

21ST
ANNUAL REPORT
2012 -2013



CITI PORT FINANCIAL SERVICES LIMITED

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BOARD OF DIRECTORS

Smt Madhavi Musnuru	--	Executive Director
Sri Ratan Kishan Musurnur	--	Director
Sri Miriyalad Doraisamy 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

REGISTERED OFFICE

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

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

AUDIT COMMITTEE

Sri Parthasarathi Prattipati
Sri Anil Kumar Talasila
Smt. Madhavi Musnuru

REMUNERATION COMMITTEE

Sri Parthasarathi Prattipati
Sri Anil Kumar Talasila
Sri Miriyalad Ethirajan

SHAREHOLDER GRIEVANCE COMMITTEE

Sri Parthasarathi Prattipati
Sri Anil Kumar Talasila
Sri Miriyalad Ethirajan

NOTICE

Notice is hereby given that the 21st 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 **MONDAY 30th SEPTEMBER, 2013 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, 2013 and the Profit and Loss account 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. Ratan Kishan Musurnur who retires by rotation, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri Anil Kumar Talasila 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 Musnuru
Director

Place: Hyderabad
Date : 14.08.2013

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 **THURSDAY, 26th SEPTEMBER, 2013 TO MONDAY, 30th SEPTEMBER, 2013** (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 M/s. Bigshare Services Private Limited, Flat No. 306, Right Wing, 3rd Floor, Amrutha Ville Apt., Opp: Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad-500082

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

SRI. RATAN KISHAN MUSURNUR:

Sri Ratan Kishan Musurnur S/o Sh. G Prakash Rao, aged 33 years is a Qualified MCA (Master of Computer Application) and has an experience of more than 7 years in software field. He is neither the chairman nor member of any Committee of the Company or any other Company.

SRI ANIL KUMAR TALASILA:

Sri Anil Kumar Talasila is Director of the Company since 10th January, 2009. He is an MBA. He has more than 10 years of rich experience in the field of finance and has been an entrepreneur with successful undertakings in Garments designing and production sector. He is the member of Audit Committee, Remuneration Committee and Investor Grievance Committee and holds 250 equity shares of the Company

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS:

(Rs In Lakhs)

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
Net Sales / income from operation	16.92	16.88
TOTAL INCOME	16.92	16.88
TOTAL EXPENDITURE	26.45	12.01
Profit/ (Loss) before depreciation & Financial Charges	(9.53)	4.87
Depreciation	0.04	0.04
Financial Charges	0.47	0.64
Profit Before Tax	(10.04)	4.19
Prior period items	--	--
Provision for tax	1.36	1.47
Deferred Tax	--	--
NET PROFIT / (LOSS)	(11.40)	2.72
Surplus Brought forward from previous years	--	--
Transfer to Special Reserve @ 20%	--	--
Amount available for appropriation	--	--

OPERATIONS:

During the financial year under review, your Company has achieved total income of Rs. 16.92 lakhs as against the previous year income of Rs. 16.88 lakhs and recorded net loss of Rs. 11.40 lakhs for financial year 2012-13 when compared to a net profit of Rs. 2.72 lakhs during the previous year.

During the financial year under review due to the ongoing severe recession that the economy is witnessing in almost all the industries the company is able to achieve average revenues but has incurred loss on investment due to which the Company has recorded nominal loss in the current financial year

The Company is hopeful that this fiscal the economy will witness upward trend and good business and will experience a significant growth and profitability this year. However things are restoring to normalcy and the industry is recovering from the depression and your company would do better in the years to come.

DIVIDEND:

Your Directors do not recommend any Dividend for the financial year 2012-2013 as the company has incurred loss in the business operations.

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 Ratan Kishan Musurnur and Sri Anil Kumar Talasila, 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, 2013, 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, 2013 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:

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 2011, as amended, no employee of your Company is in receipt of remuneration exceeding Rs.5,00,000/- per month or Rs.60,00,000/- per annum during the financial year.

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 NA

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**

Date : 14-08-2013
Place : Hyderabad

MADHAVI MUSNURU
Director

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 2012-2013 from M/s P S Rao & Associates Practicing Company Secretaries and the 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 Agreement with the Stock Exchanges, a compliance report on corporate Governance for the year 2012-2013 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, Delhi Stock Exchange Association Limited and Madras Stock Exchange Limited. The 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/-

Sd/-

PARTHASARATHI PRATTIPATI

Director

Director

MANAGEMENT DISCUSSION & ANALYSIS ANNEXURE- A

NBFC & GROWTH

Financing requirements are increasing day by day with the expansion and diversification taking place in the industrial arena. This has led to the establishment of more number of NBFC's during the last few years. NBFCs have been playing a complementary role to the other financial institutions including banks in meeting the funding needs of the economy

NBFCs over the years have played a very vital role in the economy. NBFCs in India continue to grow profitably by meeting the credit needs primarily of self employed borrowers while maintaining reasonable asset quality and prudent level of leveraging. NBFCs' dependence on banks along with mutual funds for funding remains high (estimated 81% at FY12) and is unlikely to change materially in 2013, although dependence on banks could increase, due to the new 30% sectoral caps on mutual funds' debt investments.

