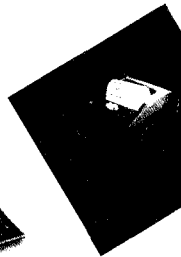
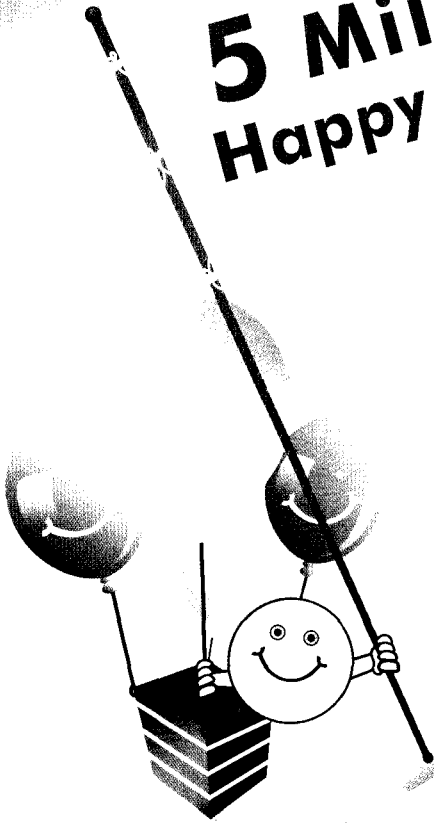


**5 Million+**  
**Happy Customers**



**Annual Report**  
**2008-09**

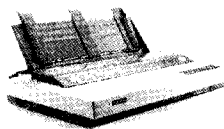
# TVS-E Product Range



MSP 250 Champion



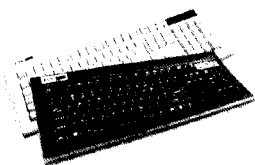
MSP 245



HD Gold 245



HD 945



TVS Gold



TVS Champ Plus



TVS Champ Media Plus



TVS Champ Junior



TVS Klik Prism Mouse



TVS Klik Optical Mouse



TVS-E Laser Toner Cartridges



TVS POS Products

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**Board of Directors**

Gopal Srinivasan *Chairman*  
H Lakshmanan  
S R Vijayakar  
R R Nair  
Sridhar Mitta  
R Ramaraj  
D Sundaram  
S S Raman *Whole-time Director*

**Committees of the Board**

**Audit Committee**

S R Vijayakar  
H Lakshmanan  
Sridhar Mitta  
D Sundaram

**Investors' Grievance Committee**

Gopal Srinivasan  
H Lakshmanan  
R Ramaraj

**Remuneration/Compensation Committee**

R R Nair *Chairman*  
S R Vijayakar  
H Lakshmanan

**Auditors**

Sundaram & Srinivasan  
Chartered Accountants,  
23, C.P. Ramaswamy Road,  
Alwarpet,  
Chennai - 600 018.

**Company Secretary**

D Srinivasan

**Bankers**

State Bank of India  
State Bank of Mysore  
State Bank of Travancore  
Canara Bank  
IDBI Bank  
ICICI Bank  
Yes Bank

**Registered Office**

"Jayalakshmi Estates",  
29, Haddows Road,  
Chennai - 600 006.  
Tel: 91-44-28277155

**Chennai Plant & Administrative Office**

34, Developed Plots,  
South Phase, Industrial Estate,  
Guindy, Chennai - 600 032.  
Tel: 91-44-2232 5506/09  
Tel: 91-44-4200 5200  
Fax No: 91-44-2232 7577  
Website: www.tvS-e.in

**Uttarkhand - Plant I & II**

No.E12, Selaqui Industrial Estate  
Selaqui, Dehradun, Uttarkhand  
Tel: 0135 - 2698662/3

**Share Transfer Agents**

Sundaram - Clayton Limited,  
22, Railway Colony III Street,  
Mehta Nagar, Chennai - 600 029.  
Tel: 91-44-23741889,23742939  
Fax No: 91-44-23741889  
E-mail: investorservices@tvS-e.in

**Shares Listed at**

Bombay Stock Exchange Ltd.  
National Stock Exchange of India Ltd.

## Financial Highlights - Ten Years at a glance

Rs. in Lakhs

Sl.No	Particulars	1999	2000	2001	2002*	2003	2004-2005#	2005-2006	2006-2007	2007-2008@	2008-2009
1.	<b>PROFIT AND LOSS ACCOUNT</b>										
	Sales	16,974	22,412	21,599	2,316	26,151	31,574	25,950	27,242	20,764	19,067
	Other Income	207	19	15	54	400	166	623	472	765	473
	<b>Total Income</b>	<b>17,181</b>	<b>22,431</b>	<b>21,614</b>	<b>2,370</b>	<b>26,551</b>	<b>31,740</b>	<b>26,573</b>	<b>27,714</b>	<b>21,529</b>	<b>19,540</b>
	<b>Earnings before Interest</b>										
	<b>Depreciation and Tax (EBITDA)</b>	<b>1,169</b>	<b>1,436</b>	<b>1,226</b>	<b>223</b>	<b>1,515</b>	<b>1,773</b>	<b>1,631</b>	<b>1,652</b>	<b>2,615</b>	<b>439</b>
	Depreciation	249	268	348	69	521	754	743	702	522	476
	<b>Profit before Interest and Tax (EBIT)</b>	<b>920</b>	<b>1,168</b>	<b>878</b>	<b>154</b>	<b>994</b>	<b>1,019</b>	<b>888</b>	<b>950</b>	<b>2,093</b>	<b>(37)</b>
	Interest	607	660	695	58	508	470	600	764	603	522
	<b>PBT</b>	<b>313</b>	<b>508</b>	<b>183</b>	<b>96</b>	<b>486</b>	<b>549</b>	<b>288</b>	<b>186</b>	<b>1,490</b>	<b>(559)</b>
	Tax Expense	105	84	21	34	121	121	(27)	—	380	211
	<b>PAT</b>	<b>208</b>	<b>424</b>	<b>162</b>	<b>62</b>	<b>365</b>	<b>428</b>	<b>315</b>	<b>186</b>	<b>1,110</b>	<b>(770)</b>
2.	<b>BALANCE SHEET</b>										
	Share Capital	1,703	1,703	1,703	1,767	1,767	1,767	1,767	1,767	1,767	1,767
	Reserves & Surplus	1,592	1,828	1,862	1,696	1,935	2,196	2,354	2,371	3,296	2,523
	<b>Networth</b>	<b>3,295</b>	<b>3,531</b>	<b>3,565</b>	<b>3,463</b>	<b>3,702</b>	<b>3,963</b>	<b>4,121</b>	<b>4,138</b>	<b>5,063</b>	<b>4,290</b>
	Loan Funds	5,225	6,399	7,065	7,507	6,994	6,538	8,860	8,909	4,538	5,738
	<b>Capital Employed</b>	<b>8,520</b>	<b>9,930</b>	<b>10,630</b>	<b>10,970</b>	<b>10,696</b>	<b>10,501</b>	<b>12,981</b>	<b>13,047</b>	<b>9,601</b>	<b>10,028</b>
	Deferred Tax Liability	—	—	—	355	370	452	298	197	158	202
	<b>Total</b>	<b>8,520</b>	<b>9,930</b>	<b>10,630</b>	<b>11,325</b>	<b>11,066</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>
	<b>Net Fixed Assets</b>	<b>1,496</b>	<b>2,406</b>	<b>2,528</b>	<b>4,619</b>	<b>5,036</b>	<b>5,518</b>	<b>3,864</b>	<b>3,397</b>	<b>2,393</b>	<b>2,422</b>
	<b>Investments</b>	<b>1,637</b>	<b>1,138</b>	<b>1,438</b>	<b>1,687</b>	<b>1,636</b>	<b>1,637</b>	<b>1,642</b>	<b>1,692</b>	<b>626</b>	<b>1,501</b>
	Current Assets	10,367	12,327	12,296	10,692	12,422	11,000	12,815	13,090	10,596	10,828
	Current Liability & Provision	5,026	5,941	5,632	5,673	8,028	7,202	5,042	4,935	3,856	4,521
	<b>Net Current Assets</b>	<b>5,341</b>	<b>6,386</b>	<b>6,664</b>	<b>5,019</b>	<b>4,394</b>	<b>3,798</b>	<b>7,773</b>	<b>8,155</b>	<b>6,740</b>	<b>6,307</b>
	Miscellaneous Expenditure	46	—	—	—	—	—	—	—	—	—
	<b>Total</b>	<b>8,520</b>	<b>9,930</b>	<b>10,630</b>	<b>11,325</b>	<b>11,066</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>
3.	<b>RATIOS</b>										
	a) EPS (Rs)	1.3	2.3	1.0	5.2	2.1	2.4	1.8	1.1	6.3	(4.4)
	b) Dividend (%)	10	10	7.5	7.5	7.5	9.0	7.5	7.5	10	—
	c) Book Value per Share (Rs)	19	21	21	20	21	22	23	23	29	24
	d) Return on Capital Employed (ROCE %)	10.8%	11.8%	8.3%	1.4%	9.3%	9.7%	6.8%	7.3%	21.8%	(0.4)%
	e) Return on networth (RONW %)	6.3%	12.0%	4.5%	1.8%	9.9%	10.8%	7.7%	4.5%	21.9%	(18)%
	f) Fixed Asset Turnover Ratio	11.7	11.5	8.8	0.6	5.4	6.0	5.5	7.5	7.2	7.9
	g) Working Capital Turnover Ratio	3.4	3.8	3.3	0.4	5.6	7.7	4.5	3.4	2.8	2.9
	h) Debt Equity Ratio	1.6	1.8	2.0	2.2	1.9	1.6	2.1	2.2	0.9	1.3
	i) EBITDA as % of Sales	6.9%	6.4%	5.7%	9.6%	5.8%	5.6%	6.3%	6.1%	12.6%	2.3%
	j) EBIT as % of Sales	5.4%	5.2%	4.1%	6.6%	3.8%	3.2%	3.4%	3.5%	10.1%	(0.2)%
	k) Net profit as % of Total Income	1.2%	1.9%	0.7%	2.6%	1.4%	1.3%	1.2%	0.7%	5.2%	(3.9)%
	l) R&D (Revenue and Capital) Expenditure as a % of Total Income	1.2%	2.0%	1.9%	0.8%	1.3%	1.8%	1.7%	1.3%	1.5%	1.9%

ROCE is Profit before Interest and Tax divided by Capital Employed. RONW is Profit after Tax divided by Networth.

Movements in Reserves and Surplus represents changes in PAT net of dividend and dividend tax, movement in cost of ESOP and Investment Allowance.

Fixed Assets Turnover Ratio is Sales divided by Average Net Fixed Assets as at the end of the year.

Working Capital Turnover Ratio is Sales divided by Average Net Current Assets as at the end of the year.

\* The financial results for the year 2002 include the effects of two mergers made effective 1st Nov,2002 (Four Companies) and 9th Dec 2002 (TVS Electronics Ltd) for the period post effective dates of merger and hence they are not comparable.

# Figures of 2004-05 are for the period of 15 months due to change of Accounting Year from December to March.

@ EBITDA for 2007-08 includes Extraordinary income of Rs. 1,560 arising out of sale of business and sale of property.

## Notice to the Shareholders

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G N Chetty Road, T Nagar, Chennai - 600 017 on Friday, 4th September, 2009 at 2.45 PM to transact the following business:

### ORDINARY BUSINESS

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

"RESOLVED THAT the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account of the Company for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon as presented to the meeting be and the same are hereby approved and adopted."

