



Lakshmi

FINANCE & INDUSTRIAL CORPORATION LIMITED



Lakshmi

FINANCE & INDUSTRIAL CORPORATION LIMITED

ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS

Sri. R.Surender Reddy
Sri. Kapil Bhatia
Sri. M. Ranganath Sai
Sri. K. Harishchandra Prasad, Managing Director

AUDITORS

M.Anandam & Co., Secunderabad
Brahmayya & Co., Hyderabad

INTERNAL AUDITORS

M. Bhaskara Rao & Co. Hyderabad

BANKERS

BANK OF BAHRAIN AND KUWAIT, B.S.C
INDUSIND BANK
ANDHRA BANK
HDFC BANK

REGISTRARS & SHARE TRANSFER AGENTS

VENTURE CAPITAL &
CORPORATE INVESTMENTS PVT. LIMITED
12-10-167, BHARAT NAGAR, HYDERABAD-500 018.
Ph.No. 040-23818475/23818476/23868023.
Fax No. 040-23868024. E-mail: info@vccilindia.com

REGISTERED OFFICE

1st FLOOR, "SURYODAYA", 1-10-60/3,
BEGUMPET, HYDERABAD-500 016. (A.P.)
Phone No. : 040-27760301, 27767794
Fax : 040-27767793, E-mail: lakshmi_lfic@yahoo.com

EIGHTY SIXTH ANNUAL GENERAL MEETING

Day: Monday

Date: 20th September 2010

Time: 9.30 A.M

VENUE

"Triveni Banquet Hall"
Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens,
(Lane Opp. to Allauddin Building),
Begumpet, Hyderabad- 500 016.

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EIGHTY SIXTH ANNUAL REPORT 2009-2010



NOTICE

Notice is hereby given that the 86th Annual General Meeting of the members of **LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED** will be held on Monday the 20th September 2010 at 9.30.A.M. at "Triveni Banquet Hall" Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, (Lane Opp. to Allauddin Building), Begumpet, Hyderabad - 500 016 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Shri.R.Surender Reddy who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**.

"**RESOLVED THAT** M/s. M.Anandam & Co., Secunderabad and M/s. Brahmayya & Co., Hyderabad, Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company, in addition to payment for other services and reimbursement of actual out-of-pocket expenses."

SPECIAL BUSINESS:

1. REAPPOINTMENT OF MANAGING DIRECTOR:

To consider and if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**.

" **RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, the Company hereby approves the reappointment of and the payment of remuneration to Shri K.Harishchandra Prasad as the Managing Director of the Company, with effect from 01.04.2010 for a further period of 3 years, upon terms and conditions set out in draft agreement submitted to this meeting, and for identification signed by the Chairman thereof, which agreement be and is hereby specifically approved with the liberty to the Board of Directors to alter and vary or increase the remuneration including salary, commission, perquisites within such prescribed limits and

other terms and conditions of the said agreement in such manner as may be agreed between the Board of Directors and Shri.K.Harishchandra Prasad."

2. REMUNERATION TO NON-EXECUTIVE DIRECTORS:

To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"Resolved that pursuant to the provisions of the Section 309(4) and other applicable provisions if any, of the Companies Act, 1956 and subject to such other approvals in law as may be necessary, the Directors of the Company, other than the Managing Director and the Wholetime Director/s, may be paid annually for each of the five financial years of the Company commencing from April 1, 2010 such sum, by way of commission, not exceeding 1% of the Net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956, or any amendment or modification thereof and computed in the manner referred to in Section 198(1) of the Companies Act, 1956 or any amendments or modification thereof, subject to a ceiling of Rupees five lakhs, in the aggregate or such amount as may be determined by the Board of Directors, to be divided amongst the Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination, equally, provided that the payment of the sum in the manner aforesaid shall be in addition to the fee per meeting of the Board of Directors and its Committee which the Directors aforesaid are entitled to receive under the Articles of Association of the Company".

Further, "Resolved that for the purpose of giving effect to this resolution the Directors be and are hereby authorized to take necessary steps and give such directions as they may in their absolute discretion deem necessary to settle any question, difficulty or doubt that may arise in regard to the determination and payment of the said amount as they may think fit and that the Directors be and are hereby further empowered to accept on behalf of the Company modifications, if any, relating to the determination and payment of the said amount as may be proposed by any authority from whom approval will have to be obtained and which the Directors in their absolute discretion think fit and proper".

By Order of the Board
For **Lakshmi Finance & Industrial Corporation Limited**

K. HARISHCHANDRA PRASAD
MANAGING DIRECTOR

Place: Hyderabad
Date : 03rd August,2010



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Instrument of Proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September 2010 to 18th September 2010 (both days inclusive) for the purpose of the Annual General Meeting of the Company and Dividend declaration.
4. The dividend on shares, as recommended by the Directors is passed at the meeting, payment of such dividend, will be paid to those members whose names appear on the Company's Register of Members as on 16th September, 2010.
5. Members holding shares in physical form are requested to notify any change in their address to the Registered Office of the Company and members holding shares in the dematerialized form are requested to notify the changes to their depository participant(s).
6. Shareholders who have not yet surrendered the existing Share Certificates representing equity shares of Rs.100/- each paid-up of your total shareholdings for exchange of new share certificates representing equity shares of Rs.10/-each paid-up for any reason may please contact Shares Department of the Company.
7. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio to facilitate better service.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year 1995-1996 have been transferred to the General Reserve Account of the Central Government. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No.II to The Registrar of Companies, Andhra Pradesh, 2ndFloor, Kendriya Sadan,Koti,Hyderabad- 500 095.
9. As per provisions of the Section 205A read with Section 205C of the Companies Act, 1956 the Company is required to transfer unpaid dividends remaining unclaimed and unpaid for a period of 7 years from the due date (s) to the Investor Education and Protection Fund (**IEPF**) set up by the Central Government. Accordingly, the unclaimed dividend amount in respect of 2001-02 has been transferred to the said fund on 28.10.2009 upon expiry of 7 years period. Unclaimed dividend

for the year 2002-2003 is due for transfer to **IEPF** on or before 20.10.2010. Those members who have not encashed their dividend warrants(s) for the said year and for the years mentioned below are requested to make the claims to the Company without any further delay. **It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie against the IEPF or the Company in respect of any amounts which were unclaimed/unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

Given below are the proposed dates for transfer of the unclaimed dividend to IEPF by the Company:

Financial Year ended	Date of Declaration Of Dividend	Last date for Claiming Unpaid Dividend amount (on or before)	Last date for Transfer to IEP Fund
31.03.2003	22.09.2003	21.09.2010	20.10.2010
31.03.2004	30.07.2004	29.07.2011	28.08.2011
31.03.2005	29.09.2005	28.09.2012	27.10.2012
31.03.2006	20.09.2006	19.09.2013	18.10.2013
31.03.2007	20.09.2007	19.09.2014	18.10.2014
31.03.2008	22.09.2008	21.09.2015	20.10.2015
31.03.2009	17.09.2009	16.09.2016	15.10.2016

Shareholders who have not yet claimed the dividends as mentioned above are requested to contact the Secretarial Department at the Registered Office of the Company.

10. Members desiring any information as regards the accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
11. The Securities & Exchange Board of India (**SEBI**) has made it mandatory for all Companies to use the Bank account details furnished by the Depositories for depositing dividend through Electronic Clearing Services (**ECS**) to investors where ECS and Bank details are available. Members may, therefore, give instructions regarding Bank Accounts in which they wish to receive dividend, directly to their Depository Participants. The Company will not entertain any direct request from such members for deletion of/change in such Bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to dividend paid on shares in electronic form. Prescribed Form (ECS) is annexed to this report which may be duly filled in and sent to the Company.



EXPLANATORY STATEMENT:

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No 1:

The term of office of Shri K.Harishchandra Prasad, Managing Director expired on 31st March, 2010. Sri K.Harishchandra Prasad has been in the office as Managing Director since 11th May 1985 thus completing a period of 25 Years. During the tenure of Sri K. Harishchandra Prasad as Managing Director, the Company has made considerable progress in all the spheres and is optimistic on the future progress. He is also on the Board of Directors of several Public/Private Limited Companies. In the interest of the Company, the Board of Directors reappointed Shri K.Harishchandra Prasad as Managing Director, from 1st April 2010 for a further period of 3 years. The Remuneration Committee of the Board of Directors of the Company recommended the re-appointment of Sri K.Harishchandra Prasad in accordance with the terms and conditions and guidelines specified in Schedule XIII of the Companies Act,1956.

The reappointment of Shri K.Harishchandra Prasad as Managing Director and also the remuneration payable to him will require the approval of the Shareholders of the Company in General Meeting in terms of an agreement to be entered into by the Company with Shri K.Harishchandra Prasad.

The main terms of agreement are: -

1. **Salary :** Rs. 1,80,000/- per month in the scale of Rs. 1,80,000/- Rs. 10,000/- Rs. 2,00,000/-.
2. **Housing:** The expenditure by the Company on providing accommodation (furnished or otherwise) or house rent allowance for Shri.K.Harishchandra Prasad in lieu thereof, will be subject to the ceiling of fifty percent of the salary.
3. **Commission:** Two percent of the net profit computed in accordance with Section 349 of the Companies Act, 1956, subject to a ceiling of fifty percent of the salary.
4. **Perquisites:** Perquisites as detailed in the Agreement will be paid and/or provided in addition to Salary, subject to however that the amount of perquisites, if taxable as per Income Tax Act, 1961 shall be restricted to total remuneration as per part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.
5. **Medical Reimbursement:** Expenses incurred for Shri.K.Harishchandra Prasad and family shall be reimbursed at actuals.
6. **Leave Travel Concession:** For Shri K.Harishchandra Prasad and to his family, once in a year in accordance with the rules specified by the Company.
7. **Club Fee:** Reimbursement of fees (excluding admission and life membership) of any two Clubs.

8. **Personal Accident Insurance:** Premium not to exceed Rs.20,000/- per annum.
9. **Leave Encashment:** Encashment of Leave at the time of tenure shall be allowed as per the Company rules.
10. **Provident & other Funds:** Eligible to Company's contribution to provident, Superannuation, gratuity funds etc. as per the rules of the Company.
11. **Minimum Remuneration:** Notwithstanding herein, in the event of absence or inadequacy of profits of the Company in any financial years, the Company may remunerate to Shri. K. Harishchandra Prasad by way of Salary and perquisites in accordance with the limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications, substitutions, re-enactments or amendment thereof as may be agreed to by the Board of Directors and Shri. K. Harishchandra Prasad.

The draft agreement between the Company and Shri. K. Harishchandra Prasad is available for inspection by the members of the Company at its Registered Office between 10.00A.M. To 1.00.P.M. on any working day prior to the date of the Annual General Meeting and will also be available at the Annual General Meeting.

No Directors of the Company other than Shri. K. Harishchandra Prasad is concerned or interested in the proposed Resolution.

Your Directors recommend the resolution for approval.

