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BOARD OF DIRECTORS

| | | |
|-------------------------------|---|--|
| Sri A. Ravikumar Reddy | - | Managing Director |
| Smt A. Nina Reddy | - | Executive Director (Operations) |
| Sri A. Tarun Reddy | - | Director |
| Ms A. Nivruti Reddy | - | Director |
| Sri A. Rajaratnam | - | Director |
| Sri G. Sitharaman | - | Director |
| Sri M. Chakravarthy | - | Director |
| Sri A. Sudhakar Reddy | - | Director |
| Sri B. Ranga Reddy | - | Director |

SAVERA MISSION STATEMENT

We are a company striving to achieve excellence in

- Customer Delight
- Quality and continuous improvement
- Being sensitive to the world around us.
- Employee Happiness
- Enhancing our People's Skills

We deliver what we commit, **OUR BUSINESS IS YOU.**

OUR CORE VALUES

ONE TEAM-ONE VISION

Happy employees focused on delighting customers

- With a desire to excel
- Without compromising on Honest, Integrity and Quality

CORPORATE INFORMATION

| | | |
|--|----------|---|
| Registered Office | : | No.146, Dr. Radhakrishnan Road Mylapore, Chennai – 600 004 Tamilnadu |
| Bankers | : | Central Bank of India State Bank of Hyderabad State Bank of Mysore South Indian Bank Limited Indian Overseas Bank HDFC Bank ICICI Bank |
| Company Secretary cum Chief Financial Officer | : | Mr. M. Chakrapani |
| Auditors | : | M/s. D. A. Reddy & Co., Chartered Accountants 'Audi Nivas', No. 8 Kannaiah Street, T. Nagar, Chennai – 600 017 Tamilnadu |
| Registrars & Transfer Agents | : | M/s. Cameo Corporate Services Ltd., UNIT: Savera Hotels Limited 'Subramanian building' No.1, Club House Road Chennai - 600 002 Tamilnadu |

Regd. Off. : 146, Dr. Radhakrishnan Road, Chennai - 600 004.

NOTICE

NOTICE is hereby given that the 41st ANNUAL GENERAL MEETING of SAVERA INDUSTRIES LIMITED will be held at “Kasthuri Srinivasan Hall”, Music Academy, # 168, T.T.K Road, Chennai – 600014 Tamilnadu, on Saturday the 25th September, 2010 at 11.00 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010, and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare Dividend on ordinary shares.
3. To appoint a Director in the place of Sri M. Chakravarthy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Ms A. Nivruti Reddy who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint a Director in the place of Sri B. Ranga Reddy who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorise Board to fix their remuneration. The retiring auditors M/s. D.A. Reddy & Co., Chartered Accountants, Chennai offer themselves for reappointment.

SPECIAL BUSINESS:

7. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.**

“**RESOLVED** pursuant to the recommendation of the Board of Directors in this behalf and pursuant further to Article 122 of the Articles of Association that a sum of Rs. 5,96,40,000/- out of the General Reserves be capitalised and set free for distribution amongst the shareholders registered in the books of the Company at the close of business on a date to be specified by the Directors in the proportion of Rs. 10/- for every Rs.10/-nominal amount of equity capital then held on the footing that the same be not paid in cash but be applied in paying up in full 59,64,000 equity shares of Rs. 10/- each in the capital of the company, such additional equity shares to be allotted and distributed, credited as fully paid amongst such holders in the proportion of one new share for every one existing issued equity shares then held; and that such new shares, as and when issued and fully paid, shall rank pari passu with the existing issued equity shares.

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 94 of the Companies Act, 1956 the Capital Clause V of the Memorandum of the Association of the Company be altered as follows:

“V. The Authorised Share Capital of the Company is Rs. 12,00,00,000 [Rupees Twelve crores Only] divided into 1,20,00,000 (One Crore Twenty lakh only) equity shares of Rs. 10/- [Rupees Ten only] each with power however to the company to increase or reduce the capital of the company and to divide the shares in the capital for the time being into several classes, and to attach there to respectively and preferential, qualified or special rights, privileges or conditions and to verify, modify or abrogate any such rights, privileges or conditions from time to time.

FURTHER RESOLVED that Mr. A. Ravikumar Reddy, Managing Director be and is hereby authorised to affix his digital signature in e-form 5 and file the same with the Registrar of Companies and comply with all the requirements in this regard”.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds or things which may be required to give effect to this resolution”.

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

“RESOLVED that pursuant to Section 31 of the Companies Act existing Article 3 of the Articles of Association be altered as under:

3. The Authorised Share Capital of the Company is Rs. 12,00,00,000 [Rupees Twelve crores Only] divided into 1,20,00,000 (One Crore Twenty lakh only) equity shares of Rs. 10/- [Rupees Ten only] each.”

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds or things which may be required to give effect to this resolution”.

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

“RESOLVED THAT in accordance with the provision of Section 198, 269, 309 read with Schedule XIII and other applicable provisions if any; of the Companies Act 1956, the company hereby accords to the payment of Remuneration to Smt. A. Nina Reddy, Executive Director (Operations) of the company for a period of 3 years with effect from 1st February 2010 as set out hereunder:

Salary and Perquisites

| Sl. No. | Particulars | Remuneration Per month in Rupees |
|---------|---------------------|---|
| 1 | Basic Pay | Rs.90,000/- |
| 2 | Housing | Company provided Accommodation up to 50% of the Basic – Rs.45,000/- |
| 3 | Contribution to PF | As per the Company Rules |
| 4 | Gratuity | As per the Company Rules |
| 5 | Encashment of Leave | As per the Company Rules |
| 6 | Car | Provision of Car with chauffeur for Office Use |

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

“RESOLVED THAT in accordance with the provision of Section 198, 269, 309 read with Schedule XIII and other applicable provisions if any of the Companies Act 1956, the company hereby accords to the payment of Remuneration to Sri A. Ravikumar Reddy, Managing Director of the company for a period of 3 years with effect from 1st February 2010 as set out hereunder”.

Salary and Perquisites

| Sl. No. | Particulars | Remuneration Per month in Rupees |
|---------|---------------------|---|
| 1 | Basic Pay | Rs.90,000/- |
| 2 | Housing | Company provided Accommodation up to 50% of the Basic – Rs.45,000/- |
| 3 | Contribution to PF | As per the Company Rules |
| 4 | Gratuity | As per the Company Rules |
| 5 | Encashment of Leave | As per the Company Rules |
| 6 | Car | Provision of Car with chauffeur for Office Use |

By order of the Board

Sd/-

(M. CHAKRAPANI)

Company Secretary cum Chief Financial Officer

Place: Chennai

Date : 31.08.2010

NOTES :

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) The Relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business as set out above is annexed herewith.
- c) Members / Proxies are requested to bring the Annual Report and Attendance Slip sent herewith duly filled to the meeting (Members holding shares in Demat form are requested to bring their client ID and DP ID numbers for easy identification of members).
- d) As per the provision of Section 109A of the Companies Act 1956, a shareholder is entitled to nominate a person for the shareholdings in the company. Nomination forms can be obtained from the Registered Office of the Company before the meeting.
- e) The Register of Members and Share Transfer Books of the Company will remain closed from 15th Sept. 2010 to 25th Sept. 2010 (both days inclusive).
- f) Members are requested to intimate the change of address, Bank Mandate with full particulars, if any to the Company without fail.

- g) Pursuant to Sections 205A and 205C of the Companies Act, 1956, all dividends for the years remaining unclaimed for seven years from the date they first became due for payment are required to be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government. Once the unclaimed dividend is transferred to the IEPF as stated above, no claim can be made by the Members of the Company. Members who have not encashed the dividend warrant(s) so far are requested to make their claim to the Company's Secretarial Department at No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.
- h) Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the meeting.
- i) Members are requested to kindly bring their copy of the Annual Report to the meeting.
- j) Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking reappointment at the meeting are annexed herewith.

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

The following Explanatory Statement sets out the material facts relating to the business under Item No. 7, 8, 9 and 10 mentioned in the accompanying Notice dated August 31, 2010.

Item No.7

The Company has to the credit of its General Reserve the sum of Rs. 11,47,63,453/- as at 31st March 2010. The Directors propose to capitalise a sum of Rs. 5,96,40,000/- out of this to be applied for the issue of 59,64,000 new equity shares of Rs. 10/- each credited as fully paid-up as bonus shares. New equity shares will be issued and allotted as bonus equity shares in the proportion of one such new equity share credited as fully paid-up for every one of existing equity shares as proposed in the resolution. The said bonus equity shares shall rank pari passu in all respects with the existing 59,64,000 equity shares.

The proposed issue of bonus shares is in accordance with the requirements of SEBI (Disclosure & Investor Protection) Guidelines, 2000 (Applicable in case of listed companies).

All the Directors of the Company may be considered to be interested in the proposed resolution to the extent they would be entitled for bonus shares in relation to their above holdings in the same manner as the other shareholders of the Company.

Item No.8 & 9

The authorised share capital of the Company presently stands at Rs.7,00,00,000/- (Rupees Seven Crore Only) divided into 70,00,000 (Seventy Lakh) equity shares of Rs.10/- each. The Board of Directors have proposed to issue 59,64,000 Equity Shares as Bonus Shares to the existing Shareholders by way of capitalisation of Reserves.

To accommodate increase in the paid up Share Capital, it is proposed to increase the Authorised Share Capital of the Company from Rs. 7,00,00,000/- to Rs. 12,00,00,000/- (Rupees Twelve Crores only) by creation of 50,00,000 (Fifty Lakh) equity shares of Rs. 10/- each, which will rank pari passu in all respects with the existing equity shares of the Company.

The proposed increase of the authorised capital of the Company requires the approval of the members in general meeting. Consequent upon the increase in authorised capital of the Company, its memorandum and articles of association will require alteration so as to reflect the increase in share capital. The Board recommends that the resolution be passed. No director is interested or concerned in this resolution.

Item No.10

Smt A. Nina Reddy was reappointed as an Executive Director (Operations) of the Company at the Annual General Meeting held on 30th September 2009 for a period of five (5) years with effect from 28th October 2008. The Board of Directors of the Company at their meeting held on 28th January 2010 has revised the remuneration of Smt. A. Nina Reddy, as Executive Director (Operations) for a period of three years with effect from 1st February 2010. The terms of reappointment are in conformity with the Companies Act 1956 read with Schedule XIII and recommended by the Remuneration Committee of the Company. This may be treated as an abstract of variation in remuneration payable to Smt. A. Nina Reddy, Executive Director (Operations) pursuant to Section 302 of the Companies Act, 1956.

Sri A. Ravikumar Reddy, Ms A. Nivruti Reddy, and Smt A. Nina Reddy are deemed to be concerned or interested in the resolution set out under item No.7.

Board of Directors recommends the resolution for the approval of Shareholders.

Item No.11

Sri A. Ravikumar Reddy was reappointed as a Managing Director of the Company at the Annual General Meeting held on 30th September 2009 for a period of five (5) years with effect from 1st February 2009. The Board of Directors of the Company at their meeting held on 28th January 2010 has revised the remuneration of Sri A. Ravikumar Reddy, as Managing Director for a period of three years with effect from 1st February 2010. The terms of remuneration is in conformity with the Companies Act 1956 read with Schedule XIII and recommended by the Remuneration Committee of the Company at their meeting held on 28th January 2010. This may be treated as an abstract of variation in remuneration payable to Mr. A. Ravikumar Reddy, Managing Director pursuant to Section 302 of the Companies Act, 1956.

Sri A. Ravikumar Reddy, Sri A. Tarun Reddy, and Smt. A. Nina Reddy are deemed to be concerned or interested in the resolution set out under item No.8.

Board of Directors recommends the resolution for the approval of Shareholders.

As required under Clause 49 (VI) of the Listing agreement with Stock Exchange, given below are the details of the Directors seeking re-appointment.

At this 41st Annual General Meeting of the Company, Sri M. Chakravarthy, Ms A. Nivruti Reddy and Sri B. Ranga Reddy retire by rotation and being eligible, offered themselves for re-appointment.

SRI M. CHAKRAVARTHY

Sri M. Chakravarthy has got experience in Hotel Industry for the past several decades. He has been a Director in the Company since 1998. During his association with the Company as a Director, he has contributed to a great extent for the development of the Hotel in all respects because of his intimate knowledge with the Hotel Industry.

At present Sri M. Chakravarthy is a member of Audit Committee and Remuneration Committee.

MS A. NIVRUTI REDDY

Ms. A. Nivruti Reddy is a B. Sc. Management (Hons) Graduate from Warwick University, London and has a good exposure in areas of Management, connected with the Industry. She has been the Director of our Company for the past 4 years. During this period, she has introduced several Management Information Systems (MIS) for the effective management and control.

Ms A. Nivruti Reddy is also a Director in M/s Elkhill Agrotech Pvt Ltd, the Company' subsidiary.

SRI B. RANGA REDDY

Mr. B. Ranga Reddy is a Science Graduate from Madras University and has been a Director of our Company for the past 2 years. He is associated with the Hotel Industry for over several decades. His experience and knowledge in the Hotel Industry is an asset to the Company.

Sri Ranga Reddy is a Director in M/s. Savera Hotels & Resorts Limited, the company's Subsidiary.

Sri B. Ranga Reddy is a member of Share Transfer committee.

By order of the Board

Sd/-

(M. CHAKRAPANI)

Company Secretary cum Chief Financial Officer

Place: Chennai

Date : 31.08.2010

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure to present the 41st Annual Report of the Company together with the audited accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs in Thousands)

| Particulars | For the Year Ended | |
|---|---------------------------|------------------------|
| | 31st March 2010 | 31st March 2009 |
| Profit before tax for the year | 4,99,05 | 3,34,72 |
| Less: Provision for Income Tax for the year | 1,91,56 | 2,43,45 |
| Profit After tax | 3,07,49 | 91,27 |
| Profit Brought Forward | 9,00,85 | 8,79,36 |
| Profit available for Appropriation | 12,08,34 | 9,70,63 |
| Transferred to General Reserve | 7,69 | - |
| Dividend and Dividend Tax | 83,45 | 69,78 |
| Profit carried forward to Next year | 11,17,20 | 9,00,85 |

COMPANY PERFORMANCE

The total income for the year ended March 31,2010 from operations is Rs. 3486 Lakhs; (Previous year Rs. 3939 Lakhs) which is lower than that of the previous year by 11.52 %.

