



Lakshmi

FINANCE & INDUSTRIAL CORPORATION LTD.

ANNUAL REPORT 2005 - 2006

BOARD OF DIRECTORS

Sri R. Surender Reddy

Sri N. Tata Rao

Sri D.M. Neterwala (upto 18-07-06)

Sri Kapil Bhatia

Sri M. Ranganath Sai

Sri K. Harishchandra Prasad, Managing Director

AUDITORS

M. Anandam & Co., Secunderabad

Brahmayya & Co., Hyderabad

REGISTERED OFFICE

1st Floor, 'Suryodaya',
1-10-60/3, Begumpet,
Hyderabad - 500 016.

BANKERS

BANK OF BAHRAIN AND KUWAIT, B.S.C

INDUSIND BANK

ANDHRA BANK

HDFC BANK

EIGHTY SECOND ANNUAL REPORT
2005 - 2006



NOTICE

Notice is hereby given that the 82nd Annual General Meeting of the members of **LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED** will be held on Wednesday the 20th September, 2006 at 9.30 A.M. at "Triveni Banquet Hall", Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, (Lane opposite to Allauddin Building), Begumpet, Hyderabad-500 016 to transact the following business.

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Balance Sheet as at **31st March, 2006** and Profit and Loss Account for the Year ended on that date and the reports of Directors and Auditors thereon.
- To declare a dividend on Equity Shares for the year ended 31st March, 2006.
- To appoint a Director in place of Shri. Kapil Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri M. Ranganath Sai, who retires by rotation and being eligible, offers himself for re-appointment.
- To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**.

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

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

Place : Hyderabad
Date : 18th July, 2006

K.HARISHCHANDRAPRASAD
Managing Director

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- The instrument of Proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 2006 to 20th September, 2006. (both days inclusive).
- The dividend on shares, if declared by the Company at the Meeting, will be paid to those members whose names appear on the Company's Register of Members as on 20th September, 2006.
- Members are requested to give their Permanent Account Number (PAN) allotted to them Under Section 139 of the Income Tax Act, 1961 stating their Name and Folio/DPID/Client ID details to the Registered Office of the Company on or before 15th September, 2006.
- Members holding shares in physical form are requested to notify any change in their address to the Registered office of the Company and members holding shares in the dematerialised

form are requested to notify the changes to their depository participant(s).

- Shareholders who have not yet surrendered the existing Share Certificates representing equity shares of Rs. 100/- each paid up of your total shareholdings for exchange of new share certificates representing equity shares of 10/- each paid up for any reason may please contact Shares Department of the Company.
- Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio to facilitate better service.
- Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year 1994-1995 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No-II to The Registrar of Companies, Andhra Pradesh, 2nd Floor, Kendriya Sadan, Koti, Hyderabad-500 095.
Consequent upon amendment in Section 205 A of the Companies Act, 1956 and introduction of Section 205 C, by the Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for a period of 7 Years shall be transferred to the Investor Education and Protection Fund.
Accordingly, the unpaid/unclaimed dividend amount for the financial year 1998-1999, declared on 24th September, 1999 is due for transfer to Investor Education and Protection Fund (IEPF) before 23rd October, 2006.
Members who have not encashed the dividend warrant(s) so far for the financial year 1998-1999, or any subsequent dividend payment(s) are requested to make their claim to the Company.
- Pursuant to clause 43A of the Listing Agreement with the Hyderabad Stock Exchange Ltd, the listing fee for the year 2006-2007 has been paid.
- Members desiring any information as regards the accounts are requested to write to the Company at least Seven days before the meeting so as to enable the management to keep the information ready.

SHAREHOLDER INFORMATION

Stock Exchange on which the Company's Securities are listed

The Company's Securities are listed at the following Stock Exchange in India:

The Hyderabad Stock Exchange Limited
(Regional Stock Exchange)
3-6-275, Himayatnagar,
Hyderabad - 500 029.

The Company's Registrar & Share Transfer Agent for Electronic Form

M/s. Venture Capital and Corporate Investments Limited
12-10-134 (MIG 134)
2nd Floor, Bharatnagar Colony,
Hyderabad - 500 018.

Members are requested to bring their copy of the Annual Report to the Meeting.



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the 82nd Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2006.

SUMMARY OF FINANCIAL RESULTS

	(Rupees in lakhs)	
	2005-2006	2004-2005
Gross Income	519.86	365.30
Gross Profit	465.85	283.88
Less: Depreciation	8.65	7.95
Profit for the year before taxation	457.20	275.93
Less: Provision for Taxation	0.04	10.71
Profit for the year	457.16	265.22
Add: Income Tax of Earlier Years	1.73	2.85
Add: Balance brought forward from previous year	216.41	103.40
Profit available for appropriation	675.30	371.47
Less: Provision for Dividend	78.75	45.00
Provision for Dividend Tax	11.04	6.31
Transfer to Reserve Fund	92.00	53.75
Transfer to General Reserve	150.00	50.00
Balance Carried Over to Balance Sheet	343.51	216.41

DIVIDEND:

Keeping in view the results for the year under review, your Directors are pleased to recommend a dividend at the rate 35% (i.e. Rs.3.50 per Equity Share of Rs.10/- each) for the year ended 31st March, 2006 (previous year 20%). The proposed dividend, if approved by the members at the ensuing Annual General Meeting, would be tax free in the hands of the share holders and will absorb a sum of Rs.89.79 lakhs including Dividend Tax for which necessary provision has been made in the accounts.

REVIEW OF OPERATIONS:

The overall performance of the Indian Economy in the year 2005-06 has been encouraging with GDP growth rate estimated at about 8% and has also been one of the best years for the Stock Market and equity related mutual funds. Accordingly, during the year under review, the Company's financial performance through investments in shares and equity related mutual funds have yielded substantial capital gains, as can be seen from the Net Profit for the year ended 31st March, 2006.

The Company's Gross Income during the year under review increased to Rs.519.86 lakhs as against Rs.365.30 lakhs registering an increase of 42% over the previous year and the Profit for the year after taxation increased to Rs.457.16

lakhs as against Rs.265.22 lakhs, an increase of 72% over the previous year. The improved performance was mainly on account of the Long Term Capital Gains earned Dividend Income from the Investments made by the Company in Shares and equity oriented Mutual Funds.

While India's expected strong economic growth is likely to provide opportunities for growth of Capital Markets and Mutual Fund activities in the long term, it is unlikely that the relative performance and returns from the Stock Market and Mutual Fund Investments during the current year 2006-07 will match the returns generated in the previous year because of the volatility and other market risk factors. However, the Company with cautious optimism, will continue to focus its efforts to closely monitor its investment with a view to generate optimum capital appreciation and encash the opportunities. As you may be aware and as mentioned in the earlier reports, the Company is registered with Reserve Bank of India as "Non Deposit taking NBFC" (Non Banking Finance Company). On account of the continued unfavourable market conditions and the stringent Reserve Bank of India regulations for NBFC's, the Company could not take up new business in the areas of Leasing, Hire Purchase etc. The Company was successful in recovering about Rs.9.32 lakhs of Bad Debts during the year under review and the Company will make continued efforts to recover the balance debts pertaining to the earlier Lease/Bill Discounting transactions. Under the circumstances, the Management thought it prudent to Invest the net owned funds of the Company in Long Term Investments as mentioned earlier in the overall interest of the Company. Further, the Company is making continued efforts to identify new business activities in manufacturing/service sectors as a part of diversification.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits from the public during the year under review and there are no outstanding deposits as on 31st March, 2006. Further, the Company is registered with RBI as a "Non Deposit Taking Company".

DIRECTORS:

Sri D.M. Neterwala resigned from the Board of Directors of the Company for personal reasons and the same was accepted by the Board w.e.f. 18.07.2006. The Board recorded its deep sense of gratitude and appreciation for the valuable advice and guidance extended by Sri D.M. Neterwala during his long tenure of more than 25 years as a Director on the Board.

In accordance with the Companies Act, 1956 and the Articles of Association of our Company, Sri.Kapil Bhatia and Sri.M.Ranganath Sai, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.



DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2006 and of the profit and loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

SUBSIDIARY COMPANY:

The audited statements of account of the Company's subsidiary "M/s.L-Pack Polymers Limited" together with the report of Directors' and Auditors' for the year ended 31st March, 2006 as required U/s 212 of the Companies Act, 1956 are attached. As informed in the earlier year report, the operations of the Company were stopped from 31.07.2001 and subsequently all the machinery and inventory were disposed and no employees are on the rolls as on 31.03.2006. The Management is exploring various alternatives, ways and means to dispose the Subsidiary Company.