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

"RESOLVED THAT Dr. Sridhar Mitta who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company."

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

"RESOLVED THAT Mr. R R Nair who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company."

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

"RESOLVED THAT the retiring Auditors, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, be and are hereby re-appointed as Auditors of this Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

### SPECIAL BUSINESS

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

"RESOLVED THAT Mr. S S Raman be and is hereby appointed as a Director of the company not liable to retire by rotation."

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

"RESOLVED THAT Mr. D Sundaram be and is hereby appointed as a Director of the company liable for retirement by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded for the appointment of Mr. S S Raman, as the Whole-time Director of the Company, designated as "Chief Executive Officer" (CEO) subject to control and superintendence of the board, for a period of three years effective from 1st May, 2009 without any remuneration."

By Order of the Board

Registered Office:  
"Jayalakshmi Estates",  
No.29, Haddows Road,  
Chennai-600 006.

30th July, 2009

**D. SRINIVASAN**  
Company Secretary

### NOTES

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.**
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the notice is annexed hereto.
3. The Register of Members and the share transfer books of the Company will remain closed from 1st September, 2009 to 4th September, 2009 both days inclusive.

## Notice to the Shareholders (Contd.)

4. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, dividend declared by the Company which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The particulars of the due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the annual report.

Members who have not encashed their dividend warrants are requested to make their claim to the Company by surrendering the unencashed warrants immediately.

5. Members are requested to notify immediately any change in their address to the Company. Members holding shares in electronic form are requested to advise change of address to their depository participants.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the meeting.
7. Members are requested to sign at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
8. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be appointed/re-appointed at this meeting is given below :

### Dr. SRIDHAR MITTA

Dr. Sridhar Mitta, aged 63 years, has been an internationally recognized expert in the management of Research and Development in Information Technology.

Dr. Mitta is the Managing Director and a Founder of NextWealth Entrepreneurs Private Limited which promotes Social Entrepreneurship. NextWealth identifies business opportunities with a social intent and helps entrepreneurs to build such companies by providing them with angel funding, mentoring, incubation etc.

Dr. Mitta is also the Founder of e4e Inc, (Santa Clara, CA) and a member of its Board of Directors. Dr. Mitta brings extraordinary technological and strategic depth. Today, e4e

is a global company with annual revenues exceeding US\$ 50 millions.

Dr. Mitta was involved with Wipro Limited since its inception in 1980 and played key role in Wipro achieving technology leadership. As its Chief Technology Officer and President of Wipro's Global R&D, he spearheaded strategies which transformed the captive R&D unit into a growing and profitable business. He pioneered global delivery of outsourced product development services to technology companies like Intel, Cisco Systems, Tandem Computers etc. Wipro became the highest valued company in India during his tenure. Dr. Mitta was also the Founder and CEO of EnThink Inc. (Santa Clara, CA), an Intellectual Property design and licensing start-up. He began his career with Electronics Corporation of India, Ltd.

Dr. Mitta was President of 'The IndUs Entrepreneurs (TiE)', Bangalore Chapter for over four years and now elected to Board of Trustees of TiE Global. He serves in several Boards of companies located in the United States and India.

Dr. Mitta holds a Ph.D. and MS from Oklahoma State University, US ; an M Tech from the Indian Institute of Technology (IIT), Kharagpur; and an undergraduate degree in Electronics and Communication Engineering from Andhra University.

Dr. Sridhar Mitta holds 20,000 equity shares in the company. He is a member of Audit committee of the board of director.

The other directorships held by him are as follows:

S. No	Name of the Company	Nature of Interest
1.	e4e Labs Private Limited	Director
2.	e4e Inc USA	Director & Shareholder
3.	e4e Holdings Limited	Director
4.	Jamcracker Software Technologies Private Limited	Director
5.	KBC Research Foundation Private Limited	Director
6.	Clinitics Solutions India Private Limited	Director
7.	TVS Capital Funds Limited	Director
8.	TVS-E Servicetec Limited	Director
9.	NextWealth Entrepreneurs Private Limited	Director & Shareholder

## Notice to the Shareholders (Contd.)

The other committee memberships held by him are as follows;

S.No.	Name of the Company	Committee Name	Position
1.	TVS Electronics Limited	Audit Committee	Member
2.	TVS Capital Funds Limited	Remuneration Committee	Member
3.	TVS Capital Funds Limited	Governance Committee	Member

### Mr. R R NAIR

Mr. R.R. Nair is a consultant to businesses on 'HR Strategy' and Leadership and Organisation Development', contributes to teaching efforts at the Indian School of Business, Hyderabad. He has an M.A. Degree in Psychology with a 1st class and 1st rank from the University of Kerala and a Post Master's Diploma with distinction in Industrial Management from IIT Kharagpur. He also got trained by Tavistok School of Human Relations, UK. He is an alumnus of Stanford and Michigan Universities too.

After a stint with DCM, Delhi, Mr. Nair served Hindustan Lever Limited (HLL) and Unilever for over 30 years. He worked in a variety of key positions covering the entire gamut of HR function. He was the first HR professional who was seconded to Unilever, London where he was responsible for organisation structure review, leadership development review and management training, in over a dozen countries. On his return, as HR Director for foods group, he facilitated the merger of Lipton with Brooke Bond and later Brooke Bond Lipton with HLL. Subsequently he served as HR Director for Unilever Arabia. Later, his services were utilized as Advisor, Organisation Development for HLL and Latin America, Asia and Middle East Region of Unilever. He played a larger role and contributed in many global HR projects including coaching initiatives. He therefore, brings to the business and the academic scene both local and international perspectives and experience.

Mr. Nair has been serving now as CEO Coach and HR Strategic Consultant. He is a Member of Schneider-Electric India's Advisory Board. He served on the Academic Council of Tata Management Training Centre, Lowe Lintas's Centre for Executive Education, HR Technical Committee of RBI and CII's National HR Council. He was chosen, among others, by NHRD for the National Award for outstanding contribution to the HR function and more recently was chosen by CNBC-KPMG for their Life-time Achievement Award. He has co-edited a publication

entitled 'Managing Transition'. He is a Fellow of the Coaching Federation of India.

Mr. Nair holds 20,000 equity shares in the company. He is a member of Remuneration/Compensation committee of the board of directors.

The other directorships held by him are as follows :

S. No.	Name of the Company	Nature of Interest
1.	BASF India Limited	Director
2.	BASF Polyurethane India Limited	Director
3.	PRS Permacerl Private Limited	Director
4.	TVS-E Servicetec Limited	Director

The other committee membership held by him is as follows:

No.	Company	Committee Name	Position
1.	TVS-E Servicetec Limited	Remuneration Committee	Member

### Mr. S S RAMAN

Born on April 22, 1952 Mr. S S Raman has obtained B.E. Mech (Hons) from REC Calicut in 1974 and PGDBM & Masters Diploma in Business Admn (Prodn Engg) in 1985 from IMDR, Pune. He is also a Certified Executive Coach from Coaching Foundation India Limited.

Mr. S S Raman has more than three decades of diverse experience in Manufacturing, SCM, Technology, Sales & Marketing. He has worked with leading companies like TELCO, Pune, Birla Yamaha, TVS Whirlpool and Whirlpool Corporation Limited. He Left Whirlpool Corporation in 2005 as Executive Director and joined TVS Electronics Limited as President.

Mr. S S Raman does not hold any equity shares in the company.

The other directorships held by him are as follows:

S. No	Name of the Company	Nature of Interest
1.	TVS-E Servicetec Limited	Managing Director
2.	TVS-E Access India Limited	Director
3.	Tumkur Property Holdings Limited	Director
4.	Modular InfoTech Private Limited	Director



## Notice to the Shareholders (Contd.)

### Mr. D SUNDARAM

Mr. D Sundaram is a Fellow Member of the Institute of Cost and Works Accountants and a Post Graduate in Management Studies. He has done Advanced Management Programme at Harvard Business School.

Mr. D Sundaram has handled diverse functions in his career in Unilever Group in Strategic Planning, Governance and Controls, Mergers and Acquisitions, Finance, Tax management, Investor relations etc., in various business divisions of the Group.

He retired recently as the Vice Chairman and CFO of Hindustan Unilever Ltd. He has over 33 years of experience in various senior positions in Unilever Group in India and UK. He has been awarded the prestigious "CFO of the Year" Award for FMCG sector by CNBC TV 18 twice in 2006 and 2009.

Mr. D Sundaram, who recently joined TVS Capital Funds Ltd as Director took over as the Vice Chairman and Managing Director on July 10, 2009.

Mr. D Sundaram does not hold any equity shares in the company.

The other directorships held by him are :

S. No	Name of the Company	Nature of Interest
1.	TVS Capital Funds Limited	Vice Chairman & Managing Director
2.	State Bank of India	Director
3.	SBI Capital Markets Limited	Director
4.	Glaxo Smithkline Pharmaceuticals Limited	Director
5.	Institute of Financial Management & Research (IFMR)	Member - Board of Governors

### Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to special business mentioned in the accompanying notice and shall be taken as forming part of the notice.

#### Item No.5

Mr. S S Raman was co-opted as an Additional Director at the meeting of the board held on 20th January, 2009. Mr. S S Raman's expertise and knowledge in the fields of IT and ITES is of immense value to the company. Pursuant to the provisions of Sec 260, an additional director appointed by the board shall hold office upto the ensuing Annual General Meeting. Accordingly, he will be vacating office at the forthcoming Annual General meeting. The Company has received a notice from a member signifying his intension to propose the appointment of Mr. S S Raman as a Director of the Company in compliance with Section 257 of the Companies Act, 1956.

The resolution proposing his name for appointment is submitted to meeting for consideration.

None of the directors are interested in the resolution except the proposed appointee.

#### Item No.6

Mr. D Sundaram was co-opted as an Additional Director at the meeting of the board held on 30th July, 2009.

The appointment of Mr. D Sundaram to the Board is considered very valuable to the Company given his wide and rich experience. Pursuant to the provisions of Section 260, an additional director appointed by the board shall hold office upto the ensuing Annual General Meeting. Accordingly, he will be vacating office at the forthcoming Annual General meeting. The company has received a notice from a member signifying his intension to propose the appointment of Mr. D Sundaram as a Director of the Company in compliance with Section 257 of the Companies Act, 1956.

The resolution proposing his name for appointment is submitted to meeting for consideration.

None of the directors are interested in the resolution except the proposed appointee.

#### Item No.7

As per the provisions of Section 269 of the Companies Act, 1956 (Act), a Company which has paid up equity share capital of not less than Rs. 5 Crores has to have a Managing/Whole-time Director or Manager appointed under the provisions of the Act for the day to day management of the affairs of the Company.

Mr. M Somasundaram, who was appointed as Manager under the Act by the shareholders at the annual general meeting on 5th September, 2008 has relinquished his office effective 30th April, 2009. The Board of Directors of the Company appointed Mr. S S Raman,



## **Notice to the Shareholders (Contd.)**

as Whole-time Director under the Companies Act, 1956 pursuant to Section 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 with the designation "Chief Executive Officer" (CEO) for a period of three years without any remuneration effective 1st May, 2009. The appointment is subject to approval by the Shareholders.

The Directors recommend the Special Resolution for approval of members.

None of the directors are interested in the resolution except the proposed appointee.

By Order of the Board

Registered Office:  
"Jayalakshmi Estates",  
No.29, Haddows Road,  
Chennai -600 006.

30th July, 2009

**D. SRINIVASAN**  
**Company Secretary**

## Directors' Report

TO THE MEMBERS,

The Directors hereby present their Fourteenth annual report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2009.