The above reduction indicates the recessionary trends in the economy that has affected the flow of tourists and reduction in the travel by Corporates in India.

Though the company's performance during the year was lower than the previous year, the profitability has considerably increased due to strict cost control measures and closure of Loss making Units.

INDUSTRY SCENARIO, RISK FACTORS AND FUTURE OUTLOOK

With the Global economic machinery almost stuttering to a halt during the year 2009-10; the corporate world was engaged in cost cutting via drastic cutbacks on non-essential expenses. The resultant drop in corporate travel, coupled with the travel advisories following the terror attacks and recession and threat of H1N1 Flu led to an adverse effect on the industry's performance.

The slowdown in the tourism sector has had a cascading effect in the hospitality industry with a decrease in the occupancy and Average Room Rates. To combat the drop in revenue due to the global events, stringent cost control measures with no compromise in quality were implemented.

With demand having shrunk, hotels started competing aggressively to capture more business and lure back their old loyalists, who had shifted to lower category hotels because

of the sharp rise in Average Room Rates in the previous few years. At the same time, reservations lead times had diminished considerably and were severely impacting room inventory management.

When compared to the previous year, the current year (2010-11) performance has improved considerably and the economy seems picking up and the result is improving in occupancy rates and increase in the Average Room Rates. This is a positive sign and we hope the economy will improve during the current financial year. Constant efforts are made to upgrade the Hotel to attract the Foreign Tourists.

DIVIDEND

In recognition of the fact that economy is recovering and that tourism growth is expected to continue, your Directors are pleased to recommend a dividend of 12% (Rs.1.20 Ps. per Equity Share) for the year ended March 31, 2010.

SUBSIDIARY COMPANIES

Your Company has obtained an exemption from Ministry of Corporate Affairs from publication of the accounts of its subsidiaries under the provisions of Section 212 of the Companies Act, 1956. The accounts of the subsidiaries are not separately included in the Annual Report. However the consolidated financial statement of its subsidiaries, in accordance with the relevant accounting standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors form a part of this Annual Report and is reflected in the consolidated accounts.

The Financial statements of the subsidiary companies and other detailed information will be made to the investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection at the Registered Office of the Company as well as the respective Registered Offices of Subsidiary Companies.

DIRECTORS

In accordance with the Companies Act, 1956, and the Articles of Association of the Company; three of your Directors viz., Sri M. Chakravarthy, Ms. A. Nivruti Reddy and Sri B. Ranga Reddy retire by rotation and are eligible for re-appointment. The retiring directors being eligible offered themselves for reappointment as Directors in the Company.

AUDITORS

The Auditors M/s. D.A. Reddy & Co., Chartered Accountants, Chennai retire at the forthcoming Annual General Meeting and offered themselves for reappointment.

The Members are requested to reappoint at this Annual General Meeting to the hold the office from the conclusion of ensuing Annual General Meeting to the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits under the provisions of Section 58A of the Companies Act, 1956 and rules made there under.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors, based on the representations received from the Operating Management, hereby confirms that:

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) it has in the selection of accounting policies, consulted the Statutory Auditors and has applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at March 31, 2010 and of the profit of the Company for that period.
- c) it has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records; and
- d) it had prepared the annual accounts on a going concern basis.

LISTING

The ordinary shares of your Company are listed on the Bombay Stock Exchange Limited, Madras Stock Exchange Limited and National Stock Exchange of India Limited through Madras Stock Exchange Limited.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Sec. 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of Board Directors) Rules 1988 is furnished hereunder:

- a) Constant efforts are being made to optimise the consumption of Electricity, Diesel, Petrol and Cooking Gas etc. Energy Audits are conducted periodically at different centres of the Hotel and the suggestions are being implemented as a continuous process. The company has started concentrating on the Carbon Credits in energy consumption. In this respect, the company started using LED Lights that consumes less energy and eco - friendly.

- b) Hotel being a service industry, technology absorption, transfer etc. is not applicable. Your company strives for updating of the technology adopted by other companies in the Industry throughout the world and adopts the same in its operations for regular customer satisfaction. This includes upgrading of technology in House Keeping, Kitchen Equipments, Online Reservations, Air Conditioning, Audio & Visual Display Systems, Security Systems like Metal Frame Detector, Hand Detector, Closed Circuit Cameras etc., Sewage Treatment Plant (Latest Technology), Wi-Fi Internet, Networking, Hotel Software, Hoardings, LED Lighting, Closed User Group Mobile Systems for staff for faster response to attending to complaints from Guests.
- c) Earnings in convertible Foreign Exchange for the year amounted to Rs.2,46,01 Thousands (Previous year Rs.2,11,49 Thousands) for the services rendered to Foreign Tourists. Expenditure in Foreign Currency is Rs.45,18 Thousands (Previous year 31,95 Thousands).
- d) Constant efforts are made to upgrade the hotel to attract foreign customers.

INFORMATION ON EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT 1956.

The particulars of employees, who were in receipt of a remuneration of Rs.24 Lakhs or more per annum; if employed throughout the year or Rs.2 Lakhs or more if employed for any part of the year is **Nil**.

RELATIONSHIP WITH EMPLOYEES

The Directors express their appreciation for the contribution made by the employees to the significant improvements in the operations of the company and for the support received from all other stakeholders, including shareholders, customers, suppliers and business partners. Your Directors also wish to place their appreciation for the support given by the Savera Hotel Employees Union during the year under review.

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to express their gratitude to Central Bank of India, State Bank of Hyderabad, Indian Overseas Bank, South Indian Bank Ltd., and State Bank of Mysore for extending their financial support by way of Loans. They further express their gratitude to the State Governments and Central Government of India for their guidance and support.

For and on behalf of the Board

Place: Chennai
Date: 28. 06.2010

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director (Operations)

REPORT ON CORPORATE GOVERNANCE

(Annexure to the Report of the Directors)

The basic objective of corporate Governance Policies adopted by the company is to attain the highest levels of transparency, accountability and integrity. This objective extends not merely to meet with the statutory requirements, but also to go beyond them by putting into place procedures and systems, which are in accordance with best practices of governance. Your company believes that good corporate governance enhances the trust and confidence of all stakeholders. Good practice in corporate behaviour helps to enhance and maintain public trust in companies and stock market.

Your company review its corporate governance practices to ensure that they reflect the latest developments in the corporate arena and thus positioning itself to confirm to the best corporate governance practices. Your company is committed to pursue excellence in all its activities and maximise its shareholders wealth.

The company's corporate governance polices and practices focus on the following principles:

1. To recognise the respective roles and responsibilities of Board and Management.
2. To achieve the highest degree of transparency by maintaining high degree of disclosure levels.
3. To ensure and maintain high ethical standards in its functioning.
4. To give the highest importance to investors relations.
5. To ensure a sound system of risk management and internal controls.
6. To ensure that employees of the company subscribe to the corporate values and apply them in their conduct.
7. To ensure that the decision-making process is fair and transparent.
8. To ensure that the company follows globally recognised corporate governance practices.

The company reports the following compliance of Corporate Governance for the financial year 2009-10.

1. Board of Directors

The composition of the Board is broad based and comprises of individual from management, technical and financial fields and details of directors are:

| Sl. No. | Name of the Directors | Category of Director | Director-ship in Listed Companies | Director-ship / Partners in other Companies |
|---------|-----------------------|-----------------------------|-----------------------------------|---|
| 1 | Mr. A Ravikumar Reddy | Promoter - Executive | 1 | 23 |
| 2 | Ms. A. Nina Reddy | Promoter - Non Executive | 1 | 19 |
| 3 | Mr. A. Tarun Reddy | Promoter - Non Executive | 1 | 8 |
| 4 | Ms. A. Nivruti Reddy | Promoter - Executive | 1 | 7 |
| 5 | Mr. S. Rajaratnam | Independent – Non Executive | 5 | 1 |
| 6 | Mr. G. Sitharaman | Independent - Non Executive | 1 | 1 |
| 7 | Mr. M. Chakravarthy | Independent - Non Executive | 1 | 2 |
| 8 | Mr. A. Sudhakar Reddy | Independent - Non Executive | 1 | 2 |
| 9 | Mr. B. Ranga Reddy | Independent - Non Executive | 1 | 1 |

Attendance of Directors at the Board Meeting held during financial year 2009-10 and last AGM are

| Sl. No. | Name of the Directors | No. of meetings held | No. of meeting attended | Last AGM Present/ Absent |
|---------|------------------------|----------------------|-------------------------|--------------------------|
| 1 | Mr. A. Ravikumar Reddy | 6 | 6 | Present |
| 2 | Ms. A. Nina Reddy | 6 | 5 | Present |
| 3 | Mr. A. Tarun Reddy | 6 | 4 | Present |
| 4 | Ms. A. Nivruti Reddy | 6 | 3 | Present |
| 5 | Mr. S. Rajaratnam | 6 | 5 | Present |
| 6 | Mr. G. Sitharaman | 6 | 5 | Present |
| 7 | Mr. M. Chakravarthy | 6 | 6 | Present |
| 8 | Mr. A. Sudhakar Reddy | 6 | 5 | Present |
| 9 | Mr. B. Ranga Reddy | 6 | 3 | Present |

2. Board Meetings

The Board of the Company has also the various specialised committees constituted by it and held 16 meetings including 6 meetings of the Board during the financial year 2009-10. The required information is circulated to the Directors, including the non-executive directors who

have actively participated in the deliberations of the board. The maximum interval between any two-board meetings did not exceed 4 months. The board of the company had 6 meetings during the financial year 2009-10 on 25.04.2009, 29.06.2009, 30.06.2009, 30.07.2009, 29.10.2009 and 27.01.2010.

3. Audit Committee

The Company's Audit Committee comprises entirely of Independent Directors and Non-Executive Directors. Each member of the committee has the relevant experience in the field of finance, one of them being Chartered Accountant and Chairman of Audit Committee.

The terms of reference of the Audit Committee are broadly as under :

1. Overview of the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, if required, the replacement or removal of the statutory auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit findings.
 - Assumption of going concern concept.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Disclosure of any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
4. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
5. Discussion with external auditors before commencement of audit about the nature and scope of audit as well as post-audit discussion to ascertain areas requiring attention.
6. Reviewing the company's financial and risk management policies.
7. It Shall Have Full Access to Information Contained in records of the company and external professional advice if necessary.
8. The recommendations of the audit committee on any matter relating to Financial Management including Audit Report shall be binding on the Board.

9. Reviewing the findings of any internal investigations by the internal auditors in to matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Approve the appointment of Chief Financial Officer after assessing the qualifications, experience and background of the candidate before appointment is finalised by the management.

Attendance of Members at the Audit Committee held during financial year 2009-10:

| Sl. No. | Name of the Members | Category | No. of meetings held | No. of meetings attended |
|---------|------------------------------|---------------------------|----------------------|--------------------------|
| 1 | Mr. G Sitharaman - Chairman | Independent and qualified | 5 | 5 |
| 2 | Mr.S.Rajaratnam - Member | Independent and qualified | 5 | 5 |
| 3 | Mr. M. Chakravarthy - Member | Non Executive-Independent | 5 | 5 |
| 4 | Mr. A Sudhakar Reddy- Member | Non Executive-Independent | 5 | 5 |

Remuneration Committee

This Committee recommends to the board from time to time, the compensation structure for Whole Time Directors of the board. The committee also reviews the salary and perquisites of the top management personnel. The Remuneration Committee met on 27.01.2010 to discussed and recommended the remuneration of Managing Director and Executive Director (Operations).

Attendance of Members at the meetings of the Remuneration Committee held during financial year 2009-10.

| Sl. No. | Name of the Members | No. of meetings held | No. of meetings attended |
|---------|--------------------------------|----------------------|--------------------------|
| 1 | Mr. M. Chakravarthy - Chairman | 1 | 1 |
| 2 | Mr. S. Rajaratnam - Member | 1 | 1 |
| 3 | Mr. A. Sudhakar Reddy - Member | 1 | 1 |
| 4 | Mr. G. Sitharaman - Member | 1 | 1 |

Remuneration Policy:

- i) The Executive Director is being remunerated as approved by the Members from time to time.
- ii) Sitting fees of Rs. 5,000/- per meeting of the Board and Rs.2,500/- per meeting of the Committee plus reimbursement of actual travel and out of pocket expenses incurred for attending such meetings will be paid to non-executive Directors.
- iii) There is at present no other remuneration component to non-executive directors except sitting fees.

Remuneration to Directors

The details of remuneration paid to Executive and Non-Executive Directors is given below:

| Sl. No | Name of the Directors | Category of Director | Salary per annum | Bonus, Stock option, Pension Retirement benefits etc. | Sittings Fees for Board/ Committee Meeting |
|--------|--|----------------------|------------------|---|--|
| 1 | Mr. A. Ravikumar Reddy (Managing Director) | Promoter - Executive | Rs.12,30,000 | Nil | Nil |
| 2 | Ms. A. Nina Reddy [Executive Director(Operations)] | Promoter - Executive | Rs.12,30,000 | Nil | Nil |
| 3 | Mr. S. Rajaratnam | Non Executive | Nil | Nil | Rs.40,000 |
| 4 | Mr.M.Chakravarthy | Non Executive | Nil | Nil | Rs.40,000 |
| 5 | Mr. A. Tarun Reddy | Non Executive | Nil | Nil | Rs.15,000 |
| 6 | Ms. A. Nivruthi Reddy | Non Executive | Nil | Nil | Rs.15,000 |
| 7 | Mr.A.Sudhakar Reddy | Non Executive | Nil | Nil | Rs.40,000 |
| 8 | Mr.B.Ranga Reddy | Non Executive | Nil | Nil | Rs.15,000 |
| 9 | Mr. G. Sitharaman | Non Executive | Nil | Nil | Rs.40,000 |

5. Investors Grievance Committee

The committee monitors the redressal of Investors grievances. The management provided top priority for investor grievances and all the communication received from shareholders were satisfactorily complied with. The company received few complaints from shareholders during the year and satisfactorily replied.