Item No 2:

The Non-Executive Directors of your Company, being not in the Wholtime employment, receive no other remuneration except the fee for attending meeting of the Board of Directors and the Committee of Directors to which they are entitled under the Articles of Association of the Company. Since the Non-Executive Directors devote considerable time to the business of the Company and the Company substantially benefits by their expertise and mature advice, it is only fair that they are remunerated suitably by way of commission. Payment of commission to the Non-Executive Directors has now come to be accepted by many leading Companies in the Country.

It is therefore, recommended that the Non-Executive Directors be paid by way of percentage of the net profits of the Company in accordance with the provisions of the Section 309(4) of the Companies Act, 1956 as proposed in the Special Resolution.

Power is also taken in terms of the said Special Resolution to remunerate by way of Commission, the Non-Executive Directors differently on such basis as may be decided in the sole and absolute discretion of the Board.



Section 309(4) of the Companies Act, 1956, stipulates inter alia, that Non-Executive Directors of the Company may be paid commission if authorized by a Special Resolution. Although in terms of Section 309(4) of the Companies Act, 1956, the Company is advised that no approval of the Central Government is necessary since the said provision is a complete code and provides for a separate commission to Non-Executive Directors and the provisions of Section 310 of the Companies Act, 1956 relating to increase in remuneration will have no

application. However by way of abundant caution, the said resolution is proposed, as Special Resolution with such approvals as may be necessary in law.

All Directors, except Sri K.Harishchandra Prasad, Managing Director of the company, are concerned or interested in the Resolution.

Your Directors recommend the passing the Resolution.

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT REGARDING THE DIRECTORS SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

Sri R.Surender Reddy aged about 79 years has been associated with the Company since November 27th, 1968. He is associated with several Public Limited Companies as per details given below:

Name of the Companies in which he is a Director:		Memberships/Chairmanships of committees of Public Companies:	
Suryalata Spinning Mills Limited	Chairman	Suryavanshi Spinning Mills Limited	Chairman of Audit Committee
Hyderabad Race Club Limited	Chairman	Suryalata Spinning Mills Limited	Chairman of Audit Committee
Suryamba Spinning Mills Limited	Chairman	Bhagyanagar India Limited	Member of Audit Committee
Suryavanshi Spinning Mills Limited	Director	Surana Telecom Limited	Chairman of Remuneration Committee
Suryakiran International Limited	Director		Member of Remuneration Committee
Novopan Industries Limited	Director		Member of Audit Committee
Surana Telecom Limited	Director	Suryalakshmi Cotton Mills Limited	Chairman of Audit Committee
Bhagyanagar India Limited	Director		
Suryalakshmi Cotton Mills Limited	Director		

Sri R.Surender Reddy was holding 6,140 shares in the Company as on March 31, 2010.

By Order of the Board
For **Lakshmi Finance & Industrial Corporation Limited**

K.HARISHCHANDRA PRASAD
MANAGING DIRECTOR

Place: Hyderabad
Date : 03rd August,2010

**DIRECTORS' REPORT**

TO
THE MEMBERS,

Your Directors have the pleasure in presenting this 86th Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2010.

SUMMARY OF FINANCIAL RESULTS

Particulars	(Rs. In Lakhs)	
	2009-2010	2008-2009
Gross Income	1,153.44	254.55
Gross Profit	671.93	190.30
Less: Interest	0.01	0.10
Depreciation	6.28	6.19
Diminution in the value of Investments	—	374.71
Profit / (Loss) for the year before taxation	665.64	(190.70)
Provision for Taxation:		
Current Tax	—	3.50
Deferred Tax	(0.45)	0.55
MAT Credit entitlement	65.00	—
Fringe Benefit Tax	—	1.50
Profit / (Loss) after tax	601.09	(196.25)
Prior year taxes	(2.44)	0.94
Profit brought forward	324.78	574.62
Profit available for appropriation	928.31	377.43
Appropriations:		
Proposed Dividend	75.00	45.00
Dividend Tax	12.46	7.65
Transfer to Reserve Fund	125.00	—
Transfer to General Reserve	114.93	—
Balance carried over to Balance Sheet	600.92	324.78

OPERATIONAL PERFORMANCE:

With the global recession of 2008 and 2009 leading to the largest peacetime downturn in economic activity since the great depression of 1930s, the year 2009 was one of the most challenging years for the global economy in recent times. In the Indian context, we have crossed the initial phase of turbulent times and achieved reasonable success in coping with the downturn in the global economy. The Indian economy made a strong rebound in the F.Y. 2009-10 as Government's stimulus packages took hold, after facing slowdown in the second half of the F.Y. 2008-09. Equity indices witnessed a turnaround from the low levels seen in F.Y. 2008-09. In the F.Y. 2008-09, equity indices/BSE Sensex had gone down to as low as 8,500. Sensex regained much of its lost ground and has been consistently showing upward trend during the Financial Year 2009-

10. Growth in Corporate Profitability and improvement in indices of industrial production, exports etc., also contributed to the improvement in Sensex which is presently hovering around 17000 levels. Accordingly the Company's equity portfolio operations have also yielded satisfactory results as can be seen in the financial results during the year under review.

The Company's Financial performance through investment in shares and mutual funds have yielded substantial Capital Gains and Dividends as can be seen from the Gross Income of Rs.1,153.44 lakhs for the year ended 31st March, 2010 as against Rs.254.55 lakhs for the previous year ended 31st March, 2009. The Company made a profit after tax of Rs.601.09 lakhs against loss after tax of Rs. 196.25 lakhs during the previous year ended 31st March, 2009. The Improved performance was mainly on account of the favorable market conditions and also close monitoring of the Portfolio Investments in Equity Shares and Mutual Funds. The Company will continue to focus its efforts to closely monitor Portfolio Investment activity to generate optimum returns by way of Capital appreciation and periodic dividend returns. Further, the Company will continue its efforts to identify new line of business activity as part of diversification.

DIVIDEND:

Your Directors take the pleasure in recommending a dividend at the rate 25% (i.e Rs.2.50 per Equity Share of Rs.10/- each) for the financial year 2009-10. The proposed dividend, if approved at the 86th Annual General Meeting by the members, will be paid to all those equity shareholders whose names appear in the register of members as on 20th September 2010, and also to those whose names appear as beneficial owners as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited. The outflow on account of the Dividend would be Rs.87.46 lakhs including tax on Dividend.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits from the public during the year under review and there are no outstanding deposits as on 31st March 2010. Further, the Company is registered with RBI as a "Non Deposit Taking Company".

DIRECTORS:

In accordance with the Companies Act, 1956 and the Articles of Association of our Company, Sri. R. Surender Reddy, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors of your Company hereby furnish the following responsibility statement with regard to annual accounts, accounting policies, maintenance of adequate accounting records etc.



- i) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2010 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.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement, your Company has to mandatorily comply with the requirements of Corporate Governance. A separate section on Corporate Governance and a Certificate from the Auditors of the Company, regarding compliance of conditions of Corporate Governance, form a part of this Annual Report.

LISTING OF COMPANY'S SHARES:

The Company's shares are listed at The Madras Stock Exchange Limited (MSE) and the Annual Listing Fees for the year 2010-11 have been paid. Based on the tieup between The Madras Stock Exchange Limited and The National Stock Exchange of India Limited (NSE), the Company's shares are listed at NSE with ISIN Code 'INE 850E01012' and Stock Code 'LAKSHMIFIN' with effect from 30.06.2010.

DEPOSITORY SYSTEM:

Your Company shares have been made available for dematerialisation through the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). As on 31st March 2010, 18.59% of the shares in your Company have been dematerialized.

AUDITORS:

The Auditors, M/s.M.Anandam & Co., Chartered Accountants, Secunderabad and M/s.Brahmayya & Co., Chartered Accountants, Hyderabad will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES:

None of the employees are covered U/s.217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors Report for the year ended 31st March, 2010.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

The information pursuant to Section 217(i)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Directors) Rules, 1988 has not been given as the same is not applicable owing to the nature of activities. The particulars regarding income and expenditure in Foreign Currency is Nil.

GENERAL:

The notes forming part of the Accounts are self-explanatory or to the extent necessary, have been dealt with in the preceding paragraphs of the Report.

PERSONNEL:

The relations between the Employees and the Management continued to be cordial during the year under review.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their deep sense of appreciation for the assistance and co-operation received from Banks, Shareholders and all the Employees.

For and on behalf of the Board

R. SURENDER REDDY

Director

K. HARISHCHANDRA PRASAD

Managing Director

Place: Hyderabad

Date: 3rd August 2010



REPORT ON CORPORATE GOVERNANCE

1. Brief Statement on Company's Philosophy on Code of Governance.

The Company believes that good corporate governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company.

The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, and with the adoption this year, of a Code of Conduct for Directors and Senior Management personnel the Company has moved further in its pursuit of excellence in corporate governance.

2. BOARD OF DIRECTORS:

A. Composition of the Board:

The Board has four (4) Directors comprising one Promoter Executive Director and three (3) Independent Directors. The non-executive Directors are eminent professionals drawn from amongst persons with experience in business, finance, and industry. The Composition of the Board is as under

Name of Director	Category
Sri R.Surender Reddy	Independent Director
Sri Kapil Bhatia	Independent Director
Sri M.Ranganath Sai	Independent Director
Sri K. Harishchandra Prasad	Managing Director/Promoter

B. Number and date of Board Meetings:

The Board of Directors met 5 (five) times during the year 2009-2010 on April 23, 2009, July 25, 2009, September 17, 2009, October 21, 2009 and January 28, 2010. The maximum time gap between any two Board meetings during the year was less than four months.

C. Directors' attendance record and directorships held:

The Attendance of Directors at the Board Meetings and at the previous Annual General Meeting and directorships held was as under.

Name of the Directors	Number of Board Meetings attended during the year 2009- 2010	Whether attended the last AGM	Number of other Directorships in Public Limited Companies.	No. of Committee positions held in public companies	
				Chairman	Member
Sri. R.Surender Reddy	4	YES	9	5	5
Sri. Kapil Bhatia	2	NO	2	—	2
Sri.M.Ranganath Sai	5	YES	1	—	—
Sri. K.Harishchandra Prasad	5	YES	8	1	4

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in clause 49, across all the companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public Companies as at March 31, 2010.

The details of shares held by Directors as on 31-03-2010 are given below:

Name of Director	Number of Shares
Sri. R. Surender Reddy	6140
Sri. Kapil Bhatia	740
Sri.M. Ranganath Sai	4820
Sri. K. Harishchandra Prasad	90000



3). Audit Committee

a) Brief description of terms of reference:

- i] Oversight of Company's financial reporting process and disclosure of financial information.
- ii] Review of financial statements before submission to Board.
- iii] Review of adequacy of internal control systems and internal audit functions.
- iv] Review of Company's financial and risk management policies.

b). Composition, name of members and Chairperson:

- 1. Sri. M. Ranganath Sai - Chairman, Non-Executive & Independent
- 2. Sri. R. Surender Reddy - Member, Non-Executive & Independent
- 3. Sri. Kapil Bhatia - Member, Non-Executive & Independent

c) Meetings and attendance during the year:

During the financial year ended 31st March, 2010, Three Audit Committee Meetings were held on 25th July 2009, 21st October 2009 and 28th January 2010.

