

18th

**ANNUAL REPORT
2011 - 2012**



KanakaDurga
LEASING & FINANCE LIMITED

Reg. Office :
47-7-31, Jammichettu Centre, Moghalrajpuram, VIJAYAWADA-10.

CORPORATE DIRECTORY

Board of Directors : **Sri Sandireddy Lakshmi Narayana**

Managing Director

Smt. Sandireddy Ratna Kumari

Whole-time Director

Sri S. Jayaprakashnarayana Chowdary

Whole-time Director

Sri S. Srimannarayana

Whole-time Director

Auditors : **M/s. SURESH AND BABU**

Chartered Accountants

36-14-3/1, Opp. Madhu Kalamandapam

Santhi Nagar, Vijayawada-520 010

Bankers : **Andhra Bank**

Suryaraopet Branch,

Vijayawada - 2

Registered Office : 47-7-31, Jammichettu Centre

Moghalrajpuram, **Vijayawada-520 010**

Branch Offices : **GUNTUR :** 4/2, Aurandalpet

ELURU : Bharat Dentel Clinic Building, N.R. Pet

NELLORE : SVS Complex, Near Madras Bus Stand

ONGOLE : Beside Power Office, Kurnool Road

RAJAHMUNDRY : 14-13-6/1, Opp. RTC Complex

VISAKHAPATNAM : Shop No.60, Opp. RTC Complex, Dwaraka Nagar

TENALI : 11-1-20, Tilak Road, Chenchupet

TIRUPATHI : 19-3-12E, 2nd Floor, Tiruchanuru Road

KAKINADA : 67-19-9, Nagamalli thota Junction

BHIMAVARAM : Near Old Bus Stand, Ambetkar Center

VIJAYANAGARAM : Sri Sai Complex, Mayuri Junction

ANAKAPALLI : Opp. RTC Complex, Enadu Office Building

SRIKAKULAM : Sriram Gayatri Heights, M.P. Road

KADAPA : New Bus Stand Road, Apsara Circle, Lakshmi Nagar



**KANAKADURGA LEASING & FINANCE LIMITED**

47-7-31, Jammichettu Centre, Moghalrajpuram, VIJAYAWADA-520 010.

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 18th Annual General Meeting of the Company will be held at the Registered Office of the Company at 47-7-31, Jammichettu Centre, Moghalrajpuram, VIJAYAWADA-520 010. on 27th July, 2012 at 4.30 p.m. to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2012 and Balance Sheet as that date, the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Sri S. Jayaprakashnarayana Chowdary who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri S. Ratna Kumari who retires by rotation and being eligible, offers herself for re-appointment.
4. 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. who 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.”

By order of the Board of Directors
For **KANAKADURGA LEASING & FINANCE LIMITED**

(Sandireddy Lakshmi Narayana)
Chairman cum Managing Director

(Sandireddy Srimannarayana)
Whole time Director

Place : Vijayawada
Date :29-06-2012



ANNEXURE TO NOTICE

NOTES:

1. 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 notarially 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

(Sandireddy Lakshmi Narayana)
Chairman cum Managing Director

(Sandireddy Srimannarayana)
Whole time Director

Place : Vijayawada
Date :29-06-2012





DIRECTORS REPORT

Your Directors have pleasure in presenting the 18th Annual Report of your company along with the audited accounts for the year ended 31st March 2012

Rs. in Lakhs

FINANCIAL HIGHLIGHTS	2011-2012	2010-2011	2009-2010
Gross Revenue	1493-93	980-62	728-01
Profit Before Depreciation and Tax	620-41	385-64	381-02
Depreciation	6-73	67-37	170-64
Profit Before Tax	613-68	318-27	210-38
Provision for Tax	205-50	128-65	53-74
Profit After Tax	408-18	189-62	146-55
Balance brought forward from previous year	530-62	383-33	267-66
Amount available for apportionment	938-80	572-95	414-22
Tax relating to previous year	0	0	0
Dividend and tax thereon	0	0	1-58
Loss of Previous Year	1-76	4-42	0
Transfer to Reserve Fund	81-64	37-92	29-31
Balance Carried Forward	855-40	530-62	383-33
Paid-up Share Capital	900-05	671-25	671-25
Tangible Net-worth	2247-66	1651-92	1410-57
Total Credit Exposure	5083-46	4375-07	3942-67

