



Boosting Enterprise to Newer Heights

34th ANNUAL REPORT 2009-2010





| [Board of Directors](#)

Sri. K. Sivaprakasam
Chairman

Sri. S. Srinivasa Rao
Managing Director

Sri. R. S. Vidyasagar
Director

Sri. G. Anantha Ramu, IAS
Director

Sri. Vikas Raj, IAS
Director

R. Venkatraman
Director

Sri. T. S. Bhaskaran
Director

Sri. S. V. Kanaka Seshu
Director

Prof. K. Ramachandran
Director

| [Company Secretary](#)

P. Seshagiri Rao

| [Auditors](#)

Hari & Gautham Associates
Chartered Accountants

| [Bankers](#)

IDBI Bank
Syndicate Bank
Andhra Bank

| [Registered Office](#)

8th Floor, Parisrama Bhavanam,
Basheerbagh, Hyderabad - 500 004,
Andhra Pradesh, INDIA.



OUR VISION

To be a Global leader offering diversified Industrial Consulting Services for promotion and growth of micro and small enterprises.

OUR VALUES

Versatility

We believe that each consultant at APITCO regardless of ones academic background, be sensitive and responsive in providing varied consulting services, irrespective of the client size and type of industry.

Commitment

We commit ourselves:

- To APITCO for ensuring organisational growth, promoting harmonious work environment and building mutual respect for each other
- To offer our clients, present or prospective, our services with an innovative approach, assurance of quality and meeting set schedules within the defined scope of work

Integrity

We shall uphold the integrity of APITCO by

- Being honest and ethical in our business dealings
- Maintaining clients confidentially
- Enhancing client trust through highest professional standards

Team Work

We believe in working together as a team, cutting across the boundaries of hierarchy and functional expertise, to find solutions for our client and internal needs. For team working spells quality that cannot be achieved by individual efforts.

Pursuit of Excellence

We shall pursue excellence in our professional skill, perpetually. By so doing, we shall perform better each time.



Contents	Page No.
Notice	01
Directors' Report	05
Compliance Certificate	09
Comments of the Comptroller and Auditor General of India	13
Auditors' Report	14
Annual Accounts 2009 - 10	17
Quality Statement	31
Performance Highlights	32
APITCO's Regional & Project Offices	33

NOTICE

Members of APITCO Limited are hereby given notice for the 34th Annual General Meeting of the Company, the schedule of which and business to be transacted therein, are given below:

Day and Date : Friday, July 30, 2010

Time : 11.00 A.M.

Venue : Registered Office: 8th Floor, Parisrama Bhavanam, Basheerbagh, Hyderabad - 500 004.

ORDINARY BUSINESS

1. To receive, consider and adopt
 - a) The Audited Balance Sheet as at March 31, 2010
 - b) The Audited Profit and Loss Account for the year ended on that date
 - c) The Directors' Report and
 - d) The Auditors' Report, thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Sri. Vikas Raj, IAS, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. T. S. Bhaskaran, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix Statutory Auditors remuneration for the financial year 2010-11.

SPECIAL BUSINESS

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

“RESOLVED that Sri. G. Anantha Ramu, IAS be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that Sri. R. Venkatraman be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 383A(1) of the Companies Act, 1956, M/s. RVR Associates, Company Secretaries in Practice be and are hereby appointed for conduct of Secretarial Audit and to issue a Compliance Certificate for the year 2010-11, on such terms and conditions as may be fixed by the Board of Directors of the Company.”



9. Issue of Bonus Shares

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to Article 156 of the Articles of Association of the Company, consent of the Members be and is hereby accorded for capitalization of a sum of Rs. 64,66,000/- out of general reserves and to set free for distribution amongst the equity shareholders by issue of 6,466 bonus equity shares of Rs. 1,000/- each credited as fully paid-up to the equity shareholders in the proportion of 2 equity shares for every 1 equity shares held by them as on the date and that such new shares as and when issued and fully paid, and other terms and conditions as under:

-that the bonus shares so allotted shall always be subject to the terms and conditions contained in the Memorandum of Association and the Articles of Association of the Company.

- that the Bonus Shares so allotted pursuant to this resolution shall rank in all respects *pari passu* with the existing fully paid Equity shares of the Company save and except that they shall not participate in any dividend in respect of any financial year up to and including March 31, 2010.

-that for the purposes of giving effect to this resolution, the Directors of the Company be and are hereby authorized to file the necessary forms/returns with the Registrar of Companies, to take such other steps and actions and give such directions as they may in their absolute discretion deem necessary to settle any question that may arise in regard to the issue, allotment and distribution of the Bonus Shares as they may think fit.”

By order of the Board
For APITCO Limited

Place: Hyderabad
Date: June 25, 2010

S. Srinivasa Rao
Managing Director



NOTES

1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. An explanatory statement in respect of the above special business pursuant to the provisions of Section 173(2) of the Companies Act 1956 is annexed hereto.
4. Dividend of 20% for the year ended March 31, 2010 as recommended by the Board, if sanctioned at the Meeting, will be payable to those members whose names appear on the Company's register of members on July 30, 2010.

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACTS, 1956

Item No. 6:

Consequent to the transfer of Dr. P. V. Ramesh, IAS, Sri. G. Anantha Ramu, IAS has assumed the office of the Commissioner of Industries, Government of Andhra Pradesh, Hyderabad. The Company has requested Sri. G. Anantha Ramu, IAS, the present Commissioner of Industries, Government of Andhra Pradesh, Hyderabad to be a Director on the Board. He has conveyed his consent in this regard.

The Board of Directors at its 154th meeting held on February 08, 2010 had Co-opted Sri. G. Anantha Ramu, IAS as Director on the Board of Directors of the Company in place of Dr. P. V. Ramesh, IAS pursuant to Article 106 of the Articles of Association of the Company.

As per the provisions of the Companies Act, 1956, other than institution nominees like IDBI, SIDBI and IFCI, other Directors appointment need to be confirmed by the Shareholders of the Company.

The resolution is recommended for the approval of the Members.

Except Sri. G. Anantha Ramu, IAS no other Director is concerned or interested in the resolution.

Item No. 7:

Syndicate Bank, Funds & Investment Management Division, Mumbai has nominated Sri. R. Venkatraman as Director on the Board of the Company vide their letter no. 19/FIM/5070 dated 19-01-2010 in place of Sri. P. K. C. Herle.

The Board of Directors at its 154th meeting held on February 08, 2010 had Co-opted Sri. R. Venkatraman as Director on the Board of Directors of the Company as Syndicate Bank nominee in place of Sri. P. K. C. Herle pursuant to Article 106 of the Articles of Association of the Company.

