

PRIME PROPERTY HOLDINGS LIMITED

ANNUAL REPORT 2009 - 2010

PRIME PROPERTY HOLDINGS LIMITED

Board of Directors

R S Raghavan
R Jagannathan
T A Prasanna

Auditors

Raghu & Gopal
Chartered Accountants,
(Firm Regn. No. 003335S)
48, Luz Church Road,
Mylapore,
Chennai - 600 004.

Bankers

Central Bank of India
Nungambakkam Branch
Chennai - 600 006.

Registered Office

"Jayalakshmi Estates",
29, Haddows Road,
Chennai - 600 006.

Directors' Report to the Shareholders

The Directors present the Third Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2010.

FINANCIALS

The Financial results of Prime Property Holdings Limited for the financial year ended 31st March, 2010 are as follows:

(Amount in Rupees)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
Income	5,68,45,670	–
Administrative and other Expenses	1,01,913	26,408
Profit / (Loss) before tax	5,67,43,757	26,408
Provision for Tax	2,35,00,000	10,00,000
Profit / (Loss) after tax	3,32,43,757	(10,26,408)
Loss brought forward from previous year	(22,43,978)	(12,17,570)
Profit / (Loss) Carried to Balance Sheet	3,09,99,779	(22,43,978)
Earnings Per Share in Rs.	664.88	(20.53)

Performance REVIEW

During the year the Company sold 2.91 grounds of land out of 6.05 grounds it owns at a prime location in Chennai (Property) and made a profit of Rs.5.68 Cr during the year. The post tax profit was Rs.3.32 Cr.

The Company settled Rs.9.00 Cr of its liability to TVS Electronics Limited from whom the above Property was purchased and settled Rs.2.00 Cr to TVS Investments Limited during the first quarter of the current financial year of 2010-11.

DIRECTORS

During the year, Mr. V A Raghu resigned as Director of the Company effective 31st October, 2009. The Board of Directors of the Company placed on record their appreciation of the valuable service rendered by him during his tenure as Director.

Mr. T A Prasanna was co-opted as an Additional Director on 31st October, 2009 and he will hold office up to the date of the forthcoming Annual General Meeting. A notice has been received from one of the members of the Company under Section 257 of the Companies Act, 1956 along with requisite deposit signifying his intention to

propose the candidature of Mr. T A Prasanna for appointment as Director.

Mr. R S Raghavan, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Necessary resolutions will be placed before the Annual General Meeting.

AUDITORS

M/s. Raghu & Gopal, Chartered Accountants (Firm Regn. No. 003335S), Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

STATUTORY REQUIREMENT

INFORMATION AS PER SECTION 217(1)(e)

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo.

INFORMATION AS PER SECTION 217(2A)

Since there is no employee in the Company during the year under review, statement pursuant to section 217(2A) of the Companies Act, 1956 is not applicable.

Directors' Report to the Shareholders (Contd.)

INFORMATION AS PER SECTION 217(2AA)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed;

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2010) and of the profit of the Company for that year;
- (iii) 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) The Directors have prepared the annual accounts for the year ended 31st March 2010 on a "going concern" basis.

ACKNOWLEDGEMENT

The Directors wish to thank the TVS Electronics Limited, the holding Company and TVS Investments Limited for their support, advice and co-operation and also would like to record their appreciation of the services and assistance rendered by the banker to the Company.

For and on behalf of the Board

Chennai
23rd July, 2010

R S Raghavan
Director

R Jagannathan
Director

Auditors' Report

Auditors' Report to the Members of Prime Property Holdings Ltd, Chennai

We have audited the attached Balance Sheet of M/s.Prime Property Holdings Limited, Chennai - 600 006 as at March 31, 2010 and the Profit and 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.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
2. An audit also include 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A),of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 such books;
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
 - (d) The Balance Sheet and the Profit and Loss account dealt with by this report comply with the Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors of the company as on March 31, 2010 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010.
 - (ii) In the case of Profit and Loss Account, of the profit of the company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Raghu & Gopal
Chartered Accountants
Firm Registration No: 003335S

(A.GOPAL)

Partner

Membership No. 9035

Chennai
July 23, 2010

Annexure to the Auditors' Report

Annexure referred to in our report of even date on the accounts for the year ended March 31, 2010