REVIEW OF OPERATIONS

Your Company is progressing in the same pace as earlier and recorded growth in volume of business and profitability. Stock on Hire has gone up to Rs.5068.08 Lacs as against Rs.4349.99 Lacs in the preceding year. Gross revenue generated during the year has increased by 52.34%, PBDT has increased by 60.87% and Profit after Tax has increased by 115.26% over preceding year. During the Financial year the company has disbursed the total amount of Rs.4306.62 Lacks towards Stock on Hypothecation against Rs.3946.22 Lacks over preceding year 2010-11.

FUTURE OUTLOOK

At present we have a borrower base of 15000 of which 6000 are active. By 2014 we want to double the borrower base to 30000 by expanding our company presence to pan Andhra Pradesh and also adding different product lines like 2-wheeler,4-wheeler,Gold-loans.

**NON PERFORMING ASSETS:**

The Company has maintained the quantum of NPAs at 0.63% 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 2012 was 41.20%, composed of Tire I 40.31% and Tire II 0.89%. The minimum CRAR prescribed by Reserve Bank of India is only 12%.

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. Jayaprakashnarayana Chowdary a is liable to retire by rotation at the 18th Annual General Meeting and being eligible offer himself for re-appointment.
Smt.S.Ratna Kumari is liable to retire by rotation at the 18th 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.

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 2012.

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 2012.

There are no Public Deposits, as on 31st March 2012, 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 2012 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 2012 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
For **KANAKADURGA LEASING & FINANCE LIMITED**

(Sandireddy Lakshmi Narayana)
Chairman cum Managing Director

(Sandireddy Srimannarayana)
Whole time Director

Place : Vijayawada
Date : 17-06-2012





AUDITORS REPORT

To
The members of
Kanakadurga Leasing & Finance Limited,

1. We have audited the attached Balance Sheet of **Kanakadurga Leasing & Finance Limited** as at 31st March, 2012 and also the Profit & Loss Account 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 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 misstatements. 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 issued by the Central Government of India in terms of section 227 (4A) 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 purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above books of accounts;
 - (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2012 from being appointed as directors 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 with notes thereon and significant accounting policies 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, 2012;
- b) In the case of the Profit and Loss account, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **SURESH AND BABU**
Chartered Accountants
FRN: 004254S

(S. Muralikrishna Rao)
Partner
ICAI M. No. 208435

Place : Vijayawada
Date : 17-06-2012

ANNEXURE TO THE AUDITORS REPORT

- (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.111.07 Lakhs and the year-end balance of such loan was 5.20 Lakhs. 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 and in our opinion and according to the information and explanations given to us, the provisions of Provident Fund Act are applicable and the company has not been complying with the provisions of the said statute.

(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, 2012 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 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 298081 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