CORPORATE GOVERNANCE:

The Company started pursuing the code of Corporate Governance as enunciated by SEBI in clause 49 of the listing agreement, though the same is not mandatory to our Company.

DEPOSITORY SYSTEM:

Your Company shares have been made available for dematerialisation through the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). As on 31st March, 2006, 11.88% of the shares in your Company have been dematerialised.

AUDITORS COMMENTS:

The Note No.6 of Schedule No.'O' to the attached Balance Sheet, referred by the Auditors in their Report, the Company

is in the process of obtaining confirmation of balances from parties of receivables and payables.

AUDITORS:

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

PARTICULARS OF EMPLOYEES:

None of the employees are covered U/s 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors Report for the year ended 31st March, 2006.

LISTING:

Your Company's shares are presently listed at the Stock Exchange of Hyderabad. Your Company is regular in payment of listing fees.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

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

GENERAL:

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

PERSONNEL:

The relations between the employees and the management continued to be cordial during the year under review.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation to all the employees and as well as the shareholders for their continued support and co-operation.

For and on behalf of the Board

R. Surender Reddy
Director

K. Harishchandra Prasad
Managing Director

Place : Hyderabad
Date : 18th July, 2006



AUDITORS' REPORT

To
The Members of
LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED
HYDERABAD

1. We have audited the attached Balance Sheet of LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED, HYDERABAD (A.P) as at 31st March, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith, and **subject to Note No.6 regarding "confirmation of balances"** and read with the other notes thereon as per

Schedule "O", 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, 2006;
- 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 cash flow statement, of the cash flows for the year ended on that date.

For **M.ANANDAM & CO.**
Chartered Accountants

For **BRAHMAYYA & CO.**
Chartered Accountants

M.V.RANGANATH
Partner
Membership No.28031
Place : Hyderabad
Date : 18th July, 2006

P.CHANDRAMOULI
Partner
Membership No.25211

ANNEXURE - LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED, HYDERABAD.

Referred to in paragraph 3 of our report of even date,

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified most of the fixed assets other than the assets given on lease, during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. In case of assets leased out the Company follows the procedures of obtaining confirmations from the lessees and the management has still to obtain such confirmations.
 - c) As per the information and explanations given to us, during the year the Company has not disposed off any substantial part of fixed assets that would affect the going concern status of the Company.
2.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
 - a) The Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of our comment in paragraph 3(a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and investments and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
b) In view of our comment in paragraph 5(a) above, clause V(b) of aforesaid Order in our opinion is not applicable.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Company.
9. a) According to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2006 for a period of more than six months from the date they became payable. **However, the Company has to pay an amount of Rs.3,74,170/- on account of Income-tax dues.**
c) According to the records of the Company and the information and explanations given to us, the dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Service Tax/Excise Duty/Cess, which have not been deposited on account of any dispute are as follows.

Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Income-tax	12,81,829	Assessment year 2000-01	Commissioner of Income-tax (Appeals), Hyderabad
Sales-tax	1,61,394	1993-94 and 1997-98	Sales Tax Appellate Tribunal, Hyderabad

10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company has maintained proper records for transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments. As explained to us timely entries have been made therein. Shares, debentures and other investments have been held by the Company in its own name to the extent applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us the Company has not obtained any term loans during the year.
17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures and therefore the question of creating security or charge in respect there of does not arise.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **M. ANANDAM & CO.**
Chartered Accountants

M.V. RANGANATH
Partner
Membership No.28031

Place : Hyderabad
Date : 18th July, 2006

For **BRAHMAYYA & CO.**
Chartered Accountants

P. CHANDRAMOULI
Partner
Membership No.25211



BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule No.	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
I. SOURCES OF FUNDS:			
(1) Shareholders Funds:			
(a) Capital	A	2,25,00,000	2,25,00,000
(b) Reserves and Surplus	B	14,40,99,098	10,71,89,015
		<u>16,65,99,098</u>	<u>12,96,89,015</u>
(2) Deferred Tax Liability		2,91,837	3,72,958
TOTAL		<u>16,68,90,935</u>	<u>13,00,61,973</u>
II. APPLICATION OF FUNDS:			
(1) Fixed Assets:			
(a) Gross Block	C	2,82,45,214	3,52,18,875
(b) Less: Depreciation		1,71,65,979	2,49,59,366
(c) Net Block		<u>1,10,79,235</u>	<u>1,02,59,509</u>
(2) Investments	D	15,55,79,936	11,41,39,971
(3) Current Assets, Loans and Advances:			
(a) Inventories	E	—	4,89,770
(b) Sundry Debtors	F	68,975	1,15,795
(c) Cash and Bank Balances	G	40,94,853	44,12,033
(d) Other Current Assets	H	9,77,525	7,12,806
(e) Loans and Advances	I	1,30,83,991	1,36,46,578
		<u>1,82,25,344</u>	<u>1,93,76,982</u>
Less: Current Liabilities and Provisions			
(a) Current Liabilities	J	44,50,316	41,04,569
(b) Provisions	K	1,35,43,264	96,09,920
		<u>1,79,93,580</u>	<u>1,37,14,489</u>
NET CURRENT ASSETS		2,31,764	56,62,493
TOTAL		<u>16,68,90,935</u>	<u>13,00,61,973</u>
Notes on Accounts and Accounting Policies	O		

For and on behalf of the Board

R. Surender Reddy
Director

K. Harishchandra Prasad
Managing Director

Place : Hyderabad
Date : 18th July, 2006

Per our Report of even date

For **M. Anandam & Co.,**
Chartered Accountants

M.V. Ranganath
Partner

For **Brahmayya & Co.,**
Chartered Accountants

P. Chandramouli
Partner



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule No.	Current Year Rs.	Previous Year Rs.
INCOME:			
Interest Earned (T D S : Current Year Rs.Nil Previous Year Rs.60,100)	L	5,02,725	9,47,105
Income from Investments		1,74,57,722	1,11,81,014
Profit on Sale of Investments		2,99,92,401	2,11,65,999
Profit on Sale of Fixed Assets		1,70,840	1,14,121
Rents Earned		25,71,597	23,53,272
Miscellaneous Receipts		3,59,177	86,776
Bad Debts recovered		9,32,000	6,81,645
TOTAL		5,19,86,462	3,65,29,932
EXPENDITURE:			
Staff Cost	M	21,47,921	18,19,671
Other Expenses	N	32,53,201	61,72,036
Investments Written Off		—	1,50,000
Depreciation	C	8,65,340	7,95,231
TOTAL		62,66,462	89,36,938
PROFIT FOR THE YEAR BEFORE TAXATION		4,57,20,000	2,75,92,994
Less : Provision for Taxation : Current Tax		—	13,00,000
Deferred Tax		(81,121)	(2,28,754)
Fringe Benefit Tax		85,000	—
PROFIT FOR THE YEAR AFTER TAXATION		4,57,16,121	2,65,21,748
Add : Excess provision for taxation written back		1,73,431	2,85,621
Balance Brought Forward		2,16,40,911	1,03,39,667
PROFIT AVAILABLE FOR APPROPRIATION		6,75,30,463	3,71,47,036
APPROPRIATIONS:			
Reserve Fund		92,00,000	53,75,000
General Reserve		1,50,00,000	50,00,000
Dividend		78,75,000	45,00,000
Corporate Dividend Tax thereon		11,04,469	6,31,125
Surplus Carried to Balance Sheet		3,43,50,994	2,16,40,911
TOTAL		6,75,30,463	3,71,47,036
Earnings Per Share - (Basic/Diluted) (Rs.)		20.40	11.91
Notes on Accounts and Accounting Policies	O		