### FINANCIAL RESULTS

The highlights of the financial performance of the Company are as follows:-

(Rs. in lakhs)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>Sales</b>	<b>19066.80</b>	20764.02
Other Income	<b>473.43</b>	764.56
Sales and other income	<b>19540.23</b>	21528.58
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>(26.40)</b>	533.97
<b>Profit / (Loss) Before Tax (PBT) before extraordinary items</b>	<b>(548.72)</b>	(69.31)
Income from Extraordinary Items (Net)	<b>(10.49)</b>	1559.65
<b>Profit / (Loss) Before Tax</b>	<b>(559.21)</b>	1490.34
Add/(less) Deferred Tax written back	<b>(43.49)</b>	38.23
Less : Provision for Tax	<b>28.37</b>	223.00
Investment allowance	-	27.46
<b>Profit / (Loss) After Tax (PAT)</b>	<b>(631.07)</b>	1278.11
Profit brought forward from previous year	<b>1548.85</b>	645.64
Add / (Less): Tax relating to earlier years	<b>(139.39)</b>	(168.14)
Total available for appropriations	<b>778.39</b>	1755.61
- Proposed Dividend	-	176.73
- Tax on Dividend	-	30.03
Surplus in Profit and Loss account	<b>778.39</b>	1548.85

The Current year financial figures are not comparable with that of last year due to the restructuring and changes in business configuration as below:

1. In the previous year the Company divested its Contract Manufacturing Services business (CMS) at Tumkur.
2. The company transferred its erstwhile Contract Customer Support (CCS) to a separate entity TVS-E Servicetec Limited during the previous year.

### Business results and key highlights of operations:

The overall market for IT peripherals was adversely impacted in the year under review due to the general depression in business sentiments in the industry.

In the main business of Dot Matrix Printers (DMP), keyboards and supplies the sales registered a 9% negative growth with revenue of Rs. 166 Crores during the year as against Rs. 181 Crores during the corresponding period in previous year. The overall market share for the DMP was however sustained at 38.4% compared to 37.3% as an average during the year. There was severe pressure on pricing which compressed the profitability.

The Point of Sales Machines (POS) business which was launched as a strategic imperative grew to Rs. 10 Crores during the year against Rs.2 Crores in the corresponding period, the previous year. A wide range of new products across the POS domain has now been launched and positioned for the next level of growth. The business model and the overall

## Directors' Report to the Shareholders (Contd.)

offerings are being strengthened to improve the profitability in the year ahead.

The company expanded its presence in the Supplies business by starting a fresh revenue stream of Rs. One crore this year. This business is poised to grow through focusing on specific channels to cater to printing supplies business in an organized manner.

The company made renewed efforts on cost reduction during the year to combat the adverse impact of Forex volatility and price erosion especially in the Enterprise and Government segment of the business. Through various structured initiatives across the organization costs were reduced by Rs 3.78 Crore which softened the negative impact substantially. The Contribution margin for the business took a 3% drop compared to the last year due to pricing pressure. The company initiated severe structural corrections in the second half of the year including increasing productivity levels of employees and compensation restructuring. It must be acknowledged that the overall response to such a move was spontaneously supported by all the employees. There have been renewed efforts at inventory and receivables reduction to improve the cash flow under the lower revenue scenario.

As a part of overall consolidation for efficiency the company invested in a second plant at Dehradun, (Uttarkhand) expanding its capacity to manufacture printers, keyboards and print heads across the range of products. This plant has cutting edge capabilities in overall quality / lean manufacturing fundamentals. The plant has received ISO 9000 and ISO 14001 quality process accreditation and environmental management capabilities.

The company has also invested in the Tamil Nadu SEZ (Oragadam) for long term strategic options.

### MANAGEMENT DISCUSSION AND ANALYSIS

**As required under Clause 49 of the Listing Agreement, a detailed Report on Management Discussions and Analysis is given below:**

#### A. The Industry and Trends

The Indian IT market grew by 15.4% in 2008-09 largely driven by BPO & IT exports. The Indian PC shipments remained flat at 7.98 million units. There was a significant drop in desktop market by 10%. However, the notebook market grew by 31.5%. Overall Printer market grew by 4% in 2008 driven by a 16% growth in the laser market.

The overall DMP market declined by 10% and expected to decline in 2009 by 15%.

Transaction printing is growing at a healthy rate - driven by high investments in retail automation and expansion of core banking solutions by all the major banks. Government expenditure in 2009-10 expected to be at 6% higher than 2008-09. No slow down is expected in IT spending in e-Gov, PSU, BIF and PSU enterprise retail.

The retail sector has been showing a Combined Annual Growth Rate (CAGR) of 28.2%. With the entry of several organized players in the Retail industry and acceleration of automation by existing players, IT spend by Retail is expected to grow at a healthy rate. Organized retail is expected to grow at the rate of CAGR of 36.7% while unorganized growth at 27.9%.

Growth of retail and increased IT spend by the industry throws up large opportunity for the company in the POS product category and solutions space in Banking and E-governance areas. Our efforts in this area have been covered already.

#### B. Business Risks & Opportunities

DMP category, which accounts for a substantial part of the revenue of the business, is not growing due to applications migrating to alternate technologies. Our company intends to counter this through :

(a) Protecting the core business of Dot Matrix printers and restore profitability through enhanced value proposition for the customer and improve cost footprint.

Towards this a comprehensive review of the cost value proposition for each product has been completed and required changes are planned in the coming years.

(b) Drive growth in the POS and Transaction Peripheral business through product and Solutions, matching the customer needs supported by extra-ordinary service and application capabilities.

(c) In this domain the POS has immense potential to grow with large stake and investment taking place in the Indian retail landscape. The company is making appropriate investment in products and capabilities to explore and grow along with these opportunities.

## Directors' Report to the Shareholders (Contd.)

To strengthen our presence in the POS peripheral domain the company has got into a strategic relationship with core technology leaders in Taiwan and Korea to offer cutting edge products covering POS printing, automatic identification (bar coding) etc. The Company has invested in engineering and tooling resources to manufacture products to perform under extreme environmental conditions and varied electrical signatures and develop a pan India footprint. The company has evolved breakthrough products for sales management of small format shops and establishments including smaller chain stores covering billing and accounting functions and customizing the Indian requirements. The company is confident of building on these infrastructures to have a significant presence in the POS domain.

To support the overall strategic framework of migration in POS and Transaction the Company has expanded its channel architecture to include partners for growth oriented engagement. Leveraging our vast and varied national reach a fresh set of partners with application oriented capabilities are being evolved. The company has revamped its overall service support capability, hardwiring its unique national reach, to give a positive experience for the customer.

### C. Internal Control Systems

During the year the Company has embarked on the identification of key risks and safeguards as a part of risk management framework.

The Audit Committee of the board reviews the findings and recommendations of the internal audit reports periodically. The Company has appointed V. Sankar Aiyer & Company, Chartered Accountants as Internal Auditors to carry out both concurrent and internal audits, which will help us to deploy adequate safeguards to mitigate the risks.

### D. Business Planning and Information Technology

The Company continues its focus on strengthening the planning process with cutting edge IT infrastructure. The need for shortened planning period and more agile corrective and preventive action orientation is an imperative in the current business environment. Company has strengthened the resources in the area of Business planning as well as getting the required inputs through the Advisory Board and internal review.

### E. Human Resource Development

Performance and Leadership are the corner stones for HR in the organization. Significant investment year after year is made on people through extensive training & development programs. Good amount of resources have been invested to drive & embrace Change management processes across the Organization to create performance focus. The overall performance management processes supported by our talent management process (Session C) are constantly being reviewed for its effectiveness. The Company has expanded the scope covering all levels across the organization and also invested in powerful digitized HR IT system to help manage the processes more dynamically. Company continues to focus on induction of fresh talent from recognised Universities and Colleges at various levels. Periodic interaction with external facilitators in the area of HR and Total Quality Management is part of the regular programme.

### F. Safety

Safety of products to customers and safe manufacturing practices are a critical part of our value system. Continuous training and audits are conducted during the year. We maintain our consistent track record in terms of zero reportable accidents in the factories for several years now.

### G. Corporate Social Responsibility

The company is actively engaged in social welfare activities through employees, organizing medical Programs like eye screening, health check for poor and under privileged, blood donation camps and village rehabilitation programs. Free education programs and support are also part of our consistent social commitments.

We conducted a very successful awareness program for 17000 Corporation School Girl students on personal and menstrual hygiene in the city of Chennai.

### Dividend

Considering the adverse situation on the financials, the Directors regret that they could not declare dividend during the current year.

### Directors

Mr. Venu Srinivasan, Chairman and Mr. T.K. Balaji, Director relinquished their office on 31st July 08 and 4th August 08

## Directors' Report to the Shareholders (Contd.)

respectively. Mr. Srin Nageshwar resigned from the board on 11th June 2009. The board places on record its sincere appreciation for their leadership and guidance during their tenure.

Mr. Gopal Srinivasan, was appointed as Chairman of the company on 23rd October 2008.

Mr. S. S. Raman was appointed as an Additional Director on 20th January 2009 and was appointed as Whole-time Director of the Company for a period of 3 years effective 1st May, 2009, without remuneration. Notice has been received from one of the members of the Company under Section 257 of the Companies Act, 1956 along with requisite deposit signifying his intention to propose the candidature of Mr. S. S. Raman for appointment as Director.

Dr Sridhar Mitta and Mr. R. R Nair Directors retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Necessary resolutions are being placed before the members for approval.

### Manager

Mr. M. Somasundaram, Manager under the Companies Act 1956, relinquished his office on 30th April 2009.

### Auditors

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

### Employee Stock Option Plan

Out of the total obligation of 2,11,000 options issued to the eligible employees of the Company under the Employees Stock Option Scheme (ESOP) in 2003 1,72,000 options granted to fifteen employees lapsed on account of their resignation. 39,000 stock options are still in force as on 31st March, 2009 and these options were issued at the rate of Rs.70 per share and entitles the holder thereof to apply for and be allotted one equity share of the company of the nominal value of Rs.10/-each on payment of the exercise price during the exercise period. No fresh ESOP options have been issued during the financial year ended 31st March, 2009.

Details of the options granted and options in force as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure "A" to this Report.

During the year under review, the shareholders have approved the issue of Employee Stock Purchase Plan 2008. However, due to adverse market conditions the same was deferred.

### Personnel

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure "B" to the Directors' Report.

### Report on Energy Conservation and R & D activities

Information relating to energy conservation, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with the provisions of Sec. 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules 1988 are given in Annexure "C" to the Directors' Report.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made a part of this Annual Report.

A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the listing agreement is attached to this report.

### GENERAL

The Directors wish to place on record their appreciation for the committed service of employees for its growth.

The Directors would also like to express their grateful appreciation for the assistance and co-operation received from the customers, dealer partners, bankers, financial institutions, business partners and its Group Companies TVS Investments Limited and Sundaram-Clayton Limited during the year.

The Directors thank the Shareholders for the continued confidence and trust placed by them with the Company.

### Directors' Responsibility Statement

As required by Sec. 217(2AA) of the Companies Act, 1956, the Directors hereby state:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been

## Directors' Report to the Shareholders (Contd.)

- followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year (namely 31st March 2009) and of the profit and loss of the company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this
- Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Chennai  
13<sup>th</sup> July, 2009

**GOPAL SRINIVASAN**  
Chairman

## Annexure 'A' to the Directors' Report

Statement as at 31.3.2009 pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI (ESOP & ESPS) Guidelines, 1999.

