

***SRAVANAA PROPERTIES LIMITED***

***ANNUAL REPORT 2009 - 2010***

# SRAVANAA PROPERTIES LIMITED

## Board of Directors

R S RAGHAVAN

R JAGANNATHAN

V N VENKATANATHAN

## Bankers

Central Bank of India  
Nungambakkam Branch,  
Haddows Road, Chennai - 600 006

## Registered Office:

"Jayalakshmi Estates"  
29, Haddows Road  
Chennai 600 006

## Auditors

RAGHU & GOPAL  
Chartered Accountants,  
48 (Old 157), Luz Church Road,  
Mylapore, Chennai - 600 004

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present the Eighth Annual Report together with the audited statements of accounts for the financial year ended 31<sup>st</sup> March, 2010.

## FINANCIALS

The financial results of Sravanaa Properties Limited for the financial year ended 31<sup>st</sup> March, 2010 are as follows :

(Amount in Rupees)		
Particulars	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
Rental Income	3,00,000	3,00,000
Expenditure	7,45,604	17,62,423
Profit / (Loss) before tax	(4,45,604)	(14,62,423)
Profit / (Loss) after tax	(4,45,604)	(14,62,423)
Loss brought forward from previous year	(35,92,265)	(21,29,842)
Profit / (Loss) carried to balance sheet	(40,37,869)	(35,92,265)
Earnings per share in Rs.	(8.91)	(29.25)

## PERFORMANCE REVIEW

During the year under review, the Company earned a rental income of Rs 3 lakhs. It incurred expenditure in connection with maintenance of the property at Chennai and other administrative expenses amounting to Rs 7.46 lakhs.

The Company has taken steps to obtain approval of the appropriate authorities for use of a passage adjacent to the Company's property. The Company has provided all the information and clarification in this regard. The application is under process.

## OPTIONALLY CONVERTIBLE DEBENTURES

The Company issued 55,25,400 Optionally Convertible Debentures (OCDs) of Rs.100/- each aggregating to Rs.55.25 Cr. in March, 2009, with maturity date fixed as 31<sup>st</sup> March, 2010 to TVS Investments Limited (TVS-I) with a coupon rate of 16.25% per annum.

The Company raised these OCDs to fund the payment of consideration to the vendor for the purchase of 6.18 Acres of Land at Nandambakkam during 2006 – 2007 (Property).

The Company has been engaged in discussions with prospective purchasers who were evincing interest in acquiring the said Property. The Company anticipated that the sale would get completed before March, 2010, but it did not fructify.

As the Company requires approval from authorities for continued usage of a passage adjacent to the Property and also as the property market is yet to fully recover, the Company required further time to sell the property and redeem the OCDs. It therefore approached TVS-I, sole holder of OCDs to extend the maturity to 31<sup>st</sup> March, 2012 and for charging premium in line with the current market rates.

## DIRECTORS

Mr. R.Jagannathan, Director retires by rotation at the forthcoming annual general meeting and being eligible, offers himself for reappointment.

## AUDITORS

M/s. Raghu & Gopal, Chartered Accountants, Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

## STATUTORY REQUIREMENTS

### INFORMATION AS PER SECTION 217(2A)

There are no employees in the Company, hence the requirement of furnishing information under section 217(2A) of the Companies Act, 1956 does not arise.

### INFORMATION AS PER SECTION 217(1)(e)

As the Company is engaged in the business of property development and its related business the provisions of section 217(1)(e) of the Companies Act, 1956 are not applicable.

### 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;

- In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- 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 fair view of the state of affairs of the Company at the end of the financial year (namely 31<sup>st</sup> March, 2010) and of the loss 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 31<sup>st</sup> March, 2010 on a "going concern" basis

## ACKNOWLEDGEMENT

The Directors wish to thank TVS Investments Limited, the holding Company 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  
23<sup>rd</sup> July, 2010

**R JAGANNATHAN**  
Director

**R S RAGHAVAN**  
Director

## AUDITORS' REPORT TO THE MEMBERS OF SRAVANAA PROPERTIES LIMITED, CHENNAI

We have audited the attached Balance Sheet of M/s. Sravanaa Properties Limited, Chennai - 600 006 as at March 31, 2010 and the Profit and Loss Account and also 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.

