

20th

**ANNUAL REPORT
2013 - 2014**



KanakaDurga

LEASING & FINANCE LIMITED

Reg. Office :

47-7-31, Jammichettu Centre, Moghalrajpuram, VIJAYAWADA - 10

COMPANY INFORMATION

Board of Directors :	(i) Sri Sandireddy Lakshmi Narayana Managing Director (ii) Smt.Sandireddy Ratna Kumar Whole-Time Director (iii) Sri Sandireddy Jayaprakash Narayana Chowdary Whole-Time Director (iv) Sri Sandireddy Srimannarayana Whole-Time Director
Auditors :	M/s.Suresh And Babu Chartered Accountants # 29-4-54K, 1 st Floor CSI Complex, Upstairs of IOBRamachandra Rao Road Governorpet, Vijayawada – 520002.
Bankers :	(i) Andhra Bank Suryaraopet, Vijayawada. (ii) The KarurVysya Bank Limited Governorpet, Vijayawada.
Registered Office :	#47-7-41, Jemmichettu Centre, Moghalrajpuram, Vijayawada – 520010.

VEHICLE FINANCE BRANCHES:	GUNTUR : 4/2, Opp:RelianceTrendz,Aurandalpet ELURU : Bharat Dental Clinic Building,N.RPet. NELLORE : SVS Complex, Near Madras Bustand. ONGOLE : Beside Power Office, Kurnool Road. RAJAHMUNDRY :14-13-6/1, Opp:RTC Complex. VISAKHAPATNAM : G.K.Towers, Dwarakanagar. TENALI : 11-1-20, Tilak Road, Chenchupet. TIRUPATI : Opp:Sri Inn, Tiruchanuru Road. BHIMAVARAM :Near Old Bus Stand,Ambedkar Centre. VIZIANAGARAM :Sri Sai Complex,MayuriJunction. ANAKAPALLI : Opp:RTCCOMPLEX,B. Apparao Complex. SRIKAKULAM :SriramGayathriHeights,M.P.Road. KADAPA :NallarathimedaCentre,Apsara-Bustand Road. ANANTHAPURAM :IswaryaTowers,Near Clock Tower. KURNOOL : Beside SBI,Nandhyala Road. HYDERABAD :AboveSBI,Vengalrao Nagar. VISAKHAPATNAM :58-1-330, Buchirajupalem,NAD Kotha Road.
GOLD LOAN BRANCHES:	VISAKHAPATNAM :G.K.Towers, Dwarakanagar. VIJAYAWADA :40-1-41,NearManyaShowroom,Labbipet. VIJAYAWADA :NearBodemmaHotel,One town. ONGOLE :Chunduri Petrol Bunk,Kurnool Road. GUNTUR :4/2, Opp:RelianceTrendz,Aurandalpet. BHIMAVARAM :Near Old Bus Stand, Ambedkar Centre ANANTHAPURAM :IswaryaTowers,Near Clock tower. KURNOOL :Beside SBI,Nandhyala Road. HYDERABAD :Above SBI,Vengalrao Nagar



KANAKADURGA LEASING & FINANCE LIMITED

47-7-31, Jammichettu centre, Moghulrajpuram, Vijayawada – 520010.

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at the Registered Office of the Company at 47-7-31, Jammichettu Centre, Moghulrajpuram, Vijayawada - 520010 on Monday 21st July, 2014 at 4.30 p.m. to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors thereon.
2. To appoint a Director in place of Sri S.Jayaprakash Narayana Chowdary who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri S.Srimannarayana who retires by rotation and being eligible, offers himself for re-appointment.
4. To declare a Dividend @ 10% on Equity Shares for the year 2013-14.
5. Appointment of Auditors:

To Consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary Resolution.

“Resolved that M/s. Suresh and Babu, Chartered Accountants, Vijayawada retire at this annual general meeting, being eligible and willing to act as Auditors of the company, be and are hereby appointed as Auditors of the Company to hold office till the conclusion of the next Annual General Meeting at such a Remuneration as may be fixed by the Board of Directors in addition to the reimbursement of out of pocket expenses.”

<p>Place : Vijayawada</p> <p>Date : 18th June 2014</p>	<p>By order of the Board of Directors For Kanakadurga Leasing & Finance Limited</p> <p>Sd/- Sandireddy Lakshmi Narayana Chairman cum Managing Director</p> <p>Sd/- Sandireddy Srimannarayana Whole time Director</p>
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ANNEXURE TO NOTICE

NOTES:

A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. The instrument appointing the proxy and power of attorney or the authority, if any, under which it is signed or notorially verified copy of the power of authority shall be deposited at the Registered office at 47-7-31, Jammichettu Centre, Mogalrajpuram, Vijayawada - 520010 not later than 48 hours before the commencement of meeting.

By order of the Board of Directors
For Kanakadurga Leasing & Finance Limited

Sd/-

Sandireddy Lakshmi Narayana
Chairman cum Managing Director

Sd/-

Sandireddy Srimannarayana
Whole time Director

Place : Vijayawada

Date : 18th June 2014



KANAKADURGA LEASING & FINANCE Ltd.

VISION

To become one of the largest NBFC in India by providing customized financing solutions to the borrowers and to maximize assets quality by diversifying in to different product lines.

MISSION

To touch the lives of 1 million households by offering customized financial solution.

To become the best place of work.

Partner with a continuous support to the society.



FINANCIAL HIGHLIGHTS

Particulars	2013-2014	2012 -2013	2011-2012
	(Rs.in Lakhs)	(Rs.in Lakhs)	(Rs.in Lakhs)
Gross Revenue	2121.35	1789.98	1493.93
Profit Before Depreciation and Tax	635.71	686.40	620.41
Depreciation	14.70	11.68	6.73
Profit Before Tax	621.01	674.72	613.68
Provision for Tax	205.43	223.63	205.50
Profit After Tax	415.58	451.09	408.18
Balance brought forward from previous year	1104.19	855.40	530.62
Amount available for apportionment	1519.77	1306.49	938.80
Tax relating to previous year	0	0	0
Dividend and tax thereon	117.94	112.08	0
Loss of Previous Year	0	0	1.76
Transfer to Reserve Fund	83.12	90.22	81.64
Balance Carried Forward	1318.71	1104.19	855.40
Paid-up Share Capital	1008.08	929.17	900.05
Tangible Net-worth	3195.09	2647.22	2247.66
Total Credit Exposure	8936.41	7301.70	5083.46

**REVIEW OF OPERATIONS**

Your Company is progressing in the same pace as earlier and recorded growth in volume of business and profitability. Total Credit Exposure has gone up to Rs.8936.41 Lacks as against Rs.7301.70 Lacks in the preceding year registering a growth of 22.38%. Gross revenue generated during the year has increased by 18.51%, PBDT has decreased by 7.96% and Profit after Tax has decreased by 7.87% over preceding year. Decrease in profit was due to increase in rate of interest on bank borrowings, reduction of IRR on advances and increase in other establishment expenses. During the Financial year the company has disbursed the total amount of Rs.12315.61 Lacks towards Stock on Hypothecation and loans against jewellery as against Rs.7748.99 Lacks over preceding year 2012-13.

NON PERFORMING ASSETS:

The Company has maintained the quantum of NPAs at 0.02% level during this year. During the year company created a provision for Standard Assets as per RBI Norms at 0.25%.

CAPITAL ADEQUACY:

Capital to Risk-weighted Assets Ratio (CRAR) as on 31st March 2014 was 33.64%, composed of Tire I 33.15% and Tire II 0.49%. The minimum CRAR prescribed by Reserve Bank of India is only 15%.

RBI REGISTRATION

As you are aware your Company is registered with Reserve Bank of India and the Registration No. is 09.00204. Your Company retains the classification given by the Reserve Bank of India as Asset Finance Company.

DIRECTORS

Sri.S.Jayaprakash Narayanachowdary is liable to retire by rotation at the 20th Annual General Meeting and being eligible offer himself for re-appointment.

Sri.S.Srimannarayana is liable to retire by rotation at the 20th Annual General Meeting and being eligible offer herself for re-appointment.

AUDITORS

M/s. Suresh and Babu, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment.

AUDITOR'S REPORT

The observations made in Auditors report are self-explanatory and do not require further clarifications.



OUT LOOK

With our diversified portfolio, we are having potential growth opportunity for each product line. The product line includes,

Hypothecation:

Our company is closely aligned with the automotive sector and is therefore likely to be affected by its performance. The light commercial industry has witness a growth of 15% in 2013 and is expected to grow by around 12% in 2014. At present we have 19 branches across the coastal AP, Rayalaseema and Hyderabad with opportunity to open up new branches in **TELANGANA**, we are confident of tapping the potential there.