(S. Muralikrishna Rao)
Partner
ICAI M. No. 208435

Place : Vijayawada
Date : 17-06-2012





**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 2012.
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

(S. Muralikrishna Rao)
Partner
ICAI M. No. 208435

Place : Vijayawada
Date : 17-06-2012



**BALANCE SHEET AS ON 31st MARCH 2012**

Particulars	Schedule	As on 31-03-2012	As on 31-03-2011
1. EQUITY AND LIABILITIES			
Share Holders Funds			
(a) Share Capital	A	9,00,05,470-00	6,71,25,470-00
(b) Reserves & Surplus	B	13,30,84,680-79	9,24,42,955-45
Share Application Money		16,76,200-00	56,23,900-00
Non-current liabilities			
(a) Long -term borrowings	C	1,67,10,285-00	2,00,68,108-00
(b) Long -term provisions	D	15,77,336-00	10,94,000-00
(c) Deferred tax liabilities(net)		10,43,685-00	5,31,991-00
Current liabilities			
(a) Short -term borrowings	E	31,02,88,897-10	23,98,68,045-10
(b) Other current liabilities	F	3,54,03,943-00	4,78,97,084,75
(c) Short-term provisions	G	57,52,495-00	1,51,31,340-00
		59,55,42,991-89	48,97,82,894-30
II. ASSETS			
Non -current assets			
(a) Fixed Assets			
i. Tangible assets	H	3,09,25,313-04	1,74,57,153-78
ii. Capital work in progress		-00	48,00,223-45
		3,09,25,313-04	2,22,57,377-23
Current Assets			
(a) Cash and Bank Balances	I	5,14,80,900-85	2,02,08,126-07
(b) Stock on Hypothication	J	50,68,08,683-00	43,49,99,480-00
(c) Short term Loans and advances	K	15,37,763-00	25,07,629-00
(d) Other current assets	L	47,90,332-00	98,10,282-00
4. Significant Accounting Policies & Notes on Accounts	R		
	TOTAL	59,55,42,991-89	48,97,82,894-30
As per our report of even date For Suresh and Babu Chartered Accountants		For and on behalf of the Board	
 (S. Murali Krishna Rao)-Partner Place : Vijayawada Date : 17-06-2012		 (Sandireddy Lakshmi Narayana) Chairman Cum Managinig Director	
		 (Sandireddy Srimannarayana) Whole time Director	



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012			
Particulars	Schedule	for the year ended 31-03-12	for the year ended 31-03-11
I Revenue Operations	M	14,83,35,341-00	9,21,95,917-90
II Other Income	N	10,57,753-00	58,66,308-88
		14,93,93,094-00	9,80,62,226-78
III EXPENSES	O		
(a) Finance Costs	P	4,78,83,153-25	3,50,48,656-14
(b) Employee benefit expenses	Q	1,20,70,201-54	74,42,772-00
(c) Operation and other expenses	H	2,73,98,865-68	1,70,06,665-00
(d) Depreciation		6,73,273-19	67,36,670-88
		8,80,25,493-66	6,62,34,764-02
IV Profit Before Tax		6,13,67,600-34	3,18,27,462-76
V Tax expense:			
(a) Current Tax		2,00,37,756-00	2,68,78,375-00
(b) Deffered Tax		5,11,694-00	1,40,13,114-00
VI PROFIT FOR THE YEAR		4,08,18,150-34	1,89,62,201-76
Earnings per Equity Share (Nominal Value per Share : Rs. 10) Basic & Diluted Rs.		5.47	2.86
Significant Accounting Policies & Notes on Accounts	R		

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

For and on behalf of the Board

(S. Murali Krishna Rao)-Partner
Place : Vijayawada
Date : 17-06-2012

(Sandireddy Lakshmi Narayana)
Chairman Cum Managinig Director

(Sandireddy Srimannarayana)
Whole time Director


SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31st MARCH 2012

Schedule - A SHARE CAPITAL	As at 31-Mar-12	As at 31-Mar-11
	Authorised Capital 9750000 (6750000) Equity shares of Rs. 10 Each 250000 Preference Shares of Rs. 10/- Each	9,75,00,000-00 25,00,000-00 10,00,00,000-00
Issued, Subscribed and Paidup Capital 8910647 (6622647) Equity Shares of Rs.10/- each fully Paid	8,91,06,470-00	6,62,26,470-00
89900 Cumulative Preference Shares of Rs.10/- each fully paid	8,99,000-00	8,99,000-00
	9,00,05,470-00	6,71,25,470-00

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. 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.

Recociliation of Number of Shares

Particulars	As at 31-Mar-12		As at 31-Mar-11	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares:				
Opening Balance	66,22,647	662,26,470	66,22,647	66,22,647
Changes during the year	22,88,000	228,80,000	0	0
Closing Balance	89,10,647	1,74,49,740	66,22,647	66,22,647
Preference Shares:				
Opening Balance	89,900	8,99,000	89,900	8,99,000
Changes during the year	0	0	0	0
Closing Balance	89,900	8,99,000	89,900	8,99,000