Attendance of Members at the Meetings of the Investor's grievances Committee held during the financial year 2009-10.

| Sl. No. | Name of the Members | No. of meetings held | No. of meetings attended |
|---------|----------------------------------|----------------------|--------------------------|
| 1 | Mr. A. Sudhakar Reddy - Chairman | 4 | 3 |
| 2 | Mr. A. Nina Reddy - Member | 4 | 4 |
| 3 | Mr. A. Ravikumar Reddy - Member | 4 | 4 |
| 4 | Mr. A. Tarun Reddy - Member | 4 | 1 |
| 5 | Ms. A. Nivruti Reddy - Member | 4 | 1 |

Complaints received during the year

| | | |
|--------------------------------------|--|------------------------------|
| Number of Complaints received so far | Number solved to the satisfaction of shareholder | Number of pending complaints |
| 4 | 4 | Nil |

Code of Conduct

The Board of Directors at their meeting held on 08.08.2008 discussed and approved the code of conduct for all the Board Members and senior management personnel of the company. The said code of conduct is also posted on the Website of the Company at www.saverahotel.com

A report on the compliance aspect of the Code of Conduct given by the Managing Director of the Company has been given at the ending of this Report.

Name and Designation of the Compliance Officer

Mr. M Chakrapani, Company Secretary cum Chief Financial Officer is the Compliance Officer of the Company and is also the Secretary of the committees mentioned above.

6. Share Transfer Committee

The transfer deed request received by the company are processed and transferred within a stipulated period No valid transfer request remained pending for transfer to the transferees as on 31.03.2010. All requests for dematerialisation of shares are processed and confirmed through the concerned depository. Attendance of Members at the Meetings of the Share Transfer Committee held during the financial year 2009-10.

| Sl. No. | Name of the Members | No. of meeting held | No. of meeting attended |
|---------|-----------------------------------|---------------------|-------------------------|
| 1 | Mr. A. Ravikumar Reddy - Chairman | 24 | 24 |
| 2 | Mr. M. Chakravarthy - Member | 24 | 24 |
| 3 | Mr. B. Ranga Reddy – Member | 24 | 24 |

7. General Body Meetings

Location and time for the last three Annual General Meetings and the details of special resolution passed:

| For the Financial year | Venue | Date | Time | Special Resolutions passed |
|------------------------|---|----------------------------|-------------|---|
| 2006 - 07 | The Music Academy T.T.K Road, Chennai | 19th September 2007 | 4.00 PM | Nil |
| 2007 - 08 | The Music Academy, T.T.K. Road, Chennai. | 27th September, 2008 | 11.00 AM | Item No.9, Alteration of Articles - Share warrants clause included Item No.10 Issue of Share warrants to promoters & Promoters Group Item No.11 Delisting of Equity shares in Madras Stock Change |
| 2008 - 09 | The Music Academy, T.T.K. Road, Chennai. | 30th September, 2009 | 10.00 AM | Nil |

The Chairman of the Audit Committee Sri G. Sitharaman attended the last Annual General Meeting held on 30th September 2009.

There was No Extra Ordinary general Meeting held during the year.

Details of Postal Ballots Held during the year

During the financial year, there were no Ordinary or Special Resolutions passed by the members through Postal Ballot.

Action taken on Previous Postal Ballot approvals:

The Company has passed an ordinary Resolution on 28-01-2010 relating to sale and disposal of company's undertakings engaged in the Hotel Business at Hyderabad, Andhra Pradesh. Based on the approval received from the Shareholders, the company has disposed off the Begumpet unit on 28.02.2009, Kukatpally Restaurant on 30.04.2009 and Banjara Hills Restaurant on 16.05.2010.

Subsidiary Companies

The company has the following wholly owned subsidiaries

| Name of the Subsidiary Company | % of Shareholding |
|---------------------------------------|-------------------|
| M/s. Elkhill Agrotech Private Limited | 100% |
| M/s. Savera Hotels & Resorts Limited | 100% |

The financial statements including investments and loans made by the company in the subsidiaries are reviewed by the audit committee.

8. Disclosures

As required by the Accounting Standards (AS 18) "Related party disclosures" the company disclosed that Water supply and Rubber Stamps were purchased from M/s. Shyam Hotels & Restaurant and M/s. Shyam Printers & Marking Devices where Sri A. Ravikumar Reddy, Managing Director and Mrs. A. Nina Reddy, Executive Director (Operations) of the company are the Partners. The total purchases made Rs.15,43 Thousands during the year 2009-10 from the above said related parties.

There is no pecuniary relationship or transactions of the Non-Executive Directors Vis-a-vis the company, as per clause 49(I) (B) of the listing agreement.

Compliances by the Company

There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three financial years and hence SEBI, the Stock Exchanges or any Statutory Authorities imposed penalties or structures.

Accounting Treatment

In the preparation of financial statements, generally accepted accounting principles and polices were followed. The mandatory Accounting Standards announced by the Institute of Chartered Accountants of India were followed in the preparation of financial statements.

Board Disclosures - Risk Management

Risk assessment and its minimisation procedures have been laid down by the Company and presented to the Board. These procedures are periodically reviewed to ensure that the Executive Management control risks through means of a properly defined framework.

Compliances of Mandatory/Non-Mandatory Requirements

(i) Mandatory Requirements

The company has complied with all the mandatory requirements of corporate governance norms as enumerated under Clause 49 of the Listing Agreement with the Stock Exchanges.

(ii) Non-Mandatory requirements

The details are furnished under the heading 'Non-Mandatory Requirements' in this Corporate Governance Report

9. Means of Communication

Financial results, quarterly/half yearly results, are published within the stipulated period in English and Vernacular newspapers.

Address of our official website is www.saverahotel.com where the above information is also displayed.

E-Mail ID for the Investor Grievance is **cs@saverahotel.com**. The Shareholders can send their grievances through this exclusive E-Mail ID.

The company presents all the relevant information to the Stock Exchanges from time to time as stipulated under the Listing Agreement.

10. General shareholder information

a) The 41st Annual General Meeting of the members of the company will be held on Saturday the 25th September 2010 at 11.00 AM at “Kasthuri Srinivasan Hall”, The Music Academy”, No.168, TTK Road, Chennai - 600 014, Tamilnadu.

b) Financial Calendar for the year 2010-11 (Tentative)

| | | |
|--|---|--------------------------|
| Results for Quarter ending June, 2010 | - | Second Week of Aug 2010 |
| Results for Quarter ending September, 2010 | - | Second Week of Nov 2010 |
| Results for Quarter ending December, 2010 | - | Second Week of Feb 2011 |
| Results for Quarter ending March, 2011 | - | Second Week of May, 2011 |

c) Date of Book Closure – 15th September 2010 to 25th September 2010 (both days inclusive).

d) Dividend Payment Date: Within 30 Days from the Date of Declaration of Dividend.

e) Your company’s shares are listed in the following stock exchanges:

1. Bombay Stock Exchange Ltd.
Phiroze Jeejeebhai Towers
Dalal Street,
Mumbai - 400 001.

2. Madras Stock Exchange Limited,
II Line Beach Road,
Chennai - 600001

3. National Stock Exchange of India Limited (Through MSE)
(With effect from 30th June 2010)
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051.

The Listing Fees for the financial year 2010-11 have been paid to the respective stock exchanges within the scheduled time for payment.

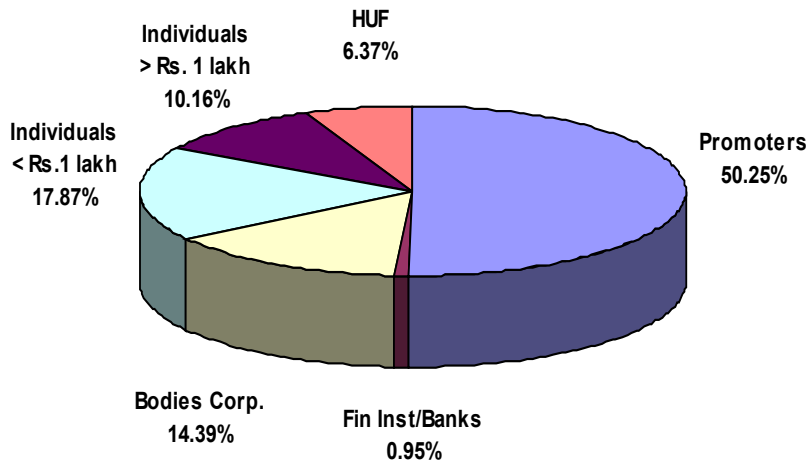
f) Stock Code of the Company : Bombay Stock Exchange: 512634
Stock Name: SAVERAIND
Madras Stock Exchange: SAVERA
National Stock Exchange: SAVERA

g) ISIN No. of the company : INE104E01014

h) Shareholding Pattern as on 31.03.2010:

| Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialised form | As a percentage |
|--|------------------------|------------------------|--|-----------------|
| Promoter and Promoter Group | 13 | 2996796 | 2684516 | 50.25 |
| Financial Institutions / Banks | 1 | 56500 | 56500 | 0.95 |
| Bodies Corporate | 89 | 857962 | 502392 | 14.39 |
| Individual shareholders holding nominal share capital up to Rs 1 lakh | 4997 | 1065880 | 668400 | 17.87 |
| Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 19 | 605736 | 589336 | 10.16 |
| Clearing Member | 6 | 203 | 203 | 0.00 |
| Hindu Undivided Families | 80 | 380175 | 380175 | 6.37 |
| Non Resident Indians | 7 | 748 | 748 | 0.01 |
| Total | 5212 | 5964000 | 4882270 | 100.00 |

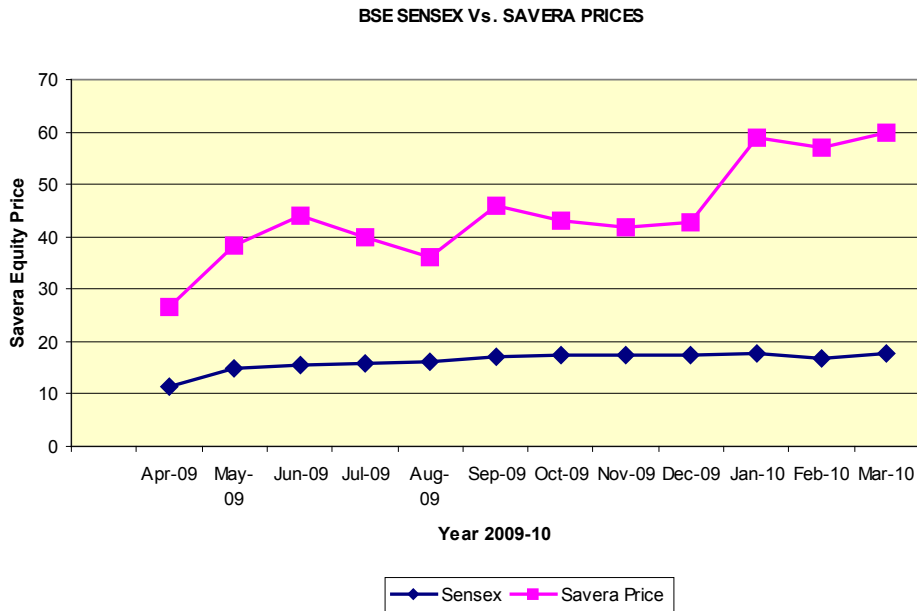
SHAREHOLDING PATTERN AS ON MARCH 31, 2010



- I) Market price data - The highest price traded in Bombay Stock Exchange Limited, Mumbai per share is Rs.60/- (March 2010) and the lowest price per share is Rs.21.40 Ps. (April 2009) during the year.

| Month | Open Price | High Price | Low Price | Close Price | No. of Shares Traded | BSE Sensex High during the month |
|----------|------------|------------|-----------|-------------|----------------------|----------------------------------|
| Apr 2009 | 22.00 | 26.70 | 21.40 | 24.65 | 74,609 | 11,492 |
| May 2009 | 23.15 | 38.40 | 22.25 | 37.80 | 56,048 | 14,931 |
| Jun 2009 | 41.55 | 44.00 | 29.00 | 34.80 | 53,894 | 15,600 |
| Jul 2009 | 34.05 | 39.90 | 27.00 | 35.90 | 12,509 | 15,733 |
| Aug 2009 | 35.10 | 36.00 | 28.00 | 30.50 | 34,919 | 16,002 |
| Sep 2009 | 30.90 | 46.00 | 30.00 | 36.90 | 2,20,754 | 17,143 |
| Oct 2009 | 37.80 | 43.00 | 29.00 | 35.65 | 69,519 | 17,493 |
| Nov 2009 | 38.50 | 41.90 | 32.00 | 37.65 | 49,863 | 17,290 |
| Dec 2009 | 37.00 | 42.75 | 35.00 | 40.05 | 47,450 | 17,531 |
| Jan 2010 | 41.90 | 58.95 | 40.90 | 45.25 | 1,29,208 | 17,790 |
| Feb 2010 | 54.30 | 57.00 | 39.50 | 49.80 | 60,227 | 16,669 |
| Mar 2010 | 56.00 | 60.00 | 43.15 | 49.00 | 49,577 | 17,793 |

BSE SENSEX Vs. SAVERA PRICES



j) Registrar & Share Transfer Agents and Share Transfer System

The Company has reappointed M/s. Cameo Corporate Services Limited, Chennai as the Share Transfer Agent for the current year. For any assistance regarding demat, remat, share transfers, transmission, duplicate share certificates, change of address and other matters, please write to the Share Transfer Agent at the address given in the “address for correspondence column”, quoting your folio number/client ID and DP ID.

k) Dematerialisation of Shares and liquidity

The equity shares of the company shall be traded compulsorily in dematerialised form only. The company has already entered into agreements with the Depositories NSDL and CDSL so as to provide the members to hold the shares in dematerialised form.

l) Distribution of share holdings as on 31.3.2010

| | |
|------------------------------------|----------------|
| Total Nominal Value | Rs.5,96,40,000 |
| Nominal value of each equity share | Rs.10/- each |
| Total number of shares | 59,64,000 |
| Distinctive Nos. | 1 to 59,64,000 |

| Share holding of Nominal Value Rupees | No. of holders | % to total No. of share - holders | Nominal value of shares (Rs.) | % to capital |
|---------------------------------------|----------------|-----------------------------------|-------------------------------|--------------|
| Upto 5000 | 4811 | 92.31 | 48,30,690 | 8.10 |
| 5001 - 10000 | 185 | 3.55 | 15,69,890 | 2.63 |
| 10001 - 20000 | 79 | 1.52 | 11,96,700 | 2.01 |
| 20001 - 30000 | 46 | 0.88 | 11,99,080 | 2.01 |
| 30001 - 40000 | 9 | 0.17 | 3,11,610 | 0.52 |
| 40001 - 50000 | 10 | 0.19 | 4,79,200 | 0.80 |
| 50001 - 100000 | 28 | 0.54 | 20,25,010 | 3.40 |
| 100001 - above | 44 | 0.84 | 4,80,27,820 | 80.53 |
| Total | 5212 | 100 | 5,96,40,000 | 100.00 |

m) Address for Correspondence

Shareholders may correspond at the address given below, quoting folio number/Client ID and DP ID:

| Company's Registered Office | Company's Registrars & Share Transfer Agents |
|---|---|
| Company Secretary Cum Chief Financial Officer M/s. Savera Industries Limited New No.146, Dr. Radhakrishnan Road Chennai - 600 004 Tamilnadu Tel No. 044-28114700 / 24670888 Fax No. 044-24983349 Email: cs@saverahotel.com | M/s. Cameo Corporate Services Ltd., UNIT: Savera Hotels Limited `Subramanian building' No.1, Club House Road Chennai - 600 002 Tamilnadu Tel No. 044-28460390 Fax No. 044-28460129 Email: cameo@cameoindia.com |

Declaration on Code of Conduct

As required by Clause 49 of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management personnel have complied with the Code of Conduct of the Company. It is also confirmed that the Code of Conduct has already been posted on the website of the company.