Gold loans:

Even though the gold loan industry as such has been on a bumpy ride since last year, the outlook of the gold loans in the vast urban and semi urban areas is there for grabs. The gold loan industry provides us the opportunity of funding with a very minimum risk and high returns.

We have 10 branches across Andhra Pradesh and Hyderabad with strong procedures, systems and quality manpower in place. With sufficient funds we are confident of reaching great heights in gold loan finance.



RESOURCE MOBILIZATION:

OWN FUNDS:

The total net worth of the company is Rs.31.95 crores for the financial year 2013-14 and we are further planning to infuse capital of Rs.2 crores in this year.

BANK FINANCE:

As part of the overall funding plan, our Company's working capital limit is serviced in the form of multiple banking by Andhra bank and KarurVysyaBank with limits of Rs.35 crores and Rs. 25 crores respectively. We have raised a term loan of Rs.7 crores against our receivables from sundaram finance ltd. During the year, the company is planning to increase overall outstanding of bank loans in the tune of Rs.100 crores.

CREDIT RATINGS

CARE has reaffirmed the [**CARE]-BBB (pronounced CARE TRIPLE B MINUS)** rating to the Rs.65.00 crore credit facilities of Kanakadurga Leasing & Finance Limited (KLFL). The Outlook on the long term rating of the company is stable.



KEY FINANCIAL INDICATORS

S.NO	DECRPTION	2013-14	2012-13	2011-12	2010-11	2009-10
1	EQUITY CAPITAL	10.1	9.2	8.9	6.6	6.6
2	NETWORTH	31.95	26.38	22.37	16.42	14
3	STOCK+ LOANS+LEASE	92.77	76.35	51.24	46.7	40.4
4	TOTAL ASSETS	99.47	81.97	59.55	49	42.3
5	TOTAL INCOME	20.43	17.15	14.15	9.21	5.5
6	NET INTEREST INCOME	12.27	11.41	9.26	4.489	2.9
7	PBT	6.21	6.74	6.13	3.182	2.1
8	PAT	4.16	4.51	4.08	1.89	1.5
9	YIELD AVE EARNING ASSETS	23.28%	24.96%	27.25%	20.18%	16%
10	COST OF AVG INTEREST BEARING FUNDS	14.03%	12.39%	14.30%	13.33%	9.60%
11	GROSS INTEREST SPREAD	9.25%	12.57%	13.20%	6.85%	6.40%
12	OPERATING EXPENDITURE / AVG ASSETS	6.54%	6.72%	5.86%	5.36%	4.00%
13	COST TO INCOME RATIO	27.98%	32.39%	33.95%	42.37%	39.60%
14	PBT/AVG TOTAL ASSETS	6.85%	9.53%	11.29%	6.97%	6.10%
15	PAT/AVG TOTAL ASSETS	4.58%	6.37%	7.52%	4.14%	4.30%
16	RETURN AVG NETWORTH	14.26%	18.50%	21.03%	12.43%	12.60%
17	TOTAL DEBT/NETWORTH	2.1	2.1	1.6	1.9	1.9



DISCLOSURES

Being a Finance Company inclusion of particulars with respect to conservation of energy and Technology absorption as required under companies (disclosure of particulars in the report of the Board of Directors) Rules, 1998 does not arise.

Information to be disclosed as per Clause 5(1) of the "Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directors, 1998" :

There are no accounts of public deposit of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment as on 31st March 2014.

The total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in the above para is NIL as on 31st March 2014.

There are no Public Deposits, as on 31st March 2014, in terms of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 as amended up to date.

Information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975:

None of the employees has drawn more remuneration than the limits prescribed under Section 217(2A) of the Companies Act, 1956.

Directors Responsibility Statement pursuant to Section 217(2AA) of the Companies Act, 1956.

Pursuant to the requirement U/s.217 (2AA) of the Companies Act, 1956, with respect to Directors responsibility statement, it is hereby confirmed

1. That applicable Accounting Standards have been followed in the preparation of annual accounts.
2. That the directors had 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 as at 31st March 2014 and of the profit or loss of the company for the year ended on that date.
3. That the directors had 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.
4. That the Directors have prepared the accounts for the financial year ended 31st March 2014 on the Going Concern basis.

**HUMAN RESOURCES**

Competent staff is one of the main strengths of the Company. Various measures are adopted for development of skills and motivation. Staff members are provided opportunities for growth and realization of their potential.

ACKNOWLEDGMENTS

The Board of Directors wish to place on record their appreciation of the support extended by bankers, Customers and Debenture holders who have contributed to the growth of the Company. Your directors also wish to thank Share Holders for their continued confidence in the Company.

For and on behalf of the board

Sd/-

Sandireddy Lakshmi Narayana
Chairman cum Managing Director

Place: Vijayawada

Date :18th June 2014

Sd/-

SandireddySrimannarayana
Whole time Director



INDEPENDENT AUDITORS' REPORT

To
The members of
Kanakadurga Leasing & Finance Limited,

Report on Financial Statements

We have audited the accompanying financial statements of **Kanakadurga Leasing & Finance Limited**, which comprise the Balance Sheet as at 31st March, 2014, Statement of Profit & Loss and Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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 31 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit/Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Suresh And Babu
Chartered Accountants

FRN: 004254S

Sd/-

(S.Muralikrishna Rao)
Partner.

ICAI M.No.208435

Place : Vijayawada
Date : 18th June 2014

**Annexure to the Auditors' Report:**

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We were informed that all the fixed assets of the Company have been physically verified by the management during the year at reasonable intervals and no discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any fixed assets. According to the information and explanations given to us, we are of the opinion that the sale of the said assets has not affected the going concern status of the company.
- (ii) Since the company is a Non-Banking Financial Company, the provisions of clauses 4(ii)(a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (iii) (a) The company has taken secured loans in the form of secured debentures/fully convertible debentures from four parties listed in the register maintained under Section 301 of the Companies Act. The maximum amount involved during the year was Rs.22.03 Lakhs and the year-end balance of such loan was Nil. The company has not granted any loans to parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans taken from the parties listed in the register maintained U/s.301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principle amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loans taken from the parties listed in the register maintained U/s.301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions, which were made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public. No order has been passed by the Company Law Board.
- (vii) The company does not have formal internal audit department but the company's internal control procedures together with the internal checks conducted by the management staff during the year can be considered as an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including, income tax, service tax 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, and wealth tax were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax and wealth tax which have not been deposited on account of any dispute.
- (x) In our opinion, the company does not have any accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.



- (xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had issued 40900 debentures of Rs.100/- each. The company has created security in respect of debentures issued.
- (xx) In our opinion and according to the information and explanations given to us, no funds have been raised by public issue of shares and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Suresh And Babu
Chartered Accountants
FRN: 004254S

Place : Vijayawada
Date : 18th June 2014

Sd/-
(S.Muralikrishna Rao)
Partner.
ICAI M.No.208435

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS PURSUANT TO THE NOTIFICATION No:DFC.117/DG(SPT)-98, DATED 02-01-1998 ISSUED BY THE RESERVE BANK OF INDIA:**

Name of the Company : Kanakadurga Leasing & Finance Limited
Regd.No. : 09.00204

1. The company has been granted the Registration as Non-Banking Finance Company by the Department of Non-Banking Supervision, Reserve Bank of India, Hyderabad vide its Registration on bearing No.09.00204, dated 28th November, 1998.
2. The company is entitled to continue to hold Certificate of Registration in terms of its asset/income pattern as on 31st March 2014.
3. The company has been correctly classified as Asset Finance Company (AFC) as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the financial year under review.
4. The Board of Directors of the company has passed a resolution for the non acceptance of any public deposits as defined by Reserve Bank of India.
5. The company has not accepted any public deposits during the year under review.
6. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it as per the provisions of Paragraph 7 of the Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**For Suresh And Babu
Chartered Accountants
FRN: 004254S**

Place : Vijayawada
Date : 18th June 2014

Sd/-
(S.Muralikrishna Rao)
Partner.
ICAI M.No.208435

**KANAKADURGA LEASING & FINANCE LIMITED****Balance Sheet as at 31st March 2014****(Amount In Rs)**

	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	100,808,470	92,917,470
(b) Reserves and surplus	3	218,697,584	171,354,136
2 Share Application Money Pending allotment		3,057	450,000
3 Non-current liabilities			
(a) Long-term borrowings	4	40,869,268	14,831,936
(b) Deferred tax liabilities (Net)	5	2,224,431	1,593,000
(c) Long-term provisions	6	2,380,565	1,917,903
4 Current liabilities			
(a) Short-term borrowings	7	573,648,484	490,407,484
(b) Trade payables		-	-
(c) Other current liabilities	8	20,985,783	10,805,104
(d) Short-term provisions	9	35,056,969	35,395,639
TOTAL		994,674,611	819,672,672
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	35,527,854	33,482,791
(ii) Capital work-in-progress		-	-
(b) Non-current investments		-	-
(c) Long-term loans and advances	11	92,115,431	524,873,514
(d) Other non-current assets		-	-
2 Current assets			
(a) Cash and cash equivalents	12	31,415,068	22,728,570
(b) Short-term loans and advances	13	811,693,083	215,818,448
(c) Other current assets	14	23,923,175	22,769,349
TOTAL		994,674,611	819,672,672
Notes form an integral part of these financial statements	20		