As per the provisions of the Companies Act, 1956, other than institution nominees like IDBI, SIDBI and IFCI, other Directors appointment need to be confirmed by the Shareholders of the Company.

The resolution is recommended for the approval of the Members.

Except Sri. R. Venkatraman no other Director is concerned or interested in the resolution.



Item No. 8:

As per Section 383A(1) of the Companies Act, 1956, every company having paid-up share capital of ten lakh rupees or more shall file with the Registrar a compliance certificate which is to be obtained from a Company Secretary in practice.

M/s. RVR Associates, Company Secretaries in Practice, Secretarial Auditor being eligible, offer themselves for appointment for conduct of Secretarial Audit for the year 2010-11.

The resolution is recommended for the approval of the Members.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 9:

The Company has huge amount of reserve and surplus and the Board, in order to utilize the reserve and surplus, to strengthen the financial position of the company and to meet the capital requirements proposes to capitalize the free reserves and surpluses of the company by issuing fully paid Bonus Shares in the proportion of 2 equity shares for every 1 equity shares held by the shareholders of the Company. The Members are requested to consider and pass the said special resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

By order of the Board
For APITCO Limited

Place: Hyderabad
Date: June 25, 2010

S. Srinivasa Rao
Managing Director



DIRECTORS' REPORT

To the members,

We are delighted to present our report on the business and operations of the Company for the year ended March 31, 2010.

1. FINANCIAL RESULTS

A summary of the financial performance of the Company for the financial year ended 31-03-2010 is as under:

(Rupees in lakhs)

Particulars	2009-10	2008-09
Gross Income	1609.11	1145.71
Profit before tax (PBT)	505.51	341.80
Provision for tax	174.07	121.01
Profit after tax (PAT)	331.44	220.79
Profit brought forward from previous year	1084.39	896.16
Dividend and tax thereon	7.56	7.56
Transfer to General Reserve	30.00	25.00
Surplus carried to Balance Sheet	1378.27	1084.39
Dividend Rate	20%	20%

2. DIVIDEND

Your Directors recommend a dividend of 20% on the paid-up share capital for the current year.

3. PERFORMANCE REVIEW 2009-10

During the year, your Company recorded total revenues of Rs. 1609.11 lakhs contributed by all major business segments: Cluster Development Rs. 479.87 lakhs; Project Related Services Rs. 326.01 lakhs; Skill Development Rs. 275.75 lakhs; Tourism & Research Studies Rs. 148.36 lakhs; Entrepreneurship Development & Training Rs. 108.73 lakhs; Asset Reconstruction & Management Services Rs. 55.03 lakhs; Micro Enterprises Development Rs. 52.83 lakhs; Energy Related Services Rs. 48.35 lakhs; Environment Management Rs. 39.98 lakhs; Emerging Areas Rs. 6.84 lakhs and other Income Rs. 67.36 lakhs.

The growth in income during the year was 40.45% higher than the revenues during the previous financial year. Profit before Tax recorded by your Company is Rs. 505.51 lakhs grew by 47.89% over that in the previous year.



4. CURRENT YEAR'S OUTLOOK

The Company proposes to adopt appropriate strategies with major focus on utilization of Information Technology interventions to expand its areas of operation and also to provide value added qualitative services to its customers. The Company has business on hand worth Rs. 831.26 lakhs as on March 31, 2010.

5. HUMAN RESOURCE DEVELOPMENT

Promoting performance culture in the organization has been a priority for the Company during the year. Apart from promoting performance culture, nurturing and developing existing human capital and acquiring required talent through recruitment continued to be focus areas for the Company.

Key HR interventions carried out by the Company include review of compensation and benefits to the employees, recruitment, nurturing talent to meet the requirements and enhance performance. Details of the interventions are reported below:

- Recruitment of the required talent was the focus area during the year and in the process around 20 employees were recruited at different levels for different verticals of the organization as per the requirements of the respective verticals
- Based on the competencies of the employees, inter vertical transfers have been carried out with the underlining concept of placing the right person at the right job
- The company has engaged M/s Ascent leadership and Management Consultants Private Limited to carry out organizational development interventions and the focus areas have been compensation & benefits revision and rollout, leadership development
- The compensation and benefits revision was carried out with a focus on promoting performance culture in the organization and few modifications were carried out to the existing variable remuneration scheme of the organization
- Performance Management System is revised and quarterly performance appraisal process is introduced. Transparent Quarterly Performance appraisal system was carried out to have a close monitoring and corrective measures for better performance by identifying the performers and non-performers and change non-performers into performers by using development strategies
- Capacity building initiatives were continued through conducting in-house and learning forums and nominating employees for external trainings conducted by reputed institutes and organizations. Total training man-days count to 125 days during the year
- In-house training interventions focusing "Effective Report Presentation Skills", "Cluster Dynamics & Presentation skills" were carried out to help employees hone their technical as well as presentation skills
- Deputing Company's professionals to external training programmes has continued in the current year as well. Some of the programmes to which the employees have been nominated are: Programme for Cluster Managers, Doing Business with UN, Effective scheduling and Project Management practices using MS-Projects 2008, Seminar on Water Infrastructure, TOT on Selection of Consultants and Client Consultant Agreement, KM India Summit 2009, Seminar on WTO Agreements and Doha Negotiations



- Learning Forums were organized for behavioral modification and knowledge sharing among the employees. Learning's were extended by guest faculty while knowledge sharing sessions were by employees. Focus areas were Effective Utilization of MS-Outlook, Intellectual Property Rights, Knowledge Management Systems at APITCO, Bench Marking for Best Practices, Team Building, KM from Practitioners perspective, MIS/Measurement and Metrics
- Employees were encouraged to air their views and share the strategies for organizational growth by announcing incentives for each workable strategy

6. FIXED DEPOSITS

Your company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

7. DIRECTORS

During the year Sri. Neerabh Kumar Prasad, IAS, Dr. P. V. Ramesh, IAS, Sri. P. K. C. Herle and Sri. N Janardhana Rao, Directors resigned. The Board wishes to place on record its gratitude for the guidance and support received from them during their tenure.

Sri. Vikas Raj, IAS and Sri. T. S. Bhaskaran, Directors retire by rotation, and, being eligible, offer themselves for reappointment. Your Directors recommend reappointment of the above Directors.

8. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of the requirements under Section 217(2AA) of the Companies Act, 1956, relating to Directors' responsibility statement, your directors hereby confirm:

- (i) that in the preparation of the accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the Company for the year under review;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts for the financial year ended March 31, 2010 have been prepared on a 'going concern' basis.

9. PERSONNEL

There were no employees drawing remuneration in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956, during the year under review.