OPPORTUNITIES AND THREATS:

The NBFC sector has great potential to grow further and the Government of India is also focusing on their development and expansion in rural areas. The recent steps by the Government of India to create Infrastructure for NBFC and to provide banking license for NBFCs is a positive signal and the emergence of REMF (Real Estate Mutual Funds) & REIT (Real Estate Investment Trust) has brought new scope for funding in Real Estate Sector.

The sector is subject to many external threats like down trends in the economy, rising inflation,

squeeze in market liquidity etc. To overcome the upcoming changes taking place in the financial policies and sector is the major challenge for the Company. The Development of industry has resulted in the emergence of various new entrants and hence making the industry more competitive. Your Company is confident of meeting the competition and sustaining in the market.

RISKS AND CONCERNS:

Your Company is subject to both internal and external risk. External risk due to fluctuation in interest rates, market volatility and decline in foreign exchange reserves etc. Internal factors includes investments in specific projects, NPA's in portfolio, upcoming changes in rules and regulations governing the industry, contingent liabilities etc.

Your Company has directed its efforts towards risk management by employing the expertise people and technology to mitigate the risks affecting the growth and profitability of the Company. The Company is constantly engaged in innovating its methods and procedures of risk management.

INDUSTRY OUTLOOK:

As per the annual report of MCA for the year 2012-13, 31.57% of total companies which got registered during the year 2012-13 (till December 31, 2012) were registered under 'Finance, Insurance, Real estate and Renting, Business Services' head forming the largest chunk among all other categories.

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.

COMPANY OUTLOOK

The Company has achieved good amount of profits during the financial year 2011-12. However, has incurred losses during the financial year under review due to the down trend affecting the whole economy and adversely affecting banking and financial sector. The Board of Directors of your Company feel that the economy will improve in the coming years providing the greater chance for your Company to grow further. Moreover, various programmes initiated by Government of India to promote industry will open many opportunities for the Company to excel and grow further in future. Your Company is actively engaged in introducing innovative and customized products for the customers. The management of your company is making all efforts in finding new areas and markets for exploring the Company's products and services.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The control system of the Company consists of standard practices and procedures, appropriate audit program and risk monitoring system. The Company has vigilant staff to take care of any cash or assets misappropriation and also to report any misconduct immediately

The Board of Directors has been entrusted with the responsibility of reviewing the findings and to investigate and take necessary actions wherever required.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

Human resources are the backbone of any Company without whom nothing can be accomplished. Various training and development programmes conducted periodically for its employees will enable them to carry out their work more efficiently. The Company has further adopted various innovative HR policies to gear up to face future challenges and to create a performance driven innovative and flexible organization. The Company has an excellent track record of maintaining cordial industrial relations right from its inception. This year too industrial relations in the Company were excellent.

ANNEXURE-B

FORM
(See Rule 3)

COMPLIANCE CERTIFICATE

Reg. No. of the Company : 01 - 65867
 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 **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, 2013. 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 five times on 30.05.2012, 09.08.2012, 08.11.2012, 11.02.2013 and 14.03.2013 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 Tuesday 25th September, 2012 to Saturday 29th September, 2012 (both day inclusive) for the purpose of 20th Annual General Meeting.
6. The Annual General Meeting of the Company for the financial year ended 31st March, 2012 was held on Saturday, 29th September, 2012 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/transfer of Securities during the financial year.
 - ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.
 - iii) Not posted any warrants to any member of the Company 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 Prattipati Parthasarathi and Smt. Madhavi Musnuru, the retiring directors were reappointed as directors by the members in the 20th 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 office from one state to another state 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 constituted 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 : 14-08-2013
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, 2013

Sl. No	Forms/ Returns	Section	Purpose	Remarks
1	Form No.66	383A	Submission of Compliance certificate	Filed with additional fees on 27/11/2012
2	Form 20B	159	Filing of Annual return as on 29.09.2012	Filed with normal fees on 27/12/2012

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

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

DATE : 14-08-2013
 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

Five 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:

30.5.2012	09.08.2012	08.11.2012	11.02.2013	14.03.2013
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The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 29.09.2012	Attendance in Board Meeting		Other Boards		
				He ld	Atte nded	Direct orship Chairman ship	Comm ittee ship	Committee member
1	Smt Madhavi Musnuru	Executive Director	Yes	5	5	1	Nil	Nil
2	Sri Ratan Kishan Musurnur	Non Executive Not Independent Director	Yes	5	5	1	Nil	Nil
3	Sri Miriyalad Doraisamy Ethirajan	Non Executive & Independent Director	Yes	5	5	1	Nil	Nil
4	Sri Parthasarathi Prattipati	Non Executive & Independent Director	Yes	5	5	6	1	1
5	Sri Anil Kumar Talasila	Non Executive & Independent Director	Yes	5	5	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 have post- audit discussion to ascertain any areas of concerns.
- 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:

Name of the Director	Designation
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:

30.05.2012	09.08.2012	08.11.2012	11.02.2013
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ATTENDANCE:

Name	No of Meetings Held	No of Meetings Attended
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 2012-13 (in Rs.)	
		Salary & Perks	Total
Smt Madhavi Musnuru	Director (Finance)	300000	300000

No sitting fees is paid to the Directors of the Company

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 : 3

No. of complaints solved to the satisfaction of the share holders : 3

No. of pending complaints : Nil

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

Year	Date	Location	Time
2011-12	29-09-2012	8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073	2.00 P.M.
2010-11	22-09-2011	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.

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.

9. SHAREHOLDER INFORMATION:

- **AGM** : The 21st Annual General Meeting of the Company will be held on Monday, 30th September, 2013 at the Registered Office of the Company
- **Financial Year**: 1st April 2013 to 31st March 2014

CALENDER OF EVENTS:

Event	Dates
First Quarter un-audited (Provisional) Financial Results	Second Week of August, 2013
Second Quarter un-audited (Provisional) Financial Results	Second Week of November, 2013
Third Quarter un-audited (Provisional) Financial Results	Second Week of February, 2014
Fourth Quarter Audited Financial Results	Last Week of May, 2014

- BOOK CLOSURE DATE:**

- Book Closure Date:** FROM THURSDAY, 26th SEPTEMBER, 2013 TO MONDAY, 30th SEPTEMBER, 2013 (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
--	--------------

- 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 2012-13

Month	BSE Limited	
	High (Rs.)	Low (Rs.)
April, 2012	9.10	8.20
May, 2012	7.80	7.80
June, 2012	-	-
July, 2012	7.50	7.50
August, 2012	7.15	6.47
September, 2012	7.84	6.47
October, 2012	9.99	8.23
November, 2012	8.70	8.70
December, 2012	--	--
January, 2013	-	-
February, 2013	8.68	8.25
March, 2013	7.85	7.85

* No shares were traded during the month of June, December and January.

- **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 2013:**

Sl No	Category	No. of Shares Held	% of Shareholding
A1.	SHAREHOLDING OF PROMOTERS & PROMOTER GROUP		
	INDIAN		
	Individuals/Hindu Undivided Family	-	-
	Central Government /State Government(s)	-	-
	Bodies Corporate	899304	29.01
	Financial Institutions/Banks		
	Sub Total of A1	899304	29.01
A2.	FOREIGN		
	Individuals (Non-Residents)	-	-
	Bodies Corporate	-	-
	Institutions	-	-
	Any Other (Specify)	-	-
	Sub Total of A2	-	-
	TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP (A1 +A2)	899304	29.01
B.1	Public Shareholdings		
	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)	-	-
	Sub Total B1	-	-
B2.	Non Institutions		
	Bodies Corporate	625,424	20.17
	Individuals	-	-
	Individuals share holders holdings nominal share capital upto Rs. 1 Lakhs	316,819	10.22
	Individual Shareholding holding nominal share capital in excess of Rs. 1 Lakhs	1256941	40.55
	Any Other (Specify)		
	NRI/OCBs	12	-
	Foreign Collaborators	-	-
	HUF	-	-
	Sub Total B2	22,00,696	70.99
	TOTAL OF PUBLIC SHAREHOLDING (B1+B2)	22,00,696	70.99
C	Shares held by Custodian and against which Depository Receipts have been issued	-	-
	TOTAL A+B+C	3100000	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

Sl. No.	Category From - To	No. of Holders	% of Holders	No. of Shares	% of Shares
1	Upto - 5000	482	74.15	80,883	2.61
2	5001 - 10000	65	10.00	51,881	1.67
3	10001 - 20000	30	4.61	45,136	1.45
4	20001 - 30000	7	1.08	18,544	0.59
5	30001 - 40000	3	0.46	10,254	0.33
6	40001 - 50000	8	1.23	36,498	1.17
7	50001 - 100000	12	1.85	89,959	2.90
8	100001 and above	43	6.62	27,66,845	89.28
	TOTAL	650	100.00	31,00,000	100.00

- **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 : NIL
- **ADDRESS FOR CORRESPONDENCE :** **Madhavi Musnuru**
House No.8-3-678/42/5,
1st Floor, Santosh Manor,
Navodaya Colony,
Yellareddyguda,
Hyderabad-500073

CEO & 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 2012-2013.