As per our Report of even date

For Suresh And Babu

Chartered Accountants

Sd/-
S.Muralikrishna Rao

Partner

Place: Vijayawada

Date: 18th June 2014

For and on behalf of the board

Sd/-

(Sandireddy Lakshmi Narayana)

Managing Director

Sd/-

(S.J.P.Narayana Chowdary)

Whole-time Director

Sd/-

(S.Srimannarayana)

Whole-time Director



KANAKADURGA LEASING & FINANCE LIMITED
Statement of Profit and Loss for the year ended 31st March 2014

(Amount In Rs)

	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Income:			
I. Revenue from operations	15	210,905,535	175,968,460
II. Other income	16	1,229,019	3,029,137
III. Total Revenue (I + II)		212,134,554	178,997,597
IV. Expenses:			
Employee benefit expenses	17	25,078,636	18,695,717
Finance costs	18	80,680,650	54,429,964
Depreciation	10	1,470,471	1,168,353
Other expenses	19	42,803,734	37,231,654
Total expenses		150,033,491	111,525,688
V. Profit before exceptional Items and tax (III-IV)		62,101,063	67,471,909
VI. Exceptional item		-	-
VII. Profit before tax (V- VI)		62,101,063	67,471,909
VIII Tax expense:			
(1) Current tax		19,912,097	21,813,688
(2) Deferred tax	5	631,431	549,315
IX Profit for the year (VII-VIII)		41,557,535	45,108,906
X Earnings per Equity Share:			
Weighted average number of Equity Shares outstanding during the year		9,204,255	8,921,019
Basic & diluted earnings per share, including exceptional item (in Rs.)		4.52	5.06
Basic & diluted earnings per share, excluding exceptional item (in Rs.)		4.52	5.06
Nominal value per share (in Rs.)		10.00	10.00
Notes form an integral part of these financial statements	20		

As per our Report of even date

For Suresh And Babu
Chartered AccountantsSd/-
S.Muralikrishna Rao
Partner

Place: Vijayawada

Date: 18th June 2014

For and on behalf of the board

Sd/-

(Sandireddy Lakshmi Narayana)

Managing Director

Sd/-

(S.Srimannarayana)

Whole-time Director

Sd/-
(S.J.P.Narayana Chowdary)
Whole-time Director

**Schedule – 1****Company Overview:**

Kanakadurga Leasing & Finance Limited is a Non-Banking Finance company duly registered with the Reserve Bank of India vide Regd.No.09.00204. It provides financial services to various customers by way of hypothecation of vehicles, loans against gold jewellery and general finance. The Company's registered office is in Vijayawada.

1. Significant Accounting Policies:**1.1 Basis of Preparation & Use of Estimates:**

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 1956. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies. The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

1.2 Income recognition:

- a) Income from Hypothecation Loans is accounted on the basis of the Internal Rate of Return method.
- b) Income from other financing activities including gold loans is recognised on accrual basis.
- c) Additional Financial Charges are accounted for as and when received.

1.3 Fixed Assets and Depreciation / Amortisation:

Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation on assets is provided on the Straight Line method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are fully depreciated.

1.4 Valuation of Investments:

Company does not carry any investments.

1.5 Foreign Currency Transactions:



There were no foreign currency transactions during the year under review.

1.6 Employee Benefits:

The provisions of Provident Fund Act and the Payment of Gratuity Act are applicable to the company. However the company has been following the provisions of the abovementioned statutes.

1.7 Taxation:

Current tax is provided on the taxable income for the year. Deferred tax liabilities arising from timing differences have been fully provided. Deferred tax assets are recognised on the consideration of prudence.

1.8 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.9 Provisions:

Provisions are recognised when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

**KANAKADURGA LEASING & FINANCE LIMITED****Notes forming part of the Financials Statements****Note : 2 : SHARE CAPITAL****(Amount In Rs)**

	As at 31st March 2014	As at 31st March 2013
Authorised		
11750000 Equity shares of Rs.10/- each (Previous year 9750000 Equity Shares of Rs.10/- each)	117,500,000	97,500,000
250000 redeemable Preference Shares of Rs.10/- each	2,500,000	2,500,000
	120,000,000	100,000,000
Issued, Subscribed & Paid Up		
1,00,80,847 Equity shares of Rs.10/- each fully paid (Previous year 9201847 Equity Shares of Rs.10/- each fully paid)	100,808,470	92,018,470
Redeemable Preference Shares of Rs.10/- each fully paid (Previous year 89900 Equity Shares of Rs.10/- each fully paid)	-	899,000
Total	100,808,470	92,917,470

Rights, preferences and restrictions attached to :

Equity Shares:- The Company has only one class of equity share having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the Event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Reconciliation of Number of Shares

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares:				
Opening Balance	9,201,847	92,018,470	89,106,47	89,106,470
Changes during the year	879,000	8,790,000	291,200	2,912,000
Closing Balance	10,080,847	100,808,470	9,201,847	92,018,470
Preference Shares:				
Opening Balance	89,900	899,000	89,900	899,000
Changes during the year	(89,900)	(899,000)	-	-
Closing Balance	-	-	89,900	899,000

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

Name of the Share Holders	As at 31st March 2014		As at 31st March 2013	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Kanakadurga Financial Services Ltd	2114200	20.97	2046000	22.23
S.Lakshminarayana	1888837	18.74	1635137	17.77
S.Ratna Kumari	1037794	10.29	825064	8.97
S.Jayaprakash Narayana Chowdary	2450760	24.31	2298800	24.98
S.Srimannarayana	2387626	23.68	2258446	24.54

**Note : 3 : RESERVES & SURPLUS**

(Amount In Rs)

	As at 31st March 2014	As at 31st March 2013
Share Premium Reserve		
Opening Balance	27,799,402	23,431,402
Add: Additions during the year	17,580,000	4,368,000
	45,379,402	27,799,402
Statutory Reserve (As per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening Balance	32,984,980	23,962,980
Add: Additions/(Deductions) during the Year	8,311,507	9,022,000
	41,296,487	32,984,980
Debenture Redemption Reserve		
Opening Balance	150,600	150,600
Add: Additions during the year	-	-
	150,600	150,600
Surplus in Statement of Profit and Loss		
Opening balance	110,419,154	85,539,699
Add: Profit for the year	41,557,535	45,108,906
	151,976,689	130,648,605
Less: Appropriations		
Transfer to Statutory Reserve	8,311,507	9,022,000
Loss Relating to earlier years	-	-
Proposed Dividend on Redeemable Preference Shares	-	377,580
Proposed Dividend	10,080,847	9,201,847
Tax on Proposed Dividend	1,713,240	1,628,024
Closing Balance	131,871,095	110,419,154
Total	218,697,584	171,354,136

**Note : 4 : LONG-TERM BORROWINGS**

(Amount In Rs)

	As at 31st March 2014	As at 31st March 2013
Secured		
Non-Convertible Secured Debentures	14,863,237	14,783,429
Sundaram Finance Limited	26,006,031	-
Sundaram Finance Limited - Car Loan	-	48,507
Total	40,869,268	14,831,936

Note: Non-Convertible secured debentures are secured by hypothecation of receivables under hypothecation agreements except those charged to banks and other financial institutions. Car loan from Sundaram Finance Limited is secured by hypothecation of car purchased out of that loan.

Note : 5 : DEFERRED TAXES (NET)

	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liabilities on account of Depreciation		
Opening Balance	1,593,000	1,043,685
Add/(Less): Adjustments during the year	631,431	549,315
Total	2,224,431	1,593,000

Note : 6 : LONG-TERM PROVISIONS

(Amount In Rs)

	As at 31st March 2014	As at 31st March 2013
Contingent Provision against Standard Assets		
Opening Balance	1,826,000	1,259,000
Add/(Less): Adjustments during the year	409,000	567,000
	2,235,000	1,826,000
Provision for Non-Performing Assets		
Opening Balance	91,903	318,336
Add/(Less): Adjustments during the year	53,662	(226,433)
	145,565	91,903
Total	2,380,565	1,917,903

**Note : 7 : SHORT-TERM BORROWINGS**

(Amount In Rs)

	As at 31st March 2014	As at 31st March 2013
Secured		
(a) Loans repayable on demand from Andhra Bank*	331,021,356	371,644,172
(b) Loans repayable on demand from Karur Vysya Bank*	242,627,128	118,763,312
Total	573,648,484	490,407,484

*Secured by First Charge on hypothecation receivables both present and future by hypothecation of vehicles and hypothecation of Gold loan receivables.

