

19th
ANNUAL REPORT
2010 -2011



CITI PORT FINANCIAL SERVICES LIMITED

Index	Page
1. Notice	03
2. Directors Reports	06
3. Management & Discuss Analysis	08
3. Compliance Certificate	10
4. Corporate Governance	14
6. Auditors Reports	27
7. Balance Sheets	31
8. Profit & Loss Account	32
9. Cash Flow Statements	33
10. Abstracts	50
11. Attendance Slip/Proxy Slip	51

BOARD OF DIRECTORS

Smt Madhavi Musnuru	--	Director
Sri Ratan Kishan Musurnur	--	Director
Sri Miriyalad Ethirajan	--	Director
Sri Parthasarathi Prattipati	--	Director
Sri Anil Kumar Talasila	--	Director
Sri Suraj Thammineni	--	Director (upto16.09.2010)

STATUTORY AUDITORS

M/s. G.V. & Co.,
2, 159, Street M-3,
Vani Nagar, Malkajigiri, Hyderabad.

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
G-10, Left wing,
Amrutha Ville,
Opp: Yashodha Hospital,
Somajiguda, Rajbhavan Road,
Hyderabad-500082

LISTED AT:

Bombay Stock Exchange Limited
Madras Stock Exchange Limited
The Delhi Stock Exchange Association Limited

AUDIT COMMITTEE

Sri Parthasarathi Prattipati
Sri Anil Kumar Talasila
Smt. Madhavi Musnuru

REMUNERATION COMMITTEE

Sri 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 19th 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 **THURSDAY 22nd SEPTEMBER, 2011 at 02.00 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, 2011 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. Miriyala Doraisamy Ethirajan who retires by rotation, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri. Ratan Kishan Musurnur 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.

SPECIAL BUSINESS**5. APPOINTMENT OF SMT MADHAVI MUSNURU AS DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an "ORDINARY RESOLUTION":

"RESOLVED THAT Pursuant to the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Smt Madhavi Musunuru who was appointed as an Additional Director on 16th September 2010 and who holds office as such up to the date of this Annual General Meeting and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received in writing proposing her candidature for the office of Director, be and is hereby appointed as Director of the company who is liable to retire by rotation."

6. APPOINTMENT OF SMT MADHAVI MUSNURU AS WHOLE TIME DIRECTOR OF THE COMPANY:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an "ORDINARY RESOLUTION":

"RESOLVED THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 Smt Madhavi Musnuru be and is here by appointed as Director (finance) for a period of 5 years with effect from 1st February, 2011 at a remuneration of Rs. 25000/- Per Month with liberty to the Board of Directors to alter and vary the terms and conditions and /or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

By order of the Board
For CITI PORT FINANCIÁL SERVICES LIMITED

sd/-
Madhavi Musnuru
Director

Place: Hyderabad
Date : 13.08.2011

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 **MONDAY, 19th SEPTEMBER, 2011 TO THURSDAY, 22nd SEPTEMBER, 2011** (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 G-10, Left wing, Amrutha Ville, Opp: Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad-500082
6. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of special business is Annexed hereto

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

SRI MIRIYALA DORAISAMY ETHIRAJAN

Sri Miriyala Doraisamy Ethirajan is Independent Director of the Company since 10th January, 2009. He holds a bachelors degree in Engineering and science. He has an experience of 15 years in the field of finance He was the director of Telecommunication Division, Ministry of Communication. Currently he is the founding Member and Managing Director of Citizen Communications Ltd; a multimedia, networking facilities and Infrastructure Company. He neither holds any directorship nor membership of any committee, other than that of the Company and shareholding in the Company: NIL

SRI RATAN KISHAN MUSURNUR

Sri Ratan Kishan Musnuru s/o Shri. G Prakash Rao, aged 31 years is a Qualified MCA (Master of Computer Application) and has an experience more than 5 years in software field.

SMT MADHAVI MUSNURU

Smt Madhavi Musnuru aged 30 years qualified as PGDBM (HR& Finance) MPA (Master in Professional Accounting) she have experience of more than 2 years as Accounting Professional and Corporate Finance.

EXPLANTORY SATEMENT

(Pursuant to section 173 (2) of the companies Act, 1956)

ITEM NO.5

The Board of Directors of the Company has appointed Smt Madhavi Musnuru as Additional Director of the Company at their meeting held on 16th September, 2010.

Due to his rich experience in the field of Finance and accounting qualified as PGDBM (HR& Finance) MPA (Master in Professional Accounting the Board of Director felt that being a Non Banking Financial Company the presence in the Board will help the company to embrac new highs in business so appointed as Additional Director of the Company at their meeting held on 16th September, 2010

Pursuant to the provisions of section 257 of the Companies Act, 1956 of the companies Act, 1956 any appointment of director requires the approval of the members in their meeting, hence this resolution commended for your approval.

None of the Directors are interested in this resolution except Sri Ratan kishan Musunuru

ITEM NO. 6

The board of directors in their meeting held on 3rd February 2011, appointed Smt. Madhavi Musnuru as whole time director of the Company for a period of 5year subject to the approval of the members in the general meeting

Due to his rich experience in the field of Finance and accounting and she is a PGDBM (HR& Finance) MPA (Master in Professional Accounting the Board of Director felt that being a Non Banking Financial Company the presence in the Board will help the company in the field of finance,

Pursuant to the provisions of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 of the companies Act, 1956 any appointment of whole time director requires the approval of the members in their meeting, hence this resolution commended for your approval.

None of the Directors are interested in this resolution except Sri Ratan kishan Musurnur

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS:

(Rs In Lakhs)

	For the Year ended 31.03.2011	For the Year ended 31.03.2010
Net Sales/income from operation	19.08	16.32
TOTAL INCOME	19.08	16.32
TOTAL EXPENDITURE	12.62	18.56
Profit/ (Loss) before depreciation & Financial Charges	6.46	-2.24
Depreciation	0.17	0.21
Financial Charges	0.02	0.02
Profit Before Tax	6.27	-2.47
Provision for income tax	1.96	1.49
Deferred Tax	0.09	0.06
NET PROFIT / (LOSS)	4.40	-4.02
Surplus Brought forward from previous years	14.02	18.04
Transfer to Special Reserve @ 20%	0.88	--
Amount available for appropriation	17.54	14.02

The overall performance of the Company of the FY 2010-2011 was satisfactory as compared to the last financial year. Company has recorded net profit of Rs 4.40 Lakhs as compared to Net loss Rs 4.02 Lakhs.