Place: Chennai
Date: 28.06.2010

A. Ravikumar Reddy
Managing Director

- o o o -

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Savera Industries Limited.

We have read the report of the Board of Directors on corporate Governance and have examined the relevant records relating to the compliance of conditions of Corporate Governance by Savera Industries Limited for the year ended 31st March 2010 as stipulated under clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance on certification of corporate guidance issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with BSE and MSE.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

“Audi Nivas”
No.8, Kannaiah Street,
T. Nagar, Chennai – 600017
Tamilnadu

Place: Chennai
Date: 28.06.2010

For D A Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

CA D. Audishesha Reddy, B. Com., FCA
Proprietor
Membership No. 019352

**REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF SAVERA INDUSTRIES LTD**

1. We have audited the attached Balance Sheet of Savera Industries Limited, Chennai 600004 as at 31st March 2010 and the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclosed 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 be best of our knowledge and belief were necessary for the purpose of our audit.
 - b. The Company as required by law, has kept proper Books of Accounts, so far as it appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this Report, are in agreement with the Books of Account.

- d. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act 1956, to the extent applicable.
- e. On the basis of the written representations, received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2010 from being appointed as a Director in the company in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956.
- 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 for the year ended on that date; and
 - iii. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

“Audi Nivas”
No.8, Kannaiah Street,
T. Nagar, Chennai – 600017
Tamilnadu

Place: Chennai
Date: 28.06.2010

For D A Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

CA D. Audishesha Reddy, B. Com., FCA
Proprietor
Membership No. 019352

ANNEXURE TO THE REPORT OF THE AUDITORS

(Referred to in Paragraph 3 of our report of even date)

1. The Company is maintaining proper records, showing full particulars including quantitative details and situation of fixed assets. Fixed Assets have been physically verified by the Management during the year based on a phased programme of verifying all the assets over three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. The company has disposed off its business units at Hyderabad during the year by way of approval obtained from shareholders through postal ballot.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
3. In our opinion and according to the information and explanations given to us, the company has not granted/taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintain under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control.
5. In our opinion and according to the information and explanations given to us, the transaction that need to be entered into the register in pursuance of Section 301 of the Companies Act 1956 have been so entered and these transactions have been made at prices which are reasonable having regard to prevailing market prices at relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the Public and therefore compliance with the provisions of Section 58A of the Companies Act 1956 does not arise.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees state Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and Customs Duty and Cess during the year with the appropriate authorities.

10. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and which are outstanding as at 31st March 2010 for a period of more than six months from the date they become payable.
11. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and immediately preceding financial year.
12. The company does not have any borrowing by issue of debentures. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in payment of dues to a Financial Institutions or a Bank.
13. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The company is not a Chit Fund / Nidhi / Mutual Benefit / Society.
15. Based on our examination of records and the information and explanations given to us, the company has not dealt/traded in shares, securities, debentures and other securities during the year.
16. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or other institutions.
17. To the best of our knowledge and belief and according to the information and explanations given to us, the term loan availed by the company, was prima facie, applied by the company for the purpose for which the loan was obtained.
18. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us on an overall basis, funds raised on short terms basis, prima facie, have not been used during the year for long term investment and vice versa.
19. The company has not made any preferential allotment to any parties and companies covered in the Register maintained under section 301 of The Companies Act 1956
20. The company has not issued any debentures.
21. The company has not raised any monies by public issue during the year.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

“Audi Nivas”
No.8, Kannaiah Street,
T. Nagar, Chennai – 600017
Tamilnadu

Place: Chennai
Date: 28.06.2010

For D A Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

CA D. Audishesha Reddy, B. Com., FCA
Proprietor
Membership No. 019352

BALANCE SHEET AS AT 31.3.2010

(Rupees in Thousands)

| S.No | Particulars | Sch | AS AT 31.03.2010 | | AS AT 31.03.2009 | |
|-----------|--|-----|------------------|-----------------|------------------|-----------------|
| I | SOURCE OF FUNDS | | | | | |
| 1 | Share Holders Funds | | | | | |
| | a. Share Capital | 1 | 5,96,40 | | 5,96,40 | |
| | b. Reserves and Surplus | 2 | 36,53,02 | 42,49,42 | 34,40,42 | 40,36,82 |
| 2 | Loans Funds | | | | | |
| | Secured Loans | 3 | 18,50,69 | 18,50,69 | 23,01,94 | 23,01,94 |
| 3 | Deferred Tax Liability (Net) | 4 | | 41,05 | | 39,50 |
| | T O T A L | | | 61,41,16 | | 63,78,26 |
| II | APPLICATION OF FUNDS | | | | | |
| 1 | Fixed Assets | | | | | |
| | a.Gross Block | 5 | 78,27,35 | | 77,14,09 | |
| | b.Less: Depreciation | | 22,17,66 | | 20,21,12 | |
| | c. Net Block | | | 56,09,69 | | 56,92,97 |
| 2 | Investments | 6 | | 3,18,18 | | 2,78,18 |
| 3 | Current Assets, Loans and Advances | | | | | |
| | a.Inventories | 7 | 89,47 | | 82,08 | |
| | b.Sundry Debtors | 8 | 1,24,23 | | 1,71,21 | |
| | c.Cash & Bank Balances | 9 | 87,46 | | 69,51 | |
| | d.Loans & Advances | 10 | 3,69,27 | 6,70,43 | 4,04,80 | 7,27,60 |
| | Less: Current Liabilities & Provisions | 11 | | | | |
| | - Current Liabilities | | 4,51,07 | | 2,86,98 | |
| | - Provisions | | 2,00,35 | 6,51,42 | 2,21,34 | 5,08,32 |
| | Net Current Assets | | | 19,00 | | 2,19,28 |
| 4 | Misc. Expenditure to the extent not Written Off. | 12 | | 1,94,29 | | 1,87,83 |
| | T O T A L | | | 61,41,16 | | 63,78,26 |

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants

For and on behalf of the Board

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010

(Rupees in Thousands)

| S.No | Particulars | Sch | 31.03.2010 | 31.03.2009 |
|------|---|-----|-----------------|-----------------|
| I | INCOME | | | |
| | Rooms, Restaurants, | | | |
| | Banquets and other services | 13 | 34,79,20 | 39,34,47 |
| | Other Income | 14 | 6,41 | 4,91 |
| | | | <u>34,85,61</u> | <u>39,39,38</u> |
| II | EXPENDITURE | | | |
| | Food, Beverages & Liquor consumed | 15 | 4,59,94 | 6,09,79 |
| | Operating and Administration Expenses | 16 | 20,75,87 | 23,46,46 |
| | Financial Charges | 17 | 2,52,96 | 3,73,96 |
| | Depreciation | 5 | 1,97,79 | 2,74,45 |
| | | | <u>29,86,56</u> | <u>36,04,66</u> |
| III | PROFIT FOR THE YEAR | | | |
| | Profit before Taxation | | 4,99,05 | 3,34,72 |
| | Less : Provision for taxation | | | |
| | Income Tax | | 1,90,00 | 2,33,40 |
| | Fringe Benefit Tax | | - | 7,25 |
| | Deferred Tax Liability | | 1,56 | 2,80 |
| | Profit after Taxation | | <u>3,07,49</u> | <u>91,27</u> |
| | Add : Profit brought forward from Previous Year | | 9,00,85 | 8,79,36 |
| | Profits available for Appropriation | | <u>12,08,34</u> | <u>9,70,63</u> |
| IV | APPROPRIATION | | | |
| a | Transfer to General Reserve | | 7,69 | - |
| b | Proposed Dividend | | 71,57 | 59,64 |
| c | Provisions for Dividend Distribution Tax | | 11,88 | 10,14 |
| d | Balance Carried to Balance Sheet | | 11,17,20 | 9,00,85 |
| | | | <u>12,08,34</u> | <u>9,70,63</u> |
| V | EARNINGS PER SHARE - BASIC & DILUTED | | 5.16 | 1.53 |
| | (Face Value of Rs. 10 each) | | | |
| | Weighted average No. of Equity Shares | | 59,64,000 | 59,64,000 |

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants

For and on behalf of the Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

SCHEDULES TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | AS AT 31.03.2010 | AS AT 31.03.2009 |
|----------|---|---------------------|---------------------|
| 1 | SHARE CAPITAL | | |
| | Authorised | | |
| | 70,00,000 equity shares of Rs.10 each | 7,00,00 | 7,00,00 |
| | Issued, Subscribed and Paid up | | |
| | 59,64,000 Equity Shares of Rs.10/- each | 5,96,40 | 5,96,40 |
| 2 | RESERVES AND SURPLUS | | |
| | a. Share premium Account | 3,75,00 | 3,75,00 |
| | b. Revaluation Reserve | 13,99,63 | 14,11,08 |
| | Less: Depreciation for the year | 11,45 | 11,45 |
| | | 13,88,19 | 13,99,63 |
| | c. General Reserve - Opening Balance | 7,64,95 | 7,64,95 |
| | Add: Transferred from P & L | 7,69 | - |
| | | 7,72,63 | 7,64,95 |
| | d. Profit & Loss A/c | 11,17,20 | 9,00,85 |
| | | 36,53,02 | 34,40,43 |
| 3 | SECURED LOANS | | |
| | a. From Banks | 18,42,62 | 22,99,30 |
| | b. From Others | 8,07 | 2,64 |
| | | 18,50,69 | 23,01,94 |
| 4 | DEFERRED TAX LIABILITY | | |
| | Deferred Tax Liability as on 31.3.2010 | 41,05 | 39,49 |
| | | 41,05 | 39,49 |

SCHEDULE – 5 FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | NET BLOCK | |
|----------------------|--|---------------------------|-----------------------------|-------------------------------|----------------------------|-----------------------------------|---------------------------|------------------------------|---------------------------|---------------------------|
| | Original Cost /Revaluation as at 1.04.09 | Additions during the year | Withdrawals during the year | Original Cost as at 31.3.2010 | Depreciation upto 1.4.2009 | Depreciation for the year 2009-10 | Withdrawn during the year | Depreciation upto 31.03.2010 | Net block as on 31.3.2010 | Net block as on 31.3.2009 |
| LAND | 29,17,36 | 13,76 | - | 29,31,12 | - | - | - | - | 29,31,12 | 29,17,36 |
| BUILDINGS | 13,98,86 | - | - | 13,98,86 | 2,96,58 | 21,93 | - | 3,18,51 | 10,80,35 | 11,02,27 |
| FURNITURE & FITTINGS | 9,67,12 | 5,55 | 18,90 | 9,53,77 | 6,58,42 | 50,97 | 5,21 | 7,04,18 | 2,49,59 | 3,08,70 |
| VEHICLES | 1,45,12 | 47 | - | 1,45,59 | 43,04 | 13,67 | - | 56,71 | 88,88 | 1,02,08 |
| PLANT & MACHINERY | 21,85,83 | 1,47,97 | 40,61 | 22,93,19 | 9,60,46 | 1,14,22 | 7,33 | 10,67,35 | 12,25,84 | 12,25,37 |
| OFFICE EQUIPMENTS | 99,80 | 5,47 | 45 | 1,04,82 | 62,62 | 8,45 | 16 | 70,91 | 33,91 | 37,19 |
| TOTAL | 77,14,09 | 1,73,22 | 59,96 | 78,27,35 | 20,21,12 | 2,09,24 | 12,70 | 22,17,66 | 56,09,69 | 56,92,97 |
| PREVIOUS YEAR | 84,94,77 | 2,06,25 | 9,86,93 | 77,14,09 | 19,14,68 | 2,85,89 | 1,79,45 | 20,21,12 | 56,92,97 | 65,80,09 |