For and on behalf of the Board

R. Surender Reddy
Director

K. Harishchandra Prasad
Managing Director

Place : Hyderabad
Date : 18th July, 2006

Per our Report of even date
For **M. Anandam & Co.,**
Chartered Accountants

M.V. Ranganath
Partner

For **Brahmayya & Co.,**
Chartered Accountants

P. Chandramouli
Partner



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	Year ended 31.3.2006 Rs.	Year ended 31.3.2005 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extraordinary Items	4,57,20,000	2,75,92,994
Adjustments for:		
Depreciation	8,65,340	7,95,231
Profit on Sale of Investments (Net)	(2,85,58,847)	(1,67,60,409)
Loss/(Profit) on Sale of Fixed Assets (Net)	16,284	(75,606)
Interest (Net)	(5,02,725)	(9,47,105)
Income From Investments	(1,74,57,722)	(1,11,81,014)
Rents Earned	(25,71,597)	(23,53,272)
Investments Written Off	0	1,50,000
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(24,89,267)	(27,79,181)
Adjustments for:		
Trade and other receivables	13,06,422	57,58,060
Inventories	4,89,770	0
Trade and other payables	(48,391)	(47,798)
CASH GENERATRED FROM OPERATIONS	(7,41,466)	29,31,081
Direct Taxes paid	(14,19,428)	(21,63,862)
NET CASH FROM OPERATING ACTIVITIES (A)	(21,60,894)	7,67,219
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(22,51,407)	(6,48,499)
Sale of Fixed Assets	5,50,057	3,87,456
Purchase of Investments	(11,38,68,716)	(11,11,01,941)
Sale of Investments	10,09,87,598	9,96,81,526
Income received from Investments	1,74,57,722	1,11,81,592
Interest received	5,02,725	9,47,105
Rents Earned	25,71,597	23,53,272
NET CASH USED IN INVESTING ACTIVITIES (B)	59,49,576	28,00,511
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(41,05,862)	(38,62,724)
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	(41,05,862)	(38,62,724)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,17,180)	(2,94,994)
Cash and Cash equivalents as at 01-04-2005	44,12,033	47,07,027
Cash and Cash equivalents as at 31-03-2006	40,94,853	44,12,033

For and on behalf of the Board

R. Surender Reddy
Director

K. Harishchandra Prasad
Managing Director

Place : Hyderabad
Date : 18th July, 2006

Per our Report of even date

For **M. Anandam & Co.,**
Chartered Accountants

M.V. Ranganath
Partner

For **Brahmayya & Co.,**
Chartered Accountants

P. Chandramouli
Partner

Note: Previous Year's figures have been regrouped, recast wherever necessary to make them comparable with current year's figures.



Schedules annexed to and forming part of the accounts for the year ended 31st March, 2006

	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
A SHARE CAPITAL:		
Authorised:		
30,00,000 Equity Shares of Rs.10/- each	<u>3,00,00,000</u>	<u>3,00,00,000</u>
Issued, Subscribed & Paid Up:		
22,50,000 Equity Shares of Rs.10/- each Fully paid up	<u>2,25,00,000</u>	<u>2,25,00,000</u>
Of the above Shares		
1) 14,240 Equity Shares of Rs.10/- each were allotted as fully paid up for consideration other than cash		
2) 12,50,000 Equity Shares of Rs.10/- each were allotted as fully paid up Bonus Shares by way of Capitalisation of General Reserve		
TOTAL	<u><u>2,25,00,000</u></u>	<u><u>2,25,00,000</u></u>

B. RESERVES AND SURPLUS:

	As at 31.3.2005 Rs.	Additions Rs.	Deductions Rs.	As at 31.3.2006 Rs.
(a) Securities Premium Account	6,48,220	—	—	6,48,220
(b) Excess of Compensation received over paid up capital and share premium account	5,03,51,780	—	—	5,03,51,780
(c) General Reserve	2,10,07,104	1,50,00,000	—	3,60,07,104
(d) Reserve Fund as per RBI Guidelines	1,35,41,000	92,00,000	—	2,27,41,000
(e) Surplus i.e. balance in profit and loss account	2,16,40,911	3,43,50,994	2,16,40,911	3,43,50,994
TOTAL	<u>10,71,89,015</u>	<u>5,85,50,994</u>	<u>2,16,40,911</u>	<u>14,40,99,098</u>

C. FIXED ASSETS :

Sl. Particulars No.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.3.2005 Rs.	Additions Rs.	Deductions Rs.	As at 31.3.2006 Rs.	Upto 31.3.2005 Rs.	For the Year Rs.	On Deductions Rs.	Upto 31.3.2006 Rs.	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
1. Land	7,88,110	11,44,955	0	19,33,065	0	0	0	0	19,33,065	7,88,110
2. Buildings	1,04,52,774	0	0	1,04,52,774	29,13,060	3,76,986	0	32,90,046	71,62,728	75,39,714
3. Computers	4,02,073	0	0	4,02,073	3,37,027	26,018	0	3,63,045	39,028	65,046
4. Furniture and Fixtures	3,62,226	14,700	0	3,76,926	3,37,855	19,111	0	3,56,966	19,960	24,371
5. Vehicles	18,49,516	10,56,477	10,46,766	18,59,227	10,98,017	3,19,493	7,16,438	7,01,072	11,58,155	7,51,499
6. Office Equipments	1,83,439	35,275	0	2,18,714	1,50,391	12,513	0	1,62,904	55,810	33,048
7. Airconditioners and Generator	1,02,827	0	0	1,02,827	85,828	2,365	0	88,193	14,634	16,999
8. Plant and Machinery given on Lease	2,10,77,910	0	81,78,302	1,28,99,608	2,00,37,188	1,08,854	79,42,289	1,22,03,753	6,95,855	1,04,722
TOTAL	<u>3,52,18,875</u>	<u>22,51,407</u>	<u>92,25,068</u>	<u>2,82,45,214</u>	<u>2,49,59,366</u>	<u>8,65,340</u>	<u>86,58,727</u>	<u>1,71,65,979</u>	<u>1,10,79,235</u>	<u>1,02,59,509</u>
Previous Year	4,03,41,346	6,48,499	57,70,970	3,52,18,875	2,96,23,255	7,95,231	54,59,120	2,49,59,366	1,02,59,509	1,07,18,091



		As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
D : INVESTMENTS:			
LONG TERM, AT COST : NON - TRADE :			
EQUITY SHARES - SUBSIDIARY COMPANY - FULLY PAID	1	20,00,000	20,00,000
EQUITY SHARES - OTHER COMPANIES - FULLY PAID	2	4,65,18,674	3,41,47,070
GOVERNMENT SECURITIES	3	5,000	5,000
WARRANTS - OTHER COMPANIES	4	—	—
MUTUAL FUNDS	5	10,90,56,262	7,99,87,901
TOTAL		15,75,79,936	11,61,39,971
Less : Diminution in the value of investments		20,00,000	20,00,000
Carrying value of investments		<u>15,55,79,936</u>	<u>11,41,39,971</u>
Aggregate cost of quoted investments		15,55,69,936	11,41,29,971
Aggregate market value of quoted investments		21,93,11,814	13,21,52,226
Aggregate cost of unquoted investments		20,10,000	20,10,000