Sl.No.	Name	No. of the Meetings attended
1.	Sri. M. Ranganath Sai	3
2.	Sri. R. Surender Reddy	3
3.	Sri. Kapil Bhatia	1

The Committee was constituted on April 23, 2009.

4) Remuneration Committee

a) Brief description of terms of reference.

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the Managing Director.

b) Composition, Name of Members and Chairperson:

- i) Sri.M.Ranganath Sai Chairman, Non-Executive & Independent
- ii) Sri.R.Surender Reddy Member, Non-Executive & Independent
- iii) Sri. Kapil Bhatia Member, Non-Executive & Independent

The Committee was constituted on April 23, 2009.

During the financial year the Remuneration Committee met on 28th January 2010 to approve the increase in remuneration payable to Managing Director.

c) Attendance during the year

Sl. No.	Name	No. of the Meetings attended
1.	Sri. M. Ranganath Sai	1
2.	Sri. R. Surender Reddy	1

d) Remuneration Policy

To recommend/review the remuneration package, periodically to the Managing Director. The remuneration policy is in consonance with the existing Industry Practice and also with the provisions of the Companies Act, 1956.



Details of remuneration paid during the financial year ended 31st March 2010 to the directors are furnished hereunder:

Name	Designation	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Contribution to Various Funds (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Sri.K.Harishchandra Prasad	Manging Director	32,40,000	1,59,238	10,80,000	5,32,200	—	50,11,438
Sri.M.Ranganath Sai	Director	—	—	1,66,667	—	12,500	1,79,167
Sri.R.Surender Reddy	Director	—	—	1,66,667	—	10,000	1,76,667
Sri. Kapil Bhatia	Director	—	—	1,66,666	—	5,000	1,71,666

5) Shareholders/Investors Grievance Committee:

- A Share Transfer and Shareholders' / Investors' Grievance Committee of Directors was constituted to specifically look into the matters of investors' grievances such as Transfer, transmission, split and consolidation of investors holding, Replacement of lost/mutilated/stolen share certificates, Dematerialization of shares, Non-receipt of dividends / notices / annual reports, change of addresses etc., The main object of the Committee is to strengthen the Investors' relations.
- The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 116. No requests for transfer is pending as on 31.03.2010.
- The composition of the Committee and the details of meetings attended by its members are given below:
- The Committee meets 6 times during the financial year 2009-10.

Name	Category	No. of meetings during the year 2009-10	
		Held	Attended
Sri. M. Ranganath Sai	Independent, Non- Executive	6	2
Sri. R. Surender Reddy	Independent, Non- Executive	6	6
Sri. Kapil Bhatia	Independent, Non- Executive	6	1

- Mr. U.Vijaya Kumar, Manager (F & A) is the Compliance Officer and Share Transfer Committee member of the Company.

6. GENERAL BODY MEETINGS:

- The last three Annual General Meeting of the Company were held as under.

Year	Location	Date	Time
2007 83rd AGM	"Triveni Banquet Hall", Kamat Lingapur Hotel, 1-10-44/2, Begumpet, Hyderabad-16.	20.09.2007	9.30 A.M
2008 84th AGM	"Triveni Banquet Hall", Kamat Lingapur Hotel, 1-10-44/2, Begumpet, Hyderabad-16.	22.09.2008	9.30A.M
2009 85th AGM	"Triveni Banquet Hall", Kamat Lingapur Hotel, 1-10-44/2, Begumpet, Hyderabad-16.	17.09.2009	10.00A.M

- Details of the special resolutions passed in the previous 3 AGMs :

YEAR	Details of Special Resolution
2006-2007 83rd AGM	1). Increase the Authorized Capital Rs. 3,00,00,000 to Rs. 6,00,00,000 2). Reappointment of Managing Director of the Company w.e.f. 01.04.2007 for the period of 3 years.
2007-2008 84th AGM	Bonus Issue 1: 3 (Equity Shares)
2008-2009 85th AGM	Nil



7. DISCLOSURES

- a). A Certificate duly signed by the Managing Director & CEO and Manager (F & A) relating to financial statements and internal control systems for financial reporting as per the format provided in Clause 49 of the listing agreement was placed before the Board, who took the same on record.
- b). Details of non-compliance by the Company, penalties, 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.
- c). Whistle Blower Policy: The Company has not established a whistle blower policy. We further affirm that during the year 2009-10, no person has been denied access to the audit committee.
- d). The Company has complied with all the mandatory requirements of Clause 49 and is in the process of implementation of Non- mandatory requirements.
- e). **Secretarial Audit**
A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total Paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. MEANS OF COMMUNICATION

The Quarterly and Half-yearly Results are intimated to the shareholders through the press. Quarterly results are normally published in Business Standard and Andhra Prabha.

9. GENERAL SHAREHOLDER INFORMATION:

AGM Date	: 20th September, 2010
Time	: 9.30 A.M
Venue	: "Triveni Banquet Hall", Kamat Lingapur Hotel, 1-10-44/2, Begumpet, Hyderabad-16.
Financial Year	: 2009-2010
Book Closure date	: 16th September, 2010 to 18th September, 2010 (Inclusive of both days)
Rate of Dividend recommended	: 25% (Rs. 2-50 ps. Per share)
Dividend Payment Date	: Within 30 days from the date of declaration at The Annual General Meeting.
Listing on Stock Exchange	: Madras Stock Exchange Limited Exchange Building, Post Box No.183, 11, Second Line Beach, CHENNAI-600 001

Note:

Based on agreement/tie-up between Madras Stock Exchange with National Stock Exchange the Company's Shares are traded on **The National Stock Exchange Limited**, with effect from 30.06.2010.

Mode of trade of Shares	: Compulsory Dematerialization
Demat ISIN Numbers in (NSDL & CDSL)	: INE 850 EO 1012
Listing fee	: Paid to the Madras Stock Exchange for the Year 2010-11.
Registrar & Transfer Agents	: Venture Capital & Corporate Investments Pvt. Ltd 12-10-167, Bharat Nagar, Hyderabad -500 018 Tel Nos: 040-23818475/23818476 &23868023 Fax No: 040-23868024, E-mail: info@vccilindia.com

**Dematerialisation of Shares:**

The Trading in Company's Shares is permitted only on dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL & CDSL.

Share Dematerialisation Records:

The Company had received and confirmed de-mat request for 5,57,532 Shares (NSDL+ CDSL) during the period from 01st January 2002 to 31st March, 2010.

The Total percentage of the Shares of the Company in Dematerialized form, as on 31st March ,2010 is 18.58%.

Share Transfer System:

The Company has appointed M/s.Venture Capital & Corporate Investment Pvt.Ltd., Hyderabad as registrars and Share Transfer Agents for Physical and Demat share transfer work. The Share Transfer Agents process shares sent for Transfer/Transmission, two times in a month. Transfers/Transmissions, which are complete in all respects, will be processed within 30days.

Investor Relations:

Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address/Bank mandate details for physical shares, loss of share certificates etc., should be addressed to: M/s. Venture Capital & Corporate Investment Pvt.Ltd., Registrars and Share Transfer Agents, 12-10-167, Bharat Nagar, Hyderabad-500 018. (or) for any further information/ clarifications in connection of Dividend Warrant revalidation and issue of duplicate Dividend Warrants, directly to the Company to:

Asst. Manager (Secretarial Dept.)**LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED,**

1st Floor, 1-10-60/3

"Suryodaya", Begumpet,

Hyderabad-500 016.

Ph. No.: 040-27760301, 27767794,

Fax: 040-27767793,

E-mail: lakshmi_lfic@yahoo.com

Register Nominations

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company Share Transfer Agents M/s. Venture Capital & Corporate Investments Private Limited, 12- 10- 167, Bharat Nagar, Hyderabad - 500 018, Ph: 040-23818475/ 76. Prescribed Form (Form 2B) is annexed to this report. Nomination facility in respect of shares held in Electronic form is also available with the Depository Participant (DP) as per the Byelaws and Business rules applicable to NSDL and CDSL.

Shareholding Pattern as on 31st March, 2010:

Category	No.of Shares	Percentage
Promoters & Associates	14,15,057	47.16
UTI/ Mutual Funds	78,900	2.63
Financial Institutions/Banks	9,460	0.32
Bodies Corporate	18,828	0.63
NRI	740	0.03
Public	14,77,015	49.23
Total	30,00,000	100.00

**Distribution of Shareholding as on 31st March, 2010:**

Shareholding (Range)	No.of Shareholders	% of holders	No.of Shares	% of Shares
Upto - 500	2882	79.36	5,48,061	18.27
501 - 1000	458	12.62	3,22,908	10.77
1001 - 2000	172	4.73	2,46,830	8.23
2001 - 3000	55	1.51	1,48,706	4.95
3001 - 4000	16	0.44	56,106	1.87
4001 - 5000	12	0.33	53,238	1.77
5001 -10000	14	0.38	95,233	3.17
10001 and above	23	0.63	15,28,918	50.97
Total	3632	100.00	30,00,000	100.00
Demat mode	402	11.06	5,57,532	18.59
Physical mode	3230	88.94	24,42,468	81.41

For and on behalf of the Board
Lakshmi Finance & Industrial Corporation Limited

R.Surender Reddy
 Director

K.Harishchandra Prasad
 Managing Director

Place:Hyderabad
 Date: 03.08.2010

To
 The Members of
Lakshmi Finance and Industrial Corporation Limited

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

Pursuant to Clause 49 I (D)(ii) of the Listing Agreement, I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 01.04.2009. All board members and senior management personnel have affirmed compliance with the Code of Conduct.

for **LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED**

Place: Hydrerabad
 Date: 3rdAugust, 2010

K.HARISHCHANDRA PRASAD
 MANAGING DIRECTOR



CERTIFICATE BY CEO/CFO

In relation to the Audited Financial Accounts of the Company as at March 31, 2010, we hereby certify that

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered in to by the Company during year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) we have indicated to the auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place:Hyderabad
Date: 03.08.2010

U.Vijaya Kumar
Manager (F & A)

K.Harishchandra Prasad
Managing Director

CERTIFICATE

To The Members of
Lakshmi Finance and Industrial Corporation Limited
Hyderabad, (A.P.)

We have examined the compliance of conditions of Corporate Governance by LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED, Hyderabad (A.P.) for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except, that the Audit Committee met only three times during the year as the same was constituted during the year under reference.