Note : 8 : OTHER CURRENT LIABILITIES

(Amount In Rs)

	As at 31st March 2014	As at 31st March 2013
(a) Current maturities of long-term debt		
- Term Loan from Sundaram Finance Limited	11,543,934	-
- Car Loan from Sundaram Finance Limited	-	204,703
- Car Loan from Andhra Bank	-	-
- Non-Convertible Secured Debentures	8,473,593	9,953,097
(b) Interest accrued but not due on borrowings	-	-
(c) Advance from customers	-	-
(d) Statutory dues	-	-
(e) Others	-	-
- Debenture Application Money	174,500	174,500
- Insurance Premium Pre-received	793,756	472,804
(f) Share Application Money (in excess of Authorised Capital)	-	-
Total	20,985,783	10,805,104

Note : 9 : SHORT-TERM PROVISIONS

(Amount In Rs)

	As at 31st March 2014	As at 31st March 2013
Provision for tax	19,912,097	21,813,688
Proposed Dividend on Redeemable Preference Shares	-	377,580
Proposed Dividend on Equity Shares	10,080,847	9,201,847
Tax on Proposed Dividend	1,713,240	1,628,024
TDS Payable	238,871	7,034
Auditors Remuneration	55,618	55,618
Rent Payable	-	135,000
Electricity Charges Payable	-	14,755
Telephone Charges Payable	-	4,965
Consultancy Fee Payable	-	15,750
Salaries Payable	2,077,373	1,657,104
ESI Payable	18,658	17,646
PF Payable	869,377	466,628
Others	90,888	-
Total	35,056,969	35,395,639



	Rate (%)	Gross Block (At Cost)				Depreciation				Net Block		
		Balance as at 1st April 2013	Addition/Adjustment	Deduction/Adjustment	Balance as at 31st March 2014	For the year	Deduction/Adjustment	Balance as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2014		
Tangible Assets												
Building	1.63%	10,740,261	-	-	10,740,261	175,066	-	356,367	10,383,894	12,636,920	36,484	10,938
Land	0.00%	12,636,920	-	-	12,636,920	-	-	-	181,805	26,724	740,961	3,039,844
Phone	9.50%	218,289	-	-	218,289	1,789	-	37,662	24,935	73,261	7,529	69,571
Godrej Type Machine and cabinets	4.75%	37,662	-	-	37,662	311,347	-	56,985	1,103,698	1,314	1,198,905	43,071
Computer	9.50%	2,677,107	1,103,698	-	3,780,805	16,276	-	110,201	280,854	99,222	75,158	251,082
CC Cameras	9.50%	452,755	365,108	-	817,863	77,100	-	6,759	59,662	77,577	46,968	703,647
Counting Machine	9.50%	53,100	24,000	-	77,100	1,314	-	110,201	99,222	43,071	43,071	43,071
Jaguar (soft ware)	9.50%	1,111,825	87,080	-	1,198,905	92,463	-	15,496	75,158	592,152	30,620	381,257
Plant & Machinery	4.75%	142,293	-	-	142,293	7,600	-	7,408	592,152	125,839	198,750	381,938
Air conditioner	4.75%	326,240	-	-	326,240	59,662	-	15,496	12,444	12,444	22,360	22,360
Electrical Fittings	6.33%	109,545	15,000	-	124,545	81,907	-	7,408	30,620	592,152	703,647	703,647
Furniture	6.33%	1,288,199	7,600	-	1,295,799	25,987	-	7,408	125,839	125,839	1,683,877	1,683,877
Inverters	9.50%	166,100	245,777	-	411,877	4,633	-	55,165	198,750	198,750	381,938	381,938
Iron Safes	6.33%	1,109,716	700,000	-	1,809,716	143,585	-	55,165	198,750	198,750	381,938	381,938
Vehicles	9.50%	580,688	-	-	580,688	3,306	-	12,444	12,444	12,444	22,360	22,360
Water cooler	9.50%	34,804	-	-	34,804	3,306	-	12,444	12,444	12,444	22,360	22,360
Generator Set	4.75%	149,575	358,536	-	508,111	3,306	-	12,444	12,444	12,444	22,360	22,360
Telephone Equipment	4.75%	66,350	-	-	66,350	3,306	-	12,444	12,444	12,444	22,360	22,360
Spectrum	9.50%	126,947	-	-	126,947	3,306	-	12,444	12,444	12,444	22,360	22,360
Saral Paypack	9.50%	-	37,079	-	37,079	3,306	-	12,444	12,444	12,444	22,360	22,360
Gold Melting Machine	9.50%	-	33,500	-	33,500	3,306	-	12,444	12,444	12,444	22,360	22,360
Bar Code Readers	9.50%	-	120,000	-	120,000	3,306	-	12,444	12,444	12,444	22,360	22,360
Sign Boards	6.33%	-	112,590	-	112,590	3,306	-	12,444	12,444	12,444	22,360	22,360
Television	9.50%	23,800	-	-	23,800	3,306	-	12,444	12,444	12,444	22,360	22,360
Printer	9.50%	184,400	101,566	-	285,966	3,306	-	12,444	12,444	12,444	22,360	22,360
Lift	9.50%	15,000	-	-	15,000	3,306	-	12,444	12,444	12,444	22,360	22,360
UPS	9.50%	361,600	-	-	361,600	3,306	-	12,444	12,444	12,444	22,360	22,360
Routers	9.50%	390,000	-	-	390,000	3,306	-	12,444	12,444	12,444	22,360	22,360
Car passat Exclusive	9.50%	2,627,383	-	-	2,627,383	3,306	-	12,444	12,444	12,444	22,360	22,360
Maruthi Swift	9.50%	688,084	-	-	688,084	3,306	-	12,444	12,444	12,444	22,360	22,360
Xerox machine	9.50%	32,399	-	-	32,399	3,306	-	12,444	12,444	12,444	22,360	22,360
Weighting Machines	9.50%	124,179	204,000	-	328,179	3,306	-	12,444	12,444	12,444	22,360	22,360
Total		36,475,221	3,515,534	4,208,326	36,475,221	1,470,471	725,556	2,992,430	2,992,430	2,992,430	2,992,430	35,527,854
Previous year total		32,992,451			36,475,221	1,168,353		2,43,061	2,992,430	2,992,430		33,482,791

Note : 10 : FIXED ASSETS

**Note : 11 : LONG-TERM LOANS & ADVANCES***Secured and Considered good*

Stock on Hypothecation	92,115,431	524,873,514
	92,115,431	524,873,514

Note : 12 : CASH AND BANK BALANCES

(a)Cash and Cash Equivalents

(i)Balances with banks

In current accounts	16,172,398	13,171,242
In deposit accounts	451,458	417,106

(ii) Cash in hand

	14,791,212	9,140,222
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	31,415,068	22,728,570
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Note : 13 : SHORT-TERM LOANS & ADVANCES*Secured and Considered good*

Loans against security of Gold Jewellery	318,188,428	205,296,772
Stock on Hypothecation	483,337,281	-

Unsecured and Considered good

Demand Loans	27,790	113,193
Due from Directors		-
Due from Others	10,139,584	10,408,483

	811,693,083	215,818,448
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Note : 14 : OTHER CURRENT ASSETS

Advance Tax & TDS	21,005,985	21,030,634
Rent Deposit	2,896,050	1,717,575
Telephone Deposit	16,466	16,466
Electricity Deposit	4,674	4,674

	23,923,175	22,769,349
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**Note : 15 : REVENUE FROM OPERATIONS**

Hypothecation Charges	127,769,851	144,182,596
Interest on Demand Loans	4,253	150,612
Interest on Loans against Gold Jewellery	68,783,565	15,908,005
Penal Interest	14,347,866	15,727,247
	210,905,535	175,968,460

Note : 16 : OTHER INCOME

Miscellaneous Income	924,517	227,399
Portfolio Asset Management Fee	-	2,208,000
Profit on Insurance	264,165	72,441
Interest on Fixed Deposits	40,337	58,396
Commission	-	236,468
NPA Provision written Back	-	226,433
	1,229,019	3,029,137

Note : 17 : EMPLOYEE BENEFITS EXPENSE

Salaries	21,858,746	13,068,935
Directors Remuneration	2,340,000	4,440,000
Staff Welfare Expenses	455,688	808,436
ESI	166,144	130,206
Provident Fund	258,058	248,140
	25,078,636	18,695,717