NAME OF THE COMPANY	F.V. Rs.	No. of Shares As at 31.3.2005	Additions/ (Deletions) of shares	No. of Shares As at 31.3.2006	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
1. SHARES IN SUBSIDIARY COMPANY:						
L-PACK Polymers Limited	10.00	200000	—	200000	20,00,000	20,00,000
					<u>20,00,000</u>	<u>20,00,000</u>
2. EQUITY SHARES - OTHER COMPANIES (FULLY PAID):						
Allahabad Bank	10.00	10000	(10000)	—	—	4,43,568
Alok Tex Industries Limited	10.00	3000	3000/(3000)	3000	1,96,583	2,04,152
Amtek India Limited	10.00	3000	—	3000	3,25,231	—
Andhra Pradesh Paper Mills Limited	10.00	2500	2500/(2500)	2500	2,37,500	2,36,834
Andhra Bank	10.00	6652	1411/(6652)	1411	81,224	2,22,171
Ashok Leyland Limited	1.00	14000	13000	27000	6,85,270	3,24,902
Atlas Copco Limited	10.00	1021	100/(250)	871	6,81,565	7,14,983
Avantis Pharma Limited	10.00	945	13	958	11,80,402	11,59,683
B.N.Rathi Securities Limited	10.00	62675	—	62675	6,28,000	6,28,000
Bajaj Hindustan Limited	10.00	2500	—	2500	5,14,552	—
Balaji Telefilms Limited	2.00	4000	(4000)	—	—	4,23,699
Balrampur Chinni Limited	1.00	5000	3000	8000	6,00,743	3,35,396
Bank of India	10.00	5000	(5000)	—	0	3,02,884
Bhagyanagar Metals Limited	2.00	12850	17150	30000	7,53,718	2,86,418
Bharat Heavy Electricals Limited	10.00	—	1150	1150	21,91,697	—
Bhushan Steels Limited	10.00	2500	1500/(2500)	1500	2,53,521	3,60,202
Bongaion Refineries Limited	10.00	4000	2000/(4000)	2000	1,74,410	3,73,940
CESC Limited	10.00	6848	1152/(2000)	6000	7,81,364	8,22,011
Canara Bank	10.00	1500	(1500)	—	—	1,80,767
Chambal Fertilisers & Chemicals Ltd.	10.00	11000	—	11000	3,66,486	3,66,486
Chennai Petrochemicals Limited	10.00	4500	500/(4500)	500	51,814	4,08,727
EID Parry (India) Limited	2.00	10000	—	10000	8,78,969	8,78,969
Electro Steel Castings Limited	10.00	2000	1000/(1500)	1500	5,30,472	6,20,874
Elder Pharma Limited	10.00	2000	(2000)	—	—	3,26,267
Gammon India Limited	2.00	—	2200	2200	8,66,187	—
Ganesh Forgings Limited	10.00	3000	—	3000	1,59,402	—
Garden Silk Mills Limited	10.00	8000	—	8000	4,36,782	4,36,782
Gujarat Alkalies & Chemicals Limited	10.00	1500	1835	3335	4,71,536	2,08,929
Gujarat NRE Coke Limited	10.00	4000	3500	7500	7,17,022	2,58,255
Gujarat State Fertilisers Limited	10.00	1000	(1000)	—	—	1,25,268
Garware Shipping Limited	10.00	1995	(1995)	—	—	54,480
Garware Wallropes Limited	10.00	13144	1856	15000	4,46,324	3,60,746
Havellis India Limited	5.00	—	2000	2000	9,11,896	—
Hero Honda Limited	2.00	1500	(1500)	—	—	6,77,922
Hindustan Construction Limited	1.00	—	11000	11000	7,05,553	—
IPCA Laboratories Limited	10.00	3038	148/(1519)	1667	5,52,847	9,94,415
Ind Swift Labs Limited	10.00	—	6000	6000	10,65,693	—
Indian Petrochemicals Corporation Limited	10.00	1800	5500/(1800)	5500	10,89,995	2,49,132



NAME OF THE COMPANY	FV. Rs.	No. of Shares/units As at 31.3.2005	Additions/ (Deletions) of shares/ units	No. of Shares/units As at 31.3.2006	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
Infosys Technologies Limited	5.00	—	470	470	13,30,706	—
I V R C L Infrastructures Limited	2.00	—	20000	20000	26,18,243	—
Jaiprakash Associates Limited	10.00	—	2000	2000	6,78,850	—
Jayaswals Neco Limited	10.00	—	11000	11000	3,74,527	—
Jindal Stainless Steel Limited	10.00	5000	1000/(5000)	1000	77,212	3,66,208
JSW Steel Limited	10.00	3500	714/(3500)	714	1,14,240	7,72,422
Kochi Refineries Limited	10.00	1500	1000/(1500)	1000	1,50,698	2,06,339
Larsen & Toubro Limited (a)	10.00	50	—	50	7,288	7,288
LIC Housing Finance Limited	10.00	2300	1000/(2000)	1300	2,42,087	2,80,014
Lloyd Electrical & Engg. Limited	10.00	—	3000	3000	4,64,930	—
Mahindra & Mahindra Limited	10.00	1800	1800/(1000)	2600	6,17,131	8,54,491
Maruti Udyog Limited	10.00	2800	(2800)	—	—	10,95,474
Mawana Sugars Limited	10.00	3000	1500	4500	4,46,311	3,00,285
N T P C Limited	10.00	8503	(4503)	4000	3,25,607	6,92,151
Nagarjuna Agrichem Limited	10.00	4650	—	4650	5,70,787	5,70,787
Nagarjuna Construction Company Limited	2.00	38575	(22075)	16500	2,69,195	6,29,275
Nava Bharat Ferro Alloys Limited	2.00	45000	—	45000	23,37,686	23,37,686
Neyveli Lignite Corporation Limited	10.00	—	2500	2500	2,03,681	—
Oil and Natural Gas Corporation Limited	10.00	1341	600/(841)	1100	10,65,753	9,76,339
Omax Auto Limited	10.00	—	2000	2000	2,14,377	—
Phonix Lamps Limited	10.00	—	7500	7500	6,86,986	—
Praj Industries Limited	2.00	—	11990	11990	6,86,620	—
PRICOL Limited	10.00	—	4600	4600	2,39,111	—
Regency Ceramics Limited	10.00	20367	(20367)	—	—	7,91,352
Reliance Industries Limited	10.00	5300	1400/(2000)	4700	13,30,416	24,98,339
Reliance Capital Ventures Limited	10.00	—	4500	4500	29,761	—
Reliance Energy Ventures Limited	10.00	—	4500	4500	1,67,119	—
Reliance Natural Resources Limited	10.00	—	4500	4500	16,025	—
Reliance Communication Ventures Limited	10.00	—	4500	4500	8,85,962	—
Rico Auto Limited	10.00	—	4000	4000	3,04,518	—
Sesa Goa Limited	10.00	—	2500	2500	17,57,059	—
Shasun Chemicals Limited	10.00	—	5000	5000	4,71,478	—
Sona Koya Steering Limited	10.00	7000	1500/(2000)	6500	3,68,694	3,79,154
State Bank of India	10.00	—	1700	1700	10,70,298	—
Steel Authority of India Limited	10.00	21000	9000/(21000)	9000	3,70,617	7,03,785
Super Spinning Limited	10.00	1800	590/(300)	2090	4,65,533	2,79,246
Supreme Petro Limited	10.00	—	8000	8000	2,78,713	—
Suraj Diamonds Limited	10.00	7000	13000	20000	9,43,800	2,46,189
Suryalata Spinning Limited	10.00	—	5250	5250	4,34,576	—
Tatlej Industries Limited	10.00	1500	(1500)	—	—	2,15,338
TAJ GVK Hotels & Resorts Limited	2.00	—	2784	2784	6,15,347	—
Tata Chemicals Limited	10.00	—	5500	5500	12,68,482	—
Tata Consultancy Services Limited	10.00	348	(348)	—	—	3,86,394
Tata Metaliks Limited	10.00	2500	2500	5000	7,35,363	4,13,518
Tata Motors Limited	10.00	1600	(1600)	—	—	6,98,709
Teledata Informatics Limited	10.00	—	20000	20000	6,69,821	—
The Great Eastern Shipping Corporation Limited	10.00	8000	(8000)	—	—	9,16,786
The Shipping Corporation of India Limited	10.00	5500	(5500)	—	—	7,26,371
T I S C O Limited	10.00	2900	2100/(2900)	2100	5,45,503	5,34,060
The Tata Power Company Limited	10.00	2300	(2300)	—	—	5,59,626
Torrent Pharmaceuticals Limited	10.00	1400	(1400)	—	—	5,62,351
Ucal Fuel Systems Limited	10.00	7300	(2800)	4500	4,89,891	7,94,699
Uttam Galva Limited	10.00	18000	(9000)	9000	2,64,828	5,29,658
Visakha Industries Limited	10.00	7293	4589/(3000)	8882	7,71,086	2,79,593
Visual Soft Technologies Limited	10.00	4000	(4000)	—	—	5,51,281
A.P.Mahesh Co-operative Urban Bank Limited	20.00	250	-	250	5,000	5,000
					4,65,18,674	3,41,47,070
3. GOVERNMENT SECURITIES:						
7 year National Savings Certificate - 2nd Issue (b)	—	—	—	—	5,000	5,000
					5,000	5,000
4. WARRANTS:						
Jindal Vijay Nagar Steel Limited (c)	—	714	(714)	—	—	—



Lakshmi

FINANCE & INDUSTRIAL CORPORATION LTD.