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. The company has no fixed assets other than its investment in land.
2. Being a Property development Company, the matters in connection with verification, reporting and all other related matters on inventory are not applicable.
3. During the year, the company has not granted any loans to a company listed in the register maintained under Section 301 of the Companies Act, 1956.
4. During the year, the company has not taken loans from a company listed in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for its business activities. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
6. In our opinion and according to the information and explanations given to us, there are no transactions of the nature referred to and required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
7. The company has not accepted deposits from the public for the year ended 31-03-2010.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. Maintenance of cost records as is not applicable to the company.
10. The Company has no employees. The Company also has no undisputed statutory dues remaining unpaid.
11. The Company was incorporated only on 09/11/2007 and therefore Clause (x) of para 4 is not applicable.
12. The company has not availed any borrowings from any financial institutions or banks.
13. In our opinion and according to the information and explanations given 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.
14. In our opinion, during the year under audit, the company did not engage in trading in shares, securities and debentures.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the company has not availed any term loans.
17. The company has not availed any borrowings including short term borrowings. Therefore, our comment on usage of short term borrowings, if any, does not arise.
18. The Company has not issued any debentures.
19. To the best of our knowledge and according to the information and explanations given to us during the course of checks carried out by us and according to the nature of Company's business, no fraud on or by the company has been noticed by us or reported to us during the year under report.

For Raghu & Gopal
Chartered Accountants
Firm Registration No: 003335S

(A.GOPAL)

Partner

Membership No. 9035

Chennai
July 23, 2010

Prime Property Holdings Limited

Balance Sheet as at 31st March 2010

	Schedule Number	As at 31st March 2010	As at 31st March 2009
<i>Rupees</i>			
SOURCES OF FUNDS			
1. Shareholders' Funds			
Capital	1	5,00,000	5,00,000
Reserves and Surplus			
Profit and Loss Account		3,09,99,779	
		<u>3,14,99,779</u>	<u>5,00,000</u>
APPLICATION OF FUNDS			
1. Fixed Assets			
Land at cost		14,42,57,035	12,30,00,000
Additions during the year		<u>15,01,961</u>	<u>2,12,57,035</u>
		14,57,58,996	14,42,57,035
Sale during the year		<u>7,00,35,503</u>	
		7,57,23,493	
2. Current Assets, loans and advances			
Current Assets	2	<u>5,03,70,513</u>	<u>5,42,302</u>
		5,03,70,513	5,42,302
Less : Current Liabilities and Provisions			
Current Liabilities	3	6,89,37,372	14,43,86,460
Provisions	4	<u>2,57,00,000</u>	<u>22,00,000</u>
Net Current Assets		(4,42,66,859)	(14,60,44,158)
3. Miscellaneous expenditure (to the extent not written off or adjusted)			
Preliminary expenses		43,145	43,145
4. Profit and Loss account			
		-	22,43,978
		<u>3,14,99,779</u>	<u>5,00,000</u>
Notes on Accounts	5		

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

A GOPAL

Partner

Membership No. 9035

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

Profit & Loss account for the year ended 31st March 2010

Particulars	Schedule Number	<i>Rupees</i>	
		For the year ended 31st March 2010	For the year ended 31st March 2009
Income - Profit on sale of assets		5,68,45,670	Nil
Administrative and Other Expenses			
Audit Fees		18,090	16,500
Rates & Taxes		7,986	7,340
Administrative Expenses		662	568
Repair & Maintenance		31,820	-
Professional Fees		43,355	2,000
Profit before tax		5,67,43,757	(26,408)
Provision for Tax		2,35,00,000	10,00,000
Profit after tax		3,32,43,757	(10,26,408)
Loss brought Forward		(22,43,978)	(12,17,570)
Profit carried to Balance Sheet		3,09,99,779	(22,43,978)
Earnings per share in Rs.		664.88	(20.53)

Notes on Accounts

5

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Prime Property Holdings Limited