10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company is not engaged in manufacturing activities, the information in respect of conservation of energy and absorption of technology is not applicable.

Your Company's foreign exchange earnings during the year under review was Rs. 24.06 lakhs. (Rs. 20.39 lakhs from M/s. Climate Change Investment II, S.A and Rs. 3.67 lakhs from M/s. PA Consulting Group, USA)

Your company's foreign exchange outgo during the year under review was Rs. 3.12 lakhs.

11. AUDITORS

M/s. Hari & Gautham Associates, Chartered Accountants retire at the ensuing Annual General Meeting of the company. C & AG is being approached for appointment of auditors for the financial year 2010-11.

12. SECRETARIAL AUDIT

In terms of Section 383A(1) of the Companies Act, 1956, M/s. Ahalada Rao. V & Associates, Company Secretaries in Practice were appointed for conduct of Secretarial Audit for the year 2009-10. A copy of Compliance Certificate issued by them for the year 2009-10 is enclosed to this report.

13. ACKNOWLEDGEMENT

Your Directors thank your Company's clients, Vendors, Investors and Bankers for their continued support. Your Directors place on record their appreciation of the significant contribution made by employees at all levels.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : May 07, 2010

K. Sivaprakasam
Chairman



COMPLIANCE CERTIFICATE

The Members,

We have examined the registers, records, books and papers of APITCO LIMITED as required to be maintained under the Companies Act, 1956, and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, and its officers, we certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the prescribed time under the Act and the rules made there under.
3. The Company being Public Limited Company, comments are not required.
4. The Board of Directors duly met Four (4) times on 19.05.2009, 13.08.2009, 10.11.2009, 08.02.2010 in respect of which, proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members, during the financial year under review.
6. The Annual General Meeting of the Company for the financial year ended 31st March, 2009 was held on Thursday, August 13, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra-ordinary General Meeting was held during the financial year on Monday, February 08, 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
8. The Company has not advanced any loans to its Directors and / or the persons or firms or companies referred to under Section 295 of the Act during year under review.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act during the financial year under review and as such company was not required to obtain any approval from the Board of Directors, members or the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company has
 - i) Transferred Securities during the financial year through dematerialization process
 - ii) Deposited the amount of dividend declared in a separate bank account on within five days from the date of declaration of such dividend.



- iii) Paid / posted Warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Syndicate bank, Hyderabad.
 - iv) No amounts lying with it in unpaid dividend account or any application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years or more.
 - v) Complied with requirements of Section 217 of the Act for the financial year under review.
14. During the Financial year under review following changes among the Board of Directors occurred and the company is in the process of filing returns and obtain Directors Identification Number from the same.
- a) Shri N.Janardhana Rao, Nominee of Indian Bank was appointed as Director of the company in place of Sri N. Najumuddin.
 - b) Shri Vikas Raj, IAS, Nominee of APSFC was appointed as Director of the company consequent to the transfer of Shri A. Giridhar, IAS.
 - c) Sri R. Venkatraman be and hereby co-opted as Director in place of Sri P.K.C. Herle as nominee Director of Syndicate Bank .
 - d) Sri G. Anantha Ramu, IAS, Commissioner of Industries, Govt. of Andhra Pradesh, Hyderabad be and is hereby co-opted as Director in place of Dr. P.V. Ramesh, IAS.
15. There was no appointment of Managing Director has been made in compliance with the provisions of section 269 read with schedule XIII to the Act.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. There were no instances requiring the Company to obtain approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The majority of Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder during the financial year under review.
19. The Company has not allotted any shares / debentures / other securities during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. There was no redemption of Preference Shares / Debentures during the financial year under review as the company has not issued any preference shares or debentures.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited any deposits falling within the purview of Section 58A during the financial year under review.
24. The Company has not borrowed any amounts from its Directors, members, public, financial institutions, banks and others during the financial year under review.



25. During the financial year under review the company made investments and necessary approvals obtained for the same and also the entries in the relevant registers are properly done.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year review.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the financial year under review.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital during the financial year under review.
30. The Company has altered its Articles of Association during the financial year for the following purpose:
 - a) Appointment/removal of Managers, Secretaries etc and to fix to their emoluments etc.
 - b) replacing the word "IDBI" with "SIDBI" on account of transfer of shares held by IDBI to SIDBI.And the relevant forms filed and registered with the Registrar of companies, Hyderabad, Andhra Pradesh.
31. As per the information given by the officers of the Company, there was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to provident fund with the prescribed authorities pursuant to section 418 of the Act.

For Ahalada Rao. V & Associates
Company Secretaries

V Ahalada Rao
Company Secretary in Practice
CP No.: 3607

Place : Hyderabad
Date : 29.04.2010



ANNEXURE - A

STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY

1. Register of Directors' U/s 303
2. Register of Directors' Shareholdings U/s 307
3. Register of Members U/s 150
4. Minutes of Board Meetings U/s 193
5. Minutes of Annual and Extra- Ordinary General Meetings U/s 193
6. Register of contracts, firms and Companies in which Directors are interested U/s 301
7. Register of Dividends

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Andhra Pradesh during the financial year ending on 31st March, 2010.

SL. NO.	FORMS / RETURNS	SECTION	PURPOSE	DATE OF FILING
1.	Form 23AC & 23ACA (Balance Sheet & P&L A/c)	220	For the Financial Year ended on 31 st March, 2009	09-09-2009
2.	Form 20B (Annual Return)	159	For the AGM held on 13/08/2009	09-09-2009
3.	Form No.66 (Compliance Certificate)	383A	For the Financial Year 2008-09	24-08-2009
4.	Form 23	192	Amendment of Articles of Association	09-09-2009
5.	Form 23	192	Amendment of Articles of Association	18-02-2010
6.	Form 32	303	Resignation of Shri Mohammed Najumuddin as Director	14-09-2009
7.	Form 32	303	Resignation of Shri G.S.P. Sinha as Director	05-06-2009
8.	Form 32	303	Appointment of Shri K. Ramachandran as Additional Director	26-06-2009
9.	Form 32	303	Regularization of Shri K. Ramachandran as Director	14-09-2009
10.	Form 32	303	Appointment of Shri Vikas Raj, IAS and resignation of Shri A. Giridhar as Director	26-06-2009
11.	DIN 3	266E	Intimation of Director Identification Number of Shri Mohammed Najumuddin by the company to the Registrar	05-09-2009
12.	DIN 3	266E	Intimation of Director Identification Number of Shri K. Ramachandran by the company to the Registrar	07-07-2009

Forms and Returns as filed by the Company with the Regional Director, Company law Board, Central Government and other authorities during financial year ending on March 31, 2010: NIL



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF APITCO LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of APITCO Limited, Hyderabad for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 07 May 2010.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act 1956 of the financial statements of APITCO Limited, Hyderabad for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to statutory auditor's report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India

(Dolly Chakrabarty)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad.