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

Name of the Shareholder	As at 31-Mar-12		As at 31-Mar-11	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Kanakadurga Financial Services Ltd	20,00,000	22.45	0	0.00
S. Lakshminarayana	5,09,737	5.72	4,69,737	7.09
S. Ratnakumari	5,22,941	5.87	5,22,941	7.90



	As at 31-Mar-12	As at 31-Mar-11
Schedule - B		
RESERVES & SURPLUS		
(a) Securities Premium Reserve	2,34,31,402-00	2,34,31,402-00
(b) Statutory Reserve		
(As per Section 45-IC of the Reserve Bank Of India, 1934)		
(i) Opening Balance	1,57,99,349-70	1,20,06,909-35
(ii) Transferred from statement of Profit and Loss	81,63,630-07	37,92,440-35
	2,39,62,979-77	1,57,99,349-70
(c) Surplus in statement of profit and loss		
(i) Opening Balance	5,30,61,603-75	3,83,33,056-26
(ii) Add: Profit for the year	4,08,18,150-34	1,89,62,201-76
	9,38,79,754-09	5,72,95,258-02
(iii) Less: Appropriations		
(a) Statutory Reserve	81,63,630-07	37,92,440-35
(b) Loss relating to earlier years	1,76,425-00	4,41,213-92
	8,55,39,699-02	5,30,61,603-75
Debenture Redemption Reserve	1,50,600-00	1,50,600-00
	13,30,84,680-79	9,24,42,955-45
Schedule - C		
LONG TERM BORROWINGS		
(A) Secured Loans		
(i) Non Convertible Secured Debentures	1,57,33,833-00	35,71,457-00
(ii) Sundaram Finance	7,23,242-00	1,61,54,900-00
(iii) Andhra Bank Car Loan	-00	3,41,751-00
(iv) Sundaram Car Loan	2,53,210-00	-00
	1,67,10,285-00	2,00,68,108-00
Schedule - D		
LONG TERM PROVISIONS		
Contingent provision against Standard Assets	12,59,000-00	10,94,000-00
Provision for NPA	3,18,336-00	-00
	15,77,336-00	10,94,000-00
Schedule - E		
SHORT TERM BORROWINGS		
(a) Secured Loans		
(i) Cash Credit from Andhra Bank	31,02,88,897-10	23,98,68,045-10
	31,02,88,897-10	23,98,68,045-10



	As at 31-Mar-12	As at 31-Mar-11
Schedule - F		
OTHER CURRENT LIABILITIES		
Insurance (Pre.Recd)	12,54,826-00	10,48,803-00
Interest on debentures payable	-00	2,404-00
Current maturities of long term debts		
(i) Sundaram Finance	1,54,31,658-00	2,30,47,346-00
(ii) Sundaram Car Loan	2,46,790-00	-00
(iii) Non Convertible Secured Debentures	1,79,60,918-00	2,30,03,893-00
(iv) Debenture Application Money	1,68,000-00	-00
(v) HDFC Car Loan	-00	1,00,762-75
(vi) Andhra Bank Car Loan	3,41,751-00	6,93,876-00
	3,54,03,943-00	4,78,97,084-75
Schedule - G		
SHORT TERM PROVISIONS		
Provision for Tax (net of Advance Tax)	35,15,758-00	1,44,01,608-00
Others	23,233-00	-00
TDS Payable	11,91,017-00	39,710-00
Rent Payable	1,38,225-00	2,00,625-00
Electricity Charges Payable	954-00	18,503-00
Telephone Charges Payable	4,448-00	40,430-00
Consultancy Fee Payable	15,750-00	-00
Audit Fee Payable	49,500-00	46,420-00
Salaries Payable	8,13,610-00	3,84,044-00
	57,52,495-00	1,51,31,340-00
Schedule - I		
CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
(i) Balances with banks		
(a) in current accounts	3,91,51,273-02	-27,08,757-80
(b) in deposit accounts	-00	1,50,00,000-00
(ii) Cash on hand	1,23,29,627-83	79,16,883-87
	5,14,80,900-85	2,02,08,126-07
Schedule - J		
STOCK ON HIRE & HYPOTHECATION		
Stock on Hypothecation	50,68,08,683-00	43,49,99,480-00
	50,68,08,683-00	43,49,99,480-00
Schedule - K		
SHORT TERM LOANS AND ADVANCES		
Demand Loans	15,37,763-00	25,07,629-00
	15,37,763-00	25,07,629-00