Schedules

	As at 31st March, 2010	As at 31st March, 2009
<i>Rupees</i>		
1. Share Capital		
Authorised		
50,000 Equity shares of Rs.10 each	<u>5,00,000</u>	<u>5,00,000</u>
Issued, Subscribed and paid-up		
50,000 equity shares of Rs.10 each fully paid (All the shares are held by the holding company TVS Electronics Limited and its nominees)	<u>5,00,000</u>	<u>5,00,000</u>
	<u><u>5,00,000</u></u>	<u><u>5,00,000</u></u>
2. Current Assets		
Balance with Bank With Schedule bank in Current Account	<u>5,03,70,513</u>	<u>5,42,302</u>
	<u><u>5,03,70,513</u></u>	<u><u>5,42,302</u></u>
3. Current liabilities and Provisions		
Current Liabilities		
Sundry Creditors For Expenses Due to Holding Company-TVS Electronics Ltd Others	<u>4,42,00,000</u>	13,42,00,000
	<u>2,47,37,372</u>	<u>1,01,86,460</u>
	<u><u>6,89,37,372</u></u>	<u><u>14,43,86,460</u></u>
4. Provisions		
Provision for Tax	<u>2,57,00,000</u>	<u>22,00,000</u>
	<u><u>2,57,00,000</u></u>	<u><u>22,00,000</u></u>

Schedules (Contd.)

5. Notes forming part of accounts for the year ended 31st March 2010

- a. The financial statements have been prepared in accordance with the norms and principles prescribed in the accounting standards issued by the Institute of Chartered Accountants of India.
- b. The company is following accrual basis of accounting on a going concern concept.
- c. The directors have waived their sitting fees payable to them for attending board meetings.
- d. The company adopts completed contract basis for the purpose of recognition of income from property development. There was no income from property development during the year.

e. Audit Fees	31.03.2010	31.03.2009
Towards statutory audit	10,000	10,000
Certification Fees	5,000	6,500
Service tax reimbursed	3,090	-

- f. The company has made provision for income tax under normal provisions of the Income Tax Act, 1961.
- g. There are no timing differences in the computation of income for tax purposes and book. Therefore, there are no deferred tax liability or asset to be recognised.
- h. Additions to fixed assets include stamp duty and registration charges Rs, 12,72,972/- (31.03.2009 - Rs.1,01,71,460)
- i. The accounting standards, to the extent they are applicable, have been complied with.
- j. There are no dues payable to Micro, Small and Medium Enterprises.

k. Related Party Transaction

i. Name of the related party	TVS Electronics Ltd	
ii. Relationship	Holding Company	
	31.03.2010	31.03.2009
iii. Nature of Transaction	Rs.	Rs.
Stamp Duty and Registration Charges	-	1,12,00,000
Repayment of dues	9,00,00,000	
iv. Outstanding as on Balance Sheet date	4,42,00,000	13,42,00,000

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

A GOPAL

Partner

Membership No. 9035

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

Prime Property Holdings Limited

Cash Flow Statement for the year ended 31st March 2010

	Year ended 31.03.2010	<i>Rupees</i> Year ended 31.03.2009
Cash Flow From Operating Activities		
Profit/(Loss) before Tax	5,67,43,757	(26,408)
Less: Profit on sale of assets	5,68,45,670	-
Operating Cash Flow before working Capital changes	(1,01,913)	(26,408)
Increase/(Decrease) in Sundry Creditors	(7,54,49,088)	2,13,71,460
Net Cash Inflow from /(Outflow in) Operating activities (A)	(7,55,51,001)	2,13,45,052
Cash flow from Investing Activities		
Additions to Fixed Assets	(15,01,961)	2,12,57,035
Sale of fixed assets	12,68,81,173	-
Net cash used in investing activities (B)	12,53,79,212	2,12,57,035
Increase in Cash and Cash Equivalent (A+B)	4,98,28,211	88,017
Opening Cash and cash equivalents as at 01.04.2009	5,42,302	4,54,285
Closing Cash and cash equivalents as at 31.03.2010	5,03,70,513	5,42,302

The above Statements have been prepared in Indirect method.

Cash and Cash equivalent represents bank balance.

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. State Code

Balance Sheet Date

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 Total Assets

Source of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turn over Total Expenditure

Profit/-Loss before Tax Profit/-Loss after Tax

Earning/Loss per Share in Rs. Dividend Rate %

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

Not Applicable

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No. 003335S

A GOPAL

Partner

Membership No. 9035

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director