ANNUAL REPORT 2005 - 2006

NAME OF THE COMPANY	FV. Rs.	No. of units As at 31.3.2005	Additions/ (Deletions) of units	No. of units As at 31.3.2006	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
5. MUTUAL FUNDS:						
Franklin India Blue Chip Fund (Dividend)	10.00	83694	(83694)	—	—	20,00,000
DSP Merrill Lynch Opportunities Fund (Dividend)	10.00	150887	53591/(150887)	53591	15,00,000	25,00,000
Franklin India Prima Fund (Dividend)	10.00	134516	159378/(134516)	159378	75,00,000	45,00,000
Templeton India Growth Fund (Dividend)	10.00	121425	(121425)	—	—	30,00,000
Prudential ICICI Power (Dividend)	10.00	93545	(93545)	—	—	10,00,000
Sundarm Select Midcap Fund (Dividend)	10.00	150764	139429	290193	44,00,000	20,00,000
HDFC Equity Fund (Dividend)	10.00	301161	—	301161	65,92,445	65,92,445
UTI Growth & Value Fund (Growth)	10.00	86793	(86793)	—	—	25,00,000
FT India Prima Plus (Dividend)	10.00	81833	(81833)	—	—	15,00,000
Birla Dividend Yield Plus (Dividend)	10.00	146628	(146628)	—	—	20,00,000
Tata Pure Equity Fund (Dividend)	10.00	161246	123401/(161246)	123401	20,57,775	27,85,237
DSP Merrill Lynch Top-100 Equity Fund (Dividend)	10.00	61199	(61199)	—	—	10,00,000
Reliance Growth Fund (Dividend)	10.00	151640	143477	295117	1,25,06,042	53,06,042
SBI MSFU-Contra Fund Growth (Dividend)	10.00	123077	220770	343847	65,00,000	20,00,000
Franklin India Flexi Cap Fund (Growth)	10.00	200000	—	200000	20,00,000	20,00,000
Birla Midcap Fund (Dividend)	10.00	132626	(132626)	—	—	20,00,000
Birla MNC Fund (Dividend)	10.00	45704	39793	85497	40,00,000	20,00,000
UTI Dynamic Equity Fund (Dividend)	10.00	104603	(104603)	—	—	20,00,000
Franklin India Blue Chip Fund (Growth)	10.00	19701	(19701)	—	—	10,00,000
Franklin India Prima Fund (Growth)	10.00	23008	(23008)	—	—	20,00,000
Kotak Midcap (Growth)	10.00	195599	—	195599	20,00,000	20,00,000
UTI G S F Pharma & Health Care Fund (Dividend)	10.00	80863	(80863)	—	—	15,00,000
H D F C Capital Builder Fund (Dividend)	10.00	138311	(138311)	—	—	30,04,177
H D F C Equity Fund (Growth)	10.00	39481	(39481)	—	—	20,00,000
H S B C Equity Fund (Growth)	10.00	114602	(114602)	—	—	35,00,000
H S B C Equity Fund (Dividend)	10.00	96450	(96450)	—	—	20,00,000
Kotak Mahindra 30 Unit Scheme (Dividend)	10.00	82859	(82859)	—	—	15,00,000
Prudential ICICI Power (Growth)	10.00	72034	(72034)	—	—	20,00,000
Reliance Diversified Power Sector Fund (Dividend)	10.00	150000	107651/(150000)	107651	25,00,000	15,00,000
Reliance Growth Fund (Growth)	10.00	28851	(28851)	—	—	25,00,000
J M Health Care Sector Fund (Dividend)	10.00	129238	(129238)	—	—	13,00,000
S B I Magnum Global Fund (Dividend)	10.00	68027	153778	221805	40,00,000	10,00,000
U T I Basic Industries Fund (Dividend)	10.00	106308	—	106308	15,00,000	15,00,000
S B I MF Magnum Midcap (Dividend)	10.00	200000	—	200000	20,00,000	20,00,000
Reliance Vision Fund (Dividend)	10.00	64650	—	64650	25,00,000	25,00,000
U T I Growth & Value Fund-Semi Annual (Dividend)	10.00	28818	(28818)	—	—	5,00,000
H S B C Midcap Equity Fund (Dividend)	10.00	—	97800	97800	10,00,000	—
Prudential ICICI Discovery Fund (Dividend)	10.00	—	361900	361900	60,00,000	—
Prudential ICICI Emerging Star Fund (Dividend)	10.00	—	245851	245851	40,00,000	—
Principle Resurging Ind. Equity Fund (Dividend)	10.00	—	66247	66247	20,00,000	—
Prudential ICICI Infrastructure Fund (Dividend)	10.00	—	244499	244499	25,00,000	—
Prudential ICICI Dynamic Fund (Dividend)	10.00	—	250367	250367	40,00,000	—
Franklin India Opportunities Fund (Dividend)	10.00	—	153092	153092	25,00,000	—
S B I Magnum Multicap (Dividend)	10.00	—	200000	200000	20,00,000	—
Prudential ICICI Services Industries Fund (Dividend)	10.00	—	244499	244499	25,00,000	—
DSP Merylinch Equity Fund (Dividend)	10.00	—	67404	67404	25,00,000	—
S B I MSFU Emerging Business Fund (Dividend)	10.00	—	258389	258389	40,00,000	—
S B I Bluechip Equity Fund (Dividend)	10.00	—	200000	200000	20,00,000	—
Fidelity Equity Fund (Dividend)	10.00	—	167808	167808	25,00,000	—
U T I Leadership Equity Fund (Dividend)	10.00	—	244499	244499	25,00,000	—
Sundaram India Leadership Fund (Dividend)	10.00	—	143007	143007	25,00,000	—
Reliance Equity Fund (Dividend)	10.00	—	500000	500000	50,00,000	—
					10,90,56,262	7,99,87,901
GRAND TOTAL:					15,75,79,936	11,61,39,971

BOUGHT AND SOLD DURING THE YEAR

Name of the Company/Mutual Fund	No. of Shares/Units
UTI Dividend Yield Fund - Dividend	1,95,599

- Note: (a) 50 shares are not in the possession of the Company.
 (b) Lodged with Sales Tax Department as security deposit.
 (c) The Warrants were converted into Equity Shares consequent to a scheme of Amalgamation.



	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
E INVENTORIES:		
Stock in trade(Land) at cost	—	4,89,770
TOTAL	<u>—</u>	<u>4,89,770</u>
F SUNDRY DEBTORS:		
(Unsecured, Considered Good)		
Debts due for less than six months	68,975	1,15,795
TOTAL	<u>68,975</u>	<u>1,15,795</u>
G CASH AND BANK BALANCES:		
Cash in Hand	17,940	19,274
Cash with Scheduled Banks :		
in Current Accounts	40,76,913	43,92,759
TOTAL	<u>40,94,853</u>	<u>44,12,033</u>
H OTHER CURRENT ASSETS:		
Sales Tax Refund Receivable	9,77,525	7,12,806
TOTAL	<u>9,77,525</u>	<u>7,12,806</u>
I LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Sundry Advances	41	1,212
Prepaid Expenses	1,55,582	1,27,685
Deposits Recoverable	1,01,993	1,01,993
Loans together with Interest accrued thereon	25,03,973	40,55,020
Other Loans	1,57,500	1,57,500
Advance Income Tax and TDS	1,01,64,902	92,03,168
TOTAL	<u>1,30,83,991</u>	<u>1,36,46,578</u>
J CURRENT LIABILITIES:		
Sundry Creditors	1,85,048	1,68,593
Other Liabilities	14,01,744	14,66,590
Unpaid Dividends *	28,63,524	24,69,386
TOTAL	<u>44,50,316</u>	<u>41,04,569</u>
K PROVISIONS:		
Taxation	45,63,795	44,78,795
Proposed Dividend	78,75,000	45,00,000
Corporate Dividend Tax	11,04,469	6,31,125
TOTAL	<u>1,35,43,264</u>	<u>96,09,920</u>

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



	Current Year Rs.	Previous Year Rs.
L INTEREST EARNED:		
On Intercompany Deposits	—	2,90,959
On Other Advances/Loans	5,02,725	6,56,146
TOTAL	5,02,725	9,47,105
M STAFF COST:		
Salaries, Wages and Bonus	16,76,818	14,30,081
Contribution to Provident and Other Funds	3,36,367	2,96,693
Staff Welfare Expenses	1,34,736	92,897
TOTAL	21,47,921	18,19,671
N OTHER EXPENSES:		
Power and Fuel	51,494	54,810
Printing and Stationery	68,061	64,427
Postage, Telephone and Telex	1,44,201	1,59,894
Rent	2,79,972	2,79,972
Rates and Taxes	2,09,252	2,03,737
Insurance	42,648	49,694
Travelling and Conveyance	1,08,618	1,60,121
Vehicle Maintenance	1,13,363	1,05,871
Directors Sitting Fees	24,000	20,000
Legal and Professional Charges	35,065	29,246
Remuneration to Auditors:		
as auditors	25,254	24,795
for Tax Representation	10,000	—
for certification	13,775	5,455
for tax audit	5,510	10,910
Advertisement	19,904	56,651
Repairs and Maintenance to:		
Rented Buildings	2,74,054	2,77,972
Own Buildings	49,055	32,439
Other Assets	—	15,692
Miscellaneous Expenses	1,58,297	1,76,245
Loss on Sale of Investments	14,33,554	44,05,590
Loss on Sale of Assets	1,87,124	38,515
TOTAL	32,53,201	61,72,036