	As at 31-Mar-12	As at 31-Mar-11
Schedule - L		
OTHER CURRENT ASSETS		
Telephone Deposit	16,466-00	16,466-00
Rent Deposit	7,50,075-00	4,38,075-00
Electricity Deposit	4,674-00	4,674-00
Salary Advance	-00	20,000-00
Sundry Debtors	40,19,117-00	93,31,067-00
	47,90,332-00	98,10,282-00
Schedule - M		
REVENUE FROM OPERATIONS		
Financial Charges	13,12,44,834-00	7,99,17,991-90
Penal interest	1,25,64,229-00	79,38,360-00
Lease Rent	-00	36,10,748-00
Preclosure charges	38,82,311-00	-00
Interet on Loans	6,43,967-00	7,28,818-00
	14,83,35,341-00	9,21,95,917-90
Schedule - N		
OTHER INCOME		
Interest on Govt. Securities	-00	7,500-00
Portfolio Asset Management Fee	6,69,417-00	27,38,873-23
Interest on FD	-1,438-00	6,424-00
Profit on sale of Vehicles	22,558-00	,29,93,511-65
Profit on Insurance	97,239-00	-00
Commission	2,19,977-00	-00
Agricultural Income	50,000-00	1,20,000-00
	10,57,753-00	58,66,308-88
Schedule - O		
FINANCIAL COSTS		
Interest on Debentures	55,98,795-00	47,89,213-00
Interest on car loan	1,12,682-25	1,95,992-27
Interest on cash credit	3,76,21,691-00	2,95,97,467-87
Interest on Sundaram Loan	45,49,985-00	4,65,983-00
	4,78,83,153-25	3,50,48,656-14
Schedule - P		
EMPLOYEE BENEFIT EXPENSES		
Salaries	72,33,411-00	48,81,665-00
Directors Remuneration	44,40,000-00	23,40,000-00
Staff Welfare Expenses	3,96,790-54	2,21,107-00
	1,20,70,201-54	74,42,772-00



Schedule - Q	As at 31-Mar-12	As at 31-Mar-11
OPERATION AND OTHER EXPENSES		
Advertisement & Publicity	1,33,619-00	84,950-00
Audit Fee	81,200-00	59,910-00
Bank Charges	1,80,876-00	1,76,868-00
Business Promotion	30,04,984-00	28,84,044-00
Car Maintenance	2,47,252-00	3,27,910-00
Commission&Brokerage	78,82,034-00	24,32,048-00
Computer Maintenance	1,61,321-00	81,647-00
Consulting Charges	3,19,345-00	33,970-00
Discount	35,70,369-00	19,81,978-00
Donations	61,754-00	91,616-00
Electricity Charges	2,05,262-00	2,19,017-00
Insurance	40,722-00	76,818-00
Income Tax	4,537-00	9,060-00
Interest on Income Tax	15,43,568-00	3,43,356-00
Legal Expenses	8,250	
News papers & Periodicals	18,253-00	14,331-00
Contingent provision against Standard Assets	1,65,000-00	10,94,000-00
NPA Provision	3,18,336-00	-00
Office Maintenance	10,16,799-18	5,07,284-00
Postage	1,74,007-00	1,17,784-00
Printing & Stationery	9,33,306-50	7,95,153-00
Processing Charges	12,28,330-00	10,74,751-00
Professional Fee	68,732-00	99,439-00
Professional Tax	7,500-00	7,500-00
Rent	30,81,922-00	28,09,821-00
Repairs & Maintenance	96,610-00	5,145-00
Registration Charges	65,800-00	
ROC Filing	2,31,040-00	10,500-00
Subscriptions	1,000-00	3,373-00
Taxes & Licenses	1,76,161-00	14,102-00
Telephone	4,96,677-00	5,24,011-00
Traveling & Conveyance	12,87,132-00	6,37,409-00
Vehicle Maintenance	5,07,867-00	4,34,870-00
Valuation Charges	79,300-00	54,000-00
	2,73,98,865-68	1,70,06,665-00