Place : Hyderabad
Date: 04 June 2010



AUDITORS' REPORT

Auditors' Report to the Members of APITCO Limited

1. We have audited the attached Balance Sheet of APITCO Limited ("the Company") as at March 31, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto both of which we have signed under reference to this report. 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 have 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out 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 in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

Place: Hyderabad
Date : May 07, 2010

Hari Jagannadha Sarma
Partner
For and on behalf of
Hari & Gautham Associates
Chartered Accountants
Membership No. 205239



Annexure to the Auditors' Report

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets of the Company are physically verified by the management during the year and no material discrepancies between physical inventories and book records were noticed.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. The Company has neither granted nor taken any loans, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from Companies, firms etc., listed in the register maintained under section 301 of the Act, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable to the Company.
3. In our opinion and according to the information and explanation given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any instances of major weaknesses in the aforesaid internal control system.
4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act, which needs to be entered in the register required to be maintained under that section.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues in respect of provident fund, income-tax, service tax, and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues which have not been deposited on account of any dispute.
8. The Company has neither accumulated losses as at March 31, 2010, nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.



9. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
10. 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 during the year.
11. The Company has not obtained any term loans during the year.
12. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
13. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act, during the year
14. The Company has not raised any money by public issue during the year.
15. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

The other clauses 4(ii), (viii), (xiii), and (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Place: Hyderabad
Date: May 07, 2010

Hari Jagannadha Sarma
Partner
For and on behalf of
Hari & Gautham Associates
Chartered Accountants
Membership No. 205239

BALANCE SHEET

Balance Sheet as at March 31, 2010

	Schedule Reference	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,233,000	3,233,000
Reserves and Surplus	2	153,476,814	121,089,326
TOTAL		156,709,814	124,322,326
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	10,513,530	8,241,399
Less: Depreciation		6,460,778	5,851,015
Net Block		4,052,752	2,390,384
Investments	4	6,300,000	3,600,000
Deferred Tax Assets	5	1,881,402	1,170,651
Current Assets, Loans and Advances			
Sundry Debtors	6	94,346,800	78,906,556
Cash and Bank Balances	7	98,857,195	71,736,643
Other Current Assets	8	3,494,228	1,740,667
Loans and Advances	9	12,386,080	6,606,405
		209,084,303	158,990,271
Less : Current Liabilities and Provisions	10		
Liabilities		53,617,769	36,167,439
Provisions		10,990,874	5,661,541
		64,608,643	41,828,980
Net Current Assets		144,475,660	117,161,291
TOTAL		156,709,814	124,322,326
Notes to the Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

Hari Jagannadha Sarma
Partner

For and on behalf of
Hari & Gautham Associates
Chartered Accountants

Place : Hyderabad
Date : May 07, 2010

K. Sivaprakasam
Chairman

S. V. Kanaka Seshu
Director

Place : Hyderabad
Date : May 07, 2010

S. Srinivasa Rao
Managing Director

P. Seshagiri Rao
Chief Consultant & Company Secretary

R. Venkatraman
Director

PROFIT AND LOSS ACCOUNT

Profit and Loss Account for the year ended March 31, 2010

	Schedule Reference	01.04.2009 to 31.03.2010 Rs.	01.04.2008 to 31.03.2009 Rs.
INCOME			
Income from Operations	11	154,175,273	110,273,418
Other Income	12	6,735,807	4,297,729
TOTAL		160,911,080	114,571,147
EXPENDITURE			
Operating Expenses	13	55,704,120	35,885,140
Payments and Benefits to Employees	14	32,456,053	26,209,393
Administrative and Other Expenses	15	20,732,476	17,246,590
Financial Expenses	16	246,920	199,153
Depreciation		1,220,560	850,358
TOTAL		110,360,129	80,390,634
Profit for the Year		50,550,951	34,180,513
Provision for Taxation - Current (Refer clause 9 of notes to the accounts)		18,117,724	11,598,047
- Fringe Benefit		-	471,567
- Deferred		(710,751)	31,685
Profit after Taxation		33,143,978	22,079,214
Profit and Loss Account Balance Brought Forward		108,439,326	89,616,602
Balance available for appropriation		141,583,304	111,695,816
Appropriations:			
Transfer to General Reserve		3,000,000	2,500,000
Proposed Dividend		646,600	646,600
Dividend Tax thereon		109,890	109,890
Balance carried to Balance Sheet		137,826,814	108,439,326
Notes to the Accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

Hari Jagannadha Sarma
Partner
For and on behalf of
Hari & Gautham Associates
Chartered Accountants

K. Sivaprakasam
Chairman
S. V. Kanaka Seshu
Director

S. Srinivasa Rao
Managing Director
P. Seshagiri Rao
Chief Consultant & Company Secretary

R. Venkatraman
Director

Place : Hyderabad
Date : May 07, 2010

Place : Hyderabad
Date : May 07, 2010

SCHEDULES

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
20,000 Equity Shares of Rs. 1000/- each	20,000,000	20,000,000
ISSUED		
7,500 Equity Shares of Rs. 1000/- each	7,500,000	7,500,000
SUBSCRIBED AND PAID - UP		
3,233 Equity Shares of Rs. 1000/- each, fully paid-up	3,233,000	3,233,000
	<u>3,233,000</u>	<u>3,233,000</u>
SCHEDULE - 2		
RESERVES AND SURPLUS		
General Reserve		
As at the commencement of the year	12,650,000	10,150,000
Add: Transfer from Profit and Loss Account	3,000,000	2,500,000
	<u>15,650,000</u>	<u>12,650,000</u>
Balance in Profit and Loss Account	<u>137,826,814</u>	<u>108,439,326</u>
	<u><u>153,476,814</u></u>	<u><u>121,089,326</u></u>

SCHEDULE - 3 FIXED ASSETS

(Amount in Rupees)

Particulars	COST				DEPRECIATION (including amortisation)				NET BOOK VALUE	
	As at 01.04.2009	Additions During the Year	Deductions During the Year	As at 31.03.2010	Up to 01.04.2009	For the Year	On Deductions During the Year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Computers	3,595,732	774,476	-	4,370,208	2,668,251	561,275	--	3,229,526	1,140,682	927,481
Office Equipment	2,281,044	971,692		3,252,736	1,302,893	234,477	--	1,537,370	1,715,366	978,151
Furniture and Fixtures	1,664,707	161,799		1,826,506	1,276,914	222,993	--	1,499,907	326,599	387,793
Vehicles	699,916	1,064,080	699,916	1,064,080	602,957	201,815	610,797	193,975	870,105	96,959
Total	8,241,399	2,972,047	699,916	10,513,530	5,851,015	1,220,560	610,797	6,460,778	4,052,752	2,390,384
Previous Year	8,670,507	511,541	940,649	8,241,399	5,926,747	849,609	925,341	5,851,015	2,390,384	