SCHEDULES TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | AS AT 31.03.2010 | AS AT 31.03.2009 |
|------|--|---------------------|---------------------|
| 6 | INVESTMENTS (At Cost) | | |
| | Shares (Quoted) (Fully paid) | | |
| | a. Oriental Hotels Limited | 5 | 5 |
| | b. I.T.C. Limited | 3 | 3 |
| | c. Indian Hotels Co. Ltd., | 45 | 45 |
| | d. Apollo Hospitals Ltd. | 30 | 30 |
| | e. Central Bank of India Ltd., | 16 | 16 |
| | Market Value as on 31.3.2010 (Rs. 54.16 lakhs) | | |
| | Shares (Unquoted) (Fully paid) | | |
| | a. Clarion Wind Forms Pvt. Ltd. | 40,00 | |
| | In Subsidiary Companies | | |
| | a. Elkhill Agrotech P Ltd | 2,72,23 | 2,72,23 |
| | b. Savera Hotels & Resorts Ltd., | 4,96 | 4,96 |
| | | <u>3,18,18</u> | <u>2,78,18</u> |
| 7 | INVENTORIES | | |
| | (At lower of Average cost or market value) | | |
| | a. Food & Beverages | 2,95 | 330 |
| | b. Wine & Liquor | 8,53 | 4,55 |
| | c. Crockery & Cutlery | 27,49 | 29,56 |
| | d. Linen & Housekeeping items | 50,50 | 44,67 |
| | | <u>89,47</u> | <u>82,08</u> |
| 8 | SUNDRY DEBTORS | | |
| | Unsecured considred good | | |
| | a. Debts outstanding for a period exceeding 6 months | 10,35 | 22,70 |
| | b. Others | 1,13,88 | 1,48,51 |
| | | <u>1,24,23</u> | <u>1,71,21</u> |

SCHEDULES TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | AS AT 31.03.2010 | AS AT 31.03.2009 |
|------|---|---------------------|---------------------|
| 9 | CASH AND BANK BALANCES | | |
| | a. Cash on Hand | 9,86 | 13,78 |
| | b. Balance with Schedule Banks in Current Account | 77,60 | 55,73 |
| | | <u>87,46</u> | <u>69,51</u> |
| 10 | LOANS AND ADVANCES (unsecured considered good) | | |
| | a. Advances recoverable in cash or in kind for value to be received | | |
| | - Subsidiaries | 1,38,16 | 97,71 |
| | - Others | 1,08,47 | 1,79,21 |
| | b. Deposits | 1,22,64 | 1,27,87 |
| | | <u>3,69,27</u> | <u>4,04,80</u> |
| 11 | CURRENT LIABILITIES AND PROVISIONS | | |
| | a. Current Liabilities | | |
| | Sundry Creditors | | |
| | - Dues to Micro, Small & Medium Enterprises | - | - |
| | - Others | 4,41,26 | 2,78,37 |
| | Unclaimed Dividend | 9,81 | 8,61 |
| | | <u>4,51,07</u> | <u>2,86,98</u> |
| | b. Provisions | | |
| | Provision for Income Tax & FBT | 7,89,76 | 5,99,76 |
| | Less : Advance Income Tax and TDS | (6,72,86) | (4,48,20) |
| | Net of Income Tax and TDS | 1,16,90 | 1,51,56 |
| | Proposed Dividend & Dividend Distribution Tax | 83,45 | 69,78 |
| | | <u>2,00,35</u> | <u>2,21,34</u> |
| 12 | MISCELLANEOUS EXPENDITURE | | |
| | Deferred lease & Renovation Expenditure | 1,48,17 | 1,36,08 |
| | Misc. Expenditure - Pre Operative and Preliminary Expenses | 46,12 | 51,76 |
| | | <u>1,94,29</u> | <u>1,87,84</u> |

SCHEDULES TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | For the Year ended | |
|------|--|--------------------|-----------------|
| | | 31.03.2010 | 31.03.2009 |
| 13 | ROOMS, RESTAURANTS, BANQUETS & OTHER SERVICES | | |
| | a. Rooms | 14,09,26 | 17,42,99 |
| | b. Food & Beverages | 11,78,07 | 14,67,19 |
| | c. Wine & Liquor | 2,65,88 | 3,12,89 |
| | d. Other Services | 4,72,36 | 2,80,18 |
| | e. Telephone, Fax and Telex | 3,76 | 10,97 |
| | f. Exchange Fluctuation | 1,35 | 2,10 |
| | g. O2 Collections & Membership Fee | 1,48,52 | 1,18,15 |
| | | <u>34,79,20</u> | <u>39,34,47</u> |
| 14 | OTHER INCOME | | |
| | a. Dividend from domestic Companies | 70 | 68 |
| | b. Interest on MES deposit | 2,47 | 2,82 |
| | c. Interest on FD | 93 | 1,19 |
| | d. Other Income | 2,31 | 22 |
| | | <u>6,41</u> | <u>4,91</u> |
| 15 | (A) FOOD & BEVERAGES CONSUMED | | |
| | Opening Stock | 3,30 | 4,12 |
| | Add : Purchases | 4,11,63 | 5,36,14 |
| | Less: Closing Stock | 2,95 | 3,30 |
| | | <u>4,11,98</u> | <u>5,36,96</u> |
| | (B) WINE AND LIQUOR CONSUMED | | |
| | Opening Stock | 4,55 | 6,16 |
| | Add : Purchases | 51,94 | 71,22 |
| | Less: Closing Stock | 8,53 | 4,55 |
| | | <u>47,96</u> | <u>72,83</u> |
| | (A) + (B) | <u>4,59,94</u> | <u>6,09,79</u> |

SCHEDULES TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | For the Year ended | |
|-----------|---|--------------------|-----------------|
| | | 31.03.2010 | 31.03.2009 |
| 16 | OPERATING AND ADMINISTRATIVE EXPENSES | | |
| | a. Croceries and Cutleries Consumed | 14,39 | 16,80 |
| | b. Staff cost | 7,24,40 | 7,16,35 |
| | c. Power & Fuel | 4,08,42 | 4,80,73 |
| | d. Upkeep service cost | 1,20,29 | 1,27,65 |
| | e. Repairs & maintenance | | |
| | - Buildings | 26,46 | 9,24 |
| | - Plant & Machinery | 65,44 | 1,26,06 |
| | - Others | 34,27 | 6,19 |
| | f. Rates & Taxes | 83,54 | 94,89 |
| | g. Sales Promotion | 1,01,07 | 92,53 |
| | h. Administrative Expenses | 1,71,57 | 1,75,89 |
| | i. Professional Charges | 32,39 | 28,15 |
| | j. Audit Fees | | |
| | - Auditors | 1,60 | 1,60 |
| | - For Tax Matters | 66 | 66 |
| | - Out of Pocket Expenses | 66 | 66 |
| | k. Rent | 95,04 | 1,26,72 |
| | l. Telephones | 17,38 | 22,66 |
| | m. Insurance | 21,85 | 24,55 |
| | n. Preliminary & Pre operative Expenses written off | 9,48 | 39,72 |
| | o. Loss on sale of assets | 37,15 | 83,96 |
| | p. Renovation | 1,09,81 | 1,71,45 |
| | | <u>20,75,87</u> | <u>23,46,46</u> |
| 17 | FINANCIAL CHARGES | | |
| | a. Interest on Secured Loans | 2,52,96 | 3,32,55 |
| | b. Others | | 41,41 |
| | | <u>2,52,96</u> | <u>3,73,96</u> |

NOTES ON ACCOUNTS

SCHEDULE 18

I ACCOUNTING POLICIES

The financial statements are prepared under historical cost convention on accrual basis and comply with Accounting Standards (AS) referred to in Section 211 (3C) of the Companies Act, 1956. Significant accounting policies adopted in the presentation of the accounts are as under:

a) Fixed Assets

Fixed Assets are carried at cost less depreciation. Land, Building and Plant & Machinery were revalued on 31.3.1993

b) Depreciation

Depreciation is provided on straight-line basis, at rates prescribed in Schedule XIV of the Companies Act, 1956.

c) Investments

Long Term Investments are carried at cost. Provision for decline in the value, other than temporary, has been made wherever necessary. Current Investments are carried at lower of cost, market value or net asset value. Investment in subsidiary company is treated as Long Term Investment, (Considering the nature of business and based on the independent expert opinion, the decline in value of investment is temporary.)

d) Inventories

Stocks of food, beverages & Operating supplies inventories are valued at average cost or market value whichever is lower.

e) Transactions in Foreign Exchange

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are restated at the exchange rate ruling at the Balance sheet date.

Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

f) Employee Benefits

As per the requirements of Accounting Standard 15 "Employee Benefits" (Revised 2005) issued by the Institute of Chartered Accountants of India, the contribution to the Gratuity is determined using the projected unit credit method with accrual valuation being carried out at each balance sheet date. Only the additional provision as required is charged to the

Profit & Loss Account for the relevant year for Rs.16,73 Thousands (Previous Year Rs.28,46 Thousands)

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|------------------------------|---------------------------------------|--|
| Assumptions | | |
| Discount Rate | 8.00% | 8.00% |
| Rate of increase in salaries | 5.00% | 5.00% |
| Mortality Rate | LIC 1994-96 Mortality Rate | LIC 1994-96 Mortality Rate |
| Attrition Rate | 1-3% | Based on claim experience of the company |

g) Borrowing Costs

Interest and other borrowing cost on specific borrowings are capitalised.

h) Segment Reporting

The company's only business is Hoteleering and hence disclosure of segment wise information is not applicable under Accounting Standard (AS) – 17 "Segment Information notified by the Company's (Accounting Standards) Rules,2006. There is no geographical segment to be reported since all the operations are undertaken in one geographical area.

i) Taxes on Income:

Deferred Tax is computed in accordance with Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income'. Tax expenses are accrued in the same period as the revenue and expenses to which they relate. Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances; deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for timing differences, i.e. differences that originate in one accounting period and reversed in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on applicable tax rates. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date.

j) Impairment of Assets:

Impairment is ascertained at each balance sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

k) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised in terms of Accounting Standard (AS) 29 - 'Provisions, Contingent Liabilities and Contingent Assets' when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Liabilities

Contingent Assets are not recognised in the financial statements.

II NOTES TO THE ACCOUNTS

- Being a Hotel industry, the company is exempt vide order No. 46/112/2009 CL – III dated 15.05.2009 to furnish Quantitative details.
- Term Loans from Banks (CBI, SBH, IOB, SIB and SBM) are secured by the following Charges on the Assets.

(Rupees in thousands)

| Sl. No. | Particulars | Sanctioned Amount | Charge Creation Details |
|---------|-------------------------|-------------------|---|
| A) | Central Bank of Indian | | |
| 1 | Working Capital | 1,50,00 | Secured by pari passu First Charge On Entire Land & Building, Movable & Immovable Assets Of The Company Situated at 146, Dr. Radhakrishnan Road, Mylapore, Chennai-4 |
| 2 | Term Loan 1 | 3,00,00 | |
| 3 | Term Loan 2 | 82,50 | |
| 4 | Term Loan 3 | 57,00 | |
| B) | State Bank of Hyderabad | | |
| 1 | Term Loan 1 | 78,40 | Secured by Exclusive First Charge On Assets Created Out Of The Term Loan Sanctioned For The Project At Banjara Hills, Tollyckowki Restaurants And Hotel At Tollyckowki, Health Restaurant and Billiards Club. |
| 2 | Term Loan 2 | 2,85,00 | |
| 3 | Term Loan 3 | 2,50,00 | |
| 4 | Term Loan 4 | 55,00 | |
| 5 | Term Loan 5 | 55,00 | |
| 6 | Short Term Loan | 1,00,00 | |

(Rupees in thousands)

| Sl. No. | Particulars | Sanctioned Amount | Charge Creation Details |
|---------|--|-------------------|---|
| C) | Indian Overseas Bank | | Secured by pari passu First Charge On Entire Land & Building, Movable & Immovable Assets Of The Company Situated at 146,Dr.Radhakrishnan Road, Mylapore, Chennai-4 |
| 1 | Term Loan 1 | 3,00,00 | |
| 2 | Term Loan 2 | 36,00 | |
| 3 | Term Loan 3 | 93,43 | |
| D) | HDFC Bank Term Loan | 2,50,00 | Charge Created For Card Receivables Only |
| E) | ICICI Bank Term Loan | 2,00,00 | Secured by Exclusive 1st Charge On The Property Situated at No.29, TTK Road, Chennai - 14. |
| F) | SOUTH INDIAN BANK Term Loan 1 | 12,00,00 | Secured by Exclusive 1st Charge On The Property Situated Avinashi Road, Coimbatore. |
| | Term Loan 2 | 3,30,00 | A N D Secured by pari passu First Charge On Entire Land & Building, Movable & Immovable Assets Of The Company Situated at No.146, Dr.Radhakrishnan Road, Mylapore, Chennai-4 |
| G) | STATE BANK OF MYSORE Term Loan 1 | 99,00 | Secured by Exclusive First Charge On Assets Created Out Of The Term Loan Sanctioned For The Project At Mogappair, Chennai-85 |
| | Term Loan 2 | 75,00 | A N D Secured by 2nd Charge On The Fixed Assets, Land & Building, Movable & Immovable Assets Of The Company Situated At 146,Dr. Radhakrishnan Road, Mylapore, Chennai-4 |

- c) Salaries, wages and other benefits under Schedule 18 include Managerial Remuneration as follows:

| | Current year | Previous year |
|---------------------------------|---------------------|---------------|
| | 2009-10 | 2008-09 |
| Managing Director | | |
| Salary | 7,80 | 7,20 |
| Perquisites | 4,50 | 4,32 |
| Executive Director (Operations) | | |
| Salary | 7,80 | 7,20 |
| Perquisites | 4,50 | 4,32 |

- d) Details of Repairs & Maintenance in Schedule 18 comprises as follows:

(Rupees in Thousands)

| Particulars | Current year | Previous year |
|-----------------------|---------------------|---------------|
| | 2009-10 | 2008-09 |
| For Buildings | 26,46 | 9,23 |
| For Plant & Machinery | 65,44 | 1,26,06 |
| For Others | 34,27 | 6,19 |
| Total | 1,26,17 | 1,41,48 |

- e) (a) Earnings in Foreign Exchange:

(Rupees in Thousands)

| Particulars | 31.03.2010 | 31.03.2009 |
|--------------------------|-------------------|------------|
| Sale of Rooms/F&B Income | 2,46,01 | 2,11,49 |
| Total | 2,46,01 | 2,11,49 |

- (b) Expenditure in Foreign Currency:

(Rupees in Thousands)

| Particulars | 31.03.2010 | 31.03.2009 |
|--------------------|-------------------|------------|
| Membership Fee | 1,33 | -- |
| Imported Machinery | 43,85 | 31,95 |
| Total | 45,18 | 31,95 |

- f) Pre-operative expenses represent the start up cost in setting up the units and has been amortised over a period of 5 years
- g) Renovation expenditure has been treated as deferred revenue expenditure and amortised over a period of three (3) years.