DIVIDEND:

During the financial year under review Your Company has recorded a Nominal profit; hence your Directors do not recommend any dividend for the Financial Year 2010-11.

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 Miriyala Doraisamy Ethirajan and Sri Ratan Kishan Musurnuru, Directors of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Smt Madavi Musnuru was inducted as Additional Directors of the Company w.e.f. 16th September, 2010 and subsequently in the Board Meeting held on 3rd February, 2011 was appointed as whole time director of the Company

The Company has received notice with a deposit of Rs 500/- from the member of the Company complying with the provisions of the Section 257 of the Act, proposing his candidature for the office of Director.

Relevant resolutions are proposed for your consideration.

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, 2011, 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, 2011 and of the profit and loss of the Company for that period;

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES:

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

AUDITORS:

M/s. G.V & Co., Chartered Accountant, Statutory Auditor of the Company retire at the ensuing Annual General Meeting and the company has received a notice in writing from M/s. G.V & Co., 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 **Not applicable**

Foreign Exchange Earnings and Out go: NIL

MANAGEMENT DISCUSSION & ANALYSIS

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

COMPLIANCE CERTIFICATE

Your Company has obtained the necessary Compliance Certificate as required in terms of Section 383A read with the Companies (Compliance Certificate) Rules 2001 of the Companies Act, 1956 for the financial year 2010-2011 from M/s P S Rao & Associates Practicing Company Secretary same is given in **ANNEXURE-B**

CORPORATE GOVERNANCE:

The Company has been making every endeavor to bring more transparency in the conduct of business. As per the requirements of Listing Agreement with the Stock Exchanges, a compliance report on corporate Governance for the year 2010-2011 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 Bombay Stock Exchange Limited, The Delhi Association Limited and Madras Stock Exchange Limited. Company is regular in paying the listing fee to the Stock Exchanges.

ACKNOWLEDGEMENTS:

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

By order of the Board

For CITI PORT FINANCIAL SERVICES LIMITED

Sd/-

MADHAVI MUSNURU

Director

Sd/-

PARTHASARATHI PRATTIPATI

Director

Date : 13-08-2011
Place : Hyderabad

MANAGEMENT DISCUSSION & ANALYSIS ANNEXURE- A

ECONOMIC VIEWS

The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10, according to the Advance Estimate (AE) of Central Statistics Office (CSO). Overall growth in the Index of Industrial Production (IIP) was 3.6 per cent during February 2011. During April-February 2010-11, IIP growth was 7.8 per cent.

The six core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) grew by 6.8 per cent in February 2011 as compared to the growth of 4.2 per cent in February 2010. During April-February 2010-11, these sectors grew by 5.7 per cent as compared to 5.4 per cent during April-February 2009-10. In addition, exports, in US dollar terms increased by 49.7 per cent and imports increased by 21.2 per cent, during February 2011.

The domestic environment is conducive for growth and private final consumption expenditure is projected to grow by a healthy 7.5 per cent and gross fixed capital formation by 14.6 per cent, the Centre for Monitoring Indian Economy (CMIE) said in its latest monthly review of the country's economy. On the back of such facts, India's GDP is projected to continue to grow at a brisk pace of 8.8 per cent in 2011-12. In FY 12, the agricultural and allied sector is projected to grow by 3.1 per cent, on top of the 5.1 per cent growth estimated in 2010-11. The industrial sector, including construction, is projected to grow by 9.4 per cent during 2011-12, as compared to 8.5 per cent estimated in 2010-11. Growth in industrial production will be driven by a rise in consumption demand and investment demand, said the review.

The Economic Scenario

India is today rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012. Moreover, India attracted FDI equity inflows of US\$ 1,274 million in February 2011. The cumulative amount of FDI equity inflows from April 2000 to February 2011 stood at US\$ 193.7 billion, according to the data released by the Department of Industrial Policy and Promotion (DIPP). The humungous increase in investment mirrors the foreign investors' faith in the Indian markets.

The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India worth US\$ 3,274 million during April-February 2011, while telecommunications (including radio paging, cellular mobile and basic telephone services) attracted the second largest amount of FDI worth US\$ 1,410 million during the same period. Automobile industry was the third highest sector attracting FDI worth US\$ 1,320 million followed by Housing and Real Estate industry which garnered FDI worth US\$ 1,109 million during the financial year April-February 2011.

As on April 29, 2011, India's foreign exchange reserves totaled US\$ 313.51 billion, according to the Reserve Bank of India's (RBI) Weekly Statistical Supplement.

India's merchandise export during March 2011 reached US\$ 29.13 billion, up 43.8 per cent over US\$ 20.25 billion in the same month a year ago. With this, the country's total exports in goods for 2010-11 reached US\$ 245.29 billion, registering 37.5 per cent growth against US\$ 178.75 billion

in 2009-10, according to the foreign trade data released by the Ministry of Commerce and Industry. The ministry has now set a target of achieving US\$ 500-billion exports by 2013-14 by strategizing the country's foreign trade through diversification of products and markets and technological enhancement.

Growth Potential Story

- The data centre services market in the country is estimated to grow at a compound annual growth rate (CAGR) of 22.7 per cent between 2009 and 2011, to touch close to US\$ 2.2 billion by the end of 2011, according to research firm IDC India's report.
- As per the Nasscom Strategic Review 2011, the Domestic BPO segment is expected to grow by 16.9 per cent in 2010-11, to reach US\$ 2.8 billion, driven by demand from voice based services, in addition to adoption from emerging verticals, new customer segments, and value based transformational outsourcing platforms.
- The Q211 BMI India Retail Report forecasts that total retail sales will grow from US\$ 395.96 billion in 2011 to US\$ 785.12 billion by 2015.
- According to a McKinsey Global Institute (MGI) study titled 'Bird of Gold': The Rise of India's Consumer Market', the total consumption in India is likely to quadruple making India the fifth largest consumer market by 2025. Urban India will account for nearly 68 per cent of consumption growth while rural consumption will grow by 32 per cent by 2025.
- India ranks first in the Nielsen Global Consumer Confidence survey released in January 2011. "India is one of the fastest growing markets in the world and the current consumer belief that recession would soon be a thing of the past has filled Indians with confidence," said Piyush Mathur, Managing Director, South Asia, The Nielsen Co. With 131 index points, India ranked number one in the recent round of the survey, followed by Philippines (120) and Norway (119).