SCHEDULE TO THE BALANCE SHEET AS AT 31ST MARCH, 2006

Particulars	(Rs. in Lakhs)	
	Amount outstanding	Amount overdue
LIABILITIES SIDE:		
(1) LOANS AND ADVANCES AVAILABLE BY THE NBFCs INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID:		
(a) Debentures: Secured	—	—
Unsecured	—	—
(b) Deferred Credits	—	—
(c) Term Loans	—	—
(d) Inter-corporate loans and borrowings	—	—
(e) Commercial Paper	—	—
(f) Public Deposits	—	—
(g) Other Loans (specify nature)	—	—
(2) BREAK-UP OF (1) (f) ABOVE (OUTSTANDING PUBLIC DEPOSITS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID):		
(a) In the form of unsecured debentures	—	—
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	—	—
(c) Other Public Deposits	—	—
ASSETS SIDE: AMOUNT OUTSTANDING		
(3) BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES [OTHER THAN THOSE INCLUDED IN (4) BELOW]:		
(a) Secured	—	
(b) Unsecured	26.61	
(4) BREAK-UP OF LEASED ASSETS AND STOCK ON HIRE AND HYPOTHECATION LOANS COUNTING TOWARDS EL/HP ACTIVITIES		
(i) Leased assets including lease rentals under sundry debtors:		
(a) Financial lease	—	
(b) Operating lease	—	
(ii) Stock on Hire including hire charges under sundry debtors:		
(a) Assets on hire	—	
(b) Repossessed Assets	—	

(iii) Hypothecation loans counting towards EL/HP activities			
(a) Loans where assets have been repossessed	—		
(b) Loans other than above	—		
(5) BREAK-UP OF INVESTMENTS:			
Current Investments:			
1. Quoted:			
(i) Shares: (a) Equity	—		
(b) Preference	—		
(ii) Debentures and Bonds	—		
(iii) Units of mutual funds	—		
(iv) Government Securities	—		
(v) Others (please specify)	—		
2. Unquoted:			
(i) Shares: (a) Equity	—		
(b) Preference	—		
(ii) Debentures and Bonds	—		
(iii) Units of mutual funds	—		
(iv) Government Securities	—		
(v) Others (please specify)	—		
Long Term Investments:			
1. Quoted:			
(i) Shares: (a) Equity	465.14		
(b) Preference	—		
(ii) Debentures and Bonds	—		
(iii) Units of mutual funds	1090.56		
(iv) Government Securities	—		
(v) Others (please specify)	—		
2. Unquoted:			
(i) Shares: (a) Equity	20.05		
(b) Preference	—		
(ii) Debentures and Bonds	—		
(iii) Units of mutual funds	—		
(iv) Government Securities	0.05		
(v) Others (please specify)	—		
(6) BORROWER GROUP-WISE CLASSIFICATION OF ALL LEASED ASSETS, STOCK-ON-HIRE AND LOANS AND ADVANCES:			
	Amount net of provisions		
CATEGORY	Secured	Unsecured	Total
1. Related Parties :			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
2. Other than related parties	—	26.61	26.61
Total	—	26.61	26.61



(7) INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED)

CATEGORY	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	2,193.12	1,555.80
Total	2,193.12	1,555.80

(8) OTHER INFORMATION

Particulars	Amount
(i) Gross Non-Performing Assets	—
(a) Related parties	—
(b) Other than related parties	—
(ii) Net Non-Performing Assets	—
(a) Related parties	—
(b) Other than related parties	—
(iii) Assets acquired in satisfaction of debt	11.45

For and on behalf of the Board

R. Surender Reddy
Director

K. Harishchandra Prasad
Managing Director

Place : Hyderabad
Date : 18th July, 2006



O. SIGNIFICANT ACCOUNTING POLICIES:

- a) Financial Statements are based on historical costs.
- b) Fixed Assets are stated at cost net of depreciation provided.
- c) Long Term Investments are carried at cost. Provision for diminution, if any, in the opinion of the Board, in the value of each long term investment is made to recognise a decline, other than of a temporary nature.
- d) Stock in trade is valued at lower of cost or realisable value.
- e) The following are accounted for on receipt basis:
 - i) Additional Finance Charges on Overdues.
 - ii) Dividend Income.
- f) Provision for Earned Leave is made for value of unutilised leave due to employees at the end of the year.
- g) Provident Fund is administered through Regional Provident Fund Commissioner. Superannuation and group gratuity schemes are administered through policies taken from Life Insurance Corporation of India. Other retirement benefits are provided for on an estimated basis. All outgoing are charged to revenue.
- h) Depreciation on Fixed Assets is provided as follows:
 - i) Depreciation on Plant & Machinery not related to leases is provided on straight line method, in accordance with schedule XIV to the Companies Act, 1956.
 - ii) On written down value method on the other assets (excluding the assets given on lease on or after 1.4.1991), in accordance with Schedule XIV to the Companies Act, 1956 read with circular No.1/86 dated 21.5.1986 issued by the Department of Company Affairs, Government of India.
 - iii) The Assets given on lease on or after 1.4.1991 are written off during the primary lease period taking the month as a unit.
- i) The Current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognised for future result between profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liabilities are measured as per the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. However, deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

O. NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for on account of :

	Current Year Rs.	Previous Year Rs.
(i) Demand from Income Tax Department disputed and pending in appeal for the Asst. Year 2000-01 to the extent of	12,81,829	—

- | | | |
|---|----------|----------|
| (ii) Demand from Sales Tax Department disputed and pending in appeal to the extent of | 1,61,394 | 1,61,394 |
|---|----------|----------|
2. Plant and Machinery given on lease includes Equipment costing Rs. 129.00 Lakhs (Previous Year Rs. 210.78 Lakhs) in respect of which leases have expired or otherwise terminated. The Company is in the process of calling back and taking possession of the same.
 3. The Management has initiated steps to evaluate the quality of all its receivables as at the year end and found all of them to be standard and there are no Non-Performing Assets in accordance with the prudential norms issued by Reserve Bank of India.
 4. The amount of Capital Gains/Losses from Investments credited/debited to Profit and Loss Account for the year consists of the following.

	Current Year Rs.	Previous Year Rs.
Long Term Gain	2,90,78,847	2,01,05,040
Short Term Gain	9,13,554	10,60,959
Long Term Loss	6,31,422	3,99,712
Short Term Loss	8,02,132	40,05,878

5. INVESTMENTS:

- a) 250 Equity shares of AP Mahesh Co-operative Urban Bank Limited costing Rs. 5,000/- are held in the name of Shri. K. Harishchandra Prasad, Managing Director of the Company.
- b) 700 Equity Shares of L-Pack Polymers Ltd., Subsidiary of the Company are held in the name of Nominees.

6. Balances under receivables and payables are subject to confirmation.
7. Managerial Remuneration included in the other heads of account (Minimum remuneration as per Schedule XIII to the Companies Act, 1956).