- h) Deferred Tax: In accordance with the Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income', the Company has provided for deferred tax and the net deferred tax liability as on 31st March 2010 comprises of the following:

(Rs. In Thousands)

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|--|------------------|------------------|
| Deferred Tax Liability | | |
| Related to Fixed Assets | 18,71 | 15,11 |
| Disallowance under income tax Act 1961 | 22,34 | 32,03 |
| Total | 41,05 | 47,14 |
| Deferred Tax Assets | | |
| On carried forward losses | -- | -- |
| On Retirement Benefits | -- | 7,65 |
| Total | -- | 7,65 |
| Net Deferred Tax Asset / (Liability) as on 31.03.2010 | (41,05) | (39,49) |

- i) Micro and Small Enterprises:

- (a) There is no interest paid/payable during the year by the Company to the suppliers covered under Micro, Small, Medium Enterprises Development Act, 2006
- (b) The above information takes into account only those suppliers who have responded to the enquiries made by the Company for the purpose.

- j) Earning Per Share:

Earning per share is computed based on the following:

| Particulars | Current Year 2009-10 | Previous Year 2008-09 |
|---|-------------------------|--------------------------|
| Profit after tax (Rs.) | 3,07,48,990 | 91,26,573 |
| Nominal value of shares (Rs.) | 10.00 | 10.00 |
| No. Of Equity shares | 59,64,000 | 59,64,000 |
| Earnings per shares - Basic and Diluted (Rs.) | 5.16 | 1.53 |

- k) As per Accounting Standard - AS 18 "Related Parties Disclosure" the required information are given below:

Details of Transactions with the Related Parties are as follows:

| Nature of Transaction | (Rs. In Thousands) | | | |
|-----------------------|----------------------|---|-----------------------|---|
| | Current Year 2009-10 | | Previous Year 2008-09 | |
| | Subsidiary Company | Firms in which KMP have significant influence | Subsidiary Company | Firms in which KMP have significant influence |
| Purchase of Goods | -- | 15,43 | -- | 83,65 |
| Receivables | 1,38,16 | -- | 97,71 | -- |
| Payables | -- | 14 | -- | -- |

- l) Disclosure Under AS -15 (Revised) – Under the Employee Benefits Staff Costs the Company's contribution to Provident Fund is Rs.25,23 Thousands (Previous year Rs.29,61 Thousands).
- m) As per Accounting Standards 21 on "Consolidated Financial Statement", Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" the Company has presented consolidated financial statements separately, including that of subsidiaries entities in this annual report.
- n) Previous year figures have been regrouped wherever necessary.
- o) The figures have been rounded off to nearest rupee.

Schedules 1 to 19 form an integral part of the Balance Sheet and the Profit and Loss Account.

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

For and on behalf of Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2010

(Rs. in Thousands)

| | For the Year Ended | |
|--|--------------------|------------------|
| | 31.03.2010 | 31.03.2009 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax and Extraordinary items | + 4,99,05 | + 3,34,72 |
| Adjustment for : | | |
| Depreciation | + 1,97,79 | + 2,74,45 |
| Interest/Dividend | - 4,13 | - 4,70 |
| Interest Paid | + 2,52,96 | + 3,73,96 |
| Renovation Expenses | + 1,33,89 | + 93,00 |
| Net Deferred Expenses | - 6,46 | + 94,85 |
| Loss on Sale of Asset | + 38,06 | + 83,96 |
| Lease Rent | - | + 5,94 |
| Operating Profit before working capital changes | + 11,11,16 | + 12,56,18 |
| Adjustments for : | | |
| Trade and other receivables | + 82,50 | - 77,76 |
| Inventories | - 7,39 | + 5,73 |
| Trade Payables | + 1,64,09 | + 6,79 |
| Cash generated from operations | + 13,50,36 | + 11,90,94 |
| Direct Taxes paid | - 2,24,66 | - 2,75,54 |
| Cash flow before extra-ordinary items | + 11,25,70 | + 9,15,40 |
| Extraordinary items | - 1,33,89 | - 93,00 |
| NET CASH FLOW FROM OPERATION ACTIVITIES | + 9,91,81 | + 8,22,40 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | - 1,73,22 | - 2,06,25 |
| Sale of Fixed Assets | + 9,20 | + 7,40,09 |
| Capital Work in Progress Transferred to Fixed Assets | + - | + - |
| Purchase of Investments | - 40,00 | - |
| Interest Received | + 3,43 | + 4,01 |
| Dividend Received | + 70 | + 69 |
| NET CASH USED IN INVESTING ACTIVITIES | - 1,99,89 | + 5,38,54 |

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | | | |
|--|---|----------------|---|----------|
| Proceeds from issue of share capital | | - | | - |
| Proceeds from long term borrowings | + | 3,14,13 | + | 5,28,78 |
| Repayment of long term borrowings | - | 7,65,36 | - | 13,72,60 |
| Interest paid | - | 2,52,96 | - | 3,73,96 |
| Dividend paid inclusive of tax | - | 69,78 | - | 1,39,55 |
| NET CASH USED IN FINANCING ACTIVITIES | - | 7,73,97 | - | 13,57,33 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | + | 17,95 | + | 3,61 |
| CASH AND CASH EQUIVALENTS AS ON 01/04/2009 (opening balance) | + | 69,51 | + | 65,90 |
| CASH AND CASH EQUIVALENTS AS ON 31/03/2010 (closing balance) | + | 87,46 | + | 69,51 |

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

For and on behalf of Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

CIN

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| L | 5 | 5 | 1 | 0 | 1 | T | N | 1 | 9 | 6 | 9 | P | L | C | 0 | 0 | 5 | 7 | 6 | 8 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

BALANCE SHEET DATE

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 3 | 1 | - | 0 | 3 | - | 2 | 0 | 1 | 0 |
|---|---|---|---|---|---|---|---|---|---|

 STATE CODE

| | |
|---|---|
| 1 | 8 |
|---|---|

II CAPITAL RAISED DURING THE YEAR : (Amount in Rupees Thousands)

PUBLIC ISSUE

| | | | | | | | | | |
|--|--|--|---|---|---|--|--|--|--|
| | | | N | I | L | | | | |
|--|--|--|---|---|---|--|--|--|--|

RIGHTS ISSUE

| | | | | | | | | | |
|--|--|--|---|---|---|--|--|--|--|
| | | | N | I | L | | | | |
|--|--|--|---|---|---|--|--|--|--|

BONUS ISSUE

| | | | | | | | | | |
|--|--|--|---|---|---|--|--|--|--|
| | | | N | I | L | | | | |
|--|--|--|---|---|---|--|--|--|--|

PRIVATE PLACEMENT

| | | | | | | | | | |
|--|--|--|---|---|---|--|--|--|--|
| | | | N | I | L | | | | |
|--|--|--|---|---|---|--|--|--|--|

III POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS : (Amount in Rupees Thousands)

BONUS ISSUE

| | | | | | | | | | |
|--|--|--|---|---|---|--|--|--|--|
| | | | N | I | L | | | | |
|--|--|--|---|---|---|--|--|--|--|

TOTAL ASSETS

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|--|--|
| | | 6 | 1 | 4 | 1 | 1 | 6 | | |
|--|--|---|---|---|---|---|---|--|--|

SOURCES OF FUNDS

PAID UP CAPITAL

| | | | | | | | | | |
|--|--|--|--|---|---|---|---|---|--|
| | | | | 5 | 9 | 6 | 4 | 0 | |
|--|--|--|--|---|---|---|---|---|--|

RESERVES & SURPLUS

| | | | | | | | | | |
|--|--|---|---|---|---|---|---|--|--|
| | | 3 | 6 | 5 | 3 | 0 | 2 | | |
|--|--|---|---|---|---|---|---|--|--|

SECURED LOANS

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|--|
| | | | 1 | 8 | 5 | 0 | 6 | 9 | |
|--|--|--|---|---|---|---|---|---|--|

UNSECURED LOANS

| | | | | | | | | | |
|--|--|--|--|--|--|---|---|---|--|
| | | | | | | N | I | L | |
|--|--|--|--|--|--|---|---|---|--|

DEFERRED TAX LIABILITY

| | | | | | | | | | |
|--|--|--|--|---|---|---|---|--|--|
| | | | | 4 | 1 | 0 | 5 | | |
|--|--|--|--|---|---|---|---|--|--|

APPLICATION OF FUNDS

NET FIXED ASSETS

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|--|
| | | | 5 | 6 | 0 | 9 | 6 | 9 | |
|--|--|--|---|---|---|---|---|---|--|

INVESTMENTS

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|--|--|
| | | | 3 | 1 | 8 | 1 | 8 | | |
|--|--|--|---|---|---|---|---|--|--|

NET CURRENT ASSETS

| | | | | | | | | | |
|--|--|--|--|---|---|---|---|--|--|
| | | | | 1 | 9 | 0 | 0 | | |
|--|--|--|--|---|---|---|---|--|--|

MISC. EXPENDITURE

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|--|--|
| | | | 1 | 9 | 4 | 2 | 9 | | |
|--|--|--|---|---|---|---|---|--|--|

ACCUMULATED LOSSES

| | | | | | | | | | |
|--|--|--|--|--|--|---|---|---|--|
| | | | | | | N | I | L | |
|--|--|--|--|--|--|---|---|---|--|

IV PERFORMANCE OF THE COMPANY : (Amount in Rupees Thousands)

TURNOVER

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|--|
| | | | 3 | 4 | 8 | 5 | 6 | 1 | |
|--|--|--|---|---|---|---|---|---|--|

TOTAL EXPENDITURE

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|---|--|
| | | | 2 | 9 | 8 | 6 | 5 | 6 | |
|--|--|--|---|---|---|---|---|---|--|

+

| | |
|---|--|
| + | |
|---|--|

PROFIT/LOSS BEFORE TAX

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|--|--|
| | | | 4 | 9 | 9 | 0 | 5 | | |
|--|--|--|---|---|---|---|---|--|--|

+ --

| | |
|---|----|
| + | -- |
|---|----|

PROFIT/LOSS AFTER TAX

| | | | | | | | | | |
|--|--|--|---|---|---|---|---|--|--|
| | | | 3 | 0 | 7 | 4 | 9 | | |
|--|--|--|---|---|---|---|---|--|--|

EARNINGS PER SHARE IN Rs.

| | | | | |
|---|---|---|---|---|
| 0 | 5 | . | 1 | 6 |
|---|---|---|---|---|

DIVIDEND RATE %

| | |
|---|---|
| 1 | 2 |
|---|---|

V GENERAL NAMES OF PRINCIPLE PRODUCTS / SERVICES OF THE COMPANY: (As per mandatory Terms)

ITEM CODE NUMBER (ITC CODE)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 5 | 9 | 1 | 0 | 0 | 1 | 0 | 0 | 6 |
|---|---|---|---|---|---|---|---|---|

PRODUCT DESCRIPTION

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|--|---|---|---|
| H | O | T | E | L | I | E | R | I | N | G | | A | N | D |
|---|---|---|---|---|---|---|---|---|---|---|--|---|---|---|

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|--|--|--|--|--|--|--|
| C | A | T | E | R | I | N | G | | | | | | | |
|---|---|---|---|---|---|---|---|--|--|--|--|--|--|--|

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
M/S.SAVERA INDUSTRIES LIMITED AND ITS SUBSIDIARIES

To

The Board of Directors of
M/s SAVERA INDUSTRIES LIMITED
and it's Subsidiaries.

We have examined the attached consolidated balance sheet of M/s. Savera Industries Limited and its subsidiaries M/s. Elkhill Agrotech (P) Ltd, and M/s.Savera Hotels & Resorts Limited. Ootacamund as at 31st March 2010, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of M/s. Savera Industries Limited management and have been prepared by the management on basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials 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.

We have audited the Financial statements of its Subsidiary M/s. Savera Hotels & Resorts Limited those financial statements reflect the Group's share of total assets as at 31st March 2010 of Rs. 14,12 thousands is considered in the consolidated financial statements.

We did not audit the financial statements of its subsidiaries M/s. Elkhill Agrotech (P) Ltd., Ootacamund, whose financial statements reflect the Group's share of total assets as at 31st March 2010 of Rs.3,39,20 thousands and Group's share of total revenue of Rs.38,99 Thousands and the Group's share of total cash flows of Rs.10,42,50 thousands for the year ended on that date as considered in the consolidated financial statements. These financial statements of the subsidiary for the year ended 31st March 2010 have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it related to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by M/s. Savera Industries Limited's management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated financial statements", issued by the Institute of Chartered Accountants of India.

Based on our audit on consideration of the report of the auditor on separate financial statements and on the other financial information of component, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s. Savera Industries Limited and its subsidiaries as at 31st March 2010
- (b) in case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in case of the Consolidated Cash Flow Statement, of the cash flows of the year ended on that date.