Note : 18 : FINANCE COSTS

Interest on Debentures	4,509,927	3,246,793
Interest on car loan	-	14,064
Interest on cash credit	75,207,111	49,874,696
Interest on Sundaram Loan	963,612	1,294,411
	80,680,650	54,429,964

**Note : 19 : OPERATION AND OTHER EXPENSES**

Advertisement & Publicity	3,442,511	2,478,052
AMC	9,550	-
Audit Fee	66,170	61,798
Audit Expenses	105,816	22,200
Auction Loss	61,216	39,859
Bank Charges	538,283	192,407
Bad debts (Written off)	435,452	292,575
Business Promotion Expenses	1,831,696	2,829,575
Car Maintenance	191,330	61,500
Cloud Services	3,300	-
Commission & Brokerage	7,808,716	7,544,310
Computer Maintenance	69,546	240,947
Consulting Charges	54,000	210,000
Discount	4,160,541	3,435,103
Donations	122,702	377,624
Ezone Securities	62,250	-
Electricity Charges	728,250	579,312
Insurance	636,299	83,287
Income Tax	80,513	-
Interest on Income Tax	148,323	517,297
Internet Bill	605,755	-
Legal Expenses	146,545	28,678
Loss on sale of car	-	237,495
News papers & Periodicals	27,446	16,798
Contingent provision against Standard Assets	409,000	567,000
NPA Provision	53,662	-
Office Maintenance	3,141,580	2,505,477
Pooja Expenses	36,999	-
Postage	717,013	239,425
Printing & Stationery	1,318,509	777,142
Processing Charges	1,944,936	2,057,626
Professional Fee	600,419	114,826
Professional Tax	-	12,700
Rent	6,450,940	4,295,875
Repairs & Maintenance	3,320,009	3,059,924
Registration Charges	20,250	151,590
ROC Filing	16,135	70,744
Seizing Charges	-	59,998
Subscriptions	6,939	17,292
Taxes & Licenses	102,795	54,264
Telephone	703,215	791,260
Travelling & conveyance	1,935,464	2,399,027
Vehicle Maintenance	688,029	808,668
Valuation Charges	1,630	-
	42,803,734	37,231,654

**20. Notes to accounts****1. Terms of Redemption of Debentures**

Non-Convertible Debentures Privately placed shall be redeemed on the expiry of 18/36 months from the date of issue of each series.

2. Details of Secured Loans and Security**a) Cash Credit from Andhra Bank and KarurVysya Bank**

Cash Credit from Andhra Bank to the extent of Rs.3500.00 Lacs is secured by hypothecation of assets covered by charge on Hypothecation Loan Receivables, ranking *pari passu*, excluding assets which are specifically charged to others.

Cash Credit from KarurVysya Bank to the extent of Rs.2500.00 Lacs is secured by hypothecation of assets covered by charge on Gold Loan Receivables, ranking *pari passu*, excluding assets which are specifically charged to others.

b) Debentures

The Secured Non-Convertible Debentures privately placed are secured by mortgage of immovable property ranking *pari passu* with charges created in favour of the trustees in addition to specific assets covered by charge on Hypothecation Loan receivables with a security cover of 100% as per the terms of issue.

c) Other Secured Loans

Other Secured loans consisting of Term Loan from Sundaram Finance Limited is secured by hypothecation of receivables other than those specifically charged to banks.

3. The presentation in the Balance Sheet, Profit and Loss Statement and Notes to the Accounts is in terms of the Revised Schedule VI to the Companies Act, 1956 which has become mandatory with effect from 1st April, 2011. The assets and liabilities have been classified as current and non-current based on a twelve month operating cycle. Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

4. Borrowing Costs as per Accounting Standard – 16:

Borrowing costs include interest on term loans and Cash Credit Limits with banks/financial institutions and interest on debentures are charged to profit & loss account on accrual basis.

5. Segment Reporting:

The board of directors of the company is of the opinion that there are no separate reportable segments as per Accounting Standard – 17, as the operations of the company are in the nature of an integrated system of function.

6. Related Parties Disclosures:



Related party disclosures, as stipulated by Accounting Standard – 18 – ‘Related Party Disclosures’, are given below:

a) Related Parties and their relationships

- (1) Associates:
M/s.Kanakadurga Motors
- (2) Key Managerial Personnel
S.Lakshmi Narayana
S.RatnaKumari
S.Srimannarayana
S.JayaprakashnarayanaChowdary

b) Related Party Transactions for the Year Ended 31st March 2014

The nature and volume of transactions of the Company during the year, with the above related parties are as follows.

Nature of Transactions	Transactions During the Year	Closing Balance
Remuneration to Key Managerial Personnel	23,40,000	0.0
Rent to Associate	6,60,000	0.0

7. There are no amounts due to Small Scale Industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”.

8. Managerial Remuneration:

Particulars	2013-2014	2012-2013
Managing Director	7,80,000	14,80,000
Whole-time Director	7,80,000	14,80,000
Executive Director	7,80,000	14,80,000

9. Auditors Remuneration includes the following:

Statutory Audit Fee	Rs.40,000/-
Tax Audit Fee	Rs.15,000/-
Service Tax	Rs. 6,798/-

10. There are no liabilities against the company contingent in nature.

11. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it as per the provisions of Paragraph 7 of the Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The company has non-performing assets to the tune of Rs.2.91 lakhs and made a provision of Rs.1.46 lakhs. Company has made a general provision @0.25% of the outstanding Standard Assets which comes to Rs.22.35 lakhs.



12. The company has disposed off all the operating leased assets and hence no information has been provided as required by the Accounting Standard - 19 'Accounting for Leases'.

13. Earning Per Share as per Accounting Standard-20

Particulars	2013-2014 (Rs)	2012-2013 (Rs)
Profit attributable to Equity Shareholders (A)	4,15,57,535	4,51,08,906
Basic/weighted average number of equity shares outstanding during the year (Nos) (B)	92,04,255	8921019
Nominal Value of Equity Share(Rs)	10/-	10/-
Earning Per Share (Basic & Diluted)	4.52	5.06

14. Accounting for taxes on income as per Accounting Standard-22

The deferred tax liability for the year 2013-2014 due to timing differences between financial statements and taxation statements as per the applicable rate of taxation, estimated as Rs.6,31,431/- and the same has been credited to Profit & Loss Account as per the procedure prescribed in Accounting Standard – 22 "Accounting for Taxes on Income" issued by the ICAI.

The movement of provision for Deferred Taxes for the year ended 31-03-2014 is as given below:

Particulars	Liability) /Asset as at 1-4-2013	(Charges) /Credit for the year	(Liability) /Asset as at 31-3-2014.
Timing differences on Account of			
Depreciation on Assets	(15,93,000)	(6,31,431)	(22,24,431)
Total	(15,93,000)	(6,31,431)	(22,24,431)

Signatures to Schedules 1 to 20

As per report of even date
For Suresh and Babu
Chartered Accountants

Sd/-
S. Muralikrishna Rao
Partner

Place : Vijayawada
Date : 18th June 2014

For and on behalf of the Board

Sd/-
Sandireddy Lakshmi Narayana
Managing Director

Sd/-
Sandireddy Srimannarayana
Whole-time Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**

		<i>[Rupees in Lakhs]</i>	
		<u>3/31/2014</u>	<u>3/31/2013</u>
A	NET CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit Before Tax	621.01	674.72
	Depreciation	14.70	11.68
	Amount written off	-	-
	Profit on sale of vehicles	-	-
	Loss on sale of car	-	2.37
	Contingent Provision against standard assets	4.09	5.67
	Provision Against non performing assets	0.54	(2.26)
	Investment Income	(0.36)	(0.58)
	Operating Profit before Working Capital Change	639.98	691.60
	Increase in Stock-on-Hire	(1,634.71)	(2,233.62)
	Decrease in Loans and Advances	0.85	14.25
	Increase in other Current Assets	(9.10)	(73.57)
	Increase in Current Liabilities	12.98	(6.44)
	Cash Generated from Operations	(990.00)	(1,607.78)
	Less: Direct Taxes Paid	217.89	245.46
	Net Cash Flow from Operating Activities	(1,207.89)	(1,853.24)
B	NET CASH FLOW FROM INVESTING ACTIVITIES:		
	Sale proceeds of Fixed Assets	-	2.45
	Purchase of Fixed Assets	(35.16)	(42.08)
	Investment Income	0.36	0.58
	Term Deposits	-	-
	Net Cash Flow from Investing Activities	(34.80)	(39.05)
C	NET CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from issue of Share Capital	250.24	60.54
	Un secured Loans	-	-
	Increase in Secured Loans	1,191.38	1,544.23
	Dividend Paid	(95.79)	-
	Dividend tax paid	(16.28)	-
	Net Cash Flow from Financing Activities	1,329.55	1,604.77
	Net Increase in Cash & Cash Equivalents (A + B + C)	86.86	(287.52)
	Cash & Cash Equivalents as on 1-4-2013	227.29	514.81
	Cash & Cash Equivalents as on 31-3-2014	314.15	227.29
As per our report of even date			
For Suresh and Babu		For and on behalf of the Board	
Chartered Accountants			
Sd/-		Sd/-	
S. Muralikrishna Rao		Sandireddy Lakshmi Narayana	
Partner		Managing Director	
		Sd/-	
		SandireddySrimannarayana	
		Whole-time Director	
Place : Vijayawada			
Date : 18 th June 2014			