- 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. 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.
- 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.
- Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
  - 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;
  - 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;
  - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement comply with the Mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - 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 none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms Section 274 (1) (g) of the Companies Act, 1956.
  - 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:
    - in the case of Balance Sheet, of the state of affairs of the company as at March 31, 2010.
    - in the case of Profit and Loss Account, of the Loss of the company for the year ended on that date.
    - 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

Chennai  
July 23, 2010

**A GOPAL**  
Partner  
Membership No. 9035

# SRAVANAA PROPERTIES LIMITED

## ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SRAVANAA PROPERTIES LIMITED 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. a. The company has maintained proper records showing full particulars including quantitative details and situation of its Immovable properties.
- b. The Company's only fixed asset being its immovable properties, the other sub clauses are not applicable
2. The Company has no investments in inventory and therefore para 4 (ii) is not applicable.
3. a. The Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. During the financial year 2008-09, OCDs aggregating to Rs.55.25 Crores were allotted to the holding company, TVS Investments Limited. During the year under consideration, the company has sought and obtained extension of due date for redemption of OCDs as approved at a class meeting of the holders of the OCD. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of OCD allotted are not prima facie prejudicial to the interest of the company.
4. 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.
5. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under Section 301 of the Act.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted deposits from the public for the financial year 2009-2010.
7. Clauses (vii), (viii), (ix), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xx) of para 4 of the Order are not applicable to the Company. The Company has been remitting tax deducted at source on time and has no unremitted tax deducted at source for a period of more than six months from the date it became payable. The Company has no outstanding tax liabilities.
8. The Company has no positive net worth and it has incurred cash losses in the current financial year and in the immediately preceding financial year.
9. a. The Company has deposited its title deeds with a bank as a security for the loan availed by its holding company from the said bank.
- b. In our opinion and according to the information and explanation given to us the terms and conditions for the deposit of its title deeds as a security are not prejudicial to the interest of the Company.
10. OCD issued by the Company is unsecured. However, the Company has deposited the title deeds of its immovable properties with the bankers of its holding company to which the OCDs have been allotted.
11. 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

## Balance Sheet as at 31st March 2010

Amount Rs.

	Schedule Number	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' funds</b>			
Share Capital	1	5,00,000	5,00,000
<b>2. Loan Funds</b>			
Unsecured Loans	2	55,25,40,000	55,25,40,000
		<u>55,30,40,000</u>	<u>55,30,40,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed assets</b>	3		
Gross Block		55,19,63,070	55,19,63,070
Less: Depreciation		11,00,154	7,89,258
Net Block		<u>55,08,62,916</u>	<u>55,11,73,812</u>
<b>2. Current assets, loans and advances</b>			
Cash and bank balances	4	2,28,259	24,951
Loans and Advances	5	2,52,369	2,03,894
		<u>4,80,628</u>	<u>2,28,845</u>
Less: <b>Current liabilities and provisions</b>			
Current Liabilities:	6	23,41,413	19,54,922
<b>Net current assets</b>		<u>(18,60,785)</u>	<u>(17,26,077)</u>
<b>3. Profit and Loss Account</b>		<u>40,37,869</u>	<u>35,92,265</u>
		<u>55,30,40,000</u>	<u>55,30,40,000</u>
Notes on accounts	8		

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. JAGANNATHAN  
Director

R S RAGHAVAN  
Director

A GOPAL  
Partner  
Membership No. 9035

# SRAVANAA PROPERTIES LIMITED

## Profit and Loss Account for the Year Ended 31st March 2010

			Amount Rs.	
Particulars	Schedule Number	For the year ended 31.03.2010	For the Year ended 31.03.2009	
<b>INCOME</b>				
Other Income - Rent		3,00,000	3,00,000	
<b>EXPENSES</b>				
Administrative and Other Expenses	7	4,34,708	14,87,172	
Depreciation		3,10,896	7,45,604	17,62,423
<b>(Loss) before Tax</b>		<b>(4,45,604)</b>	<b>(4,45,604)</b>	<b>(14,62,423)</b>
<b>(Loss) after tax</b>		<b>(4,45,604)</b>	<b>(4,45,604)</b>	<b>(14,62,423)</b>
<b>Loss brought forward</b>		<b>(35,92,265)</b>	<b>(35,92,265)</b>	<b>(21,29,842)</b>
Loss carried to Balance Sheet		<b>(40,37,869)</b>	<b>(40,37,869)</b>	<b>(35,92,265)</b>
Earnings / (Loss) per share in Rs		<b>(8.91)</b>	<b>(8.91)</b>	<b>(29.25)</b>

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. JAGANNATHAN  
Director

R S RAGHAVAN  
Director

A GOPAL  
Partner  
Membership No. 9035

## Schedules to Balance Sheet as at 31st March 2010

			Amount Rs	
	As at 31.03.2010	As at 31.03.2009		
<b>1 SHAREHOLDERS FUNDS</b>				
<b>SHARE CAPITAL</b>				
(i) <b>Authorised</b>				
20,00,000 Equity shares of Rs 10 each	2,00,00,000	2,00,00,000		
(ii) <b>Issued, subscribed and paid-up</b>				
50,000 Equity shares of Rs.10/- each	5,00,000	5,00,000		
fully paid up (All shares are held by TVS Investments Limited and its nominees)	5,00,000	5,00,000		
<b>2 LOAN FUNDS</b>				
<b>Unsecured Loans (Note k)</b>				
Optionally Convertible Debentures (Rolled over on Maturity with premium during March 2009)	55,25,40,000	55,25,40,000		
	55,25,40,000	55,25,40,000		
<b>4 CASH AND BANK BALANCES</b>				
Cash on Hand	2,450	2,450		
Balances with Schedule Bank - in Current Account	2,25,809	22,501		
	2,28,259	24,951		
<b>5 LOANS AND ADVANCES</b>				
Tax Deducted at Source	48,475	67,980		
Income tax refund receivable	2,03,894	1,35,914		
	2,52,369	2,03,894		