FUTURE OUTLOOK:

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

ANNEXURE-B
FORM
(See Rule 3)

COMPLIANCE CERTIFICATE

Reg. No. of the Company : 18-65867
Authorized Capital : Rs. 3,20,00,000/-
Paid-up Capital : Rs. 3,10,00,000/-

To
The Members,
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, 2011. 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 29.05.2010, 11.08.2010, 16.09.2010, 12.11.2010 and 03.02.2011 in respect of which proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members, during the financial year under review from Monday 13th September, 2010 to Thursday 16th September, 2010 for the purpose of 18th Annual General Meeting.
6. The Annual General Meeting of the Company for the financial year ended 31st March, 2010 was held on 16th September, 2010 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 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

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>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.</p> <p>12. The Company has not issued any duplicate share certificates during the financial year under review.</p> <p>13. The Company has</p> <p>i) not made any allotment/ transmission of Securities during the financial year.</p> <p>ii) delivered all the certificates on Transfer of shares in accordance with the provisions of the Act</p> <p>iii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.</p> <p>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.</p> <p>v) complied with requirements of Section 217 of the Act for the financial year under review.</p> <p>14. The Board of Directors is duly constituted during the financial year under review and the following changes took place:</p> <p>i Smt. Madhavi Musunuru was appointed as Director and subsequently whole time director</p> <p>ii Sri Suraj Thammineni, has tendered his resignation from the post of Director</p> | <p>iii Sri Parthasarathi Prattipati and Sri Anil Kumar Talasila, the retiring directors were reappointed as directors by the members in the Annual General Meeting</p> <p>Relevant provisions of the Act were complied with in connection with the said changes in the Board. There were no other instances of appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year.</p> <p>15. The Company has appointed Smt. Madhavi Musnuru as whole-time director during the financial year and complied with the provision of the Act.</p> <p>16. The Company has not appointed any sole-selling agents during the financial year under review.</p> <p>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.</p> <p>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.</p> <p>19. The Company has not allotted any shares/debentures/other securities during the financial year under review.</p> <p>20. The Company has not bought back any shares during the financial year.</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

P.S. Rao

Partner

DATE: 13-08-2011

PLACE: Hyderabad Company Secretary

C.P.No:3829

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, 2011

Sl. No	Forms/ Returns	Section	Purpose	Remarks
1	Form No.32	260	Appointment of smt Madhavi Musnuru as Additional Director	Filed with nominal fees on 20/09/2010
2	Form No.32		Resignation of Sri Suraj Thammineni as Director	Filed with nominal fees on 25/09/2010
3	Form No.66	383A	Submission of Compliance certificate	Filed with nominal fees on 15.10.2010
4	Form No. 23AC&ACA	209	Profit & Loss A/c for the financial year ending 31/03/2010	Filed with nominal fees on 15/10/2010
5	Form 20B	159	Filing of Annual return for 16.09.2010	Filed with Additional fees on 16.11.2010
6	Form No.32	269	Appointment of smt Madhavi Musnuru as Whole time Director	Filed with nominal fees on 04.02.2011
7	Form No.25C	269	Return for the Appointment of smt Madhavi Musnuru as Whole time Director	Filed with nominal fees on 04.02.2011

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

Sd/-
P.S. Rao
Company Secretary
C.P.No:3829

DATE: 13-08-2011
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 Independent Directors.

- Board meeting and attendance

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

The dates on which meeting were held are as follows:

29.5.2010	11.08.2010	16.09.2010	12.11.2010	03.02.2011
-----------	------------	------------	------------	------------

The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 16.09.2010	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	No	5	3	1		
2	Sri Ratan Kishan Musurnur	Non Executive Not Independent Director	No	5	2	1	Nil	Nil
3	Sri Miriyalad Ethirajan	Non Executive & Independent Director	Yes	5	3	2	Nil	Nil
4	Sri Parthasarathi Prattipati	Non Executive & Independent Director	Yes	5	5	7	Nil	Nil
5	Sri Anil Kumar Talasila	Non Executive & Independent Director	Yes	5	4	5	Nil	Nil
6	Sri Suraj Thammineni (upto 16.09.2010)	Executive Director	Yes	5	3	1	Nil	Nil

3. AUDIT COMMITTEE:

✧ Brief description of terms of reference

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

- To look into and review the reasons for substantial defaults, if any, in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

The Chairman of the Audit Committee was 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:

29.05.2010	11.08.2010	12.11.2010	03.02.2011
------------	------------	------------	------------

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	2
Sri Suraj Thammineni (upto 16.09.2010)	4	2

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 and Independent 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

During the financial year, No Remuneration is paid to Directors

Director	Designation	Remuneration for Financial Year 2010-11 (in Rs.)	
		Salary & Perks	Total
Smt Madhavi Musnuru*	Director (Finance)	50000	50000

* She was appointed as Whole time director w.e.f 1st February, 2011

SITTING FEES

Name of Director	Sitting Fee	Audit committee Sitting Fee	Total
Smt Madhavi Musnuru	15000	10000	25000
Sri Ratan Kishan Musurnur	10000	-	10000
Sri Miriyalad Ethirajan	15000	-	15000
Sri Parthasarathi Prattipati	25000	20000	45000
Sri Anil Kumar Talasila	20000	20000	40000
Sri Suraj Thammineni	15000	10000	25000
		TOTAL	160000

5. INVESTORS AND SHAREHOLDERS GRIEVANCE COMMITTEE:

❖ Brief description of terms of reference:

To supervise and ensure:

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

❖ **Composition**

The Committee comprises of the following members:

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

Name & Designation of the Compliance Officer	:	Smt Madhavi Musnuru Director
No. of shareholders complaints received during the Financial Year	:	Nil
No. of complaints solved to the satisfaction of the share holders	:	Nil
No. of pending complaints	:	Nil

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

Year	Date	Location	Time
2009-10	16-09-2010	8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073	11.00 a.m.
2008-09	19-09-2009	41A, Vivek Nagar, Ambathur, Chennai-53	11.00 a.m.
2007-08	25-09-2008	27, Sembudoss Street, Chennai-600001	2.00 p.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:

- 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** -
- 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 19th Annual General Meeting of the Company will be held on Thursday, 22nd September, 2011 at 2.00 p.m. at the Registered Office of the Company

- **Financial Year: 1st April 2011 to 31st March 2012**

CALENDER OF EVENTS:

Event	Dates
First Quarter un-audited (Provisional) Financial Results	Second Week of August, 2011
Second Quarter un-audited (Provisional) Financial Results	Second Week of November, 2011
Third Quarter un-audited (Provisional) Financial Results	Second Week of February, 2012
Fourth Quarter audited Financial Results	Last Week of May, 2012

- **BOOK CLOSURE DATE:**

- **Book Closure Date: FROM MONDAY, 19th SEPTEMBER, 2011 TO THURSDAY, 22nd SEPTEMBER, 2011 (both days inclusive).**
- Listing on Stock Exchanges: The shares of the Company are listed at
Bombay Stock Exchange 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: Bombay Stock Exchange 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 the last Financial Year 2010-11

Month	Bombay Stock Exchange Limited	
	High	Low
	(Rs.)	(Rs.)
April, 2010	17.25	14.30
May, 2010	16.00	12.40
June, 2010	13.23	11.60
July, 2010	17.11	11.65
August, 2010	20.50	16.90
September, 2010	19.45	14.90
October, 2010	16.40	13.60
November, 2010	18.70	15.60
December, 2010	20.10	18.00
January, 2011	19.90	16.35
February, 2011	16.30	14.80
March, 2011	16.30	14.75

- **Registrar and Transfer Agents** : **M/s. Bigshare Services Private Limited**
G-10, Left wing, Amrutha Ville, Opp: Yashodha Hospital,
Somajiguda, Rajbhavan Road, Hyderabad-500082

• **SHAREHOLDING PATTERN AS ON 31ST MARCH 2011:**

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 PROMOTERS SHAREHOLDING (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	627282	20.23
	Individuals		
	Individuals share holders holdings nominal share capital upto Rs. 1 Lakhs	316441	10.21
	Individual Shareholding holding nominal share capital in excess of Rs. 1 Lakhs	1256941	40.55
	Any Other (Specify)		
	NRIs/OCBs	32	-
	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

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

Sl. No.	Category From - To Holders	No. of Holders	% of Shares	No. of Shares	% of
1	Upto - 500	462	73.33	80434	2.59
2	501 - 1000	64	10.16	51487	1.66
3	1001 - 2000	29	4.61	44689	1.44
4	2001 - 3000	9	1.43	24792	0.80
5	3001 - 4000	3	0.48	10355	0.33
6	4001 - 5000	7	1.11	31499	1.02
7	5001 - 10000	12	1.90	89899	2.91
8	10001 and above	44	6.98	2766845	89.25
	TOTAL	630	100.00	3100000	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**
- **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 2010-2011.

By order of the Board
For CITI PORT FINANCIAL SERVICES LIMITED

Sd/-
MADHAVI MUSNURU
Director

Place: Hyderabad
Date: 13-08-2011

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 31.03.2011
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: 13.08.2011

Madhavi Musnuru
Director

AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Board of Directors
Citiport Financial Services Limited

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of Corporate Governance of Citiport Financial Services Limited ("the Company") for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of the conditions of the Corporate Governance is the responsibility of the management. Our 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 implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above-mentioned Listing Agreement.

We 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: 13.08.2011

AUDITOR'S REPORT

To
THE MEMBERS,
CITI PORT FINANCIAL SERVICES LIMITED
HYDERABAD

1. We have audited the attached Balance Sheet of M/s. Citi Port Financial Services Limited as at 31st March, 2011, the Profit and Loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditors Report) Order, 2003, issued by the central Government of India in terms of section 227 (4A) of the Companies Act, 1956, I give in the annexure, a statement on the matters specified in paragraphs 4 of the said Order.
4. Further to my comments in the annexure referred to in Para 3 above, I report that:
 - (a) I have obtained all the information and explanation, which to the best of my knowledge and belief were necessary for the purpose of my audit in my opinion, proper books of accounts as required by law have been kept by the company so far as appears from my examination of such books.
 - (b) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the book of account.
 - (c) In my opinion, the balance sheet, profit &, loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
 - (d) On the basis of the written representation received from the directors as on 31st March 2011 and taken on record by board of directors, I report that none of the directors is disqualified as on 3 1st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the companies act, 1956. As regards government - nominee directors, they are exempted from the provision of section 274 (1) (g) in view of general circular issued by the department of company affairs.
5. In my opinion and to the best of my information and according to the explanation given to me, the said accounts read with significant accounting policies and the other note thereon, give the information required by the companies act,1956, in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India :

- i. in case of the balance sheet of the state of affairs of the company as at 31st March, 2011;
- ii. in case of profit & loss account of the loss for the year ended on that date, and
- iii. in case of cash flow statement, of the cash flows for the year ended on that date.

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

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

Place :HYDERABAD
Date : 30.05.2011

ANNEXURE TO THE AUDITOR'S REPORT

I. In respect of its Fixed Assets

I. In respect of its Fixed Assets

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

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

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

IV. In my opinion and according to the information and explanation given to me, there are no laid down internal control procedures commensurate with the size of the company and nature of its business.

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

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

VII. In my opinion, there is no 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 except Rs 120/- towards payable Fringe Benefit Tax for financial year 2008-09.