SCHEDULE TO THE BALANCE SHEET AS ON 31-03-2014			
(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007)			
(Rs.in Lakhs)			
S.No.	Particulars	Amount Out Standing	Amount Overdue
	<u>LIABILITIES SIDE :</u>		
(1)	Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	a) Debenture : Secured	235.11	0
	: Unsecured (Other than falling within the meaning of Public Deposits*)	0	
	b) Deferred Credits	0	
	c) Term Loans	375.50	0
	d) Inter-corporate loans and borrowing	0	
	e) Commercial Paper	0	
	f) Public Deposits*	0	
	g) Other Loans		
	-Cash Credit from Banks & Car Loan	5736.48	0
	Security Deposits		
(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	0	
	b) In the form of Partly Secured debentures I.e. debentures where there is a shortfall in the value of security	0	
	c) Other public deposits Please see Note 1 below	0	
(3)	<u>Assets side :</u>		
	-	Amount outstanding	
	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	0.28	0
	(b) Unsecured	0.00	0



(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : Please see Note 2 below	
	Category	Amount net of provisions
		Secured Unsecured total
	1. Related Parties	
	(a) Subsidiaries	0
	(b) Companies in the same group	0
	(c) Other related parties	0
	2. Other than related parties	8936.69
	Total	8936.69
(7)	Investor group-wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted); Please see note 3 below	Market Value/Break up or fair value or NAV Book Value (Net of Provisions)
	Category	
	1. Related Parties	0
	(a) Subsidiaries	0
	(b) Companies in the same group	0
	(c) Other related parties	0
	2. Other than related parties	0
	Total	0
	As per Accounting Standard of ICAI (Please see Note 3)	



(8)	Other information	
	Particulars	Amount
	(i) Gross Non- Performing Assets	0
	(a) Related parties	0
	(b) Other than related parties	2.91
	(ii) Net Non-Performing Assets	
	(a) Related parties	0
	(b) Other than related Parties	1.455
	(iii) Assets acquired in satisfaction of debt	0

Notes:

- As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Accepted of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential norms (Reserve Bank) Directions, 1998.
- All Accounting Standard and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. however, market value in respect of quoted investments and break up/ fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date

For Suresh and Babu
Chartered Accountants

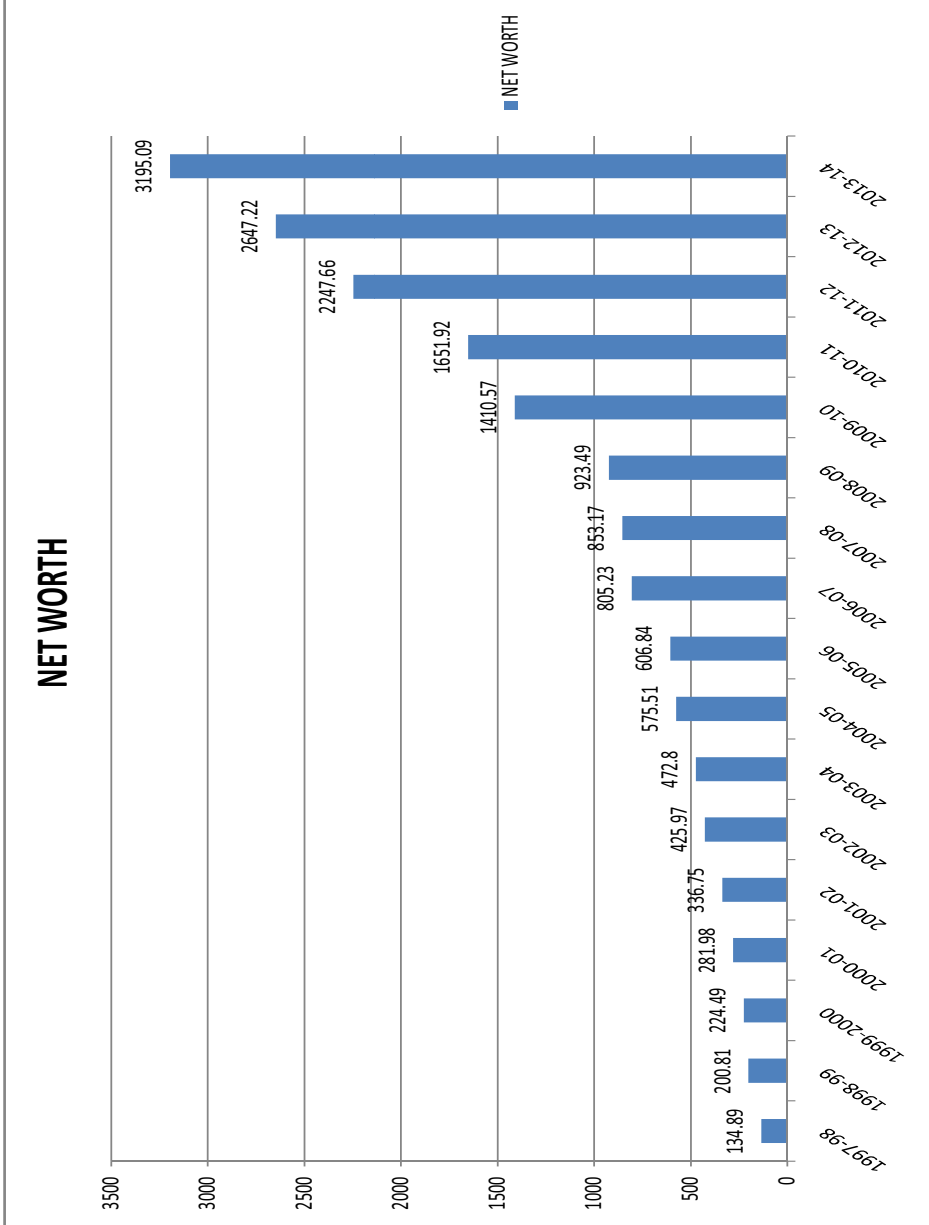
Sd/-
S. Muralikrishna Rao
Partner

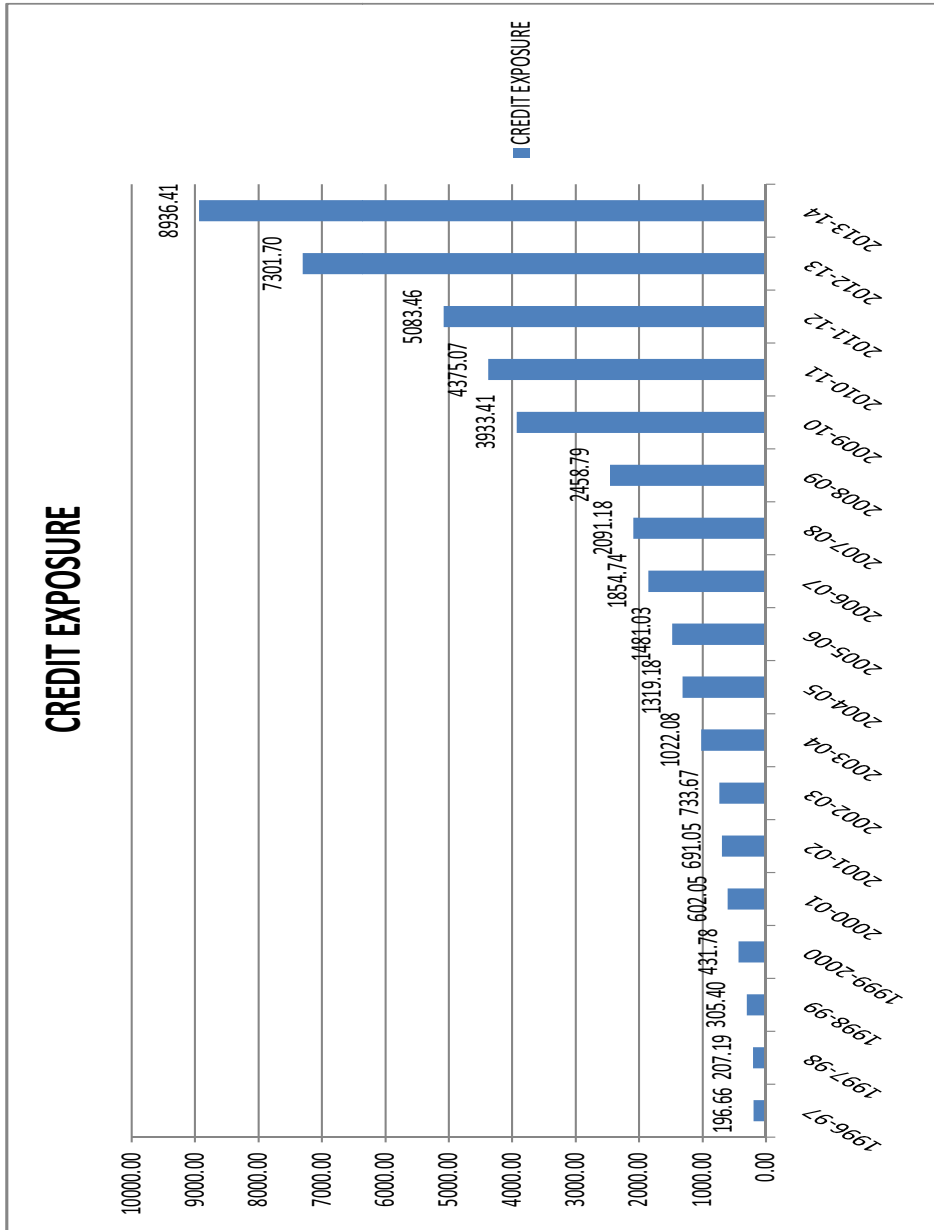
Place : Vijayawada
Date : 18th June 2014