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

For BRAHMAYYA & CO.
Chartered Accountants
Firms' Registration Number : 000513S

(P. CHANDRAMOULI)
Partner
Membership Number : 25211

Place : Hyderabad.
Date : 3rd August, 2010



AUDITORS' REPORT

To The Members of
LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED, HYDERABAD (A.P) as at 31st March, 2010 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and 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.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said

accounts read in conjunction with the Schedules annexed therewith 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:

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
- b) in the case of the profit and loss account, of the Profit of the Company for the year ended on that date; and
- c) In the case of cash flow statement, of the cash flows for the year ended on that date.

for M.ANANDAM & CO
Chartered Accountants
Firms' Registration Number: 000125S

(M.V.RANGANATH)
Partner
Membership Number:28031

Place : Hyderabad
Date : 3rd August, 2010

for BRAHMAYYA & CO
Chartered Accountants
Firms' Registration Number: 000513S

(P. CHANDRAMOULI)
Partner
Membership Number:25211

Place : Hyderabad
Date : 3rd August, 2010

Annexure to the Auditor's Report: referred to in paragraph 3 of our report of even date,

Re: LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED, HYDERABAD.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification. In case of assets leased out the Company follows the procedures of obtaining confirmations from the lessees and the management has still to obtain such confirmations.
 - c) As per the information and explanations given to us, during the year the Company has not disposed off any substantial part of fixed assets that would affect the going concern status of the Company.
2. In view of the nature of business carried on by the Company, the provisions of Clause (ii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being.
3. a) During the year, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.



- b) In view of our comment in paragraph 3(a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and investments and with regard to sale of investments and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- b) In view of our comment in paragraph 5(a) above, clause V (b) of aforesaid Order in our opinion is not applicable.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. Owing to the nature of business carried on by the company, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
9. a) According to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute except the following:
10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company has maintained proper records for transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments. As explained to us timely entries have been made therein. Shares, debentures and other investments have been held by the Company in its own name to the extent applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us the Company has not obtained any term loans during the year.
17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures, therefore the question of creating security or charge in respect thereof does not arise
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

Name of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
APGST Act.,	Sales Tax	1,61,394	1993-94 and 1997-98	Sales Tax Appellate Tribunal, Hyderabad

for M.ANANDAM & CO
Chartered Accountants
Firms' Registration Number: 000125S

(M.V.RANGANATH)
Partner
Membership Number:28031

Place : Hyderabad
Date : 3rd August, 2010

for BRAHMAYYA & CO
Chartered Accountants
Firms' Registration Number: 000513S

(P. CHANDRAMOULI)
Partner
Membership Number:25211

Place : Hyderabad
Date : 3rd August, 2010

**BALANCE SHEET AS AT 31 st MARCH , 2010**

PARTICULARS	SCHEDULE REFERENCE	AS AT	AS AT
		31.03.2010 Rs.	31.03.2009 Rs.
I. SOURCES OF FUNDS			
1. Share holders funds			
a) Share Capital	01	3,00,00,000	3,00,00,000
b) Reserves and Surplus	02	23,40,33,485	18,24,25,908
		<u>26,40,33,485</u>	<u>21,24,25,908</u>
2. Deferred Tax Liability		22,148	67,687
		<u>22,148</u>	<u>67,687</u>
TOTAL		<u>26,40,55,633</u>	<u>21,24,93,595</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	03	2,06,12,107	1,99,52,279
b) Less: Depreciation		1,14,38,981	1,08,10,707
c) Net Block		<u>91,73,126</u>	<u>91,41,572</u>
2. Investments	04	24,56,18,677	18,80,16,140
3. Current Assets, Loans and Advances			
a) Cash and Bank balances	05	2,37,90,910	91,90,600
b) Other Current Assets	06	18,90,985	98,73,266
c) Loans and Advances	07	15,38,395	89,70,029
		<u>2,72,20,290</u>	<u>2,80,33,895</u>
Less: Current Liabilities and Provisions	08		
a) Liabilities		88,11,840	68,79,676
b) Provisions		91,44,620	58,18,336
		<u>1,79,56,460</u>	<u>1,26,98,012</u>
Net Current Assets		<u>92,63,830</u>	<u>1,53,35,883</u>
TOTAL		<u>26,40,55,633</u>	<u>21,24,93,595</u>
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES 11			

for and on behalf of the Board

R. SURENDER REDDY
Director**K. HARISHCHANDRA PRASAD**
Managing DirectorPlace: Hyderabad
Date : 03.08.2010Per our report of even date
For M. Anandam & Co.,
Chartered Accountants
Firms' Registration Number: 000125S**M.V. Ranganath**
Partner
Membership Number: 28031**for BRAHMAYYA & CO.,**
Chartered Accountants
Firms' Registration Number: 000513S**P. CHANDRAMOULI**
Partner
Membership Number: 25211

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	SCHEDULE REFERENCE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
I. INCOME			
Interest earned (Gross - Others) (T.D.S : Current Year Rs.60,665 Previous Year Rs.2,91,477)		6,86,854	38,44,489
Income from Investments : Dividends		3,37,09,927	1,54,72,326
Profit on Sale of Investments (Net)		—	26,99,554
Profit on Sale of Fixed Assets		—	17,026
Rents earned		32,90,865	34,08,184
Miscellaneous Receipts		25,088	13,770
Excess Provisions written back		20,673	—
Diminution in the Value of Investments written back		7,76,10,890	—
TOTAL		11,53,44,297	2,54,55,349
II. EXPENDITURE			
Staff Cost	09	65,69,380	44,96,179
Interest (Others)		1,037	9,795
Other Expenses	10	20,94,313	19,29,299
Depreciation	03	6,28,274	6,19,147
Loss on Sale of Investments (Net)		3,94,87,542	—
Diminution in the Value of Investments		—	3,74,70,696
TOTAL		4,87,80,546	4,45,25,116
III. PROFIT/ (LOSS) FOR THE YEAR BEFORE TAXATION			
		6,65,63,751	(1,90,69,767)
Provision for taxation			
Current Tax		—	3,50,000
Deferred Tax		(45,539)	55,575
Fringe Benefit Tax		—	1,50,000
MAT Credit entitlement		65,00,000	—
IV. PROFIT/ (LOSS) AFTER TAXATION			
		6,01,09,290	(1,96,25,342)
Less: Income Tax of earlier years		(2,43,943)	95,906
Fringe Benefit Tax of earlier years		—	(2,050)
Add : Balance brought forward from last year		3,24,77,804	5,74,61,777
V. AMOUNT AVAILABLE FOR APPROPRIATIONS			
		9,28,31,037	3,77,42,579
VI. APPROPRIATIONS			
Reserve Fund		1,25,00,000	—
General Reserve		1,14,92,896	—
Dividend		75,00,000	45,00,000
Corporate Dividend Tax		12,45,656	7,64,775
Surplus Carried to Balance Sheet		6,00,92,485	3,24,77,804
TOTAL		9,28,31,037	3,77,42,579
VII. Basic and diluted earnings per share			
		20.12	(6.57)
Nominal value per Equity Share		10.00	10.00
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES			

for and on behalf of the Board

R. SURENDER REDDY
Director**K. HARISHCHANDRA PRASAD**
Managing DirectorPlace: Hyderabad
Date : 03.08.2010Per our report of even date
For M. Anandam & Co.,
Chartered Accountants
Firms' Registration Number: 000125S
M.V. Ranganath
Partner
Membership Number: 28031
for BRAHMAYYA & CO.,
Chartered Accountants
Firms' Registration Number: 000513S
P. CHANDRAMOULI
Partner
Membership Number: 25211


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	6,65,63,751	(1,90,69,767)
Adjustments for:		
Depreciation	6,28,274	6,19,147
Loss/(Profit) on Sale of Investments (Net)	3,94,87,542	(26,99,554)
Profit on Sale of Fixed Assets	—	(17,026)
Interest (Net)	(6,85,817)	(38,34,694)
Diminution in the value of Investments (Net)	(7,76,10,890)	3,74,70,696
Income From Investments	(3,37,09,927)	(1,54,72,326)
Rents Earned	(32,90,865)	(34,08,184)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(86,17,932)	(64,11,708)
Adjustments for:		
Trade and other receivables	82,23,445	(47,57,401)
Trade and other payables	16,38,702	1,40,182
Cash generated from operations	12,44,215	(1,10,28,927)
Direct Taxes Paid	35,240	33,37,573
NET CASH FROM OPERATING ACTIVITIES (A)	12,79,455	(76,91,354)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(6,59,828)	(47,000)
Sale of Fixed Assets	—	28,445
Purchase of Investments	(20,71,42,057)	(8,70,30,085)
Sale of Investments	18,76,62,868	7,17,13,847
Income received from Investments	3,37,09,927	1,54,72,326
Interest received	6,04,252	38,39,595
Rents Earned	32,90,865	34,48,178
NET CASH USED IN INVESTING ACTIVITIES (B)	1,74,66,027	74,25,306
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(41,44,135)	(71,45,000)
Interest paid	(1,037)	(9,795)
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	(41,45,172)	(71,54,795)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	1,46,00,310	(74,20,843)
Cash and Cash equivalents as at beginning of the year	91,90,600	1,66,11,443
Cash and Cash equivalents as at the end of the year	2,37,90,910	91,90,600

for and on behalf of the Board

R. SURENDER REDDY

Director

K. HARISHCHANDRA PRASAD

Managing Director

Place: Hyderabad

Date : 03.08.2010

Per our report of even date

For M. Anandam & Co.,

Chartered Accountants

Firms' Registration Number: 000125S

M.V. Ranganath

Partner

Membership Number: 28031

for BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 000513S

P. CHANDRAMOULI

Partner

Membership Number: 25211

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010**

Sl.No.	PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
01 SHARE CAPITAL			
AUTHORISED			
	60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000	6,00,00,000
	TOTAL	6,00,00,000	6,00,00,000
ISSUED, SUBSCRIBED AND PAID - UP			
	30,00,000 Equity Shares of Rs. 10/- each Fully paid up:	3,00,00,000	3,00,00,000
	Of the above Shares		
	1) 14,240 Equity Shares of Rs. 10/- each were allotted as fully paid up for consideration other than cash		
	2) 20,00,000 Equity Shares of Rs. 10/- each were allotted as fully paid up Bonus Shares by Capitalising General Reserve (Details given below)		
	a) 5,00,000 Bonus Shares were allotted in the year 1990-91 (1 : 2)		
	b) 7,50,000 Bonus Shares were allotted in the year 1995-96 (1 : 2)		
	c) 7,50,000 Bonus Shares were allotted in the year 2008-09 (1 : 3)		
	TOTAL	3,00,00,000	3,00,00,000
02 RESERVES AND SURPLUS			
	Capital Reserve	5,03,51,780	5,03,51,780
	Securities Premium Account	6,48,220	6,48,220
	General Reserve :		
	As per Balance Sheet	5,85,07,104	6,60,07,104
	Add: Transfer from profit and Loss Account	1,14,92,896	—
		7,00,00,000	6,60,07,104
	Less: Transfer to Share Capital (Bonus Issue)	—	75,00,000
		7,00,00,000	5,85,07,104
	Reserve Fund as per RBI guidelines:		
	As per Balance Sheet	4,04,41,000	4,04,41,000
	Add: Transfer from profit and Loss Account	1,25,00,000	—
		5,29,41,000	4,04,41,000
	Surplus i.e. Balance in Profit and Loss account	6,00,92,485	3,24,77,804
	TOTAL	23,40,33,485	18,24,25,908



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

3. FIXED ASSETS:

(amount in rupees)