By order of the Board
For CITI PORT FINANCIAL SERVICES LIMITED

Place: Hyderabad
Date: 14-08-2013

Sd/-
MADHAVI MUSNURU
Director

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

I, Madhavi Musnuru, 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 31.03.2013
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: 14.08.2013

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, 2013, 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: 14.08.2013

INDEPENDENT AUDITOR'S REPORT

To
THE MEMBERS,
CITI PORT FINANCIAL SERVICES LIMITED

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

Management's Responsibility for the Financial Statements:

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

Auditors' Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For G.V & Co.,
CHARTERED ACCOUNTANTS

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

Place : HYDERABAD
 Date : 06.06.2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" 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 adequate 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 hasn'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.
- 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 : 06.06.2013

BALANCE SHEET AS ON 31ST MARCH, 2013

Amount in INR.

Particulars	Note No.	As At 31.03.2013	As At 31.03.2012
A Equity and Liabilities:			
Shareholders funds			
(a) God Account		22	22
(b) Share Capital	1	31000000	31000000
(c) Reserves and Surplus	2	1778057	2918999
(d) Money Received against Share Warrants		-	-
Share application money pending allotment	3	-	-
Non-current liabilities			
(a) Long-term borrowings	4	-	-
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities	5	-	-
(d) Long-term provisions	6	-	-
Current Liabilities			
(a) Short-term borrowings	7	-	-
(b) Trade payables	8	-	-
(c) Other current liabilities	9	191267	143923
(d) Short-term provisions	10	388374	205489
TOTAL		33357721	34268433
B. Assets:			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	46459	50375
(ii) Intangible assets		-	-
(iii) Capital work - in - progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current Investments	12	107138	2107138
(c) Deferred tax assets (net)	29	1570	2290
(d) Long- term loans and advances	13	12529580	22545959
(e) Other non-current assets	14	30000	30000
Current assets			
(a) Current Investments		-	-
(b) Inventories	15	-	-
(c) Trade Receivable	16	-	-
(d) Cash and Bank balances	17	639936	761473
(e) Short -term loans and advances	18	20003038	8771199
(f) Other current assets	19	-	-
TOTAL		33357721	34268433

Accounting Policies & Other relevant Notes 27 to 41

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 : 06.06.2013

For and on behalf of the Board

Sd/-

MADHAVI MUSNURU

Whole time Director

Sd/-

PARTHASARATHI PRATTIPATI

Director

STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 Amount in INR

S. No.	Particulars	Note No	For the Year ended 31.03.2013	For the Year ended 31.03.2012
A	Continuing Operations:			
1	Revenue from operations	20	1691562	1688373
	Less: Excise Duty		-	-
	Revenue from operations (net)		1691562	1688373
2	Other income	21	-	-
3	Total Revenue (1 + 2)		1691562	1688373
4	Expenses:			
	Cost of materials consumed		-	-
	Purchases of Stock in Trade	22	-	-
	"Changes in inventories of finished goods, work-in-progress and Stock-in-Trade"	23	-	-
	Employee Benefit Expense	24	687710	682704
	Other Expenses	25	1956531	518958
	Total		2644241	1201662
5	Earnings before exceptional and extra ordinary items, interest, tax, depreciation and amortisation (EBITDA) (3 - 4)		(952679)	486711
6	Finance Costs	26	47571	63783
7	Depreciation and amortisation expense	11	3916	3912
8	Profit / (Loss) before exceptional and extraordinary items and tax (5 - 6 - 7)		(1004165)	419016
9	Exceptional Items		-	-
10	Profit / (Loss) before extraordinary items and tax (8 - 9)		(1004165)	419016
11	Extraordinary items		-	-
12	Profit / (Loss) before tax (10 - 11)		(1004165)	419016
13	Tax Expense:			
	- Current Tax		136056	146658
	- Deferred Tax		720	1000
14	Profit / (Loss) for the period from continuing operations (12 - 13)		(1140941)	271358
B	Discontinuing Operations			
15	Profit/(loss) from discontinuing operations		-	-
16	Tax expense of discontinuing operations		-	-
17	Profit/(Loss) from Discontinuing operations (after tax) (15 - 16)		-	-
C	Total Operations			
18	Profit / (Loss) for the year (14 + 17)		(1140941)	271358
19	Earnings per equity share:			
	- Basic		(0.37)	0.09
	- Diluted		(0.37)	0.09
	Accounting Policies & Other relevant Notes	27 to 41		

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. : 0128755

Sd/-
MADHAVI MUSNURU
Whole time Director

Sd/-
PARTHASARATHI PRATTIPATI
Director

Place : Hyderabad
Date : 06.06.2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Pursuant to clause 32 of Listing Agreement as amended)