### Employees Stock Option Scheme 2003 (ESOP - 2003)

a)	Options Granted	2,11,000 options granted on 1.1.2003.
b)	Pricing Formula	Average of the market price quoted in the National Stock Exchange three months preceding the date of grant, rounded off to the nearest rupee.
c)	Options Vested	2,11,000
d)	Options Exercised	Nil
e)	The total no. of ordinary shares arising as a result of exercise of options	Nil
f)	Options lapsed	1,72,000
g)	Variation of terms of options	Nil
h)	Money realized by exercise of options	Nil
i)	Total no. of options in force	39,000
j)	(i) Details of options granted to Senior Managerial Personnel during the year	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
	(iii) Identified employees, who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant.	Nil
k)	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the International Accounting Standards (IAS 33)	Not Applicable

For and on behalf of the Board

Chennai  
13<sup>th</sup> July, 2009

**GOPAL SRINIVASAN**  
Chairman

**Particulars of employees whose remuneration was equal to or more than Rs. 2 lakhs per annum as per Sec 217(2A) of the Companies Act, 1956 for the year 1.4.2008 to 31.3.2009**

Sl No.	Name	Age (Years)	Designation	Date of Employment	Remuneration (Rs.)	Qualification	Experience (years)	Previous Employment	
								Designation	Company Name
<b>Employed throughout the year</b>									
1.	Somasundaram M *	46	Executive Vice President	21-Feb-05	32,95,932	B.Com., AICWA, ACS	24	Commercial Manager, New Ventures	Hindustan Lever Ltd.
2.	Sridhar R.	40	Head - Supply Chain	2-Mar-06	26,43,559	BE (Mech) MS (Mfg Sys)	19	Senior Manager	Whirlpool India Ltd.
<b>Employed for a part of the year</b>									
3.	Shankar V	41	Senior Vice President-POS & Solutions Business	5-Nov-08	15,56,300	BA (Economics) PGD MKT MGMT	21	Senior Vice President	Bartronics India Limited
4.	Kannan K	62	V P - Sourcing	1-Nov-07	38,02,461	B.Sc., (Engg), DIIT (Prod Engg)	43	Manager -Engineering Services	Sundaram-Clayton Limited

**Notes:**

- Years of experience include experience prior to joining the Company also.
- Remuneration comprises of salary, dearness allowances wherever applicable, house rent allowance, special allowance, conveyance allowance. Contribution to Provident Fund, Super-Annuation Fund, Medical Insurance Premia, Leave travel assistance and other benefits but does not include one time compensation paid under "Voluntary Separation Scheme".
- Besides, the above employees are entitled to Gratuity as per Rules.
- Employee Stock Options as approved by Compensation Committee in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 have been issued to certain employees of the company.
- Terms of employment of the employee was contractual.
- None of the above employees is related to any of the directors.
- None of the employees either individually or together with spouse or children holds more than two percent of the equity shares of the Company.

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

Chennai  
13<sup>th</sup> July, 2009



## Annexure 'C' to the Directors' Report

Information as required under Section 217 (1) (e) of the Companies Act, 1956.

### A. CONSERVATION OF ENERGY

#### (a) Measures taken :

- (i) Uttaranchal factory certified for ISO 14001, organization benefited in saving 16,000 KWH
- (ii) Eco print feature to save 30% paper in printing

#### (b) Proposed measures:

- (i) Product re-certification for latest energy efficiency standards.
- (ii) Adaptation & Migration of low power devices on all product platforms

### B. TECHNOLOGY ABSORPTION

#### 1. Specific areas in which R&D was carried out by the Company:

##### i) IT Peripherals

- Concept development of Mini Thermal printer for retail segment
- Development of Bluetooth enabled Printers
- Concept development of Electronic Cash Registers
- Development of compatible bar code scanners for Indian conditions

##### ii) Customization projects

- Customization of Pro series printer for Cheque & DD printing application
- Integrated Printer/Scanner for Utility & ticketing application
- Mobile Printer for lean Supply Chain model for Food industry

#### 2. Future plan of action

We will be launching new products which will add value to our customers in terms of speed of printing, higher reliability, low power consumption etc.

#### 3. Expenditure on R&D

	Rs in Lakhs	
	31st March, 2009	31st March, 2008
Capital Expenditure :	72.10	38.40
Revenue Expenditure :	291.78	278.56
Total expenditure as a percentage of total turnover	1.90%	1.50%

### 4. Technology absorption, adoption and Innovations

#### a) Efforts in brief

- Key research people have been trained in paper transportation for DMP system, Thermal technology, Electronic Cash Registers, geometric dimensioning and tolerancing, plastics part designing and ROHS compliance.
- All R&D Personnel have been trained in Six sigma Green belt program, NPI program and analysis tools.

#### b) Benefits derived as a result of the above efforts

- ROHS compliant product
- Development of low cost DMP which caters to the entry level market requirement
- Low cost Thermal printers
- Low power consumption motors
- High speed 24 wire printers

#### c) Technology absorption

In addition to the DMP, we have added thermal printers as a focus category for product development in the retail segment. Company will design and develop products with higher standards to compete in the international market. This will encompass developing of innovative products to reduce the power consumption, meet customer needs, meeting all the International standards at an affordable cost to the end customer.

### C. EXPORT ACTIVITIES

(a) The Company exported Printers / Printer components.

	Rs in Lakhs	
	31st March, 2009	31st March, 2008
(b) Total Forex earned (FOB) :	129.15	863.82
(c) Total Forex used (FOB) :	3666.77	3506.43

For and on behalf of the Board

Chennai  
13<sup>th</sup> July, 2009

**GOPAL SRINIVASAN**  
Chairman

## Report on Corporate Governance

(As required by Clause 49 of the Listing Agreement with the Stock Exchange)

### A. MANDATORY REQUIREMENTS

#### Company's Philosophy:

Corporate governance is about working ethically and finding a balance between economic and social goals. It includes the ability to function profitably while obeying laws, rules and regulations.

It has been a constant endeavour on the part of the Company to achieve excellence in Corporate Governance by following the principles of transparency, accountability and integrity in functioning, so as to constantly enhance value for all stakeholders and fulfil the social obligation entrusted upon the corporate sector.

The Company believes in adopting the Best Global Practices in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interests of all its stakeholders. The Board considers itself a Trustee of all Shareholders and acknowledges its responsibilities to the Shareholders for creating and safeguarding Shareholders' Wealth. During the year under review, the Board continued its pursuit of achieving these objectives through adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

#### 1. Board of Directors:

The Company ensures that all statutory, significant material information are placed before the Board/ Committee of Directors for their approval to enable them to discharge their responsibilities as trustees of the large family of shareholders.

#### a. Composition and Category of Directors

There are Seven Directors as on date in the Board comprising a Whole-time Director and Six Non-Executive Directors. The Chairman of the company is a Non-Executive Director.

The Board functions either as a full Board or through various Committees which meet at regular intervals. Strategic supervision in the form of policy formulation, evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

#### b. Attendance of each Director at the Meetings of the Board of Directors and the last Annual General Meeting

During the financial year 2008-09 the Board met 5 times on 22nd April, 2008, 22nd July, 2008, 27th August, 2008, 23rd October, 2008 and 20th January, 2009.

The last Annual General Meeting (AGM) was held on 5th September, 2008 and three directors attended the AGM.

The following table gives details pertaining to attendance of Directors at the Board meetings and at the last Annual General Meeting and number of Membership held by Directors in the Board/ Committees.

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Committee Memberships / Chairmanships (As per declaration furnished in Form 24AA)		
		Board Meetings	Last AGM	Other Directorships \$	Committee Memberships #	Committee Chairmanships
Mr. Venu Srinivasan <sup>1</sup>	C-NE-NI	2	NO	13	3	1
Mr. Gopal Srinivasan <sup>2</sup>	C-NE-NI	5	YES	16	1	-
Mr. H. Lakshmanan	NE-NI	5	YES	17	9	4
Mr. T.K. Balaji <sup>3</sup>	NE-NI	2	NO	14	5	1
Mr. S.R. Vijayakar	NE-I	3	NO	2	1	-
Dr. Sridhar Mitta	NE-I	5	NO	10	1	-
Mr. Srinu Nageshwar <sup>4</sup>	NE-I	5	YES	1	-	-
Mr. R.R. Nair	NE-I	5	NO	5	-	-
Mr. R Ramaraj	NE-I	5	NO	12	1	-
Mr. S.S. Raman <sup>5</sup>	E-NI	1	NO	4	-	-

C - Chairman; E - Executive; NE - Non -Executive; I - Independent; NI - Non-Independent

## Report on Corporate Governance (Contd.)

- § Including Directorships in Private Limited Companies and excludes any Company registered under Section 25 of the Companies Act, 1956 and foreign companies.
- # Only Audit Committee and Investors' Grievance Committee are considered for the purpose and includes committees where the Director is also the Chairman. None of the Directors is a member in more than 10 Committees and acts as a Chairman in more than 5 committees across all companies in which he is a Director.
- <sup>1</sup> Mr. Venu Srinivasan relinquished his office of director on 31st July, 2008
- <sup>2</sup> Mr. Gopal Srinivasan relinquished his office of Whole-time Director on 22nd April, 2008. He was appointed as Chairman of the Company on 23rd October, 2008.
- <sup>3</sup> Mr. T K Balaji relinquished his office of director on 4th August, 2008
- <sup>4</sup> Mr. Srin Nageshwar relinquished his office of director on 11th June, 2009
- <sup>5</sup> Mr. S S Raman has been appointed as Whole-time Director on 15th May, 2009 with effect from 1st May, 2009.

### Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the code). The Code has been communicated to Directors and the Members of the senior management. The Code has also been displayed on the Company's website [www.tvs-e.in](http://www.tvs-e.in). All Board Members and senior management have confirmed compliance with the Code for the year ended 31st March, 2009. The annual report contains a declaration to this effect signed by the Two Directors.

### 2. Audit Committee:

- a. The Board has originally constituted the Audit Committee on 18th August, 2003. With the induction of Dr. Sridhar Mitta as director on 25th January, 2006 the committee was reconstituted and he was included as a member of the committee. Presently, the Audit Committee consists of three Directors as its Members, viz, Mr. S R Vijayakar, Mr. H. Lakshmanan and Dr. Sridhar Mitta. The Audit Committee Comprises of two non-executive independent Directors.

The terms of reference stipulated by the Board of Directors to the Audit Committee cover the areas mentioned under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee of Directors met four times during the financial year 2008-09 on 22nd April, 2008, 22nd July, 2008, 23rd October, 2008 and 20th January, 2009

- b. Brief descriptions of the terms of reference to the Audit Committee

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of and removal of external auditor, fixation of audit fee and approval for payment for any other services.
- Reviewing with the management the annual financial statements before submission to the board, focussing primarily on:
  - Any change 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.
  - The going concern assumption.
  - Compliance with Accounting Standards.
  - Compliance with Stock Exchange and legal requirements concerning financial statements.
  - Any related party transaction i.e., transactions of company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal Auditors and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.

## Report on Corporate Governance (Contd.)

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences, nature and scope of audit, as well as, post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends declared) and creditors.
- To review the quarterly / half-yearly and annual financial statements before submission to the board and ensure compliance of internal control systems.
- Authority to investigate into any matter referred to it by the board.