S.No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS AT 31.03.2009	ADDITIONS	DEDUCTIONS	AS AT 31.03.2010	UP TO 31.03.2009	FOR THE YEAR	ON DEDUCTIONS	UP TO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
1	Land	19,46,981	—	—	19,46,981	—	—	—	—	19,46,981	19,46,981
2	Buildings	1,04,52,774	—	—	1,04,52,774	43,11,630	3,07,057	—	46,18,687	58,34,087	61,41,144
3	Computers	4,86,373	—	—	4,86,373	4,31,951	21,769	—	4,53,720	32,653	54,422
4	Furniture and Fixtures	3,93,522	13,300	—	4,06,822	3,72,082	17,181	—	3,89,263	17,559	21,440
5	Vehicles	17,95,238	—	—	17,95,238	13,18,464	1,23,437	—	14,41,901	3,53,337	4,76,774
6	Office Equipments	2,18,714	6,29,778	—	8,48,492	1,83,104	62,794	—	2,45,898	6,02,594	35,610
7	Air conditioners and Generator	1,37,777	16,750	—	1,54,527	1,01,887	7,188	—	1,09,075	45,452	35,890
8	Plant and Machinery given on Lease	45,20,900	—	—	45,20,900	40,91,589	88,848	—	41,80,437	3,40,463	4,29,311
	Total	1,99,52,279	6,59,828	—	2,06,12,107	1,08,10,707	6,28,274	—	1,14,38,981	91,73,126	91,41,572
	Previous Year	1,99,95,279	47,000	90,000	1,99,52,279	1,02,70,141	6,19,147	78,581	1,08,10,707	91,41,572	97,25,138



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

S.NO	PARTICULARS	AS AT	AS AT
		31.03.2010	31.03.2009
		Rs.	Rs.
04	INVESTMENTS (LONG TERM) (AT COST) (NON - TRADE)		
	Equity Shares - (Quoted) (fully paid-up unless otherwise stated) (A)	2,93,90,638	5,35,34,412
	Equity Shares - (Un - Quoted) (fully paid-up unless otherwise stated) (B)	7,98,000	7,98,000
	Government Securities (C)	5,000	5,000
	Mutual Funds (D)	21,72,00,000	21,30,64,579
		24,73,93,638	26,74,01,991
	Less : Diminution in the value of Investments	17,74,961	7,93,85,851
	Carrying value of Investments	24,56,18,677	18,80,16,140
	Aggregate cost of quoted Investments	24,65,90,638	26,65,98,989
	Aggregate market value of quoted Investments	25,00,72,408	14,74,34,605
	Aggregate cost of unquoted Investments	8,03,000	8,03,000

NAME OF THE COMPANY	F.V. Rs.	No.of Shares as at 31.03.2009	Additions/ (Deletions) of Shares	No.of	As at	As at
				Shares as at 31.03.2010	31.03.2010 Rs.	31.03.2009 Rs.
A. EQUITY SHARES (QUOTED)						
Alembic Limited	2	10,050	—	10,050	5,54,917	5,54,917
Alok Industries Limited	10	16,000	33,200(16,000)	33,200	3,65,200	9,17,878
Amtek India Limited	2	1,917	(1,917)	—	—	2,21,500
Andhra Bank	10	—	4,000	4,000	4,09,939	—
Apollo Tyres Limited	1	—	12,000	12,000	6,55,037	—
Ashok Leyland Limited	1	56,000	(56,000)	—	—	19,02,195
Asian Electronics Limited	5	2,520	(2,520)	—	—	12,25,436
Banco Products (India) Limited	2	—	7,730	7,730	7,02,563	—
Bank of Maharashtra	10	—	12,500	12,500	3,75,758	—
Bartronics India Limited	10	—	9,100(3,000)	6,100	9,43,330	—
Bilcare Limited	10	—	1,800	1,800	9,10,565	—
B.N. Rathi Securities Limited	10	18,000	—	18,000	1,80,369	1,80,369
Bhagyanagar India Limited	2	68,156	—	68,156	19,10,473	19,10,473
Bharat Heavy Electricals Limited	10	1,325	800(1,325)	800	18,52,141	18,35,529
Bharti Airtel Limited	10	—	1,100	1,100	3,47,701	—
Birla Corporation Limited	10	2,000	(2,000)	—	—	3,95,846
Binani Cements Limited	10	—	4,500	4,500	2,82,520	—
Ceat Limited	10	—	5,000	5,000	7,44,076	—
City Union Bank Limited	1	—	12,000	12,000	3,46,468	—
Coromandel International Limited (a)	2	5,425	127(5,425)	127	12,269	4,58,202
Crompton Greaves Limited (b)	2	11,306	2,625(11,306)	2,625	6,31,092	22,21,043
Electrotherm (India) Limited	10	3,900	(3,900)	—	—	12,12,949
Elgi Equipments Limited	1	10,000	1,500(7,500)	4,000	2,34,858	5,37,880
ERA Infra Engineering Limited	10	12,000	(12,000)	—	—	10,71,725
GMR Infrastructure Limited (c)	1	5,700	3,700(2,000)	7,400	4,89,588	7,54,228
Goa Carbon Limited	10	—	5,000	5,000	3,02,735	—



NAME OF THE COMPANY	F.V. Rs.	No.of Shares as at 31.03.2009	Additions/ (Deletions) of Shares	No.of Shares as at 31.03.2010	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Graphite India Limited	2	—	12,500	12,500	4,57,876	—
Greaves Cotton Limited	10	5,300	(5,300)	—	—	18,74,496
Gujarat Alkalies & Chemicals Limited	10	—	5,200	5,200	5,61,471	—
Gujarat NRE Coke Limited	10	8,400	1,600(7,900)	2,100	55,678	2,23,288
Gujarat State Fertilisers & Chemicals Limited	10	—	2,300	2,300	4,05,759	—
GVK Power & Infrastructure Limited	1	16,000	20,000(8,500)	27,500	10,51,804	3,81,637
Halonix Limited	10	5,000	(5,000)	—	—	4,57,986
Havells India Limited	5	3,000	(3,000)	—	—	8,80,738
Hindalco Industries Limited	1	—	2,000	2,000	1,13,348	—
India Cements Limited	10	—	1,000	1,000	1,14,699	—
IVRCL Infrastructures & Projects Limited	2	6,702	(6,702)	—	—	16,85,485
J B Chemicals & Pharmaceuticals Limited	2	—	10,794	10,794	4,68,813	—
J K Cement Limited	10	2,431	(2,431)	—	—	3,39,846
JSW Steel Limited	10	454	(454)	—	—	3,61,506
KEC International Limited	10	1,930	(1,930)	—	—	10,80,901
KEI Industries Limited	2	21,982	(21,982)	—	—	13,85,152
Kirlsokar Electricals Limited	10	—	3,500	3,500	3,00,450	—
Kirloskar Oil Engines Limited	2	10,000	(10,000)	—	—	12,99,481
KNR Constructions Limited	10	—	6,824	6,824	5,37,090	—
Madras Cements Limited	1	—	3,000	3,000	3,24,153	—
Nagarjuna Construction Company Limited.	2	22,385	1,000(15,885)	7,500	7,25,320	19,83,796
Nava Bharat Ventures Limited	2	23,319	2,700(18,619)	7,400	15,61,364	32,46,587
NCL Industries Limited	10	—	11,869	11,869	3,54,981	—
Nectar Lifesciences Limited	1	—	12,000	12,000	4,71,825	—
NTPC Limited	10	6,000	(6,000)	—	—	12,32,763
Pennar Industries Limited	5	31,200	—	31,200	8,64,425	8,64,425
Power Grid Corporation of India Limited	10	5,500	(1,000)	4,500	5,18,787	6,34,077
Praj Industries Limited	2	13,165	(4,400)	8,765	9,08,766	13,64,958
Prajay Engineers Syndicate Limited	10	23,000	(23,000)	—	—	30,88,423
Prithvi Information Solutions Limited	10	5,300	(5,300)	—	—	15,93,828
Punjilloyd Limited	2	3,032	(3,032)	—	—	8,97,641
REI Agro Limited	1	—	10,500	10,500	4,68,376	—
Reliance Industries Limited (d)	10	850	2,850(450)	3,250	29,22,664	9,62,292
Reliance Natural Resources Limited	10	9,000	(9,000)	—	—	4,12,543
Sagar Cements Limited	10	9,620	(9,620)	—	—	12,73,197
Sesa Goa Limited	1	1,000	(1,000)	—	—	69,818
SSPDL Limited	10	10,500	(10,500)	—	—	10,48,656
Suraj Diamonds And Jewellery Limited	10	21,130	—	21,130	11,70,699	11,70,699
Surya Pharmaceuticals Limited	10	14,000	1,500(5,500)	10,000	10,53,373	14,87,657
Syndicate Bank	10	13,000	(13,000)	—	—	11,31,451
Tata Chemicals Limited	10	1,000	(1,000)	—	—	1,39,376
Tata Steel Limited	10	1,750	(1,750)	—	—	12,93,130
Tele data Informatics Limited	2	20,000	(20,000)	—	—	3,34,910
Tele data marine solutions Limited	10	10,000	—	10,000	1,67,455	1,67,455



NAME OF THE COMPANY	F.V. Rs.	No.of Shares as at 31.03.2009	Additions/ (Deletions) of Shares	No.of Shares as at 31.03.2010	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Tele data Technology Solutions Limited	10	10,000	(10,000)	—	—	1,67,455
The Andhra Sugars Limited	10	7,500	(7,500)	—	—	7,01,729
Thermax Limited	2	3,450	(3,450)	—	—	17,31,776
Visaka Industries Limited	10	4,843	6,525	11,368	9,49,717	1,73,563
Visesh Infotechnics Limited	10	15,000	(15,000)	—	—	5,03,924
Zenotech Laboratories Limited	10	5,500	(2,519)	2,981	2,64,288	4,87,597
3I Infotech Limited	10	—	4,000	4,000	3,45,858	—
TOTAL					2,93,90,638	5,35,34,412
B EQUITY SHARES -(UN QUOTED)						
A.P.Mahesh Co-Operative Urban Bank Limited	20	250	—	250	5,000	5,000
L-PACK Polymers Limited	10	79,300	—	79,300	7,93,000	7,93,000
TOTAL					7,98,000	7,98,000
C. GOVERNMENT SECURITIES:						
7 Year National Savings Certificate 2nd Issue (e)					5,000	5,000
TOTAL					5,000	5,000

NAME OF THE FUND	No.of Units As at 31.03.2009	Additions/ (Deletions) of Units	No.of Units As at 31.03.2010	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
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D. MUTUAL FUNDS

EQUITY ORIENTED FUNDS: (DIVIDEND PAYOUT)