Amount in INR

Particulars	For the Year ended 31.03.2013	For the Year ended 31.03.2012
A. Cash flow from Operating activities		
Net Profit before tax as per Profit and loss account	(1004165)	419016
Adjustments		
(Profit) / Loss on sale of investments (net)	1400000	-
Depreciation and Amortisation Expense	3916	3912
Preliminary Expenditure Written Off	-	-
Interest Income	-	-
Dividend income	-	-
Finance Costs	47571	63783
	447321	486711
(Increase)/Decrease in Trade and Other Receivables	-	-
Increase/(Decrease) in Trade Payables	-	-
(Increase)/Decrease in Fixed Deposits having original maturity over 3 months	-	-
Increase/(Decrease) in Other Current Liab. /Short Term Prov.	94173	(124440)
Increase/(Decrease) in Other Long Term Liab. / Long Term Prov.	-	-
Cash generated from Operations	541494	362271
Direct Taxes paid	-	(10900)
Net Cash from Operating activities	541494	351371
B. Cash flow from Investing Activities		
(Purchase) / Sale of Fixed Assets (Net)	-	-
Capital Work-in-progress	-	-
(Purchase) / Sale of Investments (Net)	600000	206919
Movement in Loans & Advances	(1215461)	(954153)
Changes in Other Current Assets / Non current Assets	-	313423
Interest Income	-	-
Dividend income	-	-
Cash flow before exceptional items	(615461)	(433811)
Exceptional Items	-	-
Net Cash from Investment Activities	(615461)	(433811)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital/ Share Application Money	-	-
Proceeds / (Repayment) from Borrowings	-	-
Finance Costs	(47571)	(63783)
Dividends Paid	-	-
Dividend tax paid	-	-
Effect of Exchange Rate change	-	-
Net cash used in financing activities	(47571)	(63783)
Net (Decrease) / Increase in cash and cash equivalents	(121537)	(146223)
Cash and cash equivalents at the beginning of the year	761473	907696
Cash and Cash equivalents at the end of the year	639936	761473
Short Term Bank Deposits	-	-
Cash and Bank Balances at the end of the year	639936	761473

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 : 06.06.013

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 31.03.2013

Note No. 1 : SHARE CAPITAL

Amount in INR

Sl No.	Particulars	As At 31.03.2013		As At 31.03.2012	
		Number	Amount	Number	Amount
1	Authorised Equity Shares of Rs. 10/- each with Voting Rights	3200000	32000000.00	3200000	32000000.00
2	Issued, Subscribed and Paid up Equity Shares of Rs. 10/- each fully paid up with Voting Rights	3100000	31000000.00	3100000	31000000.00
	Total	3100000	31000000.00	3100000	31000000.00

(a) Reconciliation of the number of shares outstanding as at 31.03.2013 and 31.03.2012

Sl No.	Particulars	As At 31.03.2013		As At 31.03.2012	
		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 31.03.2013		As At 31.03.2012	
		No of Shares Held	% of Holding	No of Shares Held	% of Holding
	Equity Shares with Voting Rights				
1	Golden Valley Holdings Private Limited	899304	29.01%	899304	29.01%
2	Ginza Communication Private Limited	307600	9.92%	307600	9.92%
3	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 31.03.2013	As At 31.03.2012
		Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.212 Rs.
2	Note : Reserves & Surplus		
	General Reserve		
	As per last Balance Sheet	18913	18913
	Add: Transferred from Profit & Loss A/c	-	-
	Closing Balance	18913	18913
	Statutory Reserve Fund *		
	Opening Balance	929224	874952
	(+) Addition during the year	-	54272
	Closing Balance	929224	929224
	* Statutory Reserve Fund Created as per Section 45-IC of Reserve Bank of India Act, 1934		
	Profit and Loss Account		
	As per last Balance Sheet	1970861	1753775
	(+) Net Profit for the current year	-1140941	271358
	(+) Transfer from Reserves	-	-
	(-) Net Loss for the current year	-	-
	(-) Proposed Dividends	-	-
	(-) Interim Dividends	-	-
	(-) Transfer to Statutory Reserve	-	54272
	Closing Balance	829920	1970861
	Total	1778057	2918999
3	Note: Share Application money pending allotment		
	Total Amount	-	-
4	Note: Long Term Borrowings		
	Secured		
	Term Loans from Banks	-	-
	Vehicle Loans from Banks	-	-
	Unsecured	-	-
5	Note: Other Longterm Liabilities		
	Other Liabilites	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
6	Note: Long Term Provisions		
	Provisions - Others	-	-
		-	-
7	Note: Short Term Borrowings		
	Secured		
	Loans repayable on demand from Banks	-	-
	Loans repayable on demand from Others	-	-
	Unsecured	-	-
	Loans from Related Parties	-	-
	Other Loans and Advances	-	-
		-	-
8	Note: Trade Payables		
	Dues to Micro, Small and Medium Enterprises *	-	-
	Dues to Others	-	-
		-	-
9	Note: Other Current Liabilities		
	<u>Current Maturities of Long Term Debt (Secured)</u>		
	Term loans from Banks	-	-
	Interest Accrued & Due on Borrowings	-	-
	Advances received from Customers	-	-
	Other Payables*	191267	143923
		191267	143923
	<u>* Other Payables include</u>		
	Expenses Payable	181018	138871
	Statutory Liabilities	10249	5052
10	Note: Short Term Provisions		
	Provisions for Employee Benefits	-	-
	Provisions - Others:		
	Provision for Taxes	282714	146658
	Contingency Provision Against Standard Assets *	105660	58831
		388374	205489