The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee held for the financial year 2008 -09 are given below:

Sl.No.	Name of the Member	Status	No. of Meetings attended
1.	Mr. Sridhar Nageshwar *	Non Executive Director-Independent	4
2.	Mr. S R Vijayakar	Non Executive Director-Independent	2
3.	Mr. H Lakshmanan	Non Executive Director-Non-Independent	4
4.	Dr. Sridhar Mitta	Non Executive Director-Independent	4

\* Mr. Sridhar Nageshwar relinquished his office of director on 11th June, 2009

Mr. D. Srinivasan, Company Secretary acts as the Secretary to the Audit Committee.

### 3. Remuneration/Compensation Committee:

The Board has constituted the Remuneration/Compensation Committee on 18th July, 2003. The recommendation of the Committee is aimed at attracting and retaining high caliber talent. It decides the Company's policy on specific remuneration packages for Executive Directors including payment of remuneration in terms of Schedule XIII of the Companies Act, 1956 and also has such powers as may be entrusted to them from time to time by the Board of

Directors or any other matter including pension rights and any compensation payment.

The Committee under the nomenclature "Compensation Committee" also administers and superintends the stock options granted to eligible employees of the company. The Committee did not meet during the year since the need to meet did not arise. A total of 2,11,000 stock options have so far been recommended and issued by the compensation committee to the eligible employees in 2003. Out of this 1,72,000 options issued to employees lapsed on account of their resignation, as on 31.3.2009. During the financial year 2008-09 the committee has met on 27th August, 2008.

The Remuneration/Compensation Committee comprises of four Non-executive Directors, three of them being Independent Directors. The Chairman of the Committee is a Non-executive Independent Director.

The composition and names of the members of the Committee are given below :

Sl. No.	Name of the Member	Status
1.	Mr. R.R. Nair, Chairman	Non-Executive Director - Independent
2.	Mr. Sridhar Nageshwar*	Non-Executive Director - Independent
3.	Mr. S.R. Vijayakar	Non-Executive Director - Independent
4.	Mr. H. Lakshmanan	Non-Executive Director - Non-Independent

\* Mr. Sridhar Nageshwar relinquished his office of director on 11th June, 2009

### Non-Executive Directors:

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.2,500/- for attending each meeting of the Board / Committees.

Particulars of sitting fees paid to Non-Executive Directors during the financial year 2008-09 are as follows:

Name of the Director	Sitting Fees paid (Rs.)
Mr. Venu Srinivasan	10000
Mr. Gopal Srinivasan	15000
Mr. T K Balaji	10000
Mr. H Lakshmanan	30000
Mr. S R Vijayakar	15000
Mr. Sridhar Nageshwar	25000
Mr. R R Nair	15000
Mr. R.Ramaraj	15000
Dr. Sridhar Mitta	22500
Mr. S S Raman	2500

## Report on Corporate Governance (Contd.)

### 4. Investors' Grievance Committee:

The Board has constituted the Investor' Grievance Committee on 18th August 2003. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the shareholders/Investors Grievance Committee of the Board was constituted by the Board under the Chairmanship of Mr. Venu Srinivasan non-executive Director. The composition of Investors' Grievance Committee and the attendance of the members in the meetings are given below:

Sl. No.	Name of the Member	Status	No. of meetings attended
1.	Mr. Venu Srinivasan*	Non-Executive Director	2
2.	Mr. Gopal Srinivasan	Non-Executive Director	3
3.	Mr. T K Balaji **	Non-Executive Director	2
4.	Mr. H Lakshmanan +	Non-Executive Director	2
5.	Mr. R Ramaraj ++	Non-Executive Director	1

\* Mr. Venu Srinivasan relinquished his office of director on 31st July 2008

\*\* Mr. T K Balaji relinquished his office of director on 4th August 2008

+ Mr. H. Lakshmanan was appointed as member on 27th August 2008

++ Mr. R. Ramaraj was appointed as member on 23rd October 2008

The Committee look into the redressal of shareholder/ investors complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend.

Complaints received and redressed during the financial year 2008- 09.

Sl. No.	Nature of Complaint	No. of Complaints
1.	Non receipt of share certificates	1
2.	Non receipt of dividend warrants	5
3.	Non receipt of annual report	3
4.	Other Complaints	5
	Total	14

As on 31st March 2009 all the complaints received from the investors were redressed and no complaints were pending for redressal as on that date. The dematerialisation requests from the shareholders were also carried out within the stipulated time period and no certificates were pending for dematerialisation as at the end of the financial year 31st March 2009.

### 5. Secretarial audit report regarding reconciliation of Capital

As required by the regulations of SEBI, the issued and listed capital of the Company is reconciled with the aggregate of the number of shares held by investors in physical mode and in the demat mode. A certificate is being obtained on a quarterly basis to this effect from a Practicing Company Secretary and submitted to the Stock Exchanges where the Company's shares are listed. No discrepancies were found or reported by the Secretarial Auditor between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories for the financial year 2008-09.

#### Trading of shares in Dematerialised form:

In order to encourage more shareholders to opt for holding their shares in electronic form, SEBI vide their circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated 28th January 2005 have mandated that with effect from 1st February 2005, no investor shall be required to pay:

- any charge for opening of a beneficiary owner account except the statutory charges,
- any charge for credit of securities into his account and
- custody charge with effect from 1st April, 2005

However, the Company will bear the custodial charges on per folio basis. The shareholders may utilize this opportunity to dematerialize their physical share certificates and hold the securities in electronic form.

#### Annual General Meetings:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2006	The Music Academy No.168, TTK Road, Chennai – 600 014	28.9.2006	10.00 a.m.
2007	The Music Academy No.168, TTK Road, Chennai – 600 014	24.9.2007	10.00 a.m.
2008	The Music Academy No.168, TTK Road, Chennai – 600 014	5.9.2008	10.00 a.m.

## Report on Corporate Governance (Contd.)

### Disclosures:

During the year, the Company has not entered into any transaction of material nature with the Directors, their relatives or management, which were in conflict with the interest of the Company. The transactions with promoters, its subsidiaries and associate companies etc., of routine nature have been reported elsewhere in the annual report as per the Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India.

There is no non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

### Means of Communication:

The quarterly audited / unaudited results of the Company were published in Business Line and the Tamil version was published in Makkal Kural. The Company has opted to publish the unaudited annual results for the year ended 31st March, 2009.

The quarterly/annual financial results, share-holding pattern etc., are uploaded in the website of SEBI and the members can have access to the same at the website - [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)

The quarterly results and also the audited annual results are published in the company's website - [www.tvs-e.in](http://www.tvs-e.in)

### General Information for Shareholders:

#### a. Annual General Meeting -

Date : 4th September, 2009  
 Time : 2.45 p.m.  
 Venue : "Sri Thyaga Brahma Gana Sabha"  
 (Vani Mahal), 103, G N Chetty Road,  
 T Nagar, Chennai - 600017

#### b. Financial reporting for the Quarter ending for financial year ending 31st March, 2010 (Tentative)

30 <sup>th</sup> June, 2009	UA A	Before 31 <sup>st</sup> July, 2009 or Before 31 <sup>st</sup> August, 2009
30 <sup>th</sup> September, 2009	UA A	Before 31 <sup>st</sup> October, 2009 or Before 30 <sup>th</sup> November, 2009
31 <sup>st</sup> December, 2009	UA A	Before 31 <sup>st</sup> January, 2010 or Before 28 <sup>th</sup> February, 2010
31 <sup>st</sup> March, 2010	UA A	Before 30 <sup>th</sup> April, 2010 or Before 30 <sup>th</sup> June, 2010

UA - Unaudited; A - Audited

c. Period of Book Closure: 1st September, 2009 to 4th September, 2009 both days inclusive.

### 6. Listing on Stock Exchanges :

The Company's equity shares are listed on the following Stock Exchanges :

No.	Name of the Stock Exchange	Stock Code
1	Bombay Stock Exchange Ltd	532513
2	National Stock Exchange of India Ltd	TVSELECT

Demat ISIN in NSDL and CDSL : INE236G01019

Annual listing fees for the year 2008-09 have been duly paid to the above Stock Exchanges

### 7. Market Price Data :

Month	Bombay Stock Exchange Ltd. (BSE) in Rs.		National Stock Exchange of India Ltd. (NSE) in Rs.	
	High	Low	High	Low
April 2008	51.80	28.90	49.00	29.00
May 2008	46.80	35.20	46.10	35.00
June 2008	37.00	26.75	37.10	26.55
July 2008	34.00	23.65	36.50	24.55
August 2008	39.00	29.25	34.50	29.25
September 2008	31.95	23.00	32.00	22.35
October 2008	27.90	14.00	27.85	14.10
November 2008	20.85	13.50	19.95	12.40
December 2008	19.79	13.75	19.70	14.00
January 2009	18.95	13.25	19.00	13.00
February 2009	16.95	13.10	16.75	13.25
March 2009	15.90	11.76	16.00	11.70

### Share Price performance in comparison to broad based indices BSE Sensex

The Company's share price performance in comparison to BSE Sensex based on share price as on 31st March, 2009.

Financial year	Percentage change in	
	Company's shareprice (%)	Sensex(%)
2008-09	(56.40)	(37.95)
2007-08	(23.36)	19.68
2006-07	(31.46)	15.89
2005-06	5.77	73.73

## Report on Corporate Governance (Contd.)

### 8. Share Transfer System:

With a view to rendering prompt and efficient services to the investors, the Company has handed over the share registry work pertaining to the Company to M/s Sundaram-Clayton Limited (SCL), Chennai, the ultimate Holding Company with effect from 11th October, 2004. SCL has registered itself with SEBI as share transfer agents in category II to carry on the share registry work of group as well as associate companies with effect from 21st April, 2004.

SEBI vide circular no. SEBI/MRD/Cir-10/2004 dated 10th February, 2004 has withdrawn the facility of transfer-cum-demat facility hitherto extended by the issuer companies. However, after receipt of share certificates duly registered in their names, the shareholders could approach their concerned depository participants to dematerialize their shareholding.

### 9. a. Distribution of equity shareholding as on 31st March, 2009:

No. of shares held	No. of share holders	% of share holders	No. of shares held	% of share holding
Up to 500	23437	92.09	3208412	18.15
501 to 1000	1196	4.70	980534	5.55
1001 to 2000	461	1.81	691393	3.91
2001 to 3000	110	0.43	275550	1.56
3001 to 4000	75	0.30	263862	1.49
4001 to 5000	51	0.20	238207	1.35
5001 to 10000	74	0.29	561919	3.18
10001 and above	46	0.18	11452941	64.81
<b>TOTAL</b>	<b>25450</b>	<b>100.00</b>	<b>17672818</b>	<b>100.00</b>

### b. Pattern of equity shareholding as on 31<sup>st</sup> March, 2009:

Shareholders	No. of shares held	% of total shares held
Promoter Companies	1,05,53,449	59.72
Directors & Relatives	51,150	0.29
Corporate Bodies	6,73,299	3.81
Nationalised Banks/MF/ UTI	67450	0.38
Resident Individuals	5927805	33.54
Non-resident Indians	399665	2.26
<b>TOTAL</b>	<b>1,76,72,818</b>	<b>100.00</b>

### 10. Dematerialisation of Shares and Liquidity:

The Shares of the company have been declared for trading mandatory demat mode. Total number of shares held in demat form as on 31.3.2009 is 16720380 representing 94.61%.