“Audi Nivas”
No.8, Kannaiah Street,
T. Nagar, Chennai – 600017
Tamilnadu

For D A Reddy & Co.,
Chartered Accountants,
(F.R.N. 0057195)

Place: Chennai
Date: 28.06.2010

CA D. Audishesha Reddy, B. Com., FCA
Proprietor
Membership No. 019352

CONSOLIDATED BALANCE SHEET AS AT 31.3.2010

(Rupees in Thousands)

| S.No | Particulars | Sch | AS AT 31.03.2010 | | AS AT 31.03.2009 | |
|------|--|-----|------------------|-----------------|------------------|-----------------|
| I | SOURCE OF FUNDS | | | | | |
| 1 | Share Holders Funds | | | | | |
| | a. Share Capital | 1 | 5,96,40 | | 5,96,40 | |
| | b. Reserves and Surplus | 2 | 34,46,86 | 40,43,26 | 32,87,41 | 38,83,81 |
| 2 | Loans Funds | | | | | |
| | a. Secured Loans | 3 | 18,60,48 | | 23,11,95 | |
| | b. Unsecured Loans | 4 | 38 | 18,60,86 | 38 | 23,12,33 |
| 3 | Minority Interest | | - | | 4 | |
| 4 | Deferred Tax Liability (Net) | 5 | 41,05 | | 39,49 | |
| | T O T A L | | | 59,45,21 | | 62,35,67 |
| II | APPLICATION OF FUNDS | | | | | |
| 1 | Goodwill on Consolidation | | | 72,23 | | 72,23 |
| | (a) Fixed Assets | | | | | |
| | i. Gross Block | 6 | 80,61,87 | | 79,48,30 | |
| | ii. Less: Depreciation | | 23,62,16 | | 21,48,86 | |
| | iii. Net Block | | | 56,99,71 | | 57,99,44 |
| 2 | Investments | 7 | | 40,99 | | 99 |
| 3 | Current Assets, Loans and Advances | | | | | |
| | a. Inventories | 8 | 93,02 | | 84,26 | |
| | b. Sundry Debtors | 9 | 1,26,55 | | 1,72,24 | |
| | c. Cash & Bank Balances | 10 | 87,62 | | 73,24 | |
| | d. Loans & Advances | 11 | 2,72,93 | 5,80,12 | 3,50,94 | 6,80,68 |
| | Less: Current Liabilities & Provisions | 12 | | | | |
| | - Current Liabilities | | 4,54,35 | | 2,99,37 | |
| | - Provisions | | 2,00,35 | 6,54,70 | 2,21,33 | 5,20,70 |
| | Net Current Assets | | | (74,58) | | 1,59,98 |
| 4 | Misc. Expenditure to the extent not Written Off. | 13 | | 2,06,86 | | 2,03,03 |
| | T O T A L | | | 59,45,21 | | 62,35,67 |

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants

For and on behalf of Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2010

(Rupees in Thousands)

| S.No | Particulars | Sch | 31.03.2010 | 31.03.2009 |
|------|---|-----|------------|------------|
| I | INCOME | | | |
| | Rooms, Restaurants, | | | |
| | Banquets and other services | 14 | 34,79,20 | 39,34,47 |
| | Income from Flouriculture | 15 | 37,00 | 29,87 |
| | Other Income | 16 | 8,40 | 12,08 |
| | | | 35,24,60 | 39,76,42 |
| II | EXPENDITURE | | | |
| | Food, Beverages & Liquor consumed | 17 | 4,59,94 | 6,09,79 |
| | Floriculture Expenditure | 18 | 45,20 | 29,90 |
| | Operating and Administration Expenses | 19 | 21,04,76 | 23,74,94 |
| | Financial Charges | 20 | 2,54,23 | 3,75,50 |
| | Depreciation on Fixed Assets | | 2,14,55 | 2,95,32 |
| | | | 30,78,68 | 36,85,45 |
| III | PROFIT | | | |
| | Profit before Taxation | | 4,45,92 | 2,90,97 |
| | Less : Provision for taxation | | | |
| | Income Tax | | 1,90,00 | 2,33,41 |
| | Fringe Benefit Tax | | | 7,25 |
| | Deferred Tax Asset / (Liability) | | 1,56 | 2,80 |
| | Excess Provision Written Back | | | |
| | Profit after Taxation | | 2,54,36 | 47,51 |
| | Add : Profit brought forward from Previous Year | | 7,47,83 | 7,70,10 |
| | Profits available for Appropriation | | 10,02,19 | 8,17,61 |
| IV | APPROPRIATION | | | |
| a | Transfer to General Reserve | | 7,69 | - |
| b | Proposed Dividend | | 71,57 | 59,64 |
| c | Provisions for Dividend Distribution Tax | | 11,88 | 10,14 |
| | Balance Carried to Balance Sheet | | 9,11,05 | 7,47,83 |
| | | | 10,02,19 | 8,17,61 |
| V | EARNINGS PER SHARE - BASIC & DILUTED | | | |
| | (Face Value of Rs. 10 each) | | 4,26 | 0.80 |
| | Weighted average No. of Equity Shares | | 59,64,000 | 59,64,000 |

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants

For and on behalf of Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

CONSOLIDATED SCHEDULE TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | AS AT 31.03.2010 | AS AT 31.03.2009 |
|------|---|------------------|------------------|
| 1 | SHARE CAPITAL | | |
| | Authorised | | |
| | 70,00,000 equity shares of Rs.10 each | 7,00,00 | 7,00,00 |
| | Issued, Subscribed and Paid up | | |
| | 59,64,000 Equity Shares of Rs.10/- each | 5,96,40 | 5,96,40 |
| 2 | RESERVES AND SURPLUS | | |
| | a. Share premium Account | 3,75,00 | 3,75,00 |
| | b. Revaluation of Assets | 13,99,63 | 14,11,08 |
| | Less: Depreciation for the year | 11,45 | 11,45 |
| | | 13,88,19 | 13,99,63 |
| | c. General Reserve - Opening Balance | 7,64,95 | 7,64,95 |
| | Add: Transferred from P & L | 7,69 | |
| | | 7,72,63 | 7,64,95 |
| | d. Balance in Profit & Loss A/c | 9,11,05 | 7,47,83 |
| | | 34,46,87 | 32,87,41 |
| 3 | SECURED LOANS | | |
| | a. From Banks | 18,52,41 | 23,09,31 |
| | b. From Others | 8,07 | 2,64 |
| | | 18,60,48 | 23,11,95 |
| 4 | UNSECURED LOAN | | |
| | Others | 38 | 38 |
| | | 38 | 38 |
| 5 | DEFERRED TAX LIABILITY | | |
| | Deferred Tax Liability as on 31.3.2010 | 41,05 | 39,49 |
| | | 41,05 | 39,49 |

SCHEDULE – 6 FIXED ASSETS

(Rupees in Thousands)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | NET BLOCK | |
|----------------------|---|---------------------------|-----------------------------|-------------------------------|----------------------------|-----------------------------------|---------------------------|------------------------------|---------------------------|---------------------------|
| | Original Cost / Revaluation as at 1.04.09 | Additions during the year | Withdrawals during the year | Original Cost as at 31.3.2010 | Depreciation upto 1.4.2009 | Depreciation for the year 2009-10 | Withdrawn during the year | Depreciation upto 31.03.2010 | Net block as on 31.3.2010 | Net block as on 31.3.2009 |
| LAND | 29,17,36 | 13,76 | - | 29,31,12 | - | - | - | - | 29,31,12 | 29,17,36 |
| BUILDINGS | 13,98,86 | - | - | 13,98,86 | 2,96,59 | 21,93 | - | 3,18,52 | 10,80,34 | 11,02,27 |
| FURNITURE & FITTINGS | 9,67,26 | 5,55 | 18,90 | 9,53,91 | 6,58,48 | 50,97 | 5,21 | 7,04,24 | 2,49,67 | 3,08,78 |
| VEHICLES | 1,45,12 | 47 | - | 1,45,59 | 43,04 | 13,67 | - | 56,71 | 88,88 | 1,02,08 |
| PLANT & MACHINERY | 24,18,50 | 1,48,06 | 40,61 | 25,25,95 | 10,87,14 | 1,30,84 | 7,33 | 12,10,65 | 13,15,30 | 13,31,36 |
| OFFICE EQUIPMENTS | 1,01,20 | 5,69 | 45 | 1,06,44 | 63,61 | 8,59 | 16 | 72,04 | 34,40 | 37,59 |
| TOTAL | 79,48,30 | 1,73,53 | 59,96 | 80,61,87 | 21,48,86 | 2,26,00 | 12,70 | 23,62,16 | 56,99,71 | 57,99,44 |
| PREVIOUS YEAR | 87,28,91 | 2,06,32 | 9,86,93 | 79,48,30 | 20,21,55 | 3,06,76 | 1,79,45 | 21,48,86 | 57,99,44 | 67,07,36 |

CONSOLIDATED SCHEDULE TO BALANCE SHEET

(Rupees in Thousands)

| S,No | Particulars | AS AT 31.03.2010 | AS AT 31.03.2009 |
|------|--|---------------------|---------------------|
| 7 | INVESTMENTS (At Cost) | | |
| | Shares (Quoted) (Fully paid) | | |
| | a. Oriental Hotels Limited | 5 | 5 |
| | b. I.T.C. Limited | 3 | 3 |
| | c. Indian Hotels Co | 45 | 45 |
| | d. Apollo Hospitals Ltd | 30 | 30 |
| | e. Central Bank of India (Shares) | 16 | 16 |
| | Market Value as on 31.3.2010 Rs. 5416 Thousands (Previous Year Rs. 3557Thousands) | | |
| | f. clarion Wind Forms Pvt. Ltd. (Un quoted) | 40,00 | - |
| | | 40,99 | 99 |
| 8 | INVENTORIES (At lower of average cost or market value) | | |
| | a. Food & Beverages | 2,95 | 3,30 |
| | b. Wine & Liquor | 8,53 | 4,55 |
| | c. Crockery & Cutlery Etc | 27,48 | 29,56 |
| | d. Linen & Housekeepign items | 50,50 | 44,67 |
| | e. Consumable Stores | 3,56 | 2,18 |
| | | 93,02 | 84,26 |
| 9 | SUNDRY DEBTORS Unsecured considred good | | |
| | a. Debts outstanding for a period exceeding 6 months | 10,35 | 22,72 |
| | b. Other debts | 1,16,20 | 1,49,52 |
| | | 1,26,55 | 1,72,24 |
| 10 | CASH AND BANK BALANCES | | |
| | a. Cash on Hand | 9,90 | 13,84 |
| | b. Balance with scheduled Banks in Current Accounts | 77,72 | 59,40 |
| | | 87,62 | 73,24 |
| 11 | LOANS AND ADVANCES (unsecured considred good) | | |
| | a. Advances recoverable in cash or in kind for value to be received | | |
| | - Subsidiaries | | |
| | - Others | 1,14,18 | 1,87,26 |
| | b. Deposits | 1,58,75 | 1,63,68 |
| | | 2,72,93 | 3,50,94 |

CONSOLIDATED SCHEDULE TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | AS AT 31.03.2010 | AS AT 31.03.2009 |
|------|---|-----------------------|-----------------------|
| 12 | CURRENT LIABILITIES AND PROVISIONS | | |
| | a. Current Liabilities | | |
| | Sundry Creditors | | |
| | - Dues to Micro, Small & Medium Enterprises | | |
| | - Others | 4,44,53 | 2,90,76 |
| | - Unclaimed Dividend | 9,81 | 8,61 |
| | | <u>4,54,34</u> | <u>2,99,37</u> |
| | b. Provisions | | |
| | Provision for Income Tax & FBT | 7,89,76 | 5,99,76 |
| | Less : Advance Income Tax and TDS | (6,72,86) | (4,48,21) |
| | Net of Income Tax and TDS | 1,16,90 | 1,51,55 |
| | Proposed Dividend & Dividend Distribution Tax | 83,45 | 69,78 |
| | | <u>2,00,35</u> | <u>2,21,33</u> |
| 13 | MISCELLANEOUS EXPENDITURE | | |
| | Deferred lease & Renovation Expenditure | 1,48,17 | 1,36,08 |
| | Misc. Expenditure - Pre Operative and Preliminary Expenses | 61,50 | 68,60 |
| | Less : Written off during the year | 2,81 | 1,65 |
| | | <u>2,06,86</u> | <u>2,03,03</u> |

| S.No | Particulars | For the Year ended | |
|------|---|--------------------|-----------------|
| | | 31.03.2010 | 31.03.2009 |
| 14 | ROOMS, RESTAURANTS, BANQUETS, & OTHER SERVICES | | |
| | a. Rooms | 14,09,26 | 17,42,99 |
| | b. Food & Beverages | 11,78,07 | 14,67,19 |
| | c. Wine & Liquor | 2,65,88 | 3,12,89 |
| | d. Other Services | 4,72,36 | 2,80,18 |
| | e. Telephone, Fax and Telex | 3,76 | 10,97 |
| | f. Exchange Fluctuation | 1,35 | 2,10 |
| | g. O2 Health Studio Collection & Membership Fees | 1,48,52 | 1,18,15 |
| | | <u>34,79,20</u> | <u>39,34,47</u> |

CONSOLIDATED SCHEDULE TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | For the Year ended | |
|------|--|--------------------|--------------|
| | | 31.03.2010 | 31.03.2009 |
| 15 | Income from Flouriculture | | |
| | a. Sale of Flowers | 37,00 | 29,87 |
| | | 37,00 | 29,87 |
| 16 | OTHER INCOME | | |
| | a. Dividend from domestic Companies | 70 | 68 |
| | b. Interest on MES deposit | 2,47 | 2,82 |
| | c. Interest on FD | 93 | 1,19 |
| | d. Other Income | 2,31 | 22 |
| | e. NAIP Subsidy | 1,99 | 7,17 |
| | | 8,40 | 12,08 |
| | GRAND TOTAL (14+15+16+17) | 35,24,59 | 39,76,41 |
| 17 | (A) FOOD & BEVERAGES CONSUMED | | |
| | Opening Stock | 3,30 | 4,12 |
| | Add : Purchases | 4,11,63 | 5,36,14 |
| | Less: Closing Stock | 2,95 | 3,30 |
| | | 4,11,98 | 5,36,96 |
| | (B) WINE AND LIQUOR CONSUMED | | |
| | Opening Stock | 4,55 | 6,16 |
| | Add : Purchases | 51,94 | 71,22 |
| | Less: Closing Stock | 8,53 | 4,55 |
| | | 47,96 | 72,83 |
| | (A) + (B) | 4,59,94 | 6,09,79 |
| 18 | FLORICULTURE EXPENDITURE | | |
| | a. Packing materials | 23 | 55 |
| | b. Fertilizers & Chemicals | 67 | 1,63 |
| | c. Planting Materials purchased & consumed | 43,01 | 26,02 |
| | d. Fuel Expenses | 27 | 85 |
| | e. Soil development charges | 44 | 22 |
| | f. Crop Supporting System | 50 | 51 |
| | g. Poly House | 8 | 12 |
| | | 45,20 | 29,90 |

CONSOLIDATED SCHEDULE TO BALANCE SHEET

(Rupees in Thousands)

| S.No | Particulars | For the Year ended | |
|------|---|--------------------|-----------------|
| | | 31.03.2010 | 31.03.2009 |
| 19 | OPERATING AND ADMINISTRATIVE EXPENSES | | |
| | a. Croceries and Cutleries Consumed | 14,39 | 16,80 |
| | b. Staff Cost | 7,39,92 | 7,31,75 |
| | c. Power & Fuel | 4,09,72 | 4,82,93 |
| | d. Upkeep service cost | 1,20,29 | 1,27,65 |
| | e. Repairs & maintenance | | |
| | - Buildings | 26,46 | 9,23 |
| | - Plant & Machinery | 66,27 | 1,27,48 |
| | - Others | 34,27 | 6,19 |
| | f. Rates & Taxes | 83,74 | 95,09 |
| | g. Sales Promotion | 1,01,07 | 92,53 |
| | h. Administrative Expenses | 1,77,10 | 1,79,80 |
| | i. Professional Charges | 32,54 | 28,17 |
| | j. Audit Fees | | |
| | - Auditors | 1,80 | 1,80 |
| | - For Tax Matters | 66 | 66 |
| | - Out of Pocket Expenses | 66 | 66 |
| | k. Rent | 97,96 | 1,29,50 |
| | l. Telephones | 17,89 | 23,37 |
| | m. Insurance | 22,25 | 24,55 |
| | n. Preliminary & Pre operative Expenses W.Off | 10,81 | 41,37 |
| | o. Loss on sale of assets | 37,15 | 83,96 |
| | p. Renovation | 1,09,81 | 1,71,45 |
| | | 21,04,76 | 23,74,94 |
| 20 | FINANCIAL CHARGES | | |
| | a. Interest on Secured Loans | 2,54,23 | 3,34,09 |
| | b. Others | - | 41,41 |
| | | 2,54,23 | 3,75,50 |

NOTES ON CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 21

1. (a) The company and description of Business:

Savera Industries Ltd is incorporated in India in November 1969, and is engaged in the business of Hoteleering.