Note No. : 11 Fixed Assets**(Amount INR)**

S. No.	Particulars	Net Block									
		Balance As At 01.04.2012	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign exchange differences	Borrowing cost capitalised	Other Adj.	" Balance As At 31.03.2013
		1	2	3	4	5	6	7	8	9	10=1+2+3+4+5 +6-7+8-9
A	Tangible assets :										
(a)	Computers & Software										
	Owned	188130	-	-	-	-	-	-	-	-	188130
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(b)	Furniture and Fixtures										
	Owned	277269	-	-	-	-	-	-	-	-	277269
	Taken under finance lease	-	-	-	-	- \$	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(c)	Plant & Machinery										
	Owned	82350	-	-	-	-	-	-	-	-	82350
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
	Total (A)	547749	-	-	-	-	-	-	-	-	547749
	Previous Year	547749	-	-	-	-	-	-	-	-	547749
B	Intangible assets										
	Total (B)	-	-	-	-	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Grand Total (A + B)	547749	-	-	-	-	-	-	-	-	547749

S. No.	Particulars	Accumulated depreciation and impairment							Net block	
		Balance As At 01.04.2012	Depreciation amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in Statement of Profit and loss	Revaluation of impairment losses recognised in Statement of Profit and loss	other adjustments	Balance As At 31.03.2013	" Balance As At 31.03.2013
		1	2	3	4	5	6	7	8	9
										10=1+2+3+4+5 +6-7+8-9
A	Tangible assets :									
	(a) Computers & Software									
	Owned	181630	-	-	-	-	-	-	181630	6500
	Taken under finance lease	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-
	Furniture and Fixtures									
(b)	Owned	267677	-	-	-	-	-	-	267677	9592
	Taken under finance lease	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-
(c)	Plant & Machinery									
	Owned	48067	3916	-	-	-	-	-	51983	30367
	Taken under finance lease	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-
	Total (A)	497374	3916	-	-	-	-	-	501290	46459
B	Previous Year	493463	3912						497375	50374
	Intangible assets									
	Total (B)									
C	Previous Year									
	Capital Work in Progress									
	Grand Total (A + B + C)	497374	3916	-	-	-	-	-	501290	46459
										50374

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	No of Shares	As at 31.03.2012 Rs.	No of Shares	As at 31.03.211 Rs.
12	Note : Non Current Investments				
	In Equity Shares (Quoted - fully paid up)				
	Ensa Steel Ltd.	550	5500	550	5500
	Nahar Spinning Mills Ltd.	50	12525	50	12525
	Pankaj Polymers Ltd.	3400	27168	3400	27168
	Samtel Color Ltd.	200	16940	200	16940
	Skypack Ltd.	100	3155	100	3155
	Standard Industries Ltd.	4000	20000	4000	20000
	Suraj Ltd.	55	3850	55	3850
	Uniroyal Industries Ltd.,	1700	17000	1700	17000
	Vinyl Chemicals (India) Ltd.	50	1000	50	1000
	Total		107138		107138
	In Equity Shares (Unquoted - fully paid up)				
	Suryauday Spinning Mills (P) Ltd.	-	-	200000	2000000
	Total		-		2000000
	Grand Total		107138		2107138

Note 1: Aggregate amount of Quoted Investments Rs.1,07,138/- (Previous Year Rs.1,07,138/-)

Note 2: Market Value of Quoted Investments Rs.1,07,402/- (Previous Year Rs.1,14,596/-)

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.Nil/- (Previous Year Rs.20,00,000)

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
13	Note : Long Term Loans & Advances		
(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		
	TDS Receivable	284580	115738
(i)	Other Loans & Advances		
	Secured, considered good	-	-
	Unsecured, considered good		
	Ginza Communications Pvt Ltd.		14930221
	Precision Infrastructure (P) Ltd.	2500000	2500000
	Citiport Credit Ltd.	9745000	5000000
(j)	Doubtful	-	-
		12529580	22545959
	Less: Provision for other doubtful loans & advances	-	-
		12529580	22545959
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	-	-
14	Note : Other Non-Current Assets		
(a)	Long-term trade receivables	-	-
(b)	Unamortised expenses		
	* (to the extent not written off or not adj.)	-	-
(i)	Ancillary borrowing costs	-	-
(ii)	Share issue expenses	-	-
(iii)	Discount on shares	-	-
(iv)	Other Expenses	-	-
	Preliminary Expenditure	-	-
(c)	Accruals	-	-
(d)	Other Non-current Assets		
	Rent Deposit	30000	30000
	Telephone Deposit	-	-
	Other Deposits	-	-
		30000	30000

