.00	1438540.00
	(b) Security Deposits	-	-
	(c ) Loans & Advances to Employees	-	-
	(d) Prepaid Expenses	-	-
	(e) Balances with Government Authorities	-	-
	(f) Inter-Corporate Deposits	-	-
	(g) Others		
	Secured, considered good	-	-
	Unsecured, considered good		
	Innovation Show Room	1505952.00	2205952.00
	Katragadda Laxmi Narasima Rao	2739534.00	2739534.00
	Kite Women College of Professional Engineering Sciences	502811.00	516274.00
	Phat Phish Films (P) Ltd	2759735.00	2793238.00
	(j) Doubtful	-	-
		8602357.00	9693538.00
	Less: Provision for other doubtful loans & advances	-	-
		8602357.00	9693538.00
	Note: Short Term Loans & Advances include amounts due from		
	Directors	-	-
	Other Officers of company	-	-
	Firms in which any director is a partner	-	-
	Private companies in which any director is a director or member	-	-
<b>11</b>	<b>Note : Other Current Assets</b>		
	Tax deducted at source	168842.00	186785.00
		168842.00	186785.00



## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Amount in INR

Note No	Particulars	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>12</b>	<b>Note : Revenue from Operations</b>		
	Interest	1688373.00	1908097.00
	Other financial Services	0.00	0.00
		<b>1688373.00</b>	<b>1908097.00</b>
<b>13</b>	<b>Note : Employee Benefit Expenses</b>		
	Salaries and wages	378000.00	542000.00
	Directors Remuneration	300000.00	50000.00
	Contribution to provident and other funds	0.00	0.00
	Staff welfare expenses	4704.00	5848.00
		<b>682704.00</b>	<b>597848.00</b>
<b>14</b>	<b>Note : Other Expenses</b>		
	Advertisement Expenses	29700.00	26561.00
	Audit Fee	50562.00	49635.00
	Computer Software/ Maintenance Exp	1250.00	2170.00
	Conveyance Expenses	670.00	2459.00
	DeMat & RTA Expenses	51223.00	52044.00
	Directors Sitting Fee	0.00	160000.00
	Donation	0.00	3600.00
	Duties & Taxes	0.00	25500.00
	Filing Fees	3000.00	6200.00
	Internet / Cable Charges	6625.00	3015.00
	Listing Fees	36618.00	34295.00
	Meeting Expenses	5251.00	6150.00
	Office Maintenance	24000.00	8000.00
	Postage & Courier	14210.00	1060.00
	Printing & Stationery	25309.00	13383.00
	Professional / Legal Fees	198540.00	209920.00
	Rent	65000.00	60000.00
	Website Hosting Charges	7000.00	0.00
		<b>518958.00</b>	<b>663992.00</b>
<b>15</b>	<b>Note : Finance Costs</b>		
	Interest Expense	1071.50	0.00
	Bank Charges	3880.82	2084.68
	Provision for Standard Assets	58831.00	0.00
		<b>63783.32</b>	<b>2084.68</b>

**NOTE No 16 : SIGNIFICANT ACCOUNTING POLICIES****1. Basis of accounting**

The Financial Statements are prepared under historical cost convention on the basis of going concern and as per Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. The Company follows the Accrual system of Accounting and Prudential Norms prescribed by Reserve Bank of India consistently from year to year.

**2. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

**3. Intangible assets and amortization**

Softwares which are not integral part of the hardware are classified as intangibles and is stated at cost less accumulated amortization. Softwares are being amortized over the estimated useful life of 5 years.

**4. Fixed assets and depreciation / amortization**

Fixed Assets (Gross Block) are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Building/specific identifiable portion of Building, including related equipments are capitalized when the construction is substantially complete or upon receipt of the occupancy certificate, whichever is earlier. Depreciation on assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

**5. Investments**

Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. Profit / loss on sale of investments is computed with reference to the average cost of the investment.

## 6. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company the revenue can be reliably measured on mercantile basis.