			Amount Rs	
	As at 31.03.2010	As at 31.03.2009		
<b>6 CURRENT LIABILITIES</b>				
Sundry Creditors- Expenses	26,545	1,84,990		
<b>Others</b>				
Tax Deducted at source	-	226		
TVS Finance and Services Limited	8,40,718	7,79,860		
TVS Electronics Limited	1,08,494	89,159		
TVS Capital Funds Limited	8,62,553	-		
TVS Investments Limited	4,64,969	8,62,553		
Harita Techserv Limited	38,134	38,134		
<b>Current Liabilities - Total</b>	<b>23,41,413</b>	<b>19,54,922</b>		
	<b>Year ended 31.3.2010</b>	<b>Year ended 31.3.2009</b>		
<b>7. ADMINISTRATIVE AND OTHER EXPENSES</b>				
Rates and taxes	2,22,079	2,23,933		
Audit fees	18,090	15,000		
Pooja expenses	24,362	-		
Repairs and maintenance	1,30,636	3,38,454		
Photocopying charges	-	1,77,633		
Consultancy	16,986	6,53,949		
Travel	17,351	-		
Premium on Optionally Convertible Debentures (Note K)	-	77,500		
Donation	5,000	-		
Other expenses	204	703		
	<b>4,34,708</b>	<b>14,87,172</b>		

# SRAVANAA PROPERTIES LIMITED

## Schedules to Balance Sheet as at 31st March 2010 (Continued)

### 3. FIXED ASSETS

Amount Rs.

Sl. No.	Particulars	GROSS BLOCK (AT COST)			DEPRECIATION BLOCK			NET BLOCK	
		As at 01 Apr. '09	Additions	As at 31 Mar. '10	Up to 01 Apr. '09	For the year	Total as at 31 Mar. '10	As at 31 Mar. '10	As at 31 Mar. '09
1.	Land	54,26,54,803	-	54,26,54,803	-	-	-	54,26,54,803	54,26,54,803
2.	Buildings	93,08,267	-	93,08,267	7,89,258	3,10,896	11,00,154	82,08,113	85,19,009
	<b>Total</b>	<b>55,19,63,070</b>	<b>-</b>	<b>55,19,63,070</b>	<b>7,89,258</b>	<b>3,10,896</b>	<b>11,00,154</b>	<b>55,08,62,916</b>	<b>55,11,73,812</b>
	<b>Previous Year figures</b>	<b>45,45,00,570</b>	<b>9,74,62,500</b>	<b>55,19,63,070</b>	<b>5,14,007</b>	<b>2,75,251</b>	<b>7,89,258</b>	<b>55,11,73,812</b>	<b>-</b>

### 8. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

- 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.
- The company is following accrual basis of accounting on a going concern concept.
- The Directors have waived their sitting fees payable to them for attending Board Meetings.
- The Company adopts completed contract basis for the purpose of recognition of income from property development.
- |                         |                  |           |
|-------------------------|------------------|-----------|
| Audit Fees              | <b>31-Mar-10</b> | 31-Mar-09 |
| Towards statutory audit | <b>10,000</b>    | 10,000    |
| Certification Fees      | <b>5,000</b>     | 5,000     |
| Service tax reimbursed  | <b>3,090</b>     | -         |
- Depreciation on buildings is provided under straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- 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.
- The Company has no Tax liability either under normal provisions or under Section 115 JB of the Income Tax Act, 1961.
- The Accounting Standards, to the extent they are applicable, have been complied with.
- In respect of repairs and maintenance and other services availed, the company has not been furnished information by the service providers about their having been registered under MSMED Act. Also, the Company has no dues to service providers.
- Unsecured Loan Represents Investments made in Company's Optionally Convertible Debentures issued on a private placement basis to TVS Investments Limited. As per terms of the investment, TVS Investments Limited at its option can convert the said instrument into shares.  
  

'On the investor not opting to convert OCD into shares and on company expressing its inability to redeem the debentures, the OCDs of a value of Rs.4550 Lacs issued earlier were rolled over with the premium amount of Rs.975.40 lakhs.