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

(S. Murali Krishna Rao)-Partner
Place : Vijayawada
Date : 17-06-2012

For and on behalf of the Board

(Sandireddy Lakshmi Narayana)
Chairman Cum Managinig Director

(Sandireddy Srimannarayana)
Whole time Director



<p>4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</p> <p>(I) Lease assets including lease rentals under sundry debtors :</p> <p>(a) Financial lease 0 0</p> <p>(b) Operating lease 0 0</p> <p>(ii) Stock on hire including hire charges under sundry debtors :</p> <p>(a) Assets on hire 0 0</p> <p>(b) Repossessed Assets 0 0</p> <p>(iii) Hypothecation loans counting towards EL/HP activities</p> <p>(a) Loans where assets have been repossessed 0</p> <p>(b) Loans other than (a) above 5068-09</p>		
<p>5) Break-up of Investments :</p> <p>Current Investments :</p> <p>1. Quoted :</p> <p>(I) Shares : (a) Equity 0</p> <p>(b) Preference 0</p> <p>(ii) Debentures and Bonds 0</p> <p>(iii) Units of mutual funds 0</p> <p>(iv) Other (Please specify) 0</p> <p>2. Unquoted :</p> <p>(I) Shares : (a) Equity 0</p> <p>(b) Preference 0</p> <p>(ii) Debentures and Bonds 0</p> <p>(iii) Units of Mutual funds 0</p> <p>(iv) Government Securities 0</p> <p>(v) Other (Please specify) 0</p> <p>Long Term Investments :</p> <p>1. Quoted :</p> <p>(I) Shares : (a) Equity 0</p> <p>(b) Preference 0</p> <p>(ii) Debentures and Bonds 0</p> <p>(iii) Units of mutual funds 0</p> <p>(iv) Government Securities 0</p> <p>(v) Other (Please specify) 0</p>		



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 (b) Companies in the same group (c) Other related parties 2. Other than related parties	0 0 0 5083-46
Total	5083-46
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	
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	0 0 0 0 0
Total	0
As per Accounting Standard of ICAI (Please see Note 3)	



8) Other Information	
	Amount
i) Gross Non-Performing Assets	
a. Related Parties	0
b. Other than Related parties	31-83
ii) Net Non-Performing Assets	
a. Related parties	0
b. Other than related Parties	28-65
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
FRN: 004254S

(S. Muralikrishna Rao)
Partner
ICAI M. No. 208435

For and on behalf of the Board

(Sandireddy Lakshmi Narayana)
Chairman cum Managing Director

(Sandireddy Srimannarayana)
Whole time Director

Place : Vijayawada
Date : 17-06-2012



**Schedule – R****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 provided financial services to various customers by way of hypothecation of vehicles 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 amounts 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 and services 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.

Intangible assets represent Computer Software whose cost is amortised over their expected useful life.

1.4 Valuation of Investments:

Company does not carry any investments.

1.5 Foreign Currency Transactions:

There were not foreign current 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 not 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.

2. General

2.1 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.

2.2 Details of Secured Loans and Security

a) Cash Credit from Andhra Bank

Cash Credit from Andhra Bank to the extent of Rs.3,500-00 Lacs is secured by by hypothecation of assets covered by charge on Hypothecation 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 Car Loans from Andhra Bank and Sundaram Finance are secured by hypothecation of respective fixed assets.

2.3 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 01st 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.

2.4 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.

2.5 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.

2.6 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.Ratna Kumari

S.Srimannarayana

S.Jayaprakashnarayana Chowdary

b) Related Party Transactions for the Year Ended 31st March 2012

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	44,40,000-00	Nil
Rent to Associate	18,00,000-00	Nil

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

**2.8 Managerial Remuneration:**

Particulars	2011-2012	2010-2011
Managing Director	14,80,000-00	7,80,000-00
Whole-time Direction	14,80,000-00	7,80,000-00
Executive Director	14,80,000-00	7,80,000-00

2.9 Auditors Remuneration includes the following:

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

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

2.11 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.31.83 lakhs and made a provision of Rs.3.18 lakhs. Company has made a general provision @0.25% of the out standing Standard Assets which comes to Rs. 12.59 lakhs.