## 7. Borrowing costs

Borrowing costs that are attributable to the acquisition and / or construction of qualifying assets are capitalized as part of the cost of such assets, in accordance with Accounting Standard AS-16 – “Borrowing Costs”. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of Borrowing Costs is suspended in the period during which the active development is delayed due to, other than temporary interruption. All other borrowing costs are charged to the profit & loss account as incurred.

## 8. Taxation

Provision for tax for the year comprises current income tax and deferred tax. Current income tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

## 9. Foreign currency transactions

Transactions in foreign currency and nonmonetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the yearend exchange rate. As specified under Accounting Standard (AS-11) – Effects of Changes in Foreign Exchange Rates, the exchange gain/loss on transaction with regard to the Fixed Assets has been capitalized along with Fixed Assets. The other exchange gains related to current assets has been charged to the profit & loss account

## 10. Employees benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employee Benefits (Revised 2005) issued by the Institute of Chartered Accountants of India (the “ICAI”).

**(i) Provident fund**

The Company makes contribution to statutory provident fund in compliance with the Employees Provident Fund and Miscellaneous Provision Act, 1952. In terms of the Guidance on implementing the revised AS – 15, issued by the Accounting Standard Board of the ICAI, contribution made towards statutory provident fund is treated as a defined benefit plan. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognized as an expense in the period in which services are rendered by the employee.

**(ii) Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit / obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit / obligation is provided at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the profit & loss account in the year in which such gains or losses are determined.

**(iii) Compensated absences**

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees.

**(iv) Other short term benefits**

Expense in respect of other short-term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**11. Leases**

Assets subject to operating leases are included under fixed assets or current assets as appropriate. Rent (Lease) income is recognized in the profit & loss account on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the profit & loss account.

## 12. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit & loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit & loss account.

## 13. Provisions, Contingent Liabilities & Contingent Assets:

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company are accounted for as either provisions or disclosed as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liability in the Financial Statements. Contingent Assets are neither recognized or nor disclosed in the financial statements.

## 14. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Amount in INR

Note No	Particulars	FY 2011-12 Rs.	FY 2010-11 Rs.
<b>17</b>	<b>Note : Auditors Remuneration</b>		
	Payments to Auditors comprises:		
	As Auditors - Statutory Audit	35400.00	49635.00
	For taxation matters	10110.00	0.00
	For company law matters	0.00	0.00
	For management services	0.00	0.00
	For other services	0.00	0.00
	Reimbursement of Expenses	0.00	0.00
	<b>Total</b>	<b>45510.00</b>	<b>49635.00</b>
<b>18</b>	<b>Note : Deferred Tax Asset</b>		
	On account of		
	Depreciation and Amortisation	2290.00	3290.00
	<b>Total</b>	<b>2290.00</b>	<b>3290.00</b>

**19 Note : Earnings Per Share**

The Calculation of Earnings Per Share (EPS) as disclosed in the Profit and Loss Account has been made in accordance with Accounting Standard (AS - 20) on Earnings Per Share issued by the Institute of Chartered Accountants of India. A statement on calculation of Basic and diluted EPS is as under:

Profit after Tax (INR)	271358	439804
Number of equity shares (in Nos)	3100000	3100000
Earnings per share (INR)	0.09	0.14

**20 Note : Tax Expense**

The Tax Expenses for the year comprises of;

Current Tax	146658.00	196493.00
Deferred Tax	1000.00	(9200.00)

Provision for tax for the year comprises current income tax and deferred tax. Current income tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Note No	Particulars	FY 2011-12 Rs.	FY 2010-11 Rs.
<b>21</b>	<b>Note : Details of Leasing Arrangements</b>		
	The company has entered into operating lease arrangements for its Regd. Office premises:		
	Future minimum lease payments		
	not later than one year	60000.00	60000.00
	later than one year and not five years	0.00	60000.00
	Later than five years	0.00	00.00
	The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is on account of lock-in period and notice period in some of the lease agreements entered by the company for operating of showrooms:		
	On account of Lock-in Period	0.00	0.00
	On account of Notice Period	15000.00	15000.00
<b>22</b>	<b>Note : Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
	(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
	(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day “	-	-
	(iv) The amount of interest due and payable for the year	-	-
	(v) The amount of interest accrued and remaining unpaid at the end of the accounting year”	-	-
	(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
<b>23</b>	<b>Note : Earnings in foreign currency</b>	Nil	Nil
<b>24</b>	<b>Note : Expenditure in foreign currency</b>	Nil	Nil