'OCD being an issue made earlier to discharge the company's dues towards purchase consideration payable for the land and building acquired, out of premium of Rs.975.40 lakhs on roll over, a sum of Rs. 974.62 lakhs has been capitalised as per AS 16 and apportioned between land and buildings in proportion to their respective acquisition cost during year ended 31st March 2009.
- In view of existence of a conversion option available to TVS Investments Limited on the OCD of Rs. 5,525.40 lakhs, no provision for 897.87 lakhs (31-03-2009 - 314.72 lakhs) has been made in the accounts under consideration towards premium, if any, payable on the said OCD.

- The Company's immovable property at Chennai has been offered as a collateral security to TVS Investments Limited's Bankers towards a loan availed by them for purpose of investments in Company's OCD.
- Tax deducted at source on rental income - Rs 48,475/- (31.03.09 - Rs. 67,980).
- Related Party Transactions
  - List of Related Parties
 

a. Holding Company	Period
TVS Investments Limited	1st April 2009 to 31st March 2010
b. Fellow Subsidiary	
TVS Electronics Ltd	1st April 2009 to 31st March 2010
TVS Capital Funds Ltd	1st April 2009 to 31st March 2010
  - Transaction with related parties
 

	<b>31-Mar-10</b>	31-Mar-09
a. TVS Investments Limited (Holding Company)		
Nature of Transaction		
a. Funding towards company's property related expenses	-	8,62,553
b. Premium on OCD	-	9,75,40,000
c. Roll over of OCD with premium	-	55,25,40,000
d. Reimbursement of expenses	4,64,969	-
e. Premium payable on OCD not recognised in P&L due to existence of conversion option	8,97,87,750	3,14,71,900
Outstanding on Balance Sheet date - OCD	<u>55,25,40,000</u>	<u>45,50,00,000</u>
On current account	-	-
b. Fellow subsidiary - TVS Capital Funds Limited		
Transaction during the year	Nil	Nil
Outstanding as on Balance Sheet date	8,62,553	-
c. Fellow subsidiary - TVS Electronics Limited		
Rent Receipt	3,00,000	3,00,000
Outstanding as on Balance Sheet due	1,08,494	89,159

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

**A GOPAL**  
Partner  
Membership No. 9035

# SRAVANAA PROPERTIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

		Year ended March 31, 2010	Year ended March 31, 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before Tax		(4,45,604)	(14,62,423)
Less: Adjustment for Depreciation		3,10,896	2,75,251
Operating Loss before Working Capital changes		(1,34,708)	(11,87,172)
Increase in Sundry Creditors	3,86,491		10,42,701
Increase in Loans and Advances	(48,475)	3,38,016	9,74,721
<b>CASH FLOW FROM OPERATIONS</b>	<b>A</b>	<b>2,03,308</b>	<b>(2,12,451)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in Fixed Assets	-		(9,74,62,500)
<b>Net Cash Outflow from Investing Activities</b>	<b>B</b>	<b>-</b>	<b>(9,74,62,500)</b>
<b>Cash Flow from Financing Activities</b>			
Increase - Private Placement of Debenture	-		9,75,40,000
<b>Net Cash Flow from Financing Activities</b>	<b>C</b>	<b>-</b>	<b>9,75,40,000</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalent</b>	<b>A + B + C</b>	<b>2,03,308</b>	<b>(1,34,951)</b>
Opening Cash and cash equivalents as at 01.04.2009		24,951	1,59,902
Closing Cash and cash equivalents as at 31.03.2010		2,28,259	24,951

The above Statements have been prepared in Indirect method.  
Cash and cash equivalent represents cash and bank balances.

As per our report of even date  
For RAGHU & GOPAL  
Chartered Accountants  
Firm Registration No: 003335S

Chennai  
July 23, 2010

R.JAGANNATHAN  
Director

R.S.RAGHAVAN  
Director

A GOPAL  
Partner  
Membership No. 9035

## Balance Sheet abstract and Company's General Business Profile vide notification dated 15.5.95 issued by Ministry of Company Affairs

### I. Registration details:

Registration No.  State code   
Balance sheet date Date  Month  Year

### 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 and Surplus   
Secured loans  Unsecured loans

### Application of Funds

Net fixed assets  Investments   
Net current assets  Misc. expenditure   
Accumulated losses

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover  Total Expenditure   
+ - Profit/Loss before tax  + - Profit/Loss after tax   
☒ (Please tick Appropriate box + for Profit, - for Loss)  
Earnings per share (Rs)  Dividend rate (%)

### V. Generic names of three Principal Products/Services of the Company (As per monetary terms)

Not Applicable

For and on behalf of the Board

R JAGANNATHAN  
Director

R S RAGHAVAN  
Director

As per our report of even date  
For RAGHU & GOPAL  
Chartered Accountants  
Firm Registration No: 003335S

Chennai  
July 23, 2010

A GOPAL  
Partner  
Membership No. 9035