SCHEDULES

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 4		
INVESTMENTS (Non-Trade, Unquoted, Long Term)		
HUDCO Public Deposit Scheme	1,300,000	1,300,000
IDBI Flexi Bonds 22 (Regular Income Bond)	2,000,000	2,000,000
India SME Asset Reconstruction Company Limited (300,000 Equity Shares @ Rs. 10/- each, fully paid-up)	3,000,000	300,000
	6,300,000	3,600,000
SCHEDULE - 5		
DEFERRED TAX ASSETS		
Fixed Assets	138,406	94,102
Leave Encashment	1,742,996	1,076,549
	1,881,402	1,170,651
SCHEDULE - 6		
SUNDRY DEBTORS (Unsecured and Considered good)		
Over six months old	33,460,804	21,212,103
Other debts	60,885,996	57,694,453
	94,346,800	78,906,556
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on Hand	-	-
Balances with Scheduled Banks		
- in Current Account	16,172,901	6,460,752
- in Deposit Money	82,684,294	65,275,891
	98,857,195	71,736,643



SCHEDULES

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 8		
OTHER CURRENT ASSETS		
Interest Accrued and Not Due	3,494,228	1,740,667
	3,494,228	1,740,667
SCHEDULE - 9		
LOANS AND ADVANCES (Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	10,077,608	5,232,576
Other Deposits	2,308,472	1,373,829
	12,386,080	6,606,405
SCHEDULE - 10		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
-Dues to Micro, Small and Medium enterprises & Small Scale Industrial Undertakings (Refer clause 6 of notes to the accounts)	-	-
- Others	63,454	80,210
Advances from Customers	212,031	-
Other Liabilities	53,342,284	36,087,229
	53,617,769	36,167,439
PROVISIONS		
Taxation	5,106,417	1,737,799
Proposed Dividend	646,600	646,600
Corporate Dividend Tax	109,890	109,890
Leave Encashment	5,127,967	3,167,252
	10,990,874	5,661,541
	64,608,643	41,828,980

SCHEDULES

Schedules annexed to and forming part of Profit and Loss Account for the year ended March 31, 2010

	01.04.2009 to 31.03.2010 Rs.	01.04.2008 to 31.03.2009 Rs.
SCHEDULE - 11		
INCOME FROM OPERATIONS		
Micro Enterprises Development	5,283,039	11,782,673
Skill Development	27,575,000	32,259,550
Entrepreneurship Development	10,873,397	3,078,030
Tourism & Research Studies	14,835,450	20,743,985
Project related Services, Infrastructure Planning & Development	32,600,996	18,805,321
Environment Management	3,998,796	1,000,000
Energy related Services	4,835,206	5,086,749
Cluster Development	47,986,516	9,714,128
Asset Reconstruction & Management Services	5,503,141	7,802,982
Emerging Areas	683,732	-
	154,175,273	110,273,418
SCHEDULE - 12		
OTHER INCOME		
Interest on Fixed Deposits & Investments	6,546,296	4,148,385
Profit on Sale of Fixed Assets	109,381	-
Miscellaneous	80,130	149,344
	6,735,807	4,297,729
SCHEDULE - 13		
OPERATING EXPENSES		
Escort Services	2,108,282	3,492,780
Skill Development & EDPs	19,598,643	21,646,025
Market Surveys	1,068,624	543,908
Project Management & Inspection	4,788,601	1,375,672
Infrastructure Planning Services	5,745,560	1,580,566
Environment Management	2,260,430	37,150
Energy related Services	2,231,929	587,169
Clusters Development	14,848,177	4,308,200
Asset Reconstruction & Management Services	2,767,399	2,313,670
Emerging Areas	286,475	-
	55,704,120	35,885,140

SCHEDULES

Schedules annexed to and forming part of Profit and Loss Account for the year ended March 31, 2010

	01.04.2009 to 31.03.2010 Rs.	01.04.2008 to 31.03.2009 Rs.
SCHEDULE - 14		
PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries	27,830,091	24,522,579
Contribution to Provident Fund	1,223,501	991,640
Gratuity	274,229	78,831
Leave Encashment	2,594,172	111,719
Staff Welfare	534,060	504,624
	32,456,053	26,209,393
SCHEDULE - 15		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	2,349,105	2,071,252
Rates and Taxes	5,122,278	5,358,795
Insurance	117,876	96,040
Electricity	338,748	320,011
Repairs and Maintenance	1,235,995	1,004,546
Travelling and Conveyance	4,723,706	4,364,041
Postage & Communication	1,180,619	1,307,668
Printing and Stationery	1,517,927	1,256,995
Security Charges	216,495	157,302
Office Maintenance	448,255	417,044
Advertisement and Business Promotion	151,543	188,323
Professional Fees	263,291	288,194
Membership Fees & Books and Periodical	215,064	265,013
Directors' Sitting Fees	120,000	85,000
Auditors' Remuneration:		
- Statutory Audit	25,000	22,500
- Tax Audit	5,000	5,000
Bad Debts Written off	2,602,348	-
Fixed Assets Discarded (Net)	-	14,559
Miscellaneous Expenses	99,226	24,307
	20,732,476	17,246,590
SCHEDULE - 16		
FINANCIAL EXPENSES		
Bank Charges	246,920	199,153
	246,920	199,153



SCHEDULES

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date

Schedule - 17

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies:

(i) Basis of Accounting

The financial statements of the Company are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of The Companies Act, 1956 of India (The Act).

(ii) Fixed Assets and Depreciation / Amortisation

Fixed Assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes freight, installation cost, duties, levies and all incidental expenses attributable to bringing the asset to its working condition.

Depreciation on fixed assets is being provided on written down value basis at the rates specified in Schedule XIV to The Act. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account.

(iii) Investments

Investments in Bonds and Fixed Deposits of financial institutions and other approved Government organizations are Long-term investments and are valued at cost with an appropriate provision for any permanent diminution in value.

(iv) Taxes on Income

Tax expense for the year comprises of current tax and deferred tax. Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.