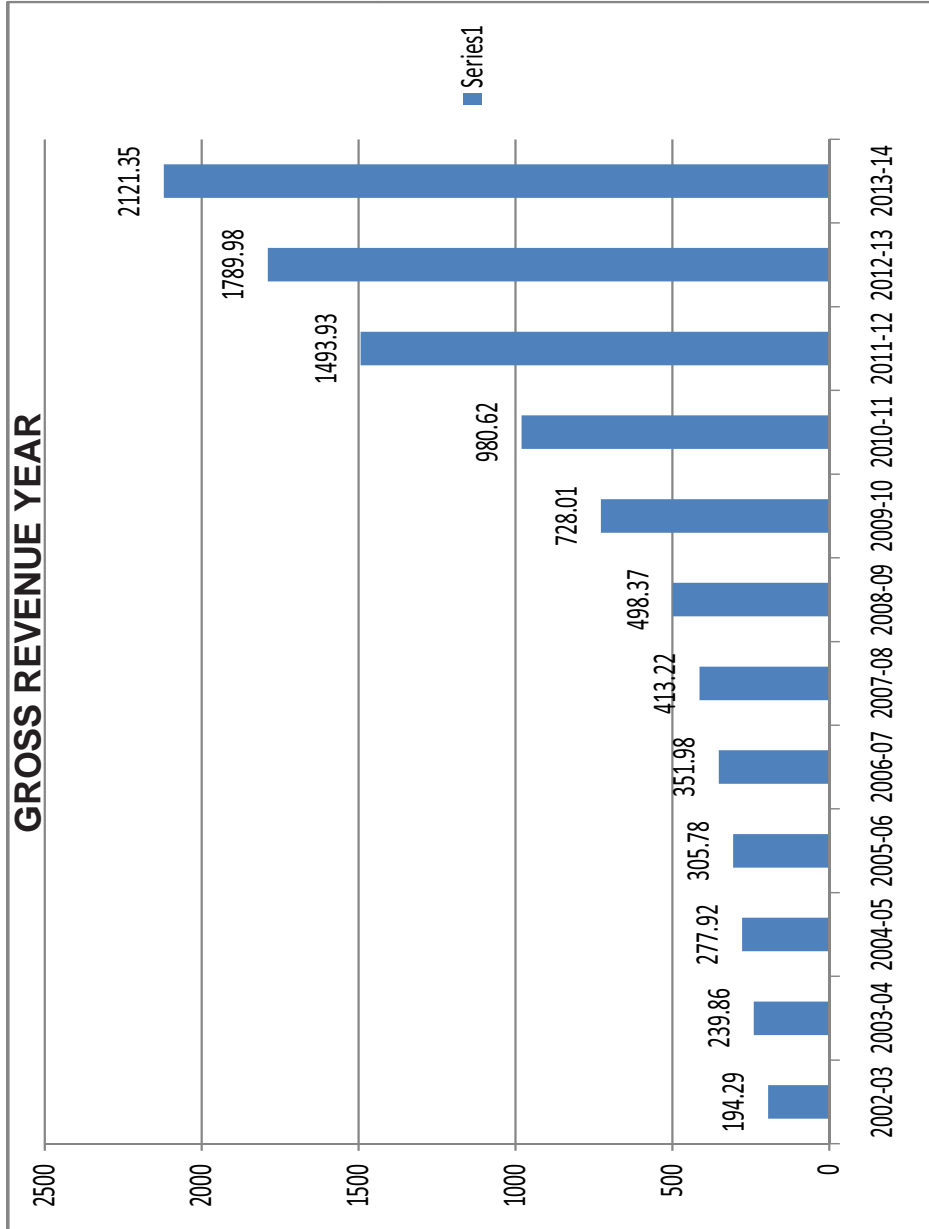
For and on behalf of the Board

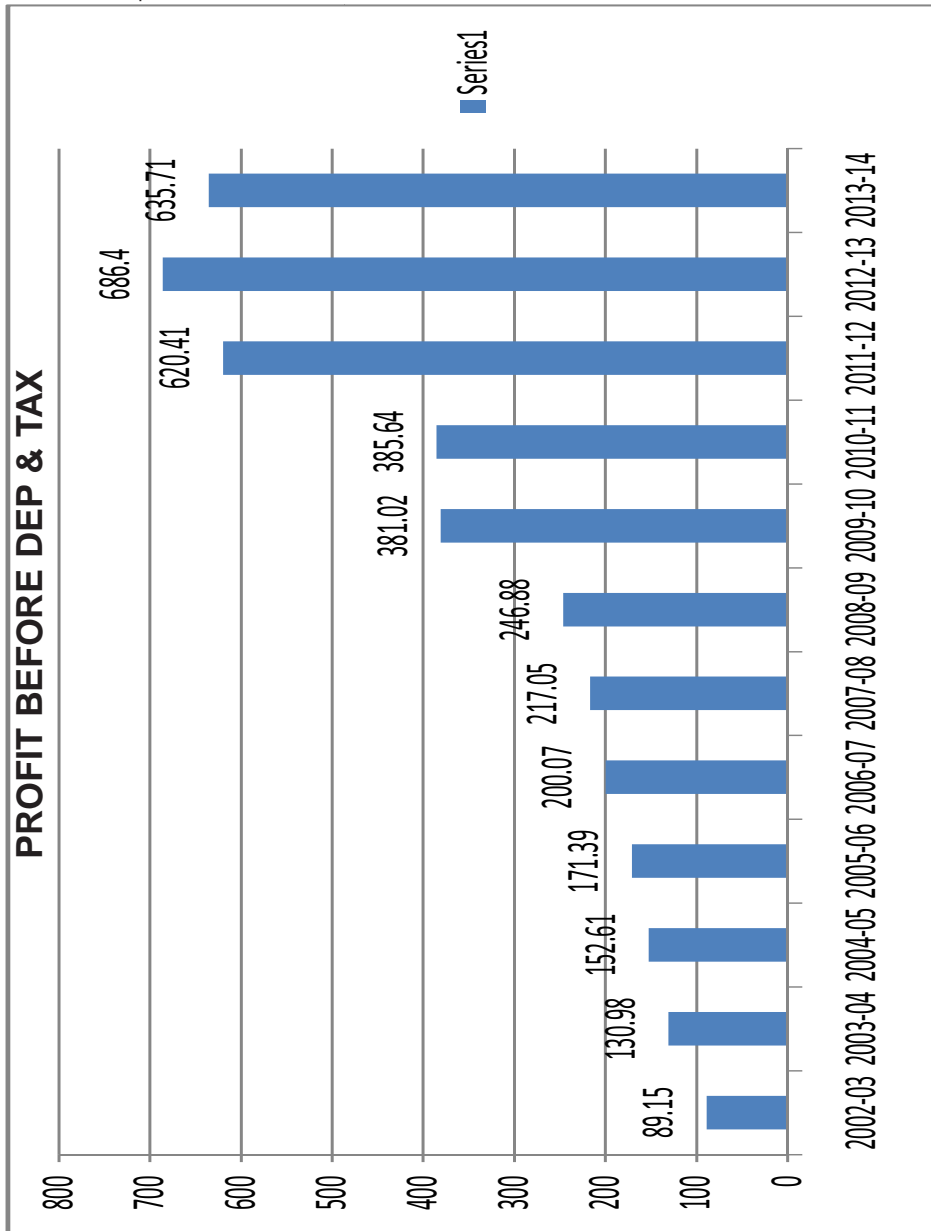
Sd/-
Sandireddy Lakshmi Narayana
Managing Director