- X. The Company have accumulated losses at the end of the year of Rs.Nil and the company has not incurred cash losses during current year and the company wasn't incurred any cash losses in the immediately preceding financial year.
- XI. Based on my audit procedures and on the information and explanation given by the management, I am of the opinion that the company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- XII. According to the information and explanations given to me, the company has given loans and advances on the basis of security by way of Pronotes, post dated instruments, pledge of shares, debentures and other securities.
- XIII. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- XIV. In my opinion the company is not dealing or trading in shares, securities, debentures and other investments during the year under review; however there are long-term investments in the company. The records, however, does not fully comply with the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 applicable to the company.
- XV. According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. There were no term loans obtained by the company during the year.
- XVII. According to the cash flow statement and other records examined by me and the information and explanations given to me, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment pending application.
- XVIII. The company has not made any preferential allotment during the year nor does the company have any outstanding debentures during the year.
- XIX. The company has not issued any debentures and no securities and charges are required to be created.
- XX. The company has not raised any money by public issue during the year.
- XXI. To the best of my knowledge and belief and according to the information explanation given to me, no fraud on or by the company was noticed or reported during the year.

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

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

Place : Hyderabad
 Date : 30.05.2011

BALANCE SHEET AS ON 31ST MARCH, 2011

Amount in Rs.

Particulars	Sch. No.	As At 31.03.2011	As At 31.03.2010
SOURCES OF FUNDS			
God Account		22.00	22.00
Shareholders Funds			
Share Capital	A	31000000.00	31000000.00
Reserves & Surplus	B	2647640.97	2188923.31
Deferred Tax (Liability)		-	5910.00
TOTAL		33647662.97	33194855.31
Application of Funds			
Fixed Assets	C		
Gross Block		547748.80	547748.80
Less: Depreciation		493462.77	476387.80
Net Block		54286.03	71361.00
Investments	D	2314057.02	2314057.02
Current Asstes & Loans and Advances			
Cash and Bank Balances	E	907695.92	912516.61
Loans & Advances	F	30665528.00	30255421.68
Deposits	G	30000.00	75000.00
		31603223.92	31242938.29
Less: Current Liabilities & Provisions			
Current Liabilities	H	122249.00	246885.00
Statutory Liabilities	I	8452.00	37566.00
Provision for Taxes		196493.00	149050.00
		327194.00	433501.00
Net Current Assets		31276029.92	30809437.29
Deferred Tax Asset		3290.00	
TOTAL		33647662.97	33194855.31
Accounting Policies	N		
Notes forming part of Accounts	O		

The schedules referred to the above and the notes forming part of accountants form an integral part of the balance sheet

As per the report of eventdate attached

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

(Grandhi Vittal)
Proprietor
Membership No.206462
Firm Regn No. : 012875S
Place : Hyderabad
Date : 30-05-2011

For and on behalf of the Board

Sd/-
MADHAVI MUSNURU
Whole time Director

Sd/-
PARTHASARATHI PRATTIPATI
Director

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 Amount in Rs.

Particulars	Sch. No.	Year ended 31.03.2011	Year ended 31.03.2010
Income from Operations and Other Income	J	1908097.00	1632456.00
		<u>1908097.00</u>	<u>1632456.00</u>
Expenditure			
Administrative Expenses	K	503992.00	982163.98
Personnel Expenses	L	757848.00	156375.00
Finance Charges	M	2084.68	1627.21
Depreciation	C	17074.97	21470.80
Prior - Period Expenditure		0.00	717777.00
		<u>1280999.65</u>	<u>1879413.99</u>
Profit Before Tax		627097.35	(246957.99)
Provision for Tax		187293.00	154960.00
- Income Tax		196493.00	149050.00
- Deferrex Tax		(9200.00)	5910.00
Profit After Tax		439804.35	(401917.99)
Previous Year Tax Adjustments		0.00	0.00
Profit After Tax		439804.35	(401917.99)
Balance Brought Forward from Previous Year		1401931.70	1803849.69
Transfer to Statutory Reserve Fund @ 20%		87960.87	0.00
Balance Carried to Balance Sheet		<u>1753775.18</u>	<u>1401931.70</u>
Earnings Per Share			
Basic		0.14	(0.13)
Diluted		0.14	(0.13)
Accounting Policies	N		
Notes forming part of Accounts	O		

The schedules referred to the above and the notes forming part of accountants form an integral part of the Profit & Loss Account
As per the report of eventdate attached

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

(Grandhi Vittal)
Proprietor
Membership No.206462
Firm Regn No. : 0128755

For and on behalf of the Board

Sd/-
MADHAVI MUSNURU
Whole time Director

Sd/-
PARTHASARATHI PRATTIPATI
Director

Place : Hyderabad
Date : 30-05-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011
(Pursuant to clause 32 of Listing Agreement as amended) Amount in Rs.

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extraordinary Items	627097.35	(246957.99)
Adjustments for;		
Depreciation	17074.97	21470.80
(Profit) / Loss on sale of Fixed Assets	0.00	0.00
Interest and Financial Expenses	2084.68	1627.21
Misc. Exp. Written-off	0.00	802550.00
Operating Profit before Working Capital Changes	646257.00	578690.02
Adjustments for changes in Working Capital		
(Increase)/Decrease in Inventories	0.00	0.00
(Increase)/Decrease in Receivables / Sundry Debtors	0.00	0.00
(Increase)/Decrease in Loans and Advances	(410106.32)	(6263033.00)
(Increase)/Decrease in Other Current Assets	63913.31	0.00
Increase/(Decrease) in Current Liabilities & Provisions	(153750.00)	221378.00
Cash Generated from Operations	146313.99	(5462964.98)
Direct Taxes Paid	(149050.00)	(183536.00)
Cash Flow Before Extra Ordinary Items	(2736.01)	(5646500.98)
Extra Ordinary Items (Effect of Restated Accounts)	0.00	0.00
Net Cash Flow from Operating Activities	(2736.01)	(5646500.98)
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	0.00	0.00
Sale of Fixed Assets	0.00	0.00
(Increase)/Decrease of Investments	0.00	0.00
Net Cash Flow (Used in) from Investing Activities	0.00	0.00
C) Cash Flows from Financing Activities		
Interest and Financial Expenses	(2084.68)	(1627.21)
Proceeds from Capital	0.00	0.00
Increase/(Decrease) in Secured Loan	0.00	0.00
Increase/ (Decrease) in Unsecured Loan	0.00	0.00
Increase/(Decrease) in Deferred Tax Liability	0.00	0.00
Dividend paid	0.00	0.00
Net Cash Flow from Financing Activities	(2084.68)	(1627.21)
"Net increase /(Decrease) in Cash and Cash equivalent [A + B + C]"	(4820.69)	(5648128.19)
Cash and Cash equivalent at beginning of the period	912516.61	6560644.80
Cash and Cash equivalent at ending of the period	907695.92	912516.61