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

## Note No : 25 Related party Disclosures

S.No.	Name of the Related Party	Nature of Relationship
1	Madhavi Musnuru	Key Management Personnel
2	Ratan Kishan Musnuru	Key Management Personnel
3	Prattipati Parthasarathi	Key Management Personnel
4	Minjur Doraisamy Ethirajan	Key Management Personnel
5	Anil Kumar Talasila	Key Management Personnel
6	Talus Infra Ventures Private Limited	"Enterprises own or significantly influenced by Key Management Personnel or their relatives (Associates)"
7	Golden Valley Holdings Limited	
8	Northgate Technologies Limited	
9	Social Media India Limited	
10	Citizen Communications Limited	
11	Manjeet Chemicals Private Limited	
12	Madhuha Designer Wear Private Limited	
13	Trinox Infrastructure and Developers Pvt Ltd	

## Transactions with Related Parties :

Amount in INR

S.No.	Nature of Transaction	FY 2011-12			FY 2010-11		
		Associates	KMP	Total	Associates	KMP	Total
1	Remuneration	0	300000	300000	0	50000	50000
2	Sitting Fee	0	0	0	0	160000	160000
3	Short Term Loans & Advances	-344215		-344215	-1256834		-1256834

## Balances with Related Parties As At 31.03.2012:

(Amount INR)

S.No.	Nature of Transaction	FY 2011-12			FY 2010-11		
		Associates	KMP	Total	Associates	KMP	Total
1	Expenses Payable	-	25000	25000	-	-	-
2	Short Term Loans & Advances	1094325	-	1094325	1438540	-	1438540



## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

### Note No. 26 Details of provisions

(Amount INR)

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

S. No	Particulars	As At 01.04.2011	Addition	Utilisation	Reversal	As At 31.03.2012
1	Provision for warranty	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Provision for estimated losses on onerous contracts	Nil (Nil) Nil (Nil)	Nil (Nil) Nil (Nil)	Nil (Nil) Nil (Nil)	Nil (Nil) Nil (Nil)	Nil (Nil) Nil (Nil)
3	Provision for other contingencies (give details)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Total	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Of the above, the following amounts are expected to be incurred within a year:

S. No.	Particulars	As At 31.03.2012	As At 31.03.2011
1	Provision for warranty	Nil	Nil
2	"Provision for estimated losses on onerous contracts"	Nil	Nil
3	Provision for other contingencies (give details)	Nil	Nil

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Note No.	Particulars
27	<p><b>Note : Segment Reporting</b></p> <p>The company's operations consist one line of activity year by year. The Company is primarily operating in India which is considered as a single geographical segment. Hence there are no reportable segments under Accounting Standard – 17, issued by Institute of Chartered Accountants of India, during the year under report. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.</p>
28	<p><b>Note :</b></p> <p>Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is: Nil (Nil)</p>
29	<p><b>Note :</b></p> <p>In the opinion of the Board, current assets, loans and advances are stated at a value which could be realized in the ordinary course of business. The provision for all known liabilities made is adequate and not in excess of the amount reasonably necessary.</p>
30	<p><b>Note :</b></p> <p>Additional information pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is annexed.</p>

As per the report of even date attached

**For GV & Co.,**  
Chartered Accountants

For and On behalf of the Board

Sd/-  
**Grandh Vittal**  
Proprietor  
Membership No.206462  
Firm Regn. No.012875S

Sd/-  
**Madhavi Musnuru**  
Whole Time Director

Sd/-  
**Parthasarathi Prattipati**  
Director

Place: Hyderabad  
Date: 30.05.2012

### Schedule to the Balance Sheet of

M/s Citiport Financial Services Limited As On 31.03.2011

(As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Amount in INR)

S. No	Particulars	Amount Outstanding	Amount overdue
(1)	<b><u>Liabilities side :</u></b> <b>Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures : Secured	Nil	Nil
	: Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil

S. No	Particulars	Amount Outstanding
(2)	<b><u>Assets side :</u></b> <b>Break-up of Loans and Advances including Bills Receivables: [Other than those included in (4) below] :</b>	
	(a) Secured	Nil
	(b) Unsecured	3,10,32,578
(3)	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>	
	i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
	ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil

iii)	Other loans counting towards AFC activities	
(a)	Loans where assets have been repossessed	
(b)	Loans other than (a) above	Nil
		Nil
<hr/>		
(4)	<b><u>Break-up of Investments :</u></b>	
	<b><u>Current Investments :</u></b>	
1.	Quoted :	
(i)	Shares : (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (please specify)	Nil
2.	Unquoted :	
(i)	Shares : (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (please specify)	Nil
	<b><u>Long Term investments :</u></b>	
1.	Quoted :	
(i)	Shares : (a) Equity	1,07,138
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (please specify)	Nil
2.	Unquoted :	
(i)	Shares : (a) Equity	20,00,000
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (please specify)	Nil

**(5) Borrower Group-Wise Classification of Assets Financed as in (2) and (3) above :**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same Group	Nil	Nil	Nil
(c) Other related parties	Nil	10,94,325	Nil
2. Other than related parties	Nil	2,99,38,253	Nil
<b>Total</b>	<b>Nil</b>	<b>3,10,32,578</b>	<b>Nil</b>

**(6) Investor Group-Wise Classification of All Investments (Current and Long Term) in Shares and Securities (Both Quoted and Unquoted):**

Category	Market Value / Break up or fair value or NAV (Quoted)	Book Value (Net of Provisions) (Unquoted)
1. Related Parties		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same Group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	1,14,596	20,00,000
<b>Total</b>	<b>1,14,596</b>	<b>20,00,000</b>

Particulars	Amount
<b>(7) Other information</b>	
1. Gross Non-Performing Assets	
(a) Related parties	
(b) Other than related parties	
<b>2. Net Non-Performing Assets</b>	Nil
(a) Related parties	
(b) Other than related parties	
<b>3. Assets acquired in satisfaction of debt</b>	

For and On behalf of the Board

**For GV & Co**

Chartered Accountants

Sd/-

**Grandhi Vittal**

Proprietor

Membership No.206462

Firm Regn. No.012875S

Sd/-

**MADHAVI MUSNURU**

Whole Time Director

Sd/-

**PARTHASARATHI PRATTIPATI**

Director

Place: Hyderabad

Date: 30/05/2012

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# CITI PORT FINANCIAL SERVICES LIMITED

Registered Office : House No.8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony,  
Yellareddyguda, Hyderabad - 500073.

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)  
20TH ANNUAL GENERAL MEETING SATURDAY, 29TH SEPTEMBER 2012

I/We hereby record/my/our presence at the 20th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at House No.8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073.on **SATURDAY 29th SEPTEMBER, 2012 at 02.00 p.m.**

Full Name of the Member :.....  
(In Block Letters)

Regd. Folio No. :..... No of Shares held.....  
Full Name of Proxy :

Full Name of Proxy :.....  
(In block Lettrs)

SIGNATURE(S) OF THE MEMBER(S) OR PROXY / PROXIES PRESENT

## PROXY FORM

Regd. Folio No. :..... No of Shares held.....  
I/We..... of.....  
..... being a Member/Members of CITI PORT FINANCIAL SERVICES LIMITED here by  
appoint.....of.....  
.....failing him/her.....of.....  
.....of.....as my / our proxy  
to attend and vote for me/us and on my / our behalf on **SATURDAY 29th SEPTEMBER, 2012 at 02.00 p.m.** Registered Office of the Company at House No.8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073

As Witnessed my hand / our hands this.....day of.....2012

Signature.....

Signature across Re. 1 Revenue Stamp
--

Note : The form order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company 48 hours before the meeting.

## **CITI PORT FINANCIAL SERVICES LIMITED**

*if undelivered please return to :*

### **REGISTERED OFFICE**

House No.8-3-678/42/5,1st  
Floor, Santosh Manor, Navodaya  
Colony, Yellareddyguda,  
Hyderabad-500073