SCHEDULES

(v) Income Recognition

Income from Operations in respect of assignments undertaken by the Company are accounted for as follows:

- a) Private parties, Banks etc on submission of the final reports.
- b) Government, Corporations and Government Companies etc., on submission of draft reports or as per the milestones accomplished in accordance with the Terms of Reference (ToR) for the assignment.
- c) Revenue in respect of projects / assignments of long term duration in implementation are recognized on the basis of stage-wise completion as per the Terms of Reference (ToR) for the respective project / assignment.
- d) Subsidies from Central / State Level Financial Institutions, if availed, are considered as part of the fee for the respective assignment.
- e) Revenue on account of training programmes are taken into account on completion of specific phases as per the Terms of Reference (ToR) for such programmes.
- f) Revenues in respect of incomplete assignments are not taken into account, since quantification of revenue cannot be ascertained precisely, unless they are completed.
- g) Interest on deployment of surplus funds is recognized using the time proportion method based on interest rates implicit in the transaction.

(vi) Retirement Benefits

Gratuity

Gratuity payable to eligible employees is administered through a separate Trust, which has taken a policy with LIC of India. Gratuity is provided on actuarial valuation made by LIC as at the Balance Sheet date.

Leave Encashment

The liability of leave encashment is provided for on an accrual basis based on unavailed leave balances at the financial year-end subject to maximum of 300 days per employee. No earmarked investments are made for this purpose.

2. (i) Remuneration to Managing Director

(Amount in Rs.)

	01.04.2009 To 31.03.2010	01.04.2008 To 31.03.2009
Salary	1,352,724	1,065,701
Allowances and other benefits including performance incentive	847,647	713,152
Total	2,200,371	1,778,853

SCHEDULES

- (ii) The computation of profit under section 349 of The Act for calculation of performance incentive of Managing Director is as follows:

(Amount in Rs.)

Profit before tax (Before charging performance incentive)		53,355,102
Add: Depreciation provided in books		1,220,560
Less: Depreciation u/s 350 of The Act		1,179,334
Profit u/s 349		53,396,328
Performance Incentive: 2.5% of net profit subject to a ceiling equivalent to 50% of Basic plus Dearness Allowance for the year		
- 2.5% of profit		1,334,908
- 50% of Basic plus Dearness Allowance for the year		676,362
Performance Incentive		676,362

3. (i) Expenditure incurred in Foreign Currency

(Amount in Rs.)

	01.04.2009 To 31.03.2010	01.04.2008 To 31.03.2009
Traveling - Director(s)	25,775	-
Traveling - Staff	-	105,434
SME Delegation	286,475	-
Total	312,250	105,434

(ii) Earnings in Foreign Currency: Rs. 24.06 Lakhs.

4. Deferred Tax Assets:

Deferred Tax Asset in respect of Fixed Assets of Rs. 1,38,406/- and Deferred Tax Asset in respect of Leave Encashment of Rs. 17,42,996/- at the end of the year after adjusting current year timing difference to the opening balances was provided in the accounts.

5. Current assets, loans and advances are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business.

6. Dues to micro, small and medium enterprises & small-scale industrial undertakings:

As at March 31, 2010, the Company has no outstanding dues to micro, small and medium enterprises who have submitted memorandum to the concerned authorities as per the relevant provisions of Micro, Small Medium Enterprises Development Act, 2006 and the Company has no outstanding dues to small-scale industrial undertakings.

SCHEDULES

7. Contingent Liabilities:

(a) Service Tax

- (i) Office of the Commissioner of Customs and Central Excise, Hyderabad II Commissionerate had issued ORDER for the show cause notices issued to the Company in the months of June 2006 vide letter no. O. R. No. 47/2006-Adjn. (Service Tax) & O. R. No. 71/2007-Adjn. (Service Tax) dated June 19, 2008 for payment of Rs. 1,95,47,062/- towards service tax and Rs. 2,79,685/- towards education cess for the financial years 2001-02 to 2005-06.

APITCO has appealed against the ORDER before "Southern Bench of the Customs, Excise and Service Tax Appellate Tribunal" (CESTAT), Bangalore on October 29, 2008. APITCO has appointed "Deloitte Touche Tohmatsu India Pvt. Ltd." (Deloitte) to represent our case before CESTAT, Bangalore. CESTAT, Bangalore had called for a personal hearing on the application filed by APITCO on February 04, 2009. The two member bench on hearing of APITCO application has granted unconditional stay against the ORDER on 04-02-2009. This claim is not acknowledged as debt by the Company.

- (ii) Office of the Commissioner of Customs and Central Excise, Hyderabad-II Commissionerate had issued ORDER for the show cause notices issued to the Company in the months of October 2007 vide letter no. O. R. No. 47/2006-Adjn. (Service Tax) & O. R. No. 71/2007-Adjn. (Service Tax) dated June 19, 2008 for payment of Rs. 93,16,834/- towards service tax and Rs. 1,86,337/- towards education cess for the financial year 2006-07.

APITCO has appealed against the ORDER before "Southern Bench of the Customs, Excise and Service Tax Appellate Tribunal" (CESTAT), Bangalore on October 29, 2008. APITCO has appointed "Deloitte Touche Tohmatsu India Pvt. Ltd." (Deloitte) to represent our case before CESTAT, Bangalore. CESTAT, Bangalore had called for a personal hearing on the application filed by APITCO on February 04, 2009. The two member bench on hearing of APITCO application has granted unconditional stay against the ORDER on 04-02-2009. This claim is not acknowledged as debt by the Company.

- (iii) Office of the Commissioner of Customs and Central Excise, Hyderabad II Commissionerate had issued ORDER for the show cause notice issued to the Company on 06-10-2008 vide letter no. O.R.No.64/2008-Adjn-ST dated 29-01-2009 for payment of Rs. 1,02,09,852/- towards Service tax, Rs. 2,04,197/- towards Education cess and Rs. 1,02,099/- towards Secondary higher education cess for the financial year 2007-08.

APITCO has appealed against the ORDER before "Southern Bench of the Customs, Excise and Service Tax Appellate Tribunal" (CESTAT), Bangalore on May 7, 2009. APITCO has appointed "Deloitte Touche Tohmatsu India Pvt. Ltd." (Deloitte) to represent our case before CESTAT, Bangalore. CESTAT, Bangalore had called for a personal hearing on the application filed by APITCO on 04-04-2009. The two member bench on hearing of APITCO application has granted unconditional stay against the ORDER on 31-07-2009. This claim is not acknowledged as debt by the Company.

- (iv) Office of the Commissioner of Customs and Central Excise, Hyderabad II Commissionerate had issued ORDER dated 25-03-2010 for the show cause notice issued to the Company on 16-10-2009 vide letter no. C.No. AABCA7348D ST001 / O. R. No. 125/2009-Adjn ST for payment of Rs. 1,02,48,100/- towards Service tax, Rs. 2,04,962/- towards Education cess and Rs. 1,02,481/- towards Secondary higher education cess for the financial year 2008-09.