### 11. Plant Locations:

Tamil Nadu	: 34, Developed Plots Industrial Estate, Guindy, Chennai -600 032. Tel : 91-44-2232 5506/09 91-44-4200 5200 Fax No.: 91-44-2232 7577 Visit us @ www.tvs-e.in
Uttarkhand	: No.E12, (Unit I & II) Selaqui Industrial Estate Selaqui Dehradun, Uttarkhand Tel: 0135-2698662 / 63

### 12. Address for Investors' Correspondence :

Sundaram-Clayton Limited, Share Transfer Agent

Unit: TVS Electronics Limited,  
Sundaram -Clayton Limited,  
22, Railway Colony III Street,  
Mehta Nagar, Chennai -600 029  
Tel: +91-44-23741889/2939  
Fax No: 91-44-23741889  
E-mail: sclshares@gmail.com;  
investorscomplaintssta@scl.co.in

Compliance Officer  
D. Srinivasan,  
Company Secretary  
d.srinivasan@tvs-e.in

## NON-MANDATORY REQUIREMENTS

### a. Remuneration Committee

A Remuneration/Compensation Committee has been formed by the company. The Committee decides on the remuneration of executive directors and also approves the remuneration payable as per the provisions of Schedule XIII of the Companies Act, 1956. The Committee also known as the Compensation Committee administers and superintends the Employee Stock Option Scheme of the company.

## Report on Corporate Governance (Contd.)

### b. Publication of quarterly results

The quarterly results of the Company are published in two newspapers having a wide circulation (one English and one Tamil newspaper). The results are not sent to the shareholders individually.

### c. Postal Ballot

There was no subject required to be transacted by Postal Ballot during the financial year ended 31.3.2009.

### d. Request to Investors

Investors are requested to kindly note the following procedure :

- If you are holding shares in physical mode, please communicate the change of address, demat, remat, share certificates, bank details, etc., if any, directly to the Registered Office or Share Transfer Agent of the Company at the above address.
- Investors holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address,

nomination facility and furnishing bank account number, etc.

- Investors who have not availed nomination facility are requested to kindly fill in the nomination form and submit the same to the Company/Share Transfer Agent or the Depository Participant along with the requisite proof of nomination.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will be transferred to "Investor Education and Protection Fund" in terms of Section 205C of the Companies Act, 1956.
- Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March, 2008 may contact the Company and surrender their warrants for payment.
- Status of unclaimed dividends due for remittance into IEPF is given below :

Financial Year	Date of Declaration	Amount outstanding (in Rs.)	Due date for transfer to		Status
		31 <sup>st</sup> March, 2009	Special account	IEPF account	
YE 31.12.2001	05.06.2002	1,81,499	11.07.2002	11.07.2009	Will be transferred
YE 31.12.2002	29.09.2003	1,80,424	04.11.2003	04.11.2010	---
YE 31.12.2003	16.06.2004	1,83,102	22.07.2004	22.07.2011	---
Period ended 31.3.2005 (15 months)	08.08.2005	2,46,639	13.09.2005	13.09.2012	---
YE 31.3.2006	28.09.2006	2,32,792	03.10.2006	03.10.2013	---
YE 31.3.2007	24.09.2007	2,79,175	30.10.2007	30.10.2014	---
YE 31.3.2008	05.09.2008	4,24,259	11.10.2008	11.10.2015	---



## Auditors' Certificate

### Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To  
The Shareholders of TVS Electronics Limited  
Chennai - 600 006.

We have examined the compliance of the conditions of Corporate Governance by TVS Electronics Limited, Chennai for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implications thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. 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 explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances, are pending for a period exceeding one month against the company as per the records maintained by the Investor's Grievance Committee.

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

For **SUNDARAM & SRINIVASAN**  
*Chartered Accountants*

**M. BALASUBRAMANIAM**  
*Partner*  
Membership No.F7945

Chennai  
13<sup>th</sup> July, 2009

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### Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

To  
The Shareholders of TVS Electronics Limited  
Chennai - 600 006.

We hereby declare that all Members of the Board and the Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Conduct of the Company formulated by the Board of Directors for the financial year ended 31st March, 2009.

Chennai  
13<sup>th</sup> July, 2009

**S.S. RAMAN**  
*Whole-time Director*

## Auditors' Report

### Auditors Report to the Members of TVS Electronics Limited, Chennai for the year ended 31<sup>st</sup> March, 2009

We have audited the attached Balance Sheet of M/s. TVS Electronics Limited, "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006 as at 31<sup>st</sup> March, 2009, the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009 annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we state that -
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in 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.
  - (e) On the basis of written representations received from the directors of the company, as on March 31, 2009 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
    - (ii) in so far as it relates to the Profit and Loss Account, of the loss of the company for the year ended 31<sup>st</sup> March, 2009; and
    - (iii) in so far as it relates to the cash flow statement, of the cash flows for the year ended on that date.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
July 13, 2009

## - Annexure to the Auditors' Report

### Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March, 2009.

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
  - b) The assets are physically verified, in phases, by the Management during the year as per the regular programme of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification. The discrepancies noticed on such verification have been appropriately dealt with in the books of account of the company.
  - c) The assets disposed off during the year are not substantial and therefore does not affect the going concern status of the company.
2. a) The stock of raw materials, stores, spare parts and finished goods other than in transit were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
  - b) In our opinion and according to the information and explanations given to us, 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.
  - c) In our opinion, the company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. a) During the year, the company has not granted any unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence reporting on rate of interest charged and other conditions does not arise. However, in respect of unsecured loans in the nature of Inter Corporate Deposits made in an earlier year outstanding at the commencement of year under report, the company is regularly receiving the interest at contracted rate. Principal amount received back during the year is Rs. 25 lakhs and Principal outstanding is Rs. 183.28 lakhs. The terms and other conditions of the loan are not prima facie prejudicial to interest of the company.
- b) The company has not taken any unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence reporting on rate of interest charged and other conditions does not arise.
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 and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.
  - b. In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding during the financial year by Rs.5.00 lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public. (Please refer note below Schedule XII).
7. The company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business.

**Annexure to the Auditors' Report (Contd.)**

8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
9. a. According to the records provided to us, the company is 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, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities.

Name of the Statute	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Sales Tax Act of various states	Statutory Forms / Entry Tax/ Warranty replacement stock related	127.50	Assistant Commissioner, Deputy Commissioner/Appellate authorities-Commercial Taxes of various states
Income Tax Act, 1961	Disallowance of expenditure relating to payments to foreign consultants, cost of acquisition of an asset as regards computation of capital gain and time of taxing of income received in advance	426.52	Income tax Appellate Tribunal

10. The company has no accumulated losses as at the end of the financial year. It has incurred cash loss during the financial year. There is no cash loss in the immediately preceding financial year.
11. Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to any financial institution or bank.
12. Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the order is not applicable.
14. The company is not dealing or trading in shares, securities, debentures and other investments. All investments are held in the company's own name except in the case of investment in wholly owned subsidiaries where certain number of shares are held by nominees as provided in Section 49 (3) of the Companies Act, 1956.
15. The company has not given any guarantee for loans taken by others from bank or financial institution.
16. In our opinion, the term loans were applied for the purpose for which the loans were obtained.
17. On the basis of our examination, the company has not used the funds raised on short-term basis for long-term investments.

**Annexure to the Auditors' Report (Contd.)**

18. During the year, the company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the year, the company has not issued any debentures.
20. During the year, the company has not raised any money by public issue.
21. Based on the audit procedures adopted and information and explanations given to us by the

management, no fraud on or by the company has been noticed or reported during the course of our audit.

For **SUNDARAM & SRINIVASAN**  
*Chartered Accountants*

**M BALASUBRAMANIAM**  
*Partner*  
Membership No. F7945

Chennai  
13<sup>th</sup> July, 2009

## Balance Sheet as at 31st March 2009

*Rupees in Lakhs*

	Schedule Number	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	I	1,767.28	1,767.28
Reserves and Surplus	II	<u>2,522.62</u>	<u>3,296.06</u>
		<b>4,289.90</b>	5,063.34
<b>Loan Funds</b>			
Secured Loans	III	3,759.77	3,538.62
Unsecured Loans	IV	<u>1,977.84</u>	<u>999.35</u>
		<b>5,737.61</b>	4,537.97
<b>Deferred Tax Liability (Net)</b>	V	<u>201.88</u>	<u>158.39</u>
<b>Total</b>		<u><b>10,229.39</b></u>	<u>9,759.70</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI (a)	8,083.92	7,502.81
Less: Depreciation		<u>5,662.16</u>	<u>5,254.98</u>
Net Block		<b>2,421.76</b>	2,247.83
Capital Work-in-progress	VI (b)	<u>-</u>	<u>145.40</u>
		<b>2,421.76</b>	2,393.23
<b>Investments</b>	VII	<b>1,500.73</b>	625.73
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	VIII	1,650.29	1,393.01
Sundry Debtors	IX	4,558.10	4,527.83
Cash and Bank Balances	X	234.09	755.51
Loans & Advances	XI	<u>4,385.06</u>	<u>3,897.16</u>
	(a)	<b>10,827.54</b>	10,573.51
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	4,360.47	3,414.47
Provisions	XIII	<u>160.17</u>	<u>418.30</u>
	(b)	<b>4,520.64</b>	3,832.77
Net Current Assets	(a) - (b)	<u><b>6,306.90</b></u>	<u>6,740.74</u>
<b>Total</b>		<u><b>10,229.39</b></u>	<u>9,759.70</u>
Notes on Accounts	XIX		

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
*Chairman*
**H. LAKSHMANAN**  
*Director*
**For SUNDARAM & SRINIVASAN**  
*Chartered Accountants*

 Chennai  
 July 13, 2009

**D. SRINIVASAN**  
*Company Secretary*
**S.S. RAMAN**  
*Whole-time Director*
**M BALASUBRAMANIAM**  
*Partner*  
 Membership No: F 7945

## Profit and Loss account for the year ended 31st March 2009

Rupees in Lakhs

	Schedule Number	Year ended 31.03.2009	Year ended 31.03.2008
<b>INCOME</b>			
Turnover (Gross)		19,266.31	21,209.73
Less : Excise duty collected		199.51	445.71
Turnover (Net)		19,066.80	20,764.02
Add : Other Income	XIV	473.43	764.56
<b>Total - ( A )</b>		<b>19,540.23</b>	<b>21,528.58</b>
<b>EXPENSES</b>			
Raw materials and components consumed, work-in-process & finished goods	XV	9,839.70	10,418.42
Consumption of traded Items	XVI	2,679.32	2,321.03
Salaries & Wages, stores consumed and other expenses	XVII	6,571.73	7,733.20
Interest	XVIII	522.32	603.28
Depreciation		475.88	521.96
<b>Total - ( B )</b>		<b>20,088.95</b>	<b>21,597.89</b>
Profit/(Loss) before Extraordinary Items & Tax	A - B	(548.72)	(69.31)
Add : (Expense)/Income from Extraordinary Items (Net)		(10.49)	1,559.65
<b>Profit/(Loss) before tax</b>		<b>(559.21)</b>	<b>1,490.34</b>
Less : Provision for current taxation		-	170.00
Less : Provision for fringe benefit tax		28.37	53.00
Less: Investment Allowance		-	27.46
		(587.58)	1,239.88
Add/(Less) : Provision for deferred tax written back		(43.49)	38.23
<b>Profit/(Loss) after tax</b>		<b>(631.07)</b>	<b>1,278.11</b>
Add : Balance brought forward from previous year		1,548.85	645.64
Add / (Less) : Tax relating to earlier years		(139.39)	(168.14)
<b>Balance available for appropriation</b>		<b>778.39</b>	<b>1,755.61</b>
<b>Proposed Dividend</b>		-	176.73
<b>Tax on Dividend including surcharge</b>		-	30.03
Balance carried to Balance Sheet		778.39	1,548.85
Total		778.39	1,755.61
<b>Notes on Accounts</b>	XIX		
Nominal value of each share in Rupees		10.00	10.00
Basic and Diluted Earnings per share in Rupees before Extraordinary item		(4.29)	(0.63)
Basic and Diluted Earnings per share in Rupees after Extraordinary item		(4.36)	6.28