(b) Principles of Consolidation:

The consolidated financial statements relates to Savera Industries Limited, its 100% Share Capital held in Subsidiary Companies M/s. Elkhill Agrotech Private Limited, Ootacamund and M/s. Savera Hotels & Resorts Limited, the consolidated financial statements have been prepared on the following basis:

- (i) The financial Statements of the company, the consolidated financial statements of its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, as per the respective financial statements duly certified by the Auditors of the respective companies after fully eliminating intra-group balances and also transactions resulting in unrealised profits or losses in accordance with the Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) The consolidated financial statements have been prepared using the uniform accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the company's individual financial statements.
- (iii) The details of the subsidiary companies, considered in the consolidated financial statements are as follows:

2. ACCOUNTING POLICIES

- a. Land, Building and plant & machinery of Savera Industries limited were revalued on 31.03.1993.
- b. Depreciation on Assets is provided on Straight Line basis at rates prescribed in Schedule XIV of the Companies Act, 1956.
- c. For Holding Company, Gross depreciation for the current year is Rs.2,09,24 Thousands (Previous Year Rs.2,85,89 Thousands) on straight-line method of which

Rs.11,45 Thousands (Previous year Rs.11,45 thousands) has been transferred to Revaluation Reserve Account and for the subsidiary company, gross depreciation for the year Rs.16,76 Thousands (Previous Year Rs.20,87 Thousands) on written down value method.

- d. Accumulated depreciation on revaluation of assets amounting to Rs.11,45 Thousands (Building Rs.4,91 Thousands (Previous year Rs.78,52 thousands) and plant and machinery Rs.6,54 Thousands (Previous year Rs.1,55,44 thousands)) has been debited to Revaluation Reserve Account.
3. Inventories are valued at average cost or market value whichever is lower.
4. (a) Earnings in convertible Foreign Exchange for the year amounted to Rs.2,46,01 Thousands (Previous year Rs.2,11,49 thousands)
- (b) Expenditure in Foreign Currency amounted to Rs.45,18 Thousands (Previous year Rs.31,95 Thousands).
5. The company has purchased Water, Printing Stamps from M/s. Shyam Hotels & Restaurants Pvt Ltd, M/s. Shyam Printers & Marking Devices for where Sri A. Ravikumar Reddy, Managing Director and Mrs. A. Nina Reddy, Executive Director (Operations) of the company is a Proprietor/Partner/Director in it. The total purchases made were Rs.15,57 Thousands during the year 2009-10.
6. Refer point No. 2(b) of Schedule 20 of Notes to the Accounts given in the Annual Report for the details of term loans from Banks (CBI, SBH, IOB and SIB) and security provided to them and the details of charges on the assets.
7. As the turnover of the company includes sale food and beverages, it is not possible to give quantitative details of the turnover of the food and beverages the company is exempted from giving these particulars vide order No. 46/112/2009 CL – III dated: 15.05.2009 in respect of financial years ended 31.03.2009, 31.03.2010 and 31.03.2011.
8. Amounts due to micro, small and medium enterprises: The identification of micro, small and medium enterprises, suppliers have defined under “The Micro, Small and Medium Enterprises Development Act, 2006” is based on the information available with the management. As certified by the management, amounts overdue as on 31st March 2010 to Micro, Small and Medium Enterprises on account of principle amount together with interest is Rs. Nil (Previous Year- Nil).
9. The summary of financial information furnished as per the approval under Section 212 (8) of the Companies Act, 1956 for the financial year ended 31st March 2010 by the Department of Corporate Affairs, Ministry of Finance, and Government of India with regard to subsidiary companies are as follows:

/s. Elkhil Agrotech Private Limited

| | <i>(Rs. in Thousands)</i> | |
|----------------------------------|---------------------------|-----------------|
| | 31st March 2010 | 31st March 2009 |
| a. Share Capital | 2,00,00 | 2,00,00 |
| b. Reserves & Surplus | (2,06,16) | (1,53,02) |
| c. Total Assets | 1,33,05 | 1,46,12 |
| d. Total Liabilities | 1,33,05 | 1,46,12 |
| e. Turnover | 38,99 | 37,03 |
| f. Profit (Loss) before taxation | (53,13) | (43,75) |
| g. Provision for Taxation | -- | -- |
| h. Profit (Loss) after taxation | (53,13) | (43,75) |
| i. Proposed dividend | -- | -- |

M/s. Savera Hotels & Resorts Limited

| | <i>(Rs. in Thousands)</i> | |
|-----------------------|---------------------------|-----------------|
| | 31st March 2010 | 31st March 2009 |
| a. Share Capital | 5,00 | 5,00 |
| b. Reserves & Surplus | -- | -- |
| c. Total Assets | 14,12 | 13,96 |
| d. Total Liabilities | 14,12 | 13,96 |

10. Pre-operative expenses represent the start-up cost in setting up the units and amortised over the remaining period of the lease.
11. Deferred Revenue Expenditure has been amortised over a period of three years under Straight Line Method as in earlier years.
12. During the year 2007 the company has formulated a group gratuity scheme in respect of certain employees is covered by the group gratuity scheme with the Life Insurance Corporation of India. In respect of other employee benefits, provision for such benefits is provided in terms of Accounting Standard - 15 (Revised) - "Employee Benefits".
13. In accordance with Accounting Standards (AS) – 28 "Impairment of Assets", Impairment is ascertained at each balance sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.
14. Refer Para. I(k) of the Notes to Accounts with regard to Accounting Standard (AS) 29 - 'Provisions, Contingent Liabilities and Contingent Assets'. Tamilnadu State Electricity Board has imposed a penalty of Rs.39,41 Thousands on M/s. Savera Industries

Limited, towards usage of power during non-peak hours. The company has filed a writ petition in the High Court of Tamilnadu for quashing the penalty. High Court has stayed the imposing of penalty and a final Decision is awaited in this regard. There are no Contingent Liabilities for the Company' Subsidiaries M/s. Elkhill Agrotech Pvt Ltd., and M/s. Savera Hotels & Resorts Limited.

Contingent Assets are not recognised in the financial statements.

15. In accordance with Accounting Standards (AS) – 13 “Accounting for Investments ”Long Term Investments are carried at cost. Provision for decline in the value, other than temporary, has been made wherever necessary. Current Investments are carried at lower of cost and market value / net asset value. During the current year the company has invested in M/s. Clarion Wind Farm Pvt Ltd., Rs.40,00 thousands for the purpose of availing the Wind Energy as a Shareholder, as stipulated by the Rules made under Tamilnadu Electricity Board.
16. In according to Accounting Standards (AS) – 16, “Borrowing costs” the company has not incurred borrowing costs on acquiring qualifying assets (i.e., assets that necessarily take a substantial period of time to get ready for its intended use are capitalised at the rate at which the funds have been borrowed for such acquisition).
17. Earning Per Share:

| Particulars | Current Year 2009-10 | Previous Year 2008-09 |
|---|-------------------------|--------------------------|
| Profit after tax (Rupees) | 2,54,35,643 | 47,50,749 |
| Nominal value of shares (Rs.) | 10.00 | 10.00 |
| No. of Equity shares | 59,64,000 | 59,64,000 |
| Earnings per shares - Basic and Diluted (Rs.) | 4.26 | 0.80 |

18. Previous year figures have been regrouped wherever necessary.

19. The figures have been rounded off to nearest rupee.

Schedules 1 to 22 form an integral part of the Balance Sheet and the Profit and Loss Account.

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

For and on behalf of Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)

Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2010

(Rs. In Thousands)

| S.No. | Particulars | For the Year Ended | |
|-----------|--|--------------------|------------|
| | | 31.03.2010 | 31.03.2009 |
| A. | CASH FLOW FROM OPERATING ACTIVITIES : | | |
| | Net Profit before Tax and Extraordinary items | + 4,45,91 | + 2,90,97 |
| | Adjustment for : | | |
| | Depreciation | + 2,14,55 | + 2,95,32 |
| | Foreign Exchange | | - |
| | Investments | | - |
| | Interest/Dividend | - 4,13 | - 4,70 |
| | Interest Paid | + 2,54,22 | + 3,75,50 |
| | Renovation Expenses | + 1,33,89 | + 93,00 |
| | Net Deferred Expenses | - 3,83 | + 90,80 |
| | Goodwill Difference | | + 7,47 |
| | Loss on Sale of Asset | + 38,06 | + 83,96 |
| | Lease Rent | | + 5,94 |
| | Operating Profit before working capital changes | + 10,78,67 | + 12,38,26 |
| | Adjustments for : | | |
| | Trade and other receivables | + 1,23,71 | - 77,93 |
| | Inventories | - 8,78 | + 19,41 |
| | Trade Payables | + 1,54,99 | + 13,68 |
| | Cash generated from operations | + 13,48,59 | + 11,93,42 |
| | Direct Taxes paid | - 2,24,66 | - 2,75,54 |
| | Cash flow before extra-ordinary items | + 11,23,93 | + 9,17,88 |
| | Extraordinary items | - 1,33,89 | - 93,00 |
| | NET CASH FLOW FROM OPERATION ACTIVITIES | + 9,90,04 | + 8,24,88 |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Purchase of Fixed Assets | - 1,73,53 | - 2,06,32 |
| | Sale of Fixed Assets | + 9,20 | + 7,40,09 |
| | Capital Work in Progress Transferred to Fixed Assets | | + - |
| | Acquisitions of Companies (as per annexure) | | - |
| | Purchase of Investments | - 40,00 | - |
| | Sale of Investments | | - |
| | Interest Received | + 3,43 | + 4,01 |
| | Dividend Received | + 70 | + 69 |
| | NET CASH USED IN INVESTING ACTIVITIES | - 2,00,20 | + 5,38,47 |

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | | |
|---|---|----------------|------------|
| Proceeds from issue of share capital | | | - |
| Proceeds from long term borrowings | + | 3,14,13 | + 5,30,60 |
| Repayment of long term borrowings | - | 7,65,58 | - 13,73,72 |
| Interest paid | - | 2,54,22 | - 3,75,50 |
| Repayment of finance lease liabilities | | | - |
| Dividend paid inclusive of tax | - | 69,78 | - 1,39,55 |
| NET CASH USED IN FINANCING ACTIVITIES | - | 7,75,45 | - 13,58,17 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | + | 14,39 | + 5,18 |
| CASH AND CASH EQUIVALENTS AS ON 01/04/2009 (opening balance) | + | 73,24 | + 68,06 |
| CASH AND CASH EQUIVALENTS AS ON 31/03/2010 (closing balance) | + | 87,62 | + 73,24 |

As per our report annexed
For D.A. Reddy & Co.,
Chartered Accountants
(F.R.N. 0057195)

For and on behalf of Board

A. Ravikumar Reddy
Managing Director

A. Nina Reddy
Executive Director
(Operations)

CA D Audishesha Reddy, B.Com, FCA
Proprietor
(Membership No.019352)
Place: Chennai
Date: 28.06.2010

M. Chakrapani
Company Secretary cum Chief Financial Officer
Place: Chennai
Date: 28.06.2010



Registered Office : New No.146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.

ATTENDANCE SLIP

| | | | |
|----------------------------|----------------|--|--------------------------------|
| Name and Address of Member | | 41st Annual General Meeting 25th September 2010 at 11.00 A.M. Venue : The Music Academy "Kasturi Srinivasan Hall" New No.168, TTK Road, Chennai - 60 014 | |
| Folio No./Client ID | Holding Shares | <input type="checkbox"/> Member | <input type="checkbox"/> Proxy |

I hereby record my presence at the Annual General Meeting held on 25th September 2010.

(Member's / Proxy's Signature)

Please bring the duly filled in Attendance Slip to the Meeting and hand over at the entrance.



Registered Office : New No.146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.

PROXY FORM

Regd. Folio NO./Client ID Number with DP

I / We of..... Being a member / members of the above named Company hereby appoint..... of..... of failing him..... as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, the 25th September 2010 at 11.00 A.M. at The Music Academy, "Kasturi Srinivasan Hall", New No.168, T.T.K. Road, Chennai – 600 014 and at any adjournment thereof.

Signed this..... day of..... 2010.

Signature.....



Note : The Proxy to be effective must be deposited at the Registered Office of the Company at New No.146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004, Tamil Nadu, not less than 48 hours before the time for holding the meeting.