APITCO has appointed "Deloitte Touche Tohmatsu India Pvt. Ltd." (Deloitte) to represent our case before CESTAT, Bangalore and APITCO is in the process of appealing against the ORDER before "Southern Bench of the Customs, Excise and Service Tax Appellate Tribunal" (CESTAT). This claim is not acknowledged as debt by the Company.



(b) Rehabilitation or revival or protection of assets of the sick industrial company - Cess

As per section 441A of the Companies Act, 1956, every company is liable to pay by way of cess at such rate not less than 0.005 percent and not more than 0.1 percent on the value of annual turnover or annual gross receipts whichever is more as the Central Government may, from time to time, specify by notification in the Official Gazette. This section was inserted by the Companies (Second Amendment) Act, 2002 w.e.f. a date yet to be notified.

Rehabilitation cess for the years 2002-03 to 2009-10 as per section 441A of the Companies Act, 1956 are as follows:

S.No.	Financial Year(s)	Amount (Rs.)
1	2002-03 to 2006-07	373,443
2	2007-08	106,685
3	2008-09	114,571
4	2009-10	160,911
	Total	755,610

(c) Bank Guarantees

- (i) Rs. 2,36,460/- Bank Guarantee given to State Project Director, APCBTMP, I&CAD Dept., Government of Andhra Pradesh; and
- (ii) Rs. 1,25,170/- Bank Guarantee given to M/s. WAPCOS Limited (A Government of India Undertaking).

(d) APIDC Limited rental arrears demand of Rs. 6,675,567/- for the period 1-11-1998 to 31-01-2008. This claim is not acknowledged as debt by the Company since Government Order No. 431 dated 28-12-1993 issued by Industries & Commerce (IP) Department, Government of Andhra Pradesh was in force till 12-02-2008.

- 8. Debit and credit balances as on March 31, 2010 are not confirmed.
- 9. Provision for Taxation - Current, includes interest of Rs. 49,544/- and Rs. 205,452/- under sections 234B and 234C of Income Tax Act, 1961 respectively.

10. Foreign Currency Conversion:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in they arise in which they arise.

- 11. Information with regard to other matters specified in paragraphs 4-C and 4-D of part II of schedule VI of The Act are either nil or not applicable to the Company for the year ended March 31, 2010.

SCHEDULES

Schedule - 17

NOTES TO THE ACCOUNTS

12. Additional information as required under Part IV of Schedule VI to The Act, Balance Sheet Abstract and Company's General Business Profile:

(i) Registration Details :

Registration No. :	2067	State Code	01
Balance Sheet Date	31.03.2010		

(ii) Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-

(iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	221,318	Total Assets	221,318
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Sources of Funds

Paid - up Capital	3,233	Reserves and Surplus	153,477
Secured Loans	-	Unsecured Loans	-

Application of Funds

Net Fixed Assets	4,053	Investments	6,300
Net Current Assets	144,476	Miscellaneous Expenditure	-
Accumulated Losses	-		

(iv) Performance of the Company (Amount in Rs. Thousands)

Turnover	160,911	Total Expenditure	110,360
Profit before Tax	50,551	Profit after Tax	33,144
Earnings per Share (Rs.) (Basic and diluted)	10,252	Dividend Rate %	20

(v) Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	N.A.
Service Description	Consultancy

13. Previous year's figures have been regrouped and rearranged wherever necessary.

Signatures to the Schedules forming part of the Balance Sheet and Profit and Loss Account and to the above notes.

For and on behalf of the Board

Hari Jagannadha Sarma
Partner
For and on behalf of
Hari & Gautham Associates
Chartered Accountants

K. Sivaprakasam
Chairman

S. V. Kanaka Seshu
Director

S. Srinivasa Rao
Managing Director

P. Seshagiri Rao
Chief Consultant & Company Secretary

R. Venkatraman
Director

Place : Hyderabad
Date : May 07, 2010

Place : Hyderabad
Date : May 07, 2010

CASH FLOW STATEMENT

Cash Flow Statement for the year ended March 31, 2010

	2009-2010 Rs.	2008-2009 Rs.
A. Cash flow from Operating Activities:		
Net Profit before tax	44,004,655	30,032,128
Depreciation	1,220,560	850,358
Fixed assets Discarded		14,559
Profit on sale of assets	(109,381)	
Operating Profit Before changes in Working Capital	45,115,834	30,897,045
Movements in Working Capital		
(Increase) / Decrease in Debtors	(15,440,244)	9,034,392
(Increase) / Decrease in Other Current Assets	(1,753,561)	238,276
(Increase) / Decrease in Loans and Advances	(5,779,675)	(1,834,103)
Increase / (Decrease) in Current Liabilities	17,450,330	(2,385,735)
Increase / (Decrease) in Provisions	4,572,843	(850,315)
Cash generated (used in) / from operations	44,165,527	35,099,560
Taxes (Paid) / Refund Net	(17,406,973)	(12,101,299)
Cash flow from Operating Activities	26,758,554	22,998,261
B. Cash flow from Investing Activities		
Interest on Fixed Deposits & Investments	6,546,296	4,148,385
(Increase) / Decrease Deferred Tax Asset	(710,751)	31,685
(Increase) / Decrease in Fixed Assets (Net Block)	(2,773,547)	(511,541)
(Increase) / Decrease in Investments	(2,700,000)	400,000
Cash flow from Investing Activities	361,998	4,068,529
C. Cash flow from Financial Activities		
Proposed Dividend		646,600
Dividend Tax thereon		109,890
Cash flow from Financial Activities	-	756,490
Net (decrease) / Increase in cash and cash equivalents	27,120,552	27,823,280
Cash and cash equivalents at the beginning of the year	71,736,643	43,913,363
Cash and cash equivalents at the end of the year	98,857,195	71,736,643

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standard) Rules, 2006
- Previous years' figures have been regrouped/ reclassified wherever applicable.

For and on behalf of the Board

Hari Jagannadha Sarma
Partner
For and on behalf of
Hari & Gautham Associates
Chartered Accountants

K. Sivaprakasam
Chairman
S. V. Kanaka Seshu
Director

S. Srinivasa Rao
Managing Director
P. Seshagiri Rao
Chief Consultant & Company Secretary

R. Venkatraman
Director

Place : Hyderabad
Date : May 07, 2010

Place : Hyderabad
Date : May 07, 2010



QUALITY STATEMENT

APITCO Limited shall offer the products and services which conform to stringent quality through conscious approach in consistently meeting the customer needs and expectations.