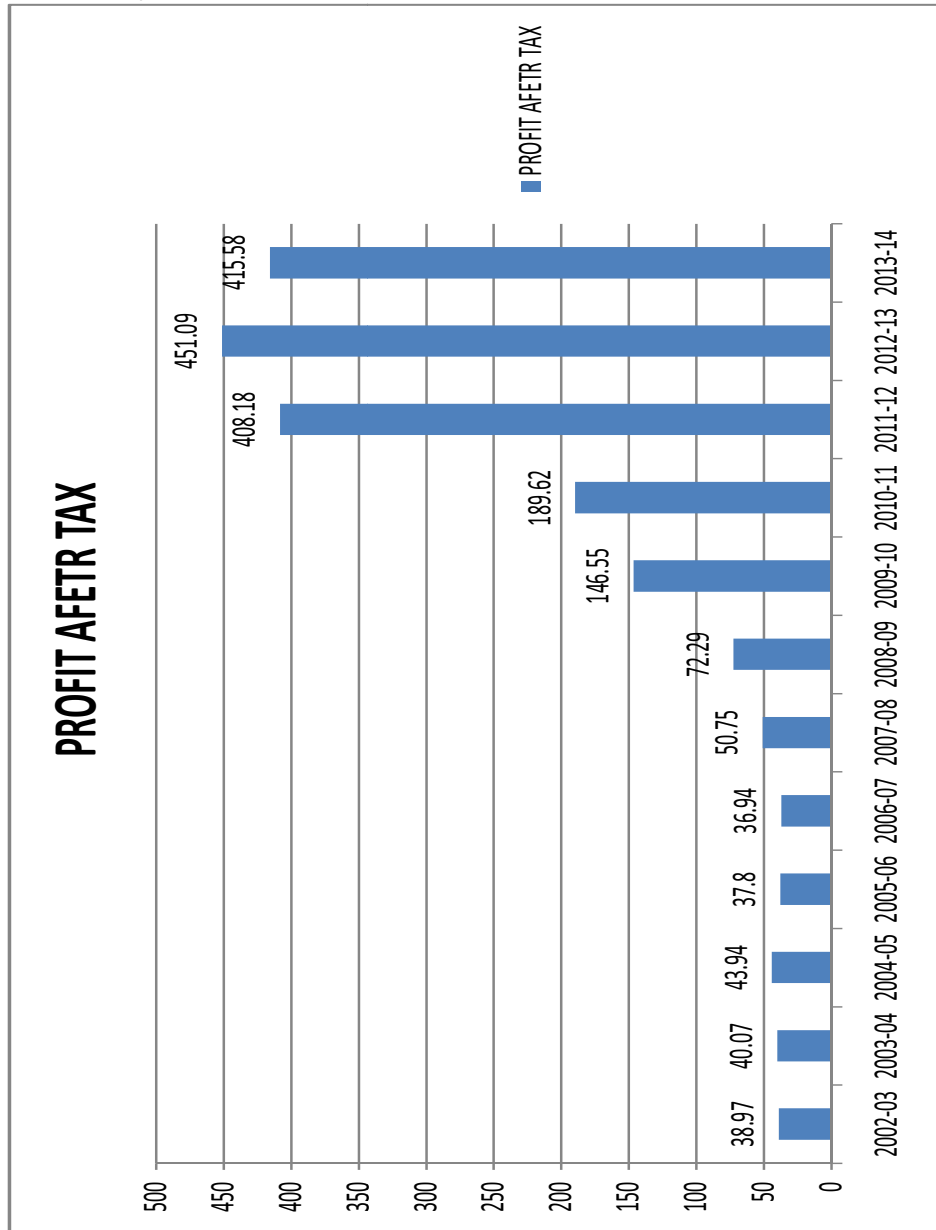
Sd/-
Sandireddy Srimannarayana
Whole-time Director

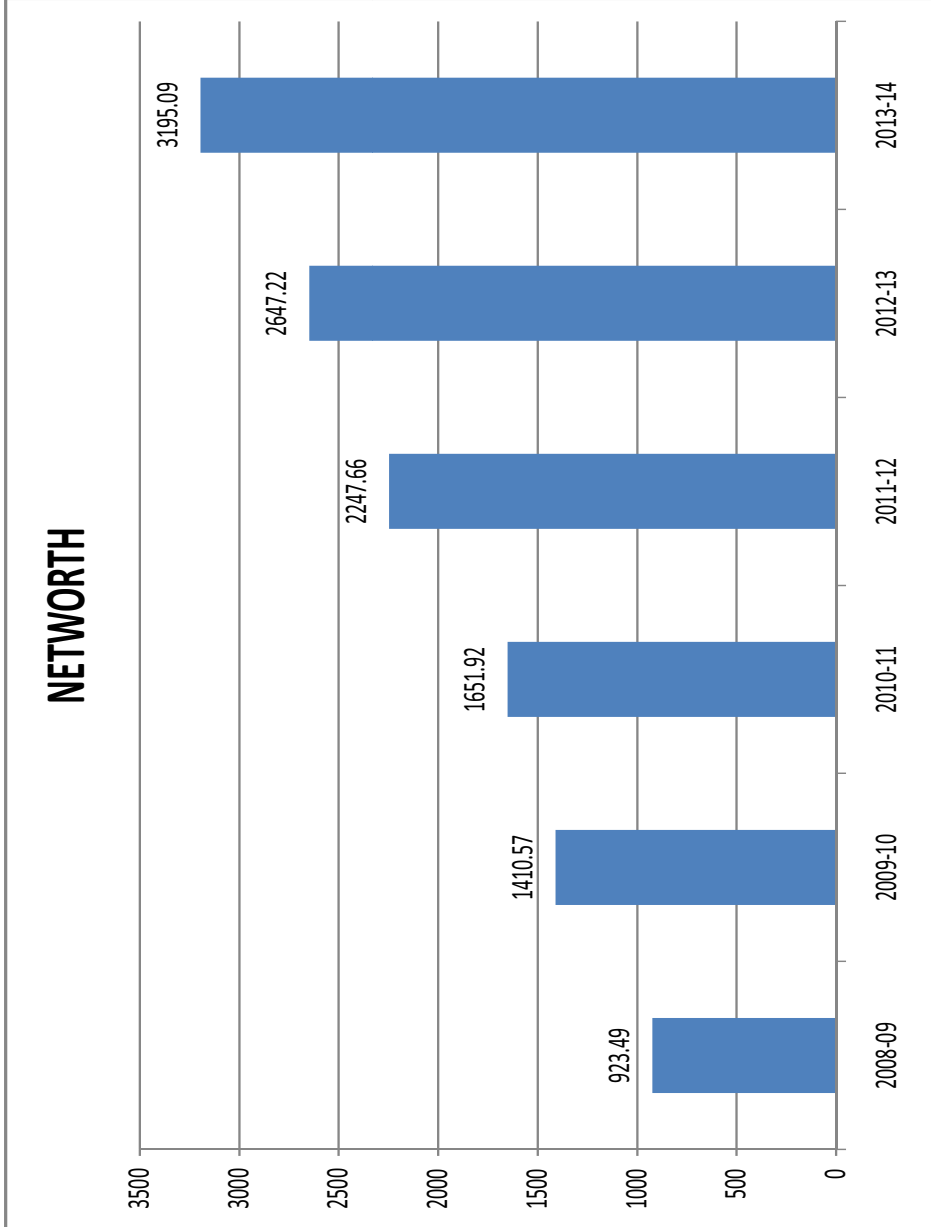












ATTENDANCE SLIP
20th Annual
General Meeting



Please complete this attendance slip and hand it over at the entrance of the hall

Folio No. _____
 Name & Address _____ No of Shares

I hereby record my presence at the 20th annual general meeting of the company at registered office of the company on 21st July 2014 at 4-30 p.m.

Signature of the Shareholders / Proxy

PROXY FORM
20th Annual
General Meeting



I/Weof
 in the district of being a member / members hereby
 appoint of in the district of
 or failing him of in the district of
 as my / our proxy to attend and vote for me / us on my our behalf at
 the Annual General Meeting of the Company to be held on 21st July 2014 at the Registered Office of the
 Company at 4-30p.m and at any adjournment thereof.

Signed this day of2014

FOR OFFICE USE

Proxy No. _____ Date of Receipt: _____ No.of Shares _____

Affix
 Rs. 1/-
 Revenue
 Stamp

N.B.: The instruments appointing proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.