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
15	Note : Investments		
(a)	Raw materials	-	-
	Goods-in-transit	-	-
(b)	Work-in-progress	-	-
	Goods-in-transit	-	-
(c)	Finished goods (other than those acquired for trading)	-	-
	Goods-in-transit	-	-
(d)	Stock-in-trade (acquired for trading)	-	-
	Goods-in-transit	-	-
(e)	Stores and spares	-	-
	Goods-in-transit	-	-
(f)	Loose tools	-	-
	Goods-in-transit	-	-
(g)	Others (Specify nature)	-	-
	Goods-in-transit	-	-
		<u>0</u>	<u>0</u>
16	Note : Other Current Assets		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	Secured, considered good	-	-
	Unsecured, considered good	-	-
	Doubtful	-	-
	Trade receivables outstanding for a period less than six months from the date they were due for payment		
	Secured, considered good	-	-
	Unsecured, considered good	-	-
	Doubtful	-	-
	Less: Provision for doubtful trade receivables		-
		<u>0</u>	<u>0</u>
*	Trade receivables include debts due from:		
	Directors	-	-
	Other officers of the Company	-	-
	Firms in which any director is a partner (give details per firm)	-	-
	Private companies in which any director is a director or member (give details per company)	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
17	Note: Cash and Bank balances		
(a)	Cash and Cash Equivalents		
(i)	Balances with banks;		
	In Deposit Accounts	-	-
	In Current Accounts	438951	411190
(ii)	Cheques, drafts on hand	-	336000
(iii)	Cash on hand	200985	14282
(b)	Other Bank balances		
	In Deposit Accounts	-	-
		639936	761473
18	Note: Short Term Loans & Advances		
(a)	Loans & Advances to related parties		
	Secured, considered good	-	-
	Unsecured, considered good		
	Trinox Infrastructure and Developers Private Ltd	1544325	1094325
	Doubtful	-	-
		1544325	1094325
	Less: Provision for doubtful loans & advances	1544325	1094325
(b)	Security Deposits	-	-
(c)	Loans & Advances to Employees	800000	-
(d)	Prepaid Expenses	4075	-
(e)	Balances with Government Authorities		
	TDS Receivable	169158	168842
(f)	Inter-Corporate Deposits	-	-
(g)	Others		
	Secured, considered good	-	-
	Unsecured, considered good		
	Ginza Communications Pvt Ltd.	13924882	-
	Innovation Show Room	-	1505952
	Katragadda Laxmi Narasima Rao	-	2739534
	Kite Women College of Professional Engineering Sciences	502811	502811
	Phat Phish Films (P) Ltd	3057787	2759735
(j)	Doubtful	-	-
		20003038	8771199
	Less: Provision for other doubtful loans & advances	-	-
		20003038	8771199
	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	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
19	Note: Other Current Assets		
	(a) Unbilled revenue	-	-
	(b) Unamortised expenses	-	-
	(c) Accruals	-	-
	(d) Other Current Assets *	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
20	Note: Revenue from Operations		
	Interest	1691562	1688373
	Other financial Services	-	-
		<u>1691562</u>	<u>1688373</u>
		<u><u>1691562</u></u>	<u><u>1688373</u></u>
21	Note: Other Income		
	Other Income	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
22	Note: Purchases		
	Purchases	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
23	Note: Changes in inventories of finished goods, work-in-progress and stock-in-trade		
	Inventories at the end of the year:		
	Finished goods (acquired for trading)	-	-
	Work-in-progress	-	-
	Stock-in-trade	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
	Inventories at the beginning of the year:		
	Finished goods (acquired for trading)	-	-
	Work-in-progress	-	-
	Stock-in-trade	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
	Net increase / (decrease)	-	-
		<u><u>-</u></u>	<u><u>-</u></u>

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
24	Note: Employee Benefit Expenses		
	Salaries and wages	378000	378000
	Directors Remuneration	300000	300000
	Contribution to provident and other funds	-	-
	Staff welfare expenses	9710	4704
		687710	682704
25	Note: Other Expenses		
	Advertisement Expenses	58707	29700
	Audit Fee	50562	50562
	Internal Audit Fee	12500	-
	Computer Software/ Maintenance Exp	-	1250
	Conveyance Expenses	4236	670
	DeMat & RTA Expenses	45311	51223
	Filing Fees	3000	3000
	Internet / Cable Charges	7635	6625
	Listing Fees	39326	36618
	Loss on Sale of Investments	1400000	-
	Meeting Expenses	2520	5251
	Office Maintenance	24000	24000
	Postage & Courier	11497	14210
	Printing & Stationery	30589	25309
	Professional / Legal Fees	202248	198540
	Rent	60000	65000
	Website Hosting Charges	4400	7000
		1956531	518958
26	Note: Finance Costs		
	Interest Expense		
	Interest	-	-
	Interest on Others *	-	1072
	Other Finance Expenses		
	Bank Charges	741	3881
	Provision for Standard Assets *	46829	58831
		47571	63783