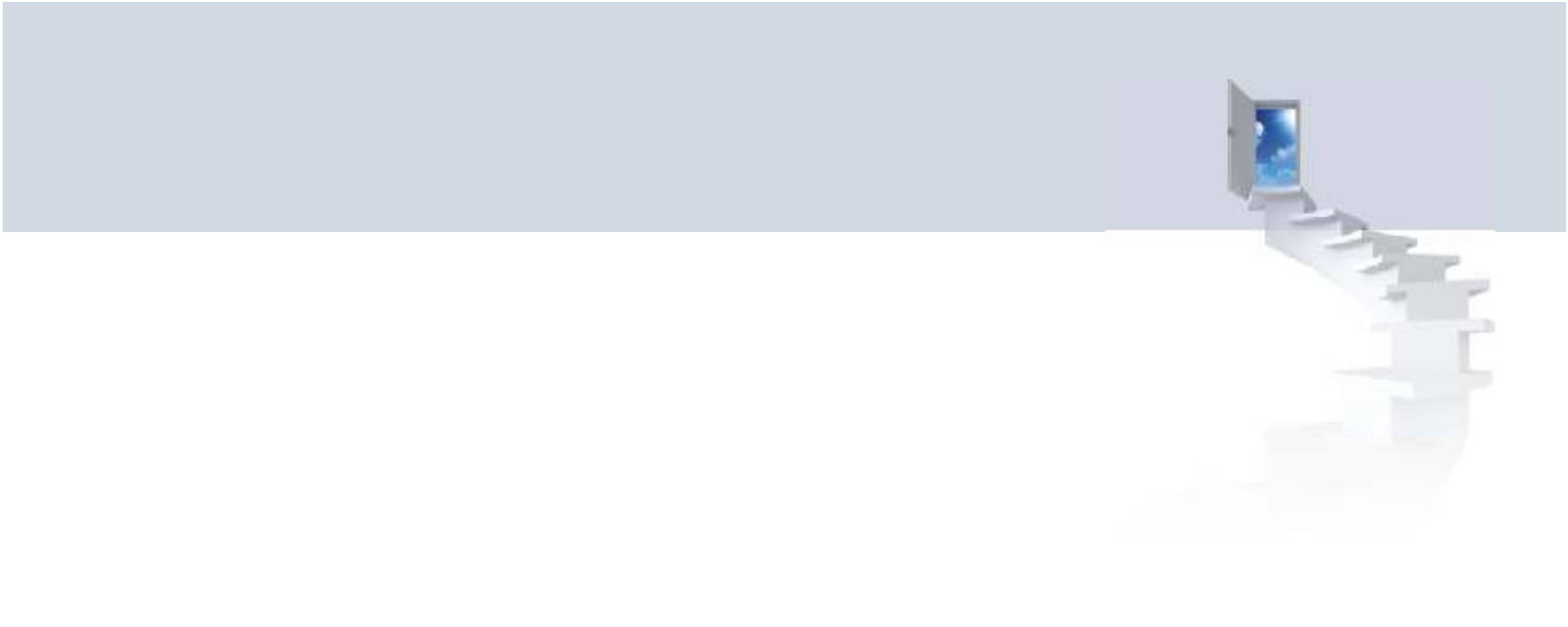
The company is committed to continually improve the effectiveness of quality management systems and also believe that the achievements are through team work. Our team of dedicated professionals works with passion to maintain integrity and continually improve quality which is our basic philosophy and value.

The objective of the company shall be defined and reviewed. We strive for excellence and our guiding values are recognition for the individual, commitment, integrity and credibility.

We will respond creatively and competitively with commensurate service at optimum costs. Our understandings of the local and overseas markets and cultures, for decades, are our unparalleled legacy and the basis of our future growth.

The policy is communicated and understood by all within the organization and reviewed for continuing adaptability.

S. Srinivasa Rao
Managing Director



PERFORMANCE HIGHLIGHTS





APITCO's REGIONAL & PROJECT OFFICES

ANDHRA PRADESH

804, Mogul's Court,
Basheerbagh, Hyderabad
Ph: +91-40-23231066

Udyog Bhavan, A Block,
Siripuram Junction,
Visakhapatnam - 530 003
Ph: +91-891-2704008

602-A, D.No. 20-3-1,
Naidu Building, 2nd Floor
Chittoor - 517 001
Ph: +91-8572-233751

R. K Complex, 2nd Floor,
Beside Mamatha Theatre,
Karimnagar - 505 001
Ph: +91-878-2234272

D.No. 40-2-5,
Behind: Tycoon Garden & Restaurant,
Mogalrajpuran Road, M.G. Road,
Labbipet, Vijayawada
Ph: +91-866-6646578

NEW DELHI

A-147, Shivalik, 1st Floor,
Malviya Nagar,
New Delhi - 110017

ORISSA

HIG-46, Ground Floor
Jaidev Vihar Square, BDA Colony
Bhubaneshwar - 751 013
Ph: +91-674-6538666

Flat No. 102,
Majhi Gouri Towers
Near Sales Tax Office
Berhampur, Orissa

Plot No. V V-7 Area 7&8,
Civil Township,
Rourkela, Orissa
Ph: +91-661-2664229

Project Office,
College Square,
Paralakhemundi
Gajapati, Orissa

OTHER STATES

14/121, Krishna Kripa,
Avanthole Post,
Thrisur - 610003
Kerala

Flat No. 503, Vishal Palace,
9/2 Snehalata Gunj,
Indore, Madhya Pradesh
Ph: +91-731-4287006

H.No.23, 2nd Floor
Annai Marvel Builders,
Near City Cooperative Bank,
Kongu Nagar, Ramanathapuram,
Coimbatore - 641045, Tamil Nadu
Ph: +91-422-2316249

Woodland Bhawan,
Near Tahsil & Bida Office,
Ring Market, Rajpura,
S.R.N. Bhadohi - 221401
Uttar Pradesh

Plot No. 1284,
Part-II (Residential)
Behind Mittal Mega Mall,
Sector-25, HUDA,
Dist. Panipat - 132103, Haryana
Ph: +91-180-6499556

Plot No. 884,
Indira Nagar,
Dehradun - 248 001
Uttarakhand
Ph: +91-135-2762325

Lower Market,
Main Road,
Simdega - 835223
Jharkhand



(Formerly Andhra Pradesh Industrial & Technical Consultancy Organisation Limited)
8th Floor, Parisrama Bhavanam, Fateh Maidan Road, Basheerbagh, Hyderabad - 500 004, Andhra Pradesh, India.
Phones: +91-40-23237333, 23237981, 23243611; Fax: +91-40-23298945
e-mail: hyd1_apitco@bsnl.in Website: www.apitco.org