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN****H. LAKSHMANAN****For SUNDARAM & SRINIVASAN**

Chairman

Director

Chartered Accountants

**M BALASUBRAMANIAM**

Chennai

**D. SRINIVASAN****S.S. RAMAN**

Partner

July 13, 2009

Company Secretary

Whole-time Director

Membership No: F 7945

## Schedules

*Rupees in Lakhs*

	As at 31.03.2009	As at 31.03.2008
<b>I. CAPITAL</b>		
Authorised 2,50,00,000 (last year 2,50,00,000) Equity shares of Rs.10 each	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, subscribed and paid-up</b> 1,76,72,818 (last year 1,76,72,818) Equity shares of Rs.10 each	<u>1,767.28</u>	<u>1,767.28</u>
Of the above, 1,05,53,449 Equity shares are held by M/s TVS Investments Ltd., Chennai, the Holding company (last year 1,05,53,449 Equity shares)	<u>1,767.28</u>	<u>1,767.28</u>
<b>II. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>60.60</b>	60.60
<b>Share Premium</b>	<b>1,281.92</b>	1,281.92
<b>Investment subsidy</b>	<b>15.00</b>	15.00
<b>General Reserve</b>		
As per last balance sheet	<b>349.58</b>	349.58
<b>Investment Allowance Reserve</b>		
As per last balance sheet	<b>27.46</b>	Nil
Add: Transfer from Profit and Loss account	<u>-</u>	<u>27.46</u>
	<b>27.46</b>	27.46
<b>Employee Stock Options (vide note No.13)</b>		
Total cost of Employee Stock Options viz., "Grants"	<b>50.10</b>	50.10
Less: Cost of Pending options lapsed	<u>40.43</u>	<u>37.45</u>
Net cost of options	<b>9.67</b>	12.65
<b>Surplus - i.e., Balance in Profit &amp; Loss Account</b>	<b>778.39</b>	1,548.85
	<u><b>2,522.62</b></u>	<u>3,296.06</u>



## Schedules (Contd.)

*Rupees in Lakhs*

	As at 31.03.2009	As at 31.03.2008
<b>III SECURED LOANS</b>		
From Banks	3,759.77	3,538.62
Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a pari passu basis to the consortium of banks	<u>3,759.77</u>	<u>3,538.62</u>
<b>IV UNSECURED LOANS</b>		
From Banks - Short term	1,977.84	999.35
	<u>1,977.84</u>	<u>999.35</u>
<b>V DEFERRED TAX LIABILITY (NET)</b>		
As per last balance sheet	158.39	196.62
Add: Transfer from / (to) Profit & Loss Account towards current year deferred taxation	<u>43.49</u>	<u>(38.23)</u>
	<u>201.88</u>	<u>158.39</u>
Deferred tax liability (Net) consists of :		
a) Liabilities :-		
Tax on depreciation	234.24	184.84
Less :		
b) Assets :-		
Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis	32.36	26.45
	<u>201.88</u>	<u>158.39</u>

## VI (a) FIXED ASSETS

Rupees in Lakhs

Description	Land	Buildings	Plant and machinery	Intellectual property rights	Furniture, Fixtures & equipments	Vehicles	As at 31-03-2009	As at 31-03-2008
<b>COST OF ASSETS</b>								
As at 01-04-2008	24.43	916.80	3,638.90	800.00	2,010.18	112.50	<b>7,502.81</b>	9,059.11
Additions	*198.51	34.36	338.38	-	97.70	-	<b>668.95</b>	725.96
	222.94	951.16	3,977.28	800.00	2,107.88	112.50	<b>8,171.76</b>	9,785.07
Sales / Transfers	-	-	7.31	-	55.23	25.30	<b>87.84</b>	2,282.26
Total	222.94	951.16	3,969.97	800.00	2,052.65	87.20	<b>8,083.92</b>	7,502.81
<b>DEPRECIATION</b>								
Upto 31-03-2008	-	544.07	2,639.82	411.67	1,593.59	65.83	<b>5,254.98</b>	5,814.50
For the year	-	43.73	213.52	76.00	126.64	15.99	<b>475.88</b>	521.96
	-	587.80	2,853.34	487.67	1,720.23	81.82	<b>5,730.86</b>	6,336.46
Sales / Transfers	-	-	1.12	-	49.18	18.40	<b>68.70</b>	1,081.48
Total	-	587.80	2,852.22	487.67	1,671.05	63.42	<b>5,662.16</b>	5,254.98
<b>WRITTEN DOWN VALUE</b>								
<b>As at 31-03-2009</b>	222.94	363.36	1,117.75	312.33	381.60	23.78	<b>2,421.76</b>	-
As at 31-03-2008	24.43	372.73	999.08	388.33	416.59	46.67	-	2,247.83

\*Vide Note No. 1 - AS 10.

## Schedules (Contd.)

Rupees in Lakhs

	Face Value	As at 31.03.2009	As at 31.03.2008
<b>VI (b) CAPITAL WORK-IN-PROGRESS (at cost)</b>			
Office Equipments		-	2.19
Tools and Moulds		-	143.21
		-	145.40
<b>VII INVESTMENTS - (at cost)</b>			
<b>Trade - unquoted (fully paid up) - Long Term</b>			
(i) Subsidiaries			
(a) 50,000 Equity Shares of Rs.10 each in Tumkur Property Holdings Limited, Chennai	5.00	<b>5.00</b>	5.00
(b) 50,000 Equity Shares of Rs.10 each in Prime Property Holdings Limited, Chennai	5.00	<b>5.00</b>	5.00
(ii) Others			
(a) 9,07,255 Equity shares of Rs.10 each in Modular Infotech Private Limited, Pune	90.73	<b>90.73</b>	90.73
(b) Capital contribution to TVS Shriram Growth Fund, Chennai (Formerly TVS Private Equity Trust)	-	<b>1,400.00</b>	525.00
		<b>1,500.73</b>	625.73
<b>VIII INVENTORIES *</b>			
a) Raw Materials and components at cost		<b>765.91</b>	730.69
b) Finished goods (at cost or market value whichever is lower)		<b>439.72</b>	335.18
c) Traded items at cost		<b>417.42</b>	322.19
d) Goods-in-transit at cost		<b>27.24</b>	4.95
		<b>1,650.29</b>	1,393.01

Ref Note 1-AS 2

\* As certified by a Director

**Schedules (Contd.)**
*Rupees in Lakhs*

	As at 31.03.2009	As at 31.03.2008
<b>IX SUNDRY DEBTORS - UNSECURED CONSIDERED GOOD</b>		
a) Debts outstanding for a period exceeding six months		
- Considered Good	1,821.62	579.26
- Considered Doubtful	<u>26.00</u>	<u>90.83</u>
	1,847.62	670.09
b) Other debts		
- Considered Good	2,736.48	3,948.57
- Considered Doubtful	<u>23.00</u>	<u>11.48</u>
	2,759.48	3,960.05
Less : Provision made for Doubtful debts	49.00	102.31
	<u>4,558.10</u>	<u>4,527.83</u>
<b>X CASH AND BANK BALANCES</b>		
a) Cash and cheques on hand	89.89	194.98
b) Balances with Scheduled Banks in		
i. Deposit accounts	21.04	337.12
ii. Current accounts	104.22	206.97
iii. Dividend accounts	17.28	16.23
c) Balances with Non-Scheduled Banks in Current accounts**	1.66	0.21
**Vide Note No.4	<u>234.09</u>	<u>755.51</u>
<b>XI LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD</b>		
A. LOANS - Intercompany Deposits	183.28	208.29
B. ADVANCES		
i) Advances recoverable in cash or in kind or for value to be received	1,498.70	929.19
ii) Deposits	2,651.67	2,617.62
iii) Advance income tax paid and tax deducted at source (net of provisions made for Direct Taxes)	51.41	142.06
	<u>4,385.06</u>	<u>3,897.16</u>
<b>XII CURRENT LIABILITIES</b>		
a) Sundry Creditors	4,273.38	3,255.77
b) Unexpired Service Contracts	69.75	141.96
c) Unclaimed Dividend	* 17.28	16.23
d) Unclaimed Fixed deposits & interest thereon	* 0.06	0.51
	<u>4,360.47</u>	<u>3,414.47</u>

\* Amount to be credited to Investor Education and Protection fund as and when due

## Schedules (Contd.)

Rupees in Lakhs

	As at 31.03.2009	As at 31.03.2008
<b>XIII PROVISIONS</b>		
a) Proposed Dividend	-	176.73
b) Dividend Tax	-	30.03
c) Warranty	91.02	150.27
d) Staff benefit schemes	42.30	34.42
e) Others	26.85	26.85
	<u>160.17</u>	<u>418.30</u>
	<b>Year ended</b> <b>31.03.2009</b>	<b>Year ended</b> <b>31.03.2008</b>
<b>XIV OTHER INCOME</b>		
a) Sale of scrap	35.40	34.59
b) Profit on sale of assets	3.43	0.92
c) Miscellaneous income	434.60	729.05
	<u>473.43</u>	<u>764.56</u>
<b>XV RAW MATERIALS AND COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS</b>		
<b>A) RAW MATERIALS AND COMPONENTS CONSUMED</b>		
a) Opening stock	730.69	2,025.89
b) Add: Purchases	9,979.46	8,866.95
	10,710.15	10,892.84
c) Less: Closing stock	765.91	730.69
Total (A)	<u>9,944.24</u>	<u>10,162.15</u>
<b>B) (INCREASE)/ DECREASE IN STOCKS</b>		
a) Opening Stock		
Work-in-process	-	138.57
Finished Goods	335.18	452.88
	( i )	<u>335.18</u>
b) Closing stock:		
Work-in-process	-	-
Finished Goods	439.72	335.18
	( ii )	<u>439.72</u>
Total (B)	[ ( i ) - ( ii ) ]	<u>(104.54)</u>
<b>Raw materials and components consumed, Work-in-process and Finished goods</b>	[ A + B ]	<u>9,839.70</u>
<b>XVI CONSUMPTION OF TRADED ITEMS</b>		
a) Opening stock	322.19	396.58
b) Add: Purchases	2,774.55	2,246.64
	3,096.74	2,643.22
c) Less: Closing stock	417.42	322.19
Consumption of Traded Items	<u>2,679.32</u>	<u>2,321.03</u>

**Schedules (Contd.)**
*Rupees in Lakhs*

	<b>Year ended 31.03.2009</b>	Year ended 31.03.2008
<b>XVII SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	<b>1,231.03</b>	1,244.05
b) Contribution to provident and other funds	<b>76.32</b>	96.78
c) Staff welfare expenses	<b>176.92</b>	308.86
d) Stores, spares and tools consumed	<b>36.65</b>	52.66
e) Power & fuel	<b>75.49</b>	92.51
f) Rent	<b>350.70</b>	237.70
(Includes Rs. 0.50 lakhs paid to Director Last Year Rs. 0.50 lakhs)		
g) Rates and taxes	<b>44.04</b>	96.60
h) Repairs & Maintenance		
Buildings	<b>66.41</b>	102.90
Machinery	<b>13.04</b>	21.12
Office Equipments	<b>140.05</b>	19.23
Vehicles	<b>2.59</b>	12.91
i) Insurance	<b>41.40</b>	76.18
j) Directors sitting fees	<b>1.60</b>	1.35
k) Loss on sale of assets	<b>1.99</b>	4.92
l) Audit fees	<b>10.74</b>	12.58
m) Other expenses	<b>4,302.76</b>	5,352.85
	<b><u>6,571.73</u></b>	<b><u>7,733.20</u></b>
<b>XVIII INTEREST</b>		
a) Fixed loans	-	<b>218.56</b>
b) Other loans (Net of recoveries)	<b>522.32</b>	<b>384.72</b>
	<b><u>522.32</u></b>	<b><u>603.28</u></b>

## Notes on accounts

Rupees in Lakhs

As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
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### XIX NOTES ON ACCOUNTS

#### 1 ACCOUNTING STANDARDS COMPLIANCE

The financial statements have been prepared in accordance with the norms and principles prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India which are itemised below.