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

As per the report of eventdate attached

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

(Grandhi Vittal)
Proprietor
Membership No.206462
Firm Regn No. : 012875S

For and on behalf of the Board

Sd/-
MADHAVI MUSNURU
WHOLE TIME DIRECTOR

Sd/-
P. PARTHASARATHI
DIRECTOR

Place : Hyderabad

Date : 30-05-2011

SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - A : SHARE CAPITAL		
Authorised Capital 3200000 Equity shares of Rs.10/- Each	32000000.00	32000000.00
	<u>32000000.00</u>	<u>32000000.00</u>
Issued, Subscribed & Paid up Capital 3100000 Equity Shares of Rs.10/- Each	31000000.00	31000000.00
	<u>31000000.00</u>	<u>31000000.00</u>
SCHEDULE -B : RESERVES & SURPLUS		
General Reserve	18913.32	
Statutory Reserve Fund *		
At the Commencement of the Year	786991.61	786991.61
Add: Transferred during the year	87960.87	-
	<u>874952.48</u>	<u>786991.61</u>
Profit & Loss Account (As per Appropriation Account)	1753775.18	1401931.70
	<u>2647640.98</u>	<u>2188923.31</u>
* Created as per Section 45-IC of Reserve Bank of India Act, 1934		

SCHEDULE - C FIXED ASSETS

Particulars	Rate (%) of Depreciation	Gross Block				Depreciation			Net Block		
		As At 01.04.2010	Additions during the year	Deletions during the year	As At 31.03.2011	Upto 01.04.2010	For the Year	Adjustments	Total Upto 31.03.2011	As At 31.03.2011	As At 1.03.2010
Furniture and Fixtures	6.33	277268.80	0.00	0.00	277268.80	254513.80	13163.34	0.00	267677.14	9591.66	22755.00
Computer	16.21	188130.00	0.00	0.00	188130.00	181630.00	0.00	0.00	181630.00	6500.00	6500.00
Typewriter	4.75	8750.00	0.00	0.00	8750.00	5913.00	415.63	0.00	6328.63	2421.37	2837.00
Airconditioner	4.75	43800.00	0.00	0.00	43800.00	24415.00	2080.50	0.00	26495.50	17304.50	19385.00
Generator	4.75	29800.00	0.00	0.00	29800.00	9916.00	1415.50	0.00	11331.50	18468.50	19884.00
Total		547748.80	0.00	0.00	547748.80	476387.80	17074.97	0.00	493462.77	54286.03	71361.00
Previous Year		(547749.00)	(0)	(0)	(547749.00)	(454917.00)	(21470.80)	(0)	(476387.80)	(71361.00)	(92832.00)

SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
-------------	-------------------------	-------------------------

SCHEDULE - D: DETAILS OF INVESTMENT ACCOUNT

Long term investment other than trade at cost

Particulars	No. of Shares	as at 31.3.11	No. of Shares	as at 31.3.10
Equity Shares (Quoted)				
Ensa Steel Ltd.	550	5500.00	550	5500.00
Nahar Spinning Mills Ltd.	50	12525.00	50	12525.00
Pankaj Polymers Ltd.	3400	27167.62	3400	27167.62
Samtel Color Ltd.	200	16940.00	200	16940.00
Skypack Ltd.	100	3155.00	100	3155.00
Standard Industries Ltd.	4000	20000.00	4000	20000.00
Suraj Diamonds Ltd.	55	3850.00	55	3850.00
Uniroyal Industries Ltd.,	1700	17000.00	1700	17000.00
Vinyl Chemicals Ltd.	50	1000.00	50	1000.00
Total		107137.62		107137.62
Equity Shares (Unquoted)				
Amrut Industries Ltd.	1400	2800.00	1400	2800.00
Jindal Iron & Steel Company Ltd.	500	12889.40	500	12889.40
Jindal Lease Fin Ltd.	14100	165070.00	14100	165070.00
Mayar Finance Ltd.	400	8160.00	400	8160.00
Upcom Cables Ltd.	1200	12000.00	1200	12000.00
Vishal Lakto India Ltd.	2000	6000.00	2000	6000.00
Suryaunday Spinning Mills (P) Ltd.	200000	2000000.00	200000	2000000.00
Total		2206919.40		2206919.40
Grand Total		2314057.02		2314057.02

- Note : 1. Market value of quoted investments Rs. 1,81,200.50 (Previous year Rs. : 2,51,393.25)
2. Book value has been taken in the above of stock exchange quotations in the market value of quoted investments
3. Aggregate cost of unquoted investments Rs. 22,06,919.40, (Previous year Rs. 2206919.40)

SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2011 Rs.	As at 31.03.210 Rs.
SCHEDULE - E: CASH AND BANK BALANCES		
Cash in Hand (As Certified by the Management)	220764.00	440019.00
Balance with Scheduled Banks Current Accounts	686931.93	472497.61
	<u>907695.93</u>	<u>912516.61</u>
SCHEDULE - F: LOANS & ADVANCES (Unsecured and Considered Good)		
Loans to body Corporate & Others	27863005.00	27468014.00
Precision Infrastructure (P) Ltd. (Share Application Money)	2500000.00	2500000.00
Manik Advertisers	0.00	65.00
Venture Capital Corp Invest P Ltd.	0.00	10000.00
Tax Deducted at Source	302523.00	277342.68
	<u>30665528.00</u>	<u>30255421.68</u>
SCHEDULE - G: DEPOSITS		
Rent Deposit	30000.00	75000.00
	<u>30000.00</u>	<u>75000.00</u>
SCHEDULE - H: CURRENT LIABILITIES		
Sundry Creditors	3125.00	2583.00
Audit Fee Payable	44672.00	34744.00
Income Tax Refund	0.00	31468.00
P S Rao & Associates	74452.00	178090.00
	<u>122249.00</u>	<u>246885.00</u>
SCHEDULE - I: STATUTORY LIABILITIES		
Fringe Benefit Tax	120.00	120.00
TDS Payable	8332.00	37446.00
	<u>8452.00</u>	<u>37566.00</u>
SCHEDULE - J: INCOME FROM OPERATIONS & OTHER INCOME		
Interest on Loans	1908097.00	1632456.00
Other Income	-	-
	<u>1908097.00</u>	<u>1632456.00</u>

SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - K : ADMINISTRATIVE EXPENSES		
Advertisement	26561.00	55968.00
Audit Fees	49635.00	38605.00
Boarding & Lodging Expenses	<u>0.00</u>	<u>10841.00</u>
Computer Software Exp	2170.00	3370.00
Conveyance Expenses	<u>2459.00</u>	<u>955.00</u>
Demat & RTA Charges	52044.00	13236.00
Donation	3600.00	0.00
Duties & Taxes	25500.00	0.00
Filing Fees	6200.00	5700.00
General Meeting Expenses	6150.00	0.00
Investment Writtenoff	0.00	84773.00
Insurance Expenses	0.00	9362.00
Internet & Cable Charges	3015.00	0.00
Legal/Professional Expenses	209920.00	383601.00
Listing Fees	34295.00	32428.00
Misc. Expenditure	0.00	5285.00
Office Maintenance	8000.00	22922.00
Postage & Courier	1060.00	27464.00
Printing & Stationary	13383.00	18665.00
Rent	60000.00	145000.00
Repairs & Maintenance	0.00	2715.00
Telephone Expenses	0.00	16811.98
Travelling Expnses	0.00	104462.00
	503992.00	982163.98
SCHEDULE - L : PERSONNEL EXPENSES		
Salaries	542000.00	152600.00
Staff Welfare	5848.00	3775.00
Directors Remuneration	<u>50000.00</u>	<u>0.00</u>
Directors Sitting Fee	<u>160000.00</u>	<u>0.00</u>
	757848.00	156375.00
SCHEDULE - M: FINANCIAL CHARGES		
Bank commission & Charges	2,084.68	464.21
Intrest on TDS	0.00	1,163.00
	<u>2,084.68</u>	<u>1,627.21</u>

SCHEDULE -N : SIGNIFICANT ACCOUNTING POLICIES:**1. Basis of accounting**

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

2. Use of estimates

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

3. Intangible assets and amortization

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

4. Fixed assets and depreciation / amortization

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

5. Investments

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

6. Revenue recognition

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

7. **Borrowing costs**

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

8. **Taxation**

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

9. **Foreign currency transactions**

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

10. **Employees benefits**

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

(i) **Provident fund**

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

(ii) **Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit / obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit / obligation

is provided at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the profit & loss account in the year in which such gains or losses are determined.

(iii) Compensated absences

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

(iv) Other short term benefits

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

11. Leases

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

12. Impairment of assets

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

13. Provisions, Contingent Liabilities & Contingent Assets:

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company are accounted for as either provisions or disclosed as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably

estimated, is disclosed as contingent liability in the Financial Statements. Contingent Assets are neither recognized or nor disclosed in the financial statements.

14. Earnings per share

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

SCHEDULE-O: NOTES TO ACCOUNTS

1. All amounts in the financial statements are presented in Rupees as otherwise stated. Figures in brackets represent corresponding previous year figures in respect of Profit & Loss Account and in respect of Balance Sheet date of previous year. Figures for the previous year have been regrouped / rearranged wherever considered necessary to confirm to the figures presented in the current year.

2. Contingent Liabilities not provided for;

Particulars	2010-11	2009-10
Bank Guarantees	Nil	Nil
Corporate Guarantees	Nil	Nil
Letter of Credit	Nil	Nil
Demands against the company not acknowledged as debts and not provided for in respect of which the Company has filed appeal -Income Tax -Sales Tax	Nil	Nil
Claims against the Company not acknowledged as debts	Nil	Nil

3. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for;

Particulars	2010-11	2009-10
For Construction Contracts	Nil	Nil
For Construction Equipments	Nil	Nil
For Equity / un-secured loans infusion	Nil	Nil

4. Managerial Remuneration

Particulars	2010-11	2009-10
Remuneration to Whole Time Director	50,000	Nil
Sitting Fee	1,60,000	Nil
Total	2,10,000	Nil

5. Deferred Taxes

Particulars	As on 31.03.2010	Current Year	As on 31.03.2011
On account of Depreciation	(5,910)	Nil	Nil
Others	Nil	Nil	Nil
Total	(5,910)	9,200	3,290

6. Earnings Per Share

Particulars	2010-11	2009-10
Net Profit attributable to Equity Share Holders	4,39,804.36	(4,01,917.99)
Add : Earlier Items	0.00	7,17,777.00
Total	4,39,804.36	3,15,859.01

Nominal Value of Equity Share	10.00	10.00
Total No. of Equity shares outstanding (in Nos)	31,00,000	31,00,000
Less : Equivalent No. of shares for the calls in arrears	0	0
Effective No. of Equity Shares for calculation of Basic EPS	31,00,000	31,00,000
Adj. for no. of shares required for calculation of Diluted EPS	0	0
Effective No. of Equity Shares for calculation of Diluted EPS	31,00,000	31,00,000
Basic Earnings per Equity Share	0.14	0.10
Diluted Earnings per Equity Share	0.14	0.10

(Rounded of to Two desimel points)

7. Expenditure / Remittance in Foreign Currency

Particulars	2010-11	2009-10
On account of Travel	Nil	Nil
On account of Professional Services	Nil	Nil
On account of Capital Goods	Nil	Nil

8. Based on the information available with the Company, there are no dues outstanding in respect of Micro, Small and Medium enterprises at the balance sheet date. No amounts were payable to such enterprises which were outstanding for more than 45 days. Further, no interest during the year has been paid or payable in respect thereof. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
9. 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.
10. Auditors Remuneration;
- As Audit Fees : Rs.49,635/- (Rs.38,605/-)
 - As Tax Audit Fees : Rs. NIL (Rs.NIL)
 - Other Services : Rs. NIL (Rs.NIL)

11. 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.
12. Reporting on Related parties; In accordance with the Accounting Standard – 18 issued by Institute of Chartered Accountants of India, Name of related parties and description of relationship.