2.12 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'.

2.13 Earning Per Share as per Accounting Standard-20

Particulars	2011-2012	2010-2011
Profit attributable to Equity Shareholders (A)	4,08,18,150-34	1,89,62,201-76
Basic / weighted average number of equity shares outstanding during the year (Nos) (B)	74,62,562-00	66,22,647-00
Nominal Value of Equity Shares (Rs)	10/-	10/-
Earning Per Share (Basic & Diluted)	5.47	2.86

2.14 Accounting for taxes on income as per Accounting Standard-22

The deferred tax asset for the year 2011-2012 due to timing differences between financial statements and taxation statements as per the applicable rate of taxation, estimated as Rs. (5,11,694) 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 31-03-2012 is as given below:

Particulars	(Liability)/ Asset as at 1-4-2011	(Charges)/ Credit for the Year	(Liability)/ Asset as at 31-3-2012
Timing differences on Accounts of			
Depreciation on Assets	(5,31,991)	(5,11,694)	(10,43,685)
	(5,31,991)	(5,11,694)	(10,43,685)

2.15 Previous year figures have been regrouped / rearranged /reclassified wherever Necessary to confirm to the classification of current year.

For and on behalf of the Board

As per our report of even date

For **SURESH AND BABU**

Chartered Accountants

FRN: 004254S



(S. Muralikrishna Rao)

Partner

ICAI M. No. 208435

Place : Vijayawada

Date : 17-07-2012



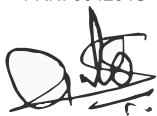

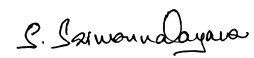
(Sandireddy Lakshmi Narayana)
Chairman cum Managing Director



(Sandireddy Srimannarayana)
Whole time Director





CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011	(Rs. in Lacs)	
	31-3-2012	31-3-2011
A NET CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	613-68	318-27
Depreciation	6.73	67-36
Amount written off	(1.76)	(4-41)
Profit on sale of vehicles	(0.23)	(29-94)
Contingent Provision against standard assets	1.65	10-94
Provision Against non performing assets	3.18	-
Investment Income	0.01	(0-06)
Operating Profit before Working Capital Change	623-26	362-16
Increase in Stock-on-Hire	(718-09)	(1545-67)
Decrease in Loans and Advances	9.70	11-24
Decrease in other Current Assets	50-20	8-17
Increase in Current Laibilities	(109-86)	(47-13)
Cash Generated from Operations	(144-79)	(1,211-23)
Less: Direct Taxes Paid	309-01	140-51
Net Cash Flow from Operating Activities	(453-80)	(1,351-74)
B NET CASH FLOW FROM INVESTING ACTIVITIES:		
Sale proceeds of Fixed Assets	-	1,079-31
Purchase of Fixed Assets	(93-41)	(66-00)
Investment Income	(0.01)	0-06
Term Deposits	-	1-48
Net Cash Flow from Investing Activities	(93-42)	1,014-85
C NET CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	189-32	56-24
Un secured Loans	-	(362-02)
Increase in Secured Loans	670-63	849-53
Dividend Paid	-	-
Dividend tax paid	-	-
Net Cash Flow from Financing Activities	859-95	543-75
Net Increase in Cash & Cash Equivalents (A + B + C)	312-73	206-86
Cash & Cash Equivalentents as on 1-4-2011	202-08	(4-78)
Cash & Cash Equivalentents as on 31-3-2012	514-81	202-08
As per our report of even date	For and on behalf of the Board	
For SURESH AND BABU Chartered Accountants FRN: 004254S		
		
(S. Muralikrishna Rao) -Partner ICAI M. No. 208435	(Sandireddy Lakshmi Narayana) Chairman Cum Managinig Director	(Sandireddy Srimannarayana) Whole time Director
Place : Vijayawada Date : 17-6-2012		