Bharati AXA Equity Fund -Regular Plan	—	3,24,725	3,24,725	50,00,000	—
Birla Sun Life Basic Industries Fund	—	1,66,774	1,66,774	50,00,000	—
Birla Sun Life Dividend Yield Plus	—	3,86,366	3,86,366	50,00,000	—
Birla Sunlife '95 Fund	—	22,110	22,110	25,00,000	—
Birla Sun Life Equity Fund	85,869	66,254(85,869)	66,254	50,00,000	70,00,000
Birla Sun Life Front Line Equity Fund - Plan A	5,65,252	1,13,378(1,03,950)	5,74,680	1,25,00,000	1,25,00,000
Birla Sun Life Midcap Fund - Plan A	1,26,929	96,080(1,26,929)	96,080	25,00,000	50,00,000
Canara Robeco Balance	—	46,790	46,790	25,00,000	—
Canara Robeco Infrastructure	—	1,67,925	1,67,925	25,00,000	—
Canara Robeco Equity Diversified	—	2,06,878	2,06,878	50,00,000	—
DSP Black Rock Equity Fund - Regular Plan	1,63,159	(1,63,159)	—	—	75,00,000
DSP Black Rock Top 100 Equity Fund - Regular Plan	4,76,164	(4,76,164)	—	—	1,20,00,000
DSP Black Rock India T.I.G.E.R Fund- Regular Plan	4,88,452	(4,88,452)	—	—	1,15,00,000
Fortis Equity Fund	1,05,530	(1,05,530)	—	—	25,00,000
Fortis Opportunities Fund	1,20,077	(1,20,077)	—	—	25,00,000
FT India Balanced Fund	—	1,18,826	1,18,826	25,00,000	—
Franklin India Bluechip Fund	1,01,383	(1,01,383)	—	—	25,00,000
Franklin India FLEXI CAP Fund	—	1,49,080	1,49,080	25,00,000	—
Franklin India Prima Fund	—	64,549	64,549	25,00,000	—



NAME OF THE FUND	No. of Units As at 31.03.2009	Additions/ (Deletions) of Units	No. of Units As at 31.03.2010	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
	Franklin India Prima Plus	1,98,252	79,750(1,98,252)	79,750	25,00,000
Templeton India Growth Fund	—	48,784	48,784	25,00,000	—
HDFC Balanced Fund	—	1,23,854	1,23,854	25,00,000	—
HDFC Capital Builder Fund	—	1,04,084	1,04,084	25,00,000	—
HDFC Core and Satellite Fund	—	1,08,804	1,08,804	25,00,000	—
HDFC Equity Fund	—	1,08,290	1,08,290	50,00,000	—
HDFC Growth Fund	58,006	(58,006)	—	—	25,00,000
HDFC Premier Multi-Cap Fund	—	1,49,316	1,49,316	25,00,000	—
HDFC Prudence Fund	—	1,69,608	1,69,608	50,00,000	—
HDFC TOP 200 Fund	81,897	1,74,248	2,56,145	95,00,000	20,00,000
HSBC Equity Fund	59,428	(59,428)	—	—	25,00,000
ICICI Prudential Discovery Fund	—	2,63,919	2,63,919	45,00,000	—
ICICI Prudential Infrastructure Fund	6,91,617	(6,91,617)	—	—	1,25,00,000
IDFC Imperial Equity Fund - Plan A	1,61,506	1,04,487(1,61,506)	1,04,487	15,00,000	25,00,000
IDFC Premier Equity Fund - Plan A	2,42,376	1,06,533(1,28,106)	2,20,803	50,00,000	50,00,000
IDFC Small & Midcap Equity Fund	—	1,85,224	1,85,224	25,00,000	—
J M Basic Fund	2,41,142	(2,41,142)	—	—	75,00,000
Kotak Opportunities	3,18,273	(3,18,273)	—	—	75,00,000
Kotak 30 Equity Scheme	1,25,992	(1,25,992)	—	—	50,00,000
Principal Emerging Bluechip Fund	—	3,41,908	3,41,908	70,00,000	—
Principal Large Cap Fund	—	2,77,782	2,77,782	50,00,000	—
Reliance Banking Fund	—	91,560	91,560	25,00,000	—
Reliance Growth Fund - Retail Plan	2,21,506	46,655 (1,23,162)	1,44,999	82,00,000	1,17,00,000
Reliance Diversified Power Sector Fund - Retail Plan	2,31,425	1,07,501(67,816)	2,71,110	1,25,00,000	1,00,00,000
Reliance Regular Savings Fund - Balanced Plan	—	1,47,330	1,47,330	25,00,000	—
Reliance Regular Savings Fund - Equity Plan	—	1,08,006	1,08,006	25,00,000	—
Religare Contra Fund	—	3,74,915	3,74,915	50,00,000	—
SBI Magnum Balanced Fund	—	83,306	83,306	25,00,000	—
SBI Magnum COMMA Fund	—	1,31,234	1,31,234	25,00,000	—
SBI Magnum Equity Fund	1,42,278	1,46,307(1,42,278)	1,46,307	50,00,000	50,00,000
SBI Magnum Global Fund	—	76,593	76,593	25,00,000	—
SBI Magnum Multiplier Plus Scheme - 93	—	87,367	87,367	50,00,000	—
SBI MSFU Contra	1,99,842	1,00,766(1,99,842)	1,00,766	25,00,000	60,00,000
SBNPP Balanced Fund	—	1,61,161	1,61,161	25,00,000	—
SBNPP CAPEX Oportunities	2,04,448	1,64,008(2,04,448)	1,64,008	25,00,000	50,00,000
Sundaram BNP Paribas Energy Opportunities Fund	2,50,000	(2,50,000)	—	—	25,00,000
Sundaram BNP Paribas Growth Fund	1,04,721	(1,04,721)	—	—	25,00,000
Sundaram BNP Paribas India Leadership Fund	1,14,776	(1,14,776)	—	—	25,00,000
Sundaram BNP Paribas Select Focus	2,28,513	(2,28,513)	—	—	50,00,000
SBNPP Select Midcap	—	2,76,233	2,76,233	50,00,000	—
SBNPP S.M.I.L.E	1,03,119	1,69,525	2,72,644	50,00,000	25,00,000
Tata Infrastructure Fund	3,38,342	(3,38,342)	—	—	75,00,000
Tata Pure Equity Fund	—	63,878	63,878	15,00,000	—



NAME OF THE FUND	No. of Units As at 31.03.2009	Additions/ (Deletions) of Units	No. of Units As at 31.03.2010	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
	Tata Equity P/E Fund Trigger Option A 5%	—	62,333	62,333	25,00,000
Tata Equity P/E Fund Trigger Option B 10%	—	57,910	57,910	25,00,000	—
Taurus Star Share	—	63,004	63,004	25,00,000	—
UTI Infrastructure Fund	3,08,750	(3,08,750)	—	—	60,00,000
UTI Banking Sector Fund	1,28,139	1,32,767(1,28,139)	1,32,767	25,00,000	25,00,000
UTI Infrastructure Advantage Fund - Series 1	2,50,000	(2,50,000)	—	—	25,00,000
UTI Opportunities Fund	—	3,75,474	3,75,474	50,00,000	—
UTI Master Share Unit Scheme	—	87,291	87,291	25,00,000	—
UTI Service Industries Fund	—	1,00,929	1,00,929	25,00,000	—
UTI Transportation Logistics Fund	—	1,61,812	1,61,812	25,00,000	—
EQUITY ORIENTED FUND: (DIVIDEND RE - INVESTMENT)					
ICICI Prudential Growth Plan	1,40,060	11,347 (1,51,407)	—	—	28,64,579
INCOME/GILT/BOND FUNDS: (DIVIDEND PAYOUT)					
Canara Robeco Income Dividend (Income) Fund	4,39,404	(4,39,404)	—	—	70,00,000
HDFC MF Monthly Income Plan- Long term - Quarterly Dividend	—	3,94,049	3,94,049	50,00,000	—
ICICI Prudential Gilt Fund - Investment Plan	1,53,021	(1,53,021)	—	—	20,00,000
ICICI Prudential Income Plan	2,10,247	(2,10,247)	—	—	25,00,000
ICICI Prudential Income Plan - Quarterly	3,97,557	(3,97,557)	—	—	50,00,000
IDFC SSI Fund - Investment Plan - Plan A - Quarterly	2,18,811	(2,18,811)	—	—	25,00,000
Kotak Bond Deposit- Quarterly Dividend	3,79,107	(3,79,107)	—	—	50,00,000
Reliance Monthly Income Plan - Quarterly Dividend	—	4,24,753	4,24,753	50,00,000	—
TOTAL				21,72,00,000	21,30,64,579

BOUGHT AND SOLD DURING THE YEAR:

NAME OF THE COMPANY	BOUGHT		SOLD	
	No. of Shares	Cost (Rupees)	No. of Shares	Value (Rupees)
1. Allahabad Bank	5,000	3,02,977	5,000	6,59,514

Note:

- Name of the Company had changed from Coromandel Fertilisers Limited to Coromandel International Limited
- During the Year the Company issued Bonus shares in the ratio of 3:4
- Face Value of Rs.2/- Sub-divided into Rs.1/- during the Year.
- During the Year the Company issued Bonus shares in the ratio of 1:1
- Lodged with Sales Tax Department as Security Deposit

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010**

Sl.No.	PARTICULARS	AS AT	AS AT
		31.03.2010	31.03.2009
		Rs.	Rs.
05	CASH AND BANK BALANCES		
	Cash in hand	7,753	15,347
	Cash with Scheduled Banks		
	in Current accounts	1,87,83,157	76,75,253
	in Fixed Deposits	50,00,000	15,00,000
	TOTAL	2,37,90,910	91,90,600
06	OTHER CURRENT ASSETS:		
	Prepaid Expenses	90,302	6,250
	Deposits Recoverable	1,05,373	1,02,293
	Interest accrued	82,602	4,894
	Rent Receivable	5,28,781	2,28,558
	Other Receivables	1,06,402	18,629
	Sales Tax Refund Receivable	9,77,525	9,77,525
	Income Tax Refund Receivable	—	85,35,117
	TOTAL	18,90,985	98,73,266
07	LOANS AND ADVANCES		
	(Unsecured, Considered good recoverable in cash or in kind or for value to be received)		
	Other Loans	—	1,57,500
	Staff advances	—	1,062
	Advance Tax and TDS (Net)	15,38,395	23,11,467
	MAT Credit entitlement	—	65,00,000
	TOTAL	15,38,395	89,70,029
08	CURRENT LIABILITIES AND PROVISIONS		
a)	Current Liabilities		
	Sundry Creditors		
	dues to Micro and Small Enterprises	1,03,868	1,55,226
	dues to other than Micro and Small Enterprises	6,338	35,425
	Other liabilities	17,46,441	16,50,249
	Unpaid Dividends***	53,84,175	50,28,310
	Due to Directors	15,71,018	10,466
	Total (a)	88,11,840	68,79,676
b)	Provisions		
	Provision for Leave Encashment	3,93,964	3,31,561
	Provision for Dividend	75,00,000	45,00,000
	Provision for Corporate Dividend Tax	12,45,656	7,64,775
	Provision for Fringe Benefit Tax (Net)	5,000	2,22,000
	Total (b)	91,44,620	58,18,336
	TOTAL (a + b)	1,79,56,460	1,26,98,012

*** Appropriate amount shall be transferred to "Investor Education and Protection Fund" as and when due.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