Relationship	Name of the Personnel / Entity
Key Management Personnel	Madhavi Musnuru, Ratan Kishan Musurnur, Prattipati Parthasarathi, Minjur Doraisamy Ethirajan, Anil Kumar Talasila.
Relative of Key Management Personnel	Nil
Enterprises own or significantly influenced by Key Management or their relatives	Talus Infra Ventures Private Limited, Golden Valley Holdings Limited, Social Media India Personnel Limited, Citizen Communications Limited, Manjeet Chemicals Private Limited, Madhuha Designer Wear Private Limited, Trinox Infrastructure and Developers Private Limited

Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Enterprises own or significantly influenced by Key Management Personnel or their relatives
Remuneration	Rs.50,000/-	Nil	Nil
Sitting Fee	Rs.1,60,000/-	Nil	Nil
Professional Services	Nil	Nil	Nil
Other Revenue related	Nil	Nil	Nil
Other Expenditure related	Nil	Nil	Nil
Loans and Advances	Nil	Nil	(Rs.12,56,834/-)
Outstanding	Nil	Nil	Rs.14,38,540/-

13. There was no impairment loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard – 28 issued by Institute of Chartered Accountants of India. Further during the review of assets of the company, those assets which were found to be having nil market value will be provided as per the adopted policy.
14. Debit and Credit balances of parties are subject to confirmation by the respective parties.
15. Additional information pursuant to provisions of Para 3, 4C and 4D of Part – II of Schedule VI of Companies Act, 1956 – **Not Applicable.**
16. Additional information pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is annexed.
17. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is annexed.
18. Schedule A to P form an integral part of our accounts.

As per the report of evendate attached

For G.V & Co.,
Chartered Accountants

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

For and on behalf of the Board

Sd/-
MADHAVI MUSNURU
Whole Time Director

Sd/-
PARTHASARATHI PRATTIPATI
Director

Place : Hyderabad
Date : 30-05-2011

<p>iii) Other loans counting towards AFC activities</p> <p>(a) Loans where assets have been repossessed</p> <p>(b) Loans otherthan (a) above</p>	<p>Nil</p> <p>Nil</p>
<p>(4) Break-up of Investments :</p> <p>Current Investments :</p> <p>1. Quoted :</p> <p>(i) Shares : (a) Equity</p> <p style="padding-left: 40px;">(b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2. Unquoted :</p> <p>(i) Shares : (a) Equity</p> <p style="padding-left: 40px;">(b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>Long Term investments :</p> <p>1. Quoted :</p> <p>(i) Shares : (a) Equity</p> <p style="padding-left: 40px;">(b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2. Unquoted :</p> <p>(i) Shares : (a) Equity</p> <p style="padding-left: 40px;">(b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</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> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>1,07,138</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>22,06,919</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>

(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	14,38,540	Nil
2. Other than related parties	Nil	2,89,24,465	Nil
Total	Nil	3,03,63,005	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	1,81,200	22,06,919
Total	1,81,200	22,06,919

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	

As per the report of even date attached

For and On behalf of the Board

For GV & Co

Chartered Accountants

Sd/-

Grandhi Vittal

Proprietor

Membership No.206462

Firm Regn. No.012875S

Sd/-

MADHAVI MUSNURU

Whole Time Director

Sd/-

PARTHASARATHI PRATTIPATI

Director

Place: Hyderabad

Date: 30/05/2011

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	18-65867	State Code	01
Balance Sheet Date	31/03/2011		

ii) Capital raised during the Year [Rs. '000]

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

iii) Position of Mobilisation and Deployment of Funds [Rs. '000]

Total Liabilities	33647.66	Total Assets	33647.66
Sources of Funds		Application of Funds	
Paid up Capital	31000.00	Net Fixed Assets	54.29
Resrves and Surplus	2647.64	Investments	2314.06
Secured Loans	0.00	Net Current Assets	31276.03
Unsecured Loans	0.00	Deferred Tax Asset	3.29
Deferred tax liability (Net)	0.00	Accumulated Losses	0.00

iv) Performance of Company [Rs. '000]

Gross Receipts	1908.10	Total Expenditure	1281.00
+ - Profit/(Loss) before Tax	627.10	+ - Profit/(Loss) after Tax	439.80
Earnings per Share [in Rs.]	0.14	Dividend Rate [in %]	0.00

v) Generic Names of Three principal products / services of the company

Item Code No.	N.A.
Product Description	loans to body corporates & others
Item Code No.	N.A.
Product Description	
Item Code No.	N.A.

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)

19TH ANNUAL GENERAL MEETING THURSDAY, 22ND SEPTEMBER 2011

I/We hereby record /my/ our presence at the 19th 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 **THURSDAY 22nd SEPTEMBER, 2011 at 02.00 p.m.**

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

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

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

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

**PROXY FORM**

Regd. Folio No. :..... No of Shares held.....
I/We..... of.....
..... being a Member/Members of CITI PORT FINANCIAL SERVICES LIMITED here by
appoint.....of.....
..... failing him/her.....of.....
.....of.....as my /our proxy
to attend and vote for me/us and on my /our behalf on **THURSDAY 22nd SEPTEMBER, 2011 at 02.00 p.m.** Registered Office of the Company at House No.8-3-678/42/5,1st Floor, Santosh Manor, Navodaya Colony, Yellareddyguda, Hyderabad-500073

As Witnessed my hand / our hands this.....day of.....2011

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