	Current Year Rs.	Previous Year
Managing Director salary	11,67,742	8,93,387
Cost of Perquisites and Contributions	4,06,194	3,05,426
Total	15,73,936	11,98,813

8. The following are the details of the transactions with related parties as required to be disclosed as per the Accounting Standard 18:



(a) Nature of Transaction	Key Management Personnel		Particulars	Current Year	Previous Year
	Current Year	Previous Year		Rs.	Rs.
i) Remuneration	15,73,936	11,98,813	Difference between book and tax depreciation	(3,11,133)	(4,11,024)
			Provision for other expenses	19,296	38,066
(b) Name of related party and description of relationship:			Total	<u>(2,91,837)</u>	<u>(3,72,958)</u>
Key Management Personnel	K. Harishchandra Prasad, M.D		11. The Company's operations predominantly relate to only one Segment i.e., Investment in Mutual Funds and Equity Shares. Hence, there are no other reportable segments as per Accounting Standard (AS 17) issued by the Institute of Chartered Accountants of India.		
(c) Due from/(Due to) related party:	Current Year	Previous Year	12. The Subsidiary of the Company Viz. L-Pack Polymers Limited had no commercial activity and hence consolidated financial statements have not been prepared. However, the financial statements of the subsidiary is appended as per Sec 212 of the Companies Act, 1956.		
K. Harishchandra Prasad	(6,870)	(8,101)	13. The other particulars are required under Part-II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable.		
Managing Director			14. Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable with current year's figures.		
9. Particulars of earning per share:	Current Year	Previous Year	15. The Statement on significant accounting policies forms an integral part of financial statements.		
	(Rs. in lakhs)				
Net Profit for the year attributable to equity share holders	458.90	268.07			
Number of Equity Shares	22,50,000	22,50,000			
Nominal Value of the Shares (Rs.)	10	10			
Earning Per Share (Basic/Diluted) (Rs.)	20.40	11.91			
10. In terms of Accounting Standard 22, "Accounting for taxes on income" (AS 22) issued by the Institute of Chartered Accountants of India, the Company has accounted for deferred taxes during the year. The following are the major components of deferred tax assets/(liabilities)					
Signatures to Schedule A to O For and on behalf of the Board			Per our Report of even date For M. Anandam & Co., Chartered Accountants		
R. Surender Reddy Director			M.V. Ranganath Partner		
K. Harishchandra Prasad Managing Director			For Brahmayya & Co., Chartered Accountants		
Place : Hyderabad			P. Chandramouli Partner		
Date : 18th July, 2006					
STATEMENT REGARDING SUBSIDIARY COMPANY (Pursuant to Section 212 of the Companies Act, 1956)					
L-PACK POLYMERS LIMITED					
				As at	As at
				31.3.2006	31.3.2005
				Rupees	Rupees
A) Holding Company's interest: 2,00,000 Equity Shares of Rs.10/- each, fully paid				20,00,000	20,00,000
B) Net aggregate amount of Subsidiary's Profits/(Losses) not dealt within the Holding Company's Accounts:					
i) for the Subsidiary's financial year ended 31st March, 2006				(12,837)	(13,789)
ii) for the previous years				(13,789)	(1,35,736)
C) Net aggregate amount of Subsidiary's Profits/(Losses) dealt within the Holding Company's Accounts:					
i) for the Subsidiary's financial year ended 31st March, 2006				—	—
ii) for the previous years				—	—
R. SURENDER REDDY Director			K. HARISHCHANDRA PRASAD Managing Director		
Place : Hyderabad					
Date : 18th July, 2006					



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Company Identification No. (CIN): L 9 9 9 9 9 A P 1 9 2 3 P L C 0 0 0 0 4 4

Balance Sheet 3 1 0 3 2 0 0 6 State Code 0 1
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)

Public Issue Rights Issue
N I L N I L

Bonus Issue Private Placement
N I L N I L

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

Total Liabilities Total Assets
1 6 6 8 9 1 1 6 6 8 9 1

SOURCES OF FUNDS

Paid-up Capital Reserves & Surplus
2 2 5 0 0 1 4 4 0 9 9

Secured Loans Unsecured Loans
N I L N I L

APPLICATION OF FUNDS

Net Fixed Assets Investments
1 1 0 7 9 1 5 5 5 8 0

Net Current Assets Miscellaneous Expenditure
2 3 2 N I L

Accumulated Losses
N I L

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

Turnover Total Expenditure
5 1 9 8 6 6 2 6 6

Profit before Tax Profit after Tax
4 5 7 2 0 4 5 7 1 6

Earning per share (Rs.) Dividend Rate (%)
2 0 . 4 0 3 5

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

Product Description	Item Code
1. L E A S I N G	N I L
2. I N V E S T M E N T S	N I L
3. I N T E R C O R P O R A T E D E P O S I T S	N I L

R. SURENDER REDDY

Director

Place : Hyderabad

Date : 18th July, 2006

K. HARISHCHANDRA PRASAD

Managing Director

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 10th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2006.

Particulars	(In Rupees)	
	2005-2006	2004-2005
Gross Income	0	2,820
Profit/(Loss) before Taxation	(12,837)	(13,789)
Net Profit/(Loss)	(12,837)	(13,789)
Balance of Loss carried forward	(19,80,099)	(19,67,262)

REVIEW OF OPERATIONS:

As informed in the previous year's report, the Company's manufacturing operations were stopped with effect from 31.07.2001 and consequently, there were no operations during the year under review. The management is looking for various alternatives, ways and means to dispose/sell/transfer the Company.

DIRECTORS:

Sri R. Surender Reddy retires by rotation and being eligible, offer himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2006 and of the profit and loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS:

The Auditors, M/s. M.Anandam & Co., Chartered Accountants, Secunderabad, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES:

None of the employees are covered U/s 217(2A) of the Companies Act,

1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors Report for the year ended 31st March, 2006.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

The information pursuant to Section 217(i)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Directors) Rules, 1988 have not been given as the same is not applicable as there are no manufacturing operations during the year. The particulars regarding income and expenditure in Foreign Currency is NIL.

For and on behalf of the Board

KESHAV BHUPAL

K. HARISHCHANDRA PRASAD

Directors

Place : Hyderabad

Date : 18th July, 2006

AUDITORS' REPORT

To

The Members of
M/s. L-PACK POLYMERS LIMITED
HYDERABAD

We have audited the attached Balance Sheet of M/s. L-Pack Polymers Limited, as at 31st March, 2006 and 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.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing & Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our Comments in the annexure referred to in paragraph 1 above.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our Audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss account referred to in this report are in agreement with the books of account.
 - d) In our opinion the Profit and Loss account and Balance Sheet comply

with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

- e) On the basis of our review of the representations received from the Directors of the Company and the information and explanations given to us, none of the directors of the Company have prima facie, as at 31st March 2006, any disqualification as referred to in clause (g) of sub-section (1) to Section 274 of the Act.
- f) In our opinion and to the best of our knowledge and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and *subject to the Presentation of Financial Statements on principles applicable to a going concern as the Company suspended its operations during the year (vide note No. 2 of Schedule G)* give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In so far as it relates to the Balance Sheet of the State of Affairs of the company as at 31st March, 2006, and
 - ii. In so far as it relates to Profit & Loss account of the Loss of the Company for the year ending on 31st March, 2006.

for **M. ANANDAM & CO.,**
Chartered Accountants

Place : Secunderabad
Date : 18th July, 2006

M.V. Ranganath
Partner
M. No. 28031

ANNEXURE - REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE:

- i. The company has not taken loan from/granted to the companies from or other parties listed in the register maintained under section 301 of the Act, The clause relating to the rate of interest and other terms and conditions of the loan given/taken by the company, secured or unsecured, which are prima-facie prejudicial to the interest of the company is not applicable.
- ii. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from public.
- iii. Since the company has discontinued its operations, it is not recommended to have the internal audit system.
- iv. The Central Government has not prescribed rules for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- v. According to the information and explanations received the company is not having any disputed amounts pending in respect of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess.
- vi. According to the books of accounts, there are accumulated losses of Rs. 19,80,099 covered by our audit.
- vii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- viii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- ix. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- x. In our opinion and according to the information given to us, the company is not dealing 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.
- xi. In our opinion and according to the information and explanations given to us, the company has not given guarantee for loan taken by others from bank or financial institutions.
- xii. In our opinion and according to the information and explanations given to us, the company does not have any term loans during the year.
- xiii. In our opinion and 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 short-term basis have been used for long-term investment.
- xiv. The company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xv. The Company has not issued any Debentures during the year.
- xvi. The company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the company.
- xvii. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Clauses i, ii, iv, v, ix(a) of Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 are not applicable for the year.