Sl.No. PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
09 STAFF COST		
Salaries, Wages and Bonus	57,18,898	36,27,884
Contribution to Provident and Other Funds	6,49,763	6,75,534
Staff Welfare Expenses	2,00,719	1,92,761
TOTAL	65,69,380	44,96,179
10 OTHER EXPENSES		
Power and Fuel	40,275	46,648
Printing and Stationery	79,453	97,270
Postage, Telephone and Telex	1,03,528	1,99,173
Rent	2,79,972	2,79,972
Service Charges	1,99,980	199,980
Rates and Taxes	2,67,453	2,86,944
Insurance	13,695	33,850
Travelling and Conveyance	97,092	81,929
Vehicle Maintenance	1,38,791	1,04,535
Directors Sitting Fees	27,500	25,000
Legal and Professional Charges	1,85,668	1,98,068
Remuneration to Auditors		
as auditors	44,120	24,818
for Tax Representation	12,500	12,500
for certification	18,689	15,731
for tax audit	5,618	5,618
Advertisement and Business Promotion Expenses	37,998	24,510
Repairs and Maintenance to:		
Rented Buildings	72,506	71,634
Own Buildings	1,07,872	—
Other Assets	36,839	23,590
Donations	50,000	—
Interest Income of earlier years written off	—	29,784
Receivables Written Off	1,64,788	—
Miscellaneous Expenses	1,09,976	1,67,745
TOTAL	20,94,313	19,29,299



**SCHEDULE TO THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

(Rs. in lakhs)

S.NO. PARTICULARS

LIABILITIES SIDE:

1 LOANS AND ADVANCES AVAILED BY THE NBFCs INCLUSIVE OF INTEREST ACCRUED

	Amount outstanding	Amount overdue
(a) Debentures : Secured	—	—
: Unsecured	—	—
(b) Deferred Credits	—	—
(c) Term Loans	—	—
(d) Inter-corporate loans and borrowings	—	—
(e) Commercial paper	—	—
(f) Public Deposits	—	—
(g) Other Loans (specify nature)	—	—

2 BREAK-UP OF (1) (f) ABOVE (OUTSTANDING PUBLIC DEPOSITS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID) :

(a) In the form of unsecured debentures	—	—
(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	—	—
(c) Other Public Deposits	—	—

ASSETS SIDE:

**AMOUNT
OUTSTANDING**

3 BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES [OTHER THAN THOSE INCLUDING IN (4) BELOW]:

(a) Secured	—
(b) Unsecured	—

4 BREAK-UP OF LEASED ASSETS AND STOCK ON HIRE AND HYPOTHECATION LOANS COUNTING TOWARDS EL/HP ACTIVITIES

(i) Leased assets including lease rentals under sundry debtors	
(a) Financial lease	—
(b) Operating lease	—
(ii) Stock on Hire including hire charges under sundry debtors:	
(a) Assets on hire	—
(b) Repossessed Assets	—

(iii) Hypothecation loans counting towards EL/HP activities

(a) Loans where assets have been repossessed	—
(b) Loans other than above	—

5 BREAK-UP OF INVESTMENTS:

Current Investments:

1. Quoted:	—
(i) Shares: (a) Equity	—
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—

Long Term Investments:

1. Quoted:	
(i) Shares: (a) Equity	293.91
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	2172.00
(iv) Government Securities	—
(v) Others (please specify)	—
2. Unquoted:	
(i) Shares: (a) Equity	7.98
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	0.05
(v) Others (please specify)	—

6 BORROWER GROUP- WISE CLASSIFICATION OF ALL LEASED ASSETS, STOCK -ON-HIRE AND LOANS AND ADVANCES:

CATEGORY	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
2. Other than related parties	—	—	—
Total	—	—	—

**7 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	Book Value (Net of provisions)
1. Related parties		
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	2500.72	2456.19
Total	2500.72	2456.19

8 OTHER INFORMATION

Particulars	Amount
(i) Gross Non-performing Assets	—
(a) Related parties	—
(b) Other than related parties	—
(ii) Net Non-performing Assets	—
(a) Related parties	—
(b) Other than related parties	—
(iii) Assets acquired in satisfaction of debts	—

For and on behalf of the board

R.SURENDER REDDY
DIRECTOR**K.HARISHCHANDRA PRASAD**
MANAGING DIRECTOR

Place : Hyderabad

Date : 03.08.2010



11. NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

1. NATURE OF OPERATIONS

Company is engaged in the business of Money lending and investments in Equity Shares and Mutual Funds.

2. SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of Accounting*

The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the 'results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) *Fixed Assets*

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost to bring the asset to its working condition for its intended use.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) *Depreciation*

- i. Depreciation on Fixed Assets not related to leases is provided on straight - line method, in accordance with Schedule XIV to the Companies Act, 1956.
- ii. The Assets given on lease are written off during the primary lease period taking the month as a unit.
- iii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.

e) *Prior period items*

All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.

f) *Contingent Liabilities*

The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.

g) *Impairment*

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.

h) *Investments*

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline other than temporary in nature.

i) *Revenue Recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:

i. *Interest:*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii. *Dividends:*

Dividend is recognised when the right to receive payment is established.

j) *Borrowing Costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.



k) Retirement and Other Employee Benefits

- i. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- ii. The Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- iii. Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

l) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases.

Where the Company is the lessee

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the profit and loss account. Costs, including depreciation are recognised as an expense in the profit and loss account.

m) Taxes on Income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

n) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o) Earnings per Share (Basic & Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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.

p) Cash Flow Statement

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.

q) Others

Dividend as recommended by the board of directors is provided for in the accounts pending shareholders approval.

3. Plant and Machinery given on lease includes equipment costing Rs.45.21 lakhs (previous year Rs.45.21 lakhs) in respect of which leases have expired or otherwise terminated. The Company is in the process of calling back and taking possession of the same.
4. The Management has initiated steps to evaluate the quality of all its receivables as at the year end and found all of them to be standard and there are no Non-performing Assets in accordance with the prudential norms issued by Reserve Bank of India.
5. The balances shown under Loans and Advances, Current Assets, Sundry Creditors and other Current Liabilities are subject to confirmation.
6. In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
7. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. During the year the Company has paid no interest in terms of section 16 of the said Act.



8. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Act, 2006:

Particulars	Current Year Rs.	Previous Year Rs.
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	1,03,868	1,55,226
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

9. **Investments** : 250 Equity Shares of AP Mahesh Co-operative Urban Bank Limited costing Rs.5,000/- are held in the name of Sri K.Harishchandra Prasad, Managing Director of the Company for the benefit of the Company.
10. Contingent Liabilities not provided for on account of demands from Sales Tax Department, disputed by the Company and pending in appeals to the extent of Rs.1,61,394/ (Previous year Rs.1,61,394).
11. Disclosure relating to the Gratuity liability as per Accounting Standard 15 "Employee Benefits"

a) The amounts recognised in the Balance Sheet

Particulars	2009-10 Rs.	2008-09 Rs.
Present Value of obligation	5,68,330	5,69,244
Fair value of plan assets	9,85,233	9,02,641
Amount recognized in the Balance sheet as Provision	—	—

b) Changes in the present value of the defined obligation

Particulars	2009-10 Rs.	2008-09 Rs.
Opening defined benefit obligation	5,69,244	5,92,444
Current service Cost	1,13,206	6,913
Interest Cost	45,539	47,395
Benefits paid	—	(13,168)
Actuarial gain on obligation	(1,59,659)	(64,340)
Closing defined benefit obligation	5,68,330	5,69,244

c) Reconciliation of opening and closing balance of fair value of assets:

Particulars	2009-10 Rs.	2008-09 Rs.
Fair value of plan assets at the beginning of the year	9,02,641	8,39,394
Actuarial gain on plan assets	—	—
Benefits paid	—	(13,168)
Expected Return	82,592	76,415
Fair value of plan assets at the end of the year	9,85,233	9,02,641

d) Principal actuarial assumptions.

Particulars	2009-10	2008-09
Rate of escalation in Compensation	4%	4%
Discount Rate	8%	8%
Attrition Rate	1%	1%
Retirement Age in years	58	58

The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is certified by an actuary.

12. The company's operations predominantly relate to only one Segment i.e., Investment in Mutual Funds and Equity Shares. Hence, there are no separate reportable segments as per the Accounting standard "Segment Reporting "(AS 17).

13. Calculation of Earnings per share:

S.No.	PARTICULARS	Current year	Previous year
a)	Net profit/(Loss) available to Equity shareholders (in Rs.)	6,03,53,233	(1,97,19,198)
b)	Weighted average number of Equity shares (Nos.)	30,00,000	30,00,000
c)	Face value as per share (in Rs.)	10/-	10/-
d)	Earnings per share Basic and diluted (in Rs.)	20.12	(6.57)



14. The details of the transactions with related parties to be disclosed as required by Accounting Standard - 18 are as follows.

a) Name of Related party and description of relationship.

Key Management Personnel : Sri K. Harishchandra Prasad
Managing Director.

b) Transactions with related Party during the year

	2009-10	2008-09
	Rs.	Rs.

Key Management Personnel

Sri K. Harishchandra Prasad
Managerial Remuneration **50,11,438** 36,71,829

c) Due (to) / from related Party
as at the year end

Key Management Personnel
Sri K. Harishchandra Prasad **(10,71,018)** (10,466)

15. In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" the company has accounted for the deferred taxes during the year. The following are the major Components of the said deferred tax asset/(liability).

Particulars	2009-10	2008-09
	Rs.	Rs.
Difference between book and tax depreciation	(41,431)	(85,651)
Provision for other expenses	19,283	17,964
TOTAL	(22,148)	(67,687)

16. As required by Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the Management has carried out the assessment of Impairment of assets and no Impairment was found.

17. Profit / Loss on sale of Investments credited / debited to Profit and Loss account consists of the following.

(amount in Rupees)

S.No.	PARTICULARS	Current year	Previous year
a)	Net Long Term Gain /(loss)		
	Long Term Gain	1,40,55,489	79,39,189
	Long Term loss	5,24,64,339	41,35,960
		(3,84,08,850)	38,03,229
b)	Net Short Term Gain /(loss)		
	Short Term Gain	8,09,384	5,67,234
	Short Term loss	18,88,076	16,70,909
		(10,78,692)	(11,03,675)
	TOTAL PROFIT/(LOSS) (a+b)	(3,94,87,542)	26,99,554

18. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

(amount in Rupees)

	Current year	Previous year
Profit as per Profit and loss account	6,65,63,751	(1,90,69,767)
Add : Managerial remuneration	55,11,438	36,71,829
Add : Directors Sitting fees	27,500	25,000
Add : Loss on sale of Investments (Net)	3,94,87,542	(26,99,554)
	11,15,90,231	(1,80,72,492)
Less: Losses relating to earlier years	1,80,72,492	—
Net Profit in accordance with Section 349	9,35,17,739	(1,80,72,492)

19. Commission to Managerial personnel:

(amount in Rupees)

	Current year	Previous year
Managing Director : 2% of the Net Profit	18,70,355	—
Restricted to Maximum Ceiling	10,80,000	—
Non - Executive Directors : 1% of the Net Profit	9,35,177	—
Restricted to Maximum Ceiling	5,00,000	—

20. Managerial remuneration included in other heads of account.
(amount in Rupees)

S.No.	PARTICULARS	Current year	Previous year
a)	Managing Director ***		
	Salary and allowances	32,40,000	28,80,000
	Cost of perquisites and contributions	6,91,438	7,91,829
	Commission	10,80,000	—
b)	Non - Executive Directors Commission	5,00,000	—
	TOTAL	55,11,438	36,71,829

*** Previous year only Minimum remuneration as per Schedule XIII of the Companies Act, 1956.

21. The other particulars as required under Part-II, Schedule VI to the Companies Act, 1956 are not given, as they are not applicable to the Company for the time being.

22. Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable with current year's figures.

for and on behalf of the Board

Per our report of even date
For M. Anandam & Co.,

Chartered Accountants

Firms' Registration Number: 000125S

M.V. Ranganath

Partner

Membership Number: 28031

for BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 000513S

P. CHANDRAMOULI

Partner

Membership Number: 25211

R. SURENDER REDDY
Director

K. HARISHCHANDRA PRASAD
Managing Director

Place: Hyderabad

Date : 03.08.2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration details**Company Identification No. (CIN):

L	6	5	9	2	0	A	P	1	9	2	3	P	L	C	0	0	0	0	4	4
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

 State Code

0	1
---	---

Date Month Year**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs.thousands)**Public Issue

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

Rights issue

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

Bonus Issue

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

Private Placement

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

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.thousands)Total Liabilities

				2	6	4	0	5	6
--	--	--	--	---	---	---	---	---	---

Total Assets

				2	6	4	0	5	6
--	--	--	--	---	---	---	---	---	---

SOURCES OF FUNDSPaid-up Capital

				3	0	0	0	0	0
--	--	--	--	---	---	---	---	---	---

Reserves & Surplus

				2	3	4	0	3	3
--	--	--	--	---	---	---	---	---	---

Secured Loans

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

Unsecured Loans

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

APPLICATION OF FUNDSNet Fixed Assets

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

Investments

				2	4	5	6	1	9
--	--	--	--	---	---	---	---	---	---

Net Current Assets

				9	2	6	4
--	--	--	--	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

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

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)Turnover

				1	1	5	3	4	4
--	--	--	--	---	---	---	---	---	---

Total Expenditure

				4	8	7	8	1
--	--	--	--	---	---	---	---	---

Profit Before Tax

				6	6	5	6	4
--	--	--	--	---	---	---	---	---

Profit After Tax

				6	0	3	5	3
--	--	--	--	---	---	---	---	---

Earning Per Share in Rs.

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

Dividend Rate %

								2	5
--	--	--	--	--	--	--	--	---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (As per monetary terms)**Product Description**

L	E	A	S	I	N	G			
---	---	---	---	---	---	---	--	--	--

Item Code

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

I	N	V	E	S	T	M	E	N	T	S
---	---	---	---	---	---	---	---	---	---	---

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

I	N	T	E	R		C	O	R	P	O	R	A	T	E		D	E	P	O	S	I	T	S
---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---

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

Place : Hyderabad
Date : 03/08/2010**R. SURENDER REDDY**
Director**K. HARISHCHANDRA PRASAD**
Managing Director



Lakshmi

FINANCE & INDUSTRIAL CORPORATION LTD.

ANNUAL REPORT 2009-2010

LAKSHMI FINANCE & INDUSTRIAL CORPORATION LTD

Registered Office: 1st Floor, "Suryodaya", 1-10-60/3, Begumpet, Hyderabad-500 016

Tel: 91-40-27760301/27767794 Fax: 91-40-27767793, Email: lakshmi_lfic@yahoo.com

Dear Shareholder,

Dt: 03.08.2010

REF: PAYMENT OF DIVIDEND THROUGH ELECTRONIC CLEARING SERVICE (ECS)

As a part of your Company's endeavour to improve the services to investors, we informed the Electronic Clearing Services (ECS) facility for payment of dividend, with a view to safeguard our mutual interest, we would strongly recommend that you avail the ECS facility. You would be aware of Electronic Clearing Services (ECS) being offered by The Reserve Bank of India (RBI) in selected cities. ECS facilitates automatic credit of payments to one's Bank Account and eliminates the risk of fraudulent encashment and also the risk of loss in transit of instruments of payment.

Under this arrangement, the payment instructions would be issued electronically through our Bank to the Clearing Authority (RBI) and the Clearing Authority would give Credit reports to the Bank with whom you maintain the specified Bank Account. Your Bank inturn will credit to your account, on the due date and indicate the credit entry as "ECS" in your Bank Pass Book/Bank Statement. We will be issuing an advice to you directly about the payment to the credit of your account.

At present our Bank offers ECS facilities in the selected cities and it is likely that this facility will be extended to other cities/towns in future. **If you hold the shares in dematerialized form, you may kindly inform your Depository Participant about your ECS particulars/ changes in the Bank Account who will be updating these details in NSDL/ CDSL system. The updated details in the Depository System will be used by us for remitting your dividend.**

If you are holding shares in physical form fill up the mandate form attached and send it along with a cancelled cheque leaf or a photocopy of the same attached to it to our Company address as early as possible, but not later than 10th September, 2010.

Shareholders in places where ECS facility is not available may also send us their Bank Account details. These details will be printed on the face of the dividend warrants. The Dividend Warrant will be continued to be sent to your address and not to the Bank directly. In case ECS facility introduced in your place, in future we will use these details for remitting dividend by ECS.

Thanking you,

Yours faithfully,
For Lakshmi Finance & Industrial Corporation Ltd

K HARISHCHANDRA PRASAD
MANAGING DIRECTOR

LAKSHMI FINANCE & INDUSTRIAL CORPORATION LTD

Registered Office: 1st Floor, "Suryodaya", 1-10-60/3, Begumpet, Hyderabad-500 016

Tel: 91-40-27760301/27767794 Fax: 91-40-27767793, Email: lakshmi_lfic@yahoo.com

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) ECS MANDATE FORM FOR PAYMENT OF DIVIDEND ON EQUITY SHARES HELD IN PHYSICAL FORM.

1. First Shareholder's Name (In Block Letters) : _____
 2. Shareholders Folio/ Client.ID No. : _____
 3. Particulars of Bank Account : _____
 - A) Bank Name : _____
 - B) Branch Name, Address & Phone number : _____
 - C) Account No. (as appearing on the Cheque Book) : _____
 - D) Account Type: : S.B A/c. Current. A/c. Cash Credit.A/c.
 - E) Ledger Folio No. : _____
 - F) 9 Digit Code No.Of the Bank & Branch : _____
- Appearing on the MICR Cheque Issued by the Bank

- Important :**
1. Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code numbers.
 2. I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete information, I would not hold the Company responsible.

Signature of the first Shareholder

Name: _____

Address: _____

Pincode : _____

Tel. Ph.No. _____

Date:

Place:

For Office Use : ECS No. _____



FORM 2B

(See rules 4CCC and 5D)

NOMINATION FORM

[To be filled in by individual(s) applying singly or jointly]

I/we _____ and _____

the holders of shares bearing Folio Number(s) _____ of LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED wish to make a nomination and do hereby nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of the Shares shall vest in the event of my/our death.

NAME & ADDRESS OF NOMINEE:

Name : _____

Address : _____

Pin Code : _____

Date of Birth* : _____ (*to be furnished in case of nominee is a minor)

The Nominee is a minor whose Guardian is _____

(Name and Address of Guardian) _____

Signature of Nominee/Guardian : _____

(To be deleted if not applicable)

1) Signature _____ 2) Signature _____

Name : _____ Name : _____

Address : _____ Address : _____

Date : _____ Date : _____

to be attested by the shareholder(s) _____ (Signature of shareholder)

Name, Address & Signature of Two Witnesses:

Name and Address	Signature with date
1.	
2.	

Instructions:

- The Nomination can be made individual only, applying/holding Shares on their own behalf singly or jointly upto two persons. Non-individuals including Society, Trust, Body Corporate, Partnership firm, karta of Hindu Undivided Family, holder or power of Attorney cannot nominate. If the Shares are held jointly, all joint holders will sign the nomination form.
- A minor can be nominated by a holder of shares and in that event the name and address of the Guardian shall be given by the holder.
- The nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a power of Attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
- Nomination stands rescinded upon transfer of shares
- Transfer of Shares in favour of a nominee shall be valid discharge by the Company against the legal heir.
- Subject to rules and regulations as applicable from time to time.



ATTENDACE SLIP

LAKSHMI FINANCE & INDUSTRIAL CORPORATION LTD

Registered Office: 1st Floor, "Suryodaya", 1-10-60/3, Begumpet, Hyderabad-500 016
Tel: 91-40-27760301/27767794 Fax: 91-40-27767793, Email: lakshmi__lfic@yahoo.com

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. It help us to make proper arrangements. Failure to bring this Attendance Slip will create unnecessary inconvenience to you. Joint Shareholders may obtain additional Attendance Slips on request.

Member(s) Name _____

Client ID/Folio Number _____

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Monday, the 20th September, 2010 at 9.30.A.M. at Triveni Banquet Hall, Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, (Lane Opp. to Allauddin Building), Begumpet, Hyderabad- 500016.

Member's / Proxy's Signature

NOTE: Please carry with you this Attendance Slip and hand over the same, duly signed at the space provided, at the entrance of the meeting hall.

PROXY FORM



LAKSHMI FINANCE & INDUSTRIAL CORPORATION LTD.

DP ID. : _____

Client ID. /Folio No. / Shares held : _____

I/We _____ of _____
being a Member / Members of LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED hereby
appoint _____ of _____ or failing
him _____ of _____ as my /our
proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Monday, the 20th
September, 2010 at 9.30.A.M. and any adjournment thereon.

Signed this _____ day of _____ 2010.

Affix
One Rupee
Revenue
Stamp

Note:

1. The Proxy shall be signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or attorney duly authorised by it.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
3. The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

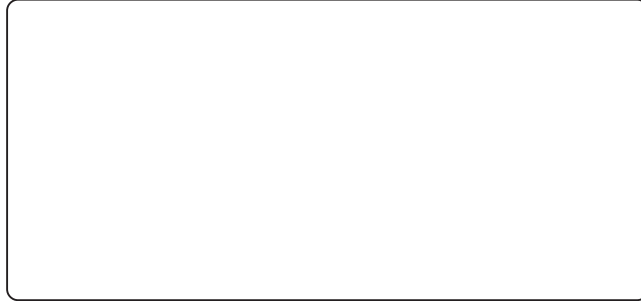
FOR OFFICE USE ONLY

PROXY NO. _____ CLIENT ID/ FOLIO NO. _____

No. of Shares _____

BOOK - POST
PRINTED MATTER

To,



If undelivered please return to :



Lakshmi

FINANCE & INDUSTRIAL CORPORATION LIMITED

*1st FLOOR, "SURYODAYA", 1-10-60/3,
BEGUMPET, HYDERABAD - 500 016. (A.P.)
Phone No. : 040-27760301, 27767794
Fax : 040-27767793
E-mail: lakshmi__lfic@yahoo.com*