* Interest on Others include Interest on Income Tax Payable

NOTE 27: 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 year end 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 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
28	Note: Auditors Remuneration		
	Payments to Auditors comprises:		
	As Auditors - Statutory Audit	37900	37900
	For taxation matters	12662	12662
	For company law matters	-	-
	For management services	-	-
	For other services	-	-
	Reimbursement of Expenses	-	-
	Total	50562	50562
29	Note: Deferred Tax Asset		
	On account of		
	Depreciation and Amortisation	1570	2290
	Total	1570	2290

30 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)	-1140941	271358
Number of equity shares (in Nos)	3100000	3100000
Earnings per share (INR)	-0.37	0.09

31 Note: Tax Expense

The Tax Expenses for the year comprises of;

Current Tax	136056	146658
Deferred Tax	720	1000

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 31.03.2013

Amount in INR

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
32	Note: Details of Leasing Arrangements		
	The company has entered into operating lease arrangements for its Regd. Office premises:		
	Future minimum lease payments		
	not later than one year	60000	60000
	later than one year and not later than five years	-	-
	later than five years	-	-
	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	-	-
	On account of Notice Period	15000	15000
33	Note: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	(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.		
34	Note: Earnings in foreign currency	Nil	Nil
35	Note: Expenditure in foreign currency	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Note No : 36 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	Green Fire Agri Commodities Limited	
9	Northgate Technologies Limited	
10	Social Media India Limited	
11	Citizen Communications Limited	
12	Bio Bhanol Agro Industries Limited	
13	Nakshatra Organics Private Limited	
14	DRK Agro Farms Private Limited	
15	Citizen Electronics Limited	
16	Manjeet Chemicals Private Limited	
17	Madhuha Designer Wear Private Limited	
18	V5 ITES Private Limited	
19	Trinox Infrastructure and Developers Pvt Ltd	

Transactions with Related Parties :

Amount in INR

S.No.	Nature of Transaction	FY 2011-13			FY 2011-12		
		Associates	KMP	Total	Associates	KMP	Total
1	Remuneration	0	300000	300000	0	30000	30000
2	Sitting Fee	0	0	0	0	0	0
3	Short Term Loans & Advances	450000	-	450000	-344215	-	-344215

Balances with Related Parties As At 31.03.2013:

(Amount INR)

S.No.	Nature of Transaction	FY 2012-13			FY 2011-13		
		Associates	KMP	Total	Associates	KMP	Total
1	Expenses Payable	-	-	-	-	25000	25,000.00
2	Short Term Loans & Advances	1544325	25309	1569634	1094325	-	1094325

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31.03.2012

Note No. 37 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 01.04.2012	Addition	Utilisation	Reversal	As At 31.03.2013
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 31.03.2013	As At 31.03.2012
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 31.03.2013

Note No.	Particulars
38	<p>Note : Segment Reporting</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>
39	<p>Note:</p> <p>Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is: Nil (Nil)</p>
40	<p>Note:</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>
41	<p>Note:</p> <p>Additional information pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is annexed.</p>

* Provision for Standard Assets has been made @ 0.25% on standard assets as per Reserve Bank of India direction, vide its notification no. DNBS.223/CGM (US) - 2011 dated 17.01.2011

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: 06.06.2013

M/s Citiport Financial Services Limited As On 31.03.2013

Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Amount in INR)

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

S. No	Particulars	Amount Outstanding
(2)	<u>Assets side :</u> Break-up of Loans and Advances including Bills Receivables: [Other than those included in (4) below] : (a) Secured (b) Unsecured	 Nil 3,12,74,805
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities: i) Lease assets including lease rentals under sundry debtors : (a) Financial lease (b) Operating lease ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets	 Nil Nil Nil Nil

iii) Other loans counting towards AFC activities (a) Loans where assets have been repossessed (b) Loans otherthan (a) above	Nil Nil
(4) Break-up of Investments : <u>Current Investments :</u> 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil
<u>Long Term investments :</u> 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	1,07,138 Nil Nil Nil Nil Nil Nil Nil Nil Nil 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	15,44,325	Nil
2. Other than related parties	Nil	2,97,30,480	Nil
Total	Nil	3,12,74,805	Nil

(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	1,07,402	Nil
Total	1,07,402	Nil

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

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: 06.06.2013

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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)
21ST ANNUAL GENERAL MEETING MONDAY, 30TH SEPTEMBER 2013

I/We hereby record/my/our presence at the 21st 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 **MONDAY 30th SEPTEMBER, 2013 at 2.00 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 **MONDAY 30th SEPTEMBER, 2013 at 2.00 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.....2013

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

FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH STOCK EXCHANGES

1.	Name of the Company	CITI PORT FINANCIAL SERVICES LIMITED
2.	Annual Financial statement for the year ended	31 st March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by</p> <p>CEO/Managing Director</p> <p>CFO MS. MADHAVI MUSNURU</p> <p>Auditor of the Company MR. GRANDHI VITTAL (M/s G.V & Co)</p> <p>Audit Committee Chairman MR. PARTHASARATHI PRATTIPATI</p>	<p>For CITI PORT FINANCIAL SERVICES LIMITED</p>   <p>DIRECTOR</p> 