for **M. ANANDAM & CO.,**
Chartered Accountants

Place : Secunderabad
Date : 18th July, 2006

M.V. Ranganath
Partner
M. No. 28031

BALANCE SHEET AS AT 31.3.2006

	Schedule No.	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
I. SOURCES OF FUNDS:			
(1) Share Holders Funds			
(a) Share Capital	A	<u>20,00,000</u>	20,00,000
TOTAL		<u><u>20,00,000</u></u>	<u><u>20,00,000</u></u>
II. APPLICATION OF FUNDS:			
1. Current Assets, Loans & Advances			
(A) Current Assets:			
Cash & Bank Balances	C	<u>9,972</u>	24,971
(B) Loans & Advances	D	<u>15,541</u>	15,541
		<u>25,513</u>	40,512
Less: Current Liabilities & Provisions			
(a) Current Liabilities	E	<u>5,612</u>	11,020
		<u>5,612</u>	11,020
Net Current Assets		<u>19,901</u>	29,492
2. Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		<u>0</u>	3,246
3. Profit & Loss Account			
	B	<u>19,80,099</u>	19,67,262
TOTAL		<u><u>20,00,000</u></u>	<u><u>20,00,000</u></u>
Notes on Accounts	G		

Schedule referred to above form an integral part of the accounts

KESHAVBHUPAL
K. HARISHCHANDRA PRASAD
Directors
Place : Hyderabad
Date : 18th July, 2006

for **M. Anandam & Co.,**
Chartered Accountants
M.V. Ranganath
Partner

As per our report of even date

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2006

	Schedule No.	Current Year Rs.	Previous Year Rs.
INCOME:			
Credit Balances written back		—	2,820
TOTAL		<u><u>—</u></u>	<u><u>2,820</u></u>
EXPENDITURE:			
Manufacturing, Administration & Selling Expenses	F	<u>9,591</u>	13,356
Preliminary & Preoperative expenses written off		<u>3,246</u>	3,253
		<u>12,837</u>	16,609
Loss Before Taxes		<u>(12,837)</u>	(13,789)
Less: Provision for Taxation		<u>0</u>	0
Net Loss after taxes		<u>(12,837)</u>	(13,789)
Less: Income Tax of earlier years		<u>0</u>	575
Add: Balance Brought Forward		<u>(19,67,262)</u>	(19,52,898)
Balance carried to Balance Sheet		<u><u>(19,80,099)</u></u>	<u><u>(19,67,262)</u></u>
Notes on Accounts	G		

As per our report of even date

KESHAVBHUPAL
K. HARISHCHANDRA PRASAD
Directors
Place : Hyderabad
Date : 18th July, 2006

for **M. Anandam & Co.,**
Chartered Accountants
M.V. Ranganath
Partner

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.		As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
A. SHARE CAPITAL					
Authorised :					
5,00,000 Equity Shares of Rs.10/- each	<u>50,00,000</u>	<u>50,00,000</u>			
Issued, Subscribed & Paidup:					
2,00,000 Equity Shares of Rs.10/- each (All the above Equity Shares are held by Lakshmi Finance & Industrial Corporation Ltd., the Holding Company)	<u>20,00,000</u>	<u>20,00,000</u>			
B. RESERVES & SURPLUS					
Profit & Loss Account			<u>(19,80,099)</u>	<u>(19,67,262)</u>	
C. CASH & BANK BALANCES					
Cash in Hand			<u>3,278</u>	10,828	
Cash with Schedules Banks			<u>6,694</u>	14,143	
TOTAL			<u><u>9,972</u></u>	<u><u>24,971</u></u>	

L-PACK POLYMERS LIMITED

10th ANNUAL REPORT 2005 - 2006

	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.	
D LOANS & ADVANCES (Advance Recoverable in cash or in kind or for value to be received)			6. Previous years figures have been regrouped and rearranged wherever necessary.
Deposit Recoverable	13,000	13,000	Signature to Schedules A to G
TDS for the year 2003-2004	1,887	1,887	KESHAVBHUPAL K. HARISHCHANDRA PRASAD Directors
Sales Tax Refund Receivable	654	654	As per our report of even date For M. ANANDAM & CO., Chartered Accountants
TOTAL	15,541	15,541	Place: Hyderabad Date : 18th July, 2006
E CURRENT LIABILITIES			M.V.RANGANATH Partner
Other Liabilities	5,612	11,020	BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
TOTAL	5,612	11,020	I. REGISTRATION DETAILS
F MANUFACTURING, ADMINISTRATION & SELLING EXPENSES			Registration No. <input type="text" value="24370"/> State Cod <input type="text" value="011"/>
Rates & Taxes	50	2,550	Balance Sheet <input type="text" value="3110321016"/> Date Date Month Year
Conveyance	—	1,493	II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)
Legal & Professional Charges	2,000	2,000	Public Issue <input type="text" value="NIL"/> Rights Issue <input type="text" value="NIL"/>
Audit Fee	5,612	5,510	Bonus Issue <input type="text" value="NIL"/> Private Placement <input type="text" value="NIL"/>
Miscellaneous Expenses	1,929	1,803	III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)
TOTAL	9,591	13,356	Total Liabilities <input type="text" value="20010"/> Total Assets <input type="text" value="20010"/>
SCHEDULE G - NOTES TO ACCOUNTS:			SOURCES OF FUNDS
1. SIGNIFICANT ACCOUNTING POLICIES:			Paid-up Capital <input type="text" value="20010"/> Reserves & Surplus <input type="text" value="NIL"/>
a) Financial Statements are based on historical Costs.			Secured Loans <input type="text" value="NIL"/> Unsecured Loans <input type="text" value="NIL"/>
b) Fixed Assets are stated at cost net of depreciation provided, and depreciation is calculated on SLM basis as per Schedule XIV of the Companies Act, 1956.			APPLICATION OF FUNDS
2. As the Company has suspended its operations, accounting policies and information required under Clause 2(a)(b)(d) of Part-II of Schedule-VI of the Companies Act, 1956 have not been disclosed.			Net Fixed Assets <input type="text" value="NIL"/> Investments <input type="text" value="NIL"/>
3. Payment to Auditors	2005-06 Rs.	2004-05 Rs.	Net Current Assets <input type="text" value="210"/> Miscellaneous Expenditure <input type="text" value="NIL"/>
Audit Fee	5,000	5,000	Accumulated Losses <input type="text" value="19810"/>
4. Remuneration to Directors	NIL	NIL	IV. PERFORMANCE OF THE COMPANY (Amount in Rs. thousands)
5. Preliminary expenses are being written off over a period of 10 years.			Turnover <input type="text" value="0"/> Total Expenditure <input type="text" value="113"/>
			Loss before Tax <input type="text" value="(113)"/> Loss after Tax <input type="text" value="(113)"/>
			Earning per share (Rs.) <input type="text" value="NIL"/> Dividend Rate (%) <input type="text" value="NIL"/>
			V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (As per monetary terms)
			Product Description Item Code
			P E T C O N T A I N E R S <input type="text" value="NIL"/>
			I N J E C T I O N M O U L D I N G <input type="text" value="NIL"/>
			C O M P O N E N T S <input type="text" value="NIL"/>
			KESHAVBHUPAL K. HARISHCHANDRA PRASAD
			Director Director
			Place: Hyderabad
			Date : 18th July, 2006



ATTENDANCE SLIP
LAKSHMI FINANCE & INDUSTRIAL CORPORATION LTD.

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

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

Member(s) Name _____

Client ID / Folio Number _____

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 20th September, 2006 at 9.30 a.m. at Triveni Banquet Hall, Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, (Lane Opp. to Allauddin Building), Begumpet, Hyderabad - 500 016.

Member's / Proxy's Signature _____

NOTE:

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



PROXY FORM
LAKSHMI FINANCE & INDUSTRIAL CORPORATION LTD.

DP ID.
Client ID. /Folio No. / Shares held

I/We _____ of _____
being a Member / Members of LAKSHMI FINANCE & INDUSTRIAL CORPORATION LIMITED hereby
appoint _____ of _____ or failing
him _____ of _____ as my /
our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on
Wednesday, the 20th September, 2006 at 9.30 a.m. and any adjournment thereon.

Affix One Rupee Revenue Stamp
--

Signed this _____ day of _____ 2006.

Note:

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

FOR OFFICE USE ONLY

PROXY NO. _____ **CLIENT ID/ FOLIO NO.** _____

No. of Shares _____

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FINANCE & INDUSTRIAL CORPORATION LTD.

Registered Office :

1st Floor, 'Suryodaya', 1-10-60/3,

Begumpet, Hyderabad - 500 016.

Phone : 27760301 Fax : 040 - 27767793

EIGHTY SECOND ANNUAL REPORT

*Day : Wednesday
Date : 20th September, 2006
Time : 9.30 A.M.*

VENUE

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

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