##### AS - 1 Disclosure of accounting policies

The Company is following accrual basis of accounting on a going concern concept.

##### AS - 2 Valuation of inventories

- a. Raw materials, components, stores and spares and other trading products are valued at cost determined on weighted average basis. Work in process includes material cost and applicable direct overheads. Finished goods are valued at the aggregate of material cost and applicable direct and indirect overheads or market value whichever is lower.
- b. Excise duty in respect of finished goods lying within the factory are included in the valuation of inventories.
- c. As per practice consistently followed, customs duty and countervailing duty payable on raw materials, components and finished goods lying in customs bonded warehouses is accounted for on debonding. Non-provision of this duty will not affect the profit for the year.

##### AS - 3 Cash flow statements

Cash flow statement has been prepared under "indirect method".

##### AS - 4 Contingencies and Events occurring after the Balance Sheet Date

There are no contingencies and events after the Balance Sheet date that affect the financial position of the company. Contested liabilities and outstanding bank guarantees are disclosed by way of a note.

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
<b>AS - 5 Net profit or loss for the Year, prior period items and changes in accounting policies</b>		
<b>a) Details of prior period items in Profit and Loss account</b>		
1. Expenses		
Power and fuel	3.62	
2. Income		
Data Processing Expenses	3.51	
Welfare Expenses	4.22	
<b>b) Details of Extraordinary Items:</b>		
1. Extra Ordinary Income: Profit on transfer of		
a) Business (net of expenses)	(10.49)	922.08
b) Property to a subsidiary	-	637.57
<b>AS - 6 Depreciation accounting</b>		
a Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 with applicable shift allowance except:		
i) On computers (including printers, uninterruptible power supply systems and computer accessories) and vehicles acquired on or after 01-04-1998, depreciation has been charged at 30% and 18% respectively on straight line method, which are higher than the rates prescribed in Schedule XIV.		
ii) In respect of Buildings acquired on lease, depreciation has been charged at 20% on straight line method which is higher than the rate prescribed in Schedule XIV to the Companies Act, 1956.		
iii) On Intellectual property rights acquired on amalgamation, depreciation has been charged at 9.5% per annum under straight-line method.		
iv) On Software acquired, depreciation has been charged at 50% per annum on pro - rata basis under straight line method.		
v) On assets acquired whose actual cost does not exceed Rs. 5,000 individually, depreciation has been provided at 100%.		
vi) From financial year 2005-06, tools and moulds which are three years old have been subject to depreciation @ 31.67% as against normal rate of 16.21%, so as to bring the written down value of such assets to 5% original cost.		



## Notes on accounts (Contd.)

Rupees in Lakhs

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
<p>vii) On certain class of office equipments depreciation has been charged at 99% of its original cost on prorata basis, considering the useful life of asset as one year as against Schedule XIV rates.</p> <p>b In respect of assets depreciated on straight line method which have been acquired on amalgamation / business transfer, depreciation is provided on the original cost of acquisition as appearing in the books of transferor companies.</p>		
<p><b>AS - 7 Accounting for Construction contracts</b> The company is not engaged in any Construction business covered by this Standard.</p>		
<p><b>AS - 8 Accounting for Research and Development</b> This standard stands withdrawn as Accounting Standard 26 - Intangible Assets has become mandatory.</p>		
<p><b>AS - 9 Revenue recognition</b></p>		
<p>a Income and expenditure are accounted on a going concern basis.</p> <p>b The company's income consists of income from sale of manufactured equipments, traded goods and after sales service and income from Information Technology (IT) related consultancy and services.</p> <p>c Sales is accounted net of excise duty, service tax and sales tax / Value Added Tax. Income from consultancy services and annual maintenance contracts are considered on accrual basis. Income from IT solutions are recognised depending upon the stage of completion of the project.</p> <p>d Sale of products, income from services and other income include realised exchange fluctuations on exports.</p> <p>e Interest income is recognised on a time proportion basis taking into account the amount of outstanding and the rate applicable.</p> <p>f The company has not derived any income during the current year out of its investments.</p> <p>g In respect of domestic sales, the recognition is on the basis of delivery of goods to customers while in respect of export sales the recognition is on the basis of " LET Export " certification issued by customs authorities.</p>		

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

<b>As at /Year ended</b>	<b>As at /Year ended</b>
<b>31.03.2009</b>	<b>31.03.2008</b>

**AS - 10 Accounting for fixed assets**

Fixed Assets are stated at cost of acquisition or construction cost net of cenvat and includes expenditure incurred upto the date the asset is put to use, less accumulated depreciation. Technical know-how fees paid is capitalised under plant and machinery. Temporary constructions / alteration costs are charged off in the same year.

Lease hold land represents Rs 198.51 lakhs paid to State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT), Chennai for 6.16 acres of land in their Oragadam SEZ, Tamil Nadu for which the execution and registration of lease deed is pending. The unit has been approved by the Development Commissioner, MEPZ in March 2009.

**AS - 11 Accounting for effects in foreign exchange rates**

a Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the market exchange rate prevailing on the date of the balance sheet.

b Year end foreign currency denominated liabilities and receivables are translated at exchange rates prevailing as at Balance Sheet date, the difference being charged/ credited to respective revenue or capital account. Any difference between the forward rate and the exchange rate on the date of inception of forward contract is recognised as discount or premium over the period of the contract.

**c Derivative transactions :**

The Company uses forward exchange contracts to hedge its exposure in foreign currency :-

**a) Forward exchange contracts outstanding as at 31st March 2009**

- Euro	1,16,108 EURO equivalent to Rs 78.35 lakhs (Last year Nil)	<b>78.35</b>	-
- Japanese Yen	8,75,68,597 JPY equivalent to Rs 457.25 lakhs (Last year Nil)	<b>457.25</b>	-
- USD	4,43,775 USD equivalent to Rs 226.31 lakhs	<b>226.31</b>	74.52

## Notes on accounts (Contd.)

		<i>Rupees in Lakhs</i>	
		<b>As at /Year ended 31.03.2009</b>	<i>As at /Year ended 31.03.2008</i>
<b>b) Foreign currency exposures not covered by Forward exchange contracts as at 31st March 2009</b>			
- Euro	104,909 EURO equivalent to Rs 70.79 lakhs	<b>70.79</b>	314.02
- Japanese Yen	87,94,720 JPY equivalent to Rs. 45.96 lakhs	<b>45.96</b>	464.26
- USD	1,54,215 USD equivalent to Rs. 78.69 lakhs	<b>78.69</b>	5.80

The amendment introduced to AS 11 by Government of India on 31st March 2009 allowing the loss/profit on restatement of External Commercial Borrowings made for acquisition of capital assets to be deducted from or added to cost of capital asset is not applicable to the company as it has no External Commercial Borrowings.

Similarly, the company has not availed External Commercial Borrowings for purposes other than acquisition of capital assets also.

### **AS - 12 Accounting for Government Grants**

The company has not received any government grants during the current accounting year

### **AS - 13 Accounting for Investments**

Investments are stated at cost. Provision for diminution in value is made only if such a decline is other than temporary in the opinion of the management.

### **AS - 14 Accounting for amalgamation**

This standard is not applicable to the company for the year under review.

### **AS - 15 Accounting for Retirement benefits**

As per Accounting Standard 15 on "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

#### **(a) Short term Employee Benefits:**

Short term employee benefits payable within twelve months of rendering the service including accumulated leave encashment, at the balance sheet date, are recognized as an expense as per the company's scheme based on expected obligations on undiscounted basis

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

<b>As at /Year ended</b>	As at /Year ended
<b>31.03.2009</b>	31.03.2008

**(b) Long term Employee Benefits:**

In case of long term compensated absences i.e. long term leave encashment, the same is provided for based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

Post retirement benefits comprising of employees provident fund, gratuity fund and super annuation funds are accounted for as follows:

(a) Provident Fund : This is a defined contribution plan and contributions paid to the fund are charged to revenue during the period in which the employee renders the related service. The company has no further obligations for future provident fund benefits other than regular contributions.

(b) Gratuity: This is a defined contribution plan and the company's scheme is administered by Trustees and funds managed by the Life Insurance Corporation of India (LIC). The liability for Gratuity to employees as at the Balance Sheet date is determined based on the actuarial valuation using the Projected unit credit method. The contribution paid thereof is charged in the books of accounts.

Actuarial gains or losses arising out of actuarial valuation, if any, are recognized in the Profit and Loss as income or expense.

c) Superannuation : Fixed contributions are made to the Superannuation Fund, which is administered by Trustees and managed by LIC, are charged to the Profit and Loss Account. The Company has no liability for future Superannuation Fund benefits other than its annual contribution, which is recognized as an expense in the year incurred.

**Disclosure as per AS15 revised – Defined benefit Plans**

Past Service benefit	<b>86.38</b>	88.04
<b>Present Value of the obligation as at 01.04.2008</b>	<b>88.04</b>	<b>127.48</b>
Interest Cost	7.85	7.25
Current Service Cost	13.67	14.56
Benefits Paid	(35.75)	(109.72)
Actuarial Gain/(Loss) on obligation	12.57	48.47
<b>Present Value of the obligation as at 31.03.2009</b>	<b>86.38</b>	<b>88.04</b>
<b>Fair value of planned assets as at 01.04.2008</b>	<b>99.25</b>	<b>183.92</b>
Expected Return on planned assets	6.83	8.57
Contributions	20.06	16.27

## Notes on accounts (Contd.)

Rupees in Lakhs

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
Benefits paid	(35.75)	(109.72)
Actuarial Gain/(Loss) on plan assets	1.41	0.21
<b>Fair value of planned assets as at 31.03.2009</b>	<b>91.80</b>	<b>99.25</b>
<b>Amounts recognized in the Balance Sheet</b>		
Present Value of the obligation as at 31.03.2009	<b>86.38</b>	88.04
Fair value of planned assets as at 31.03.2009	<b>91.80</b>	99.25
Funded status of the plan - (assets) / Liability	<b>(5.42)</b>	(11.21)
<b>Amounts recognized in the statement of profit and loss</b>		
Current Service cost	<b>13.67</b>	14.56
Interest cost	<b>7.85</b>	7.25
Expected Return on planned assets	<b>(6.83)</b>	(8.57)
Net actuarial gain or loss recognized in the year	<b>11.16</b>	0.35
Expenses recognized in the statement of profit and loss	<b>25.85</b>	13.59
<b>Principal actuarial assumptions</b>		
Discount Rate	<b>8.00%</b>	8.00%
Salary escalation	<b>5.00%</b>	6.00%
Expected return on planned assets	<b>8.00%</b>	8.00%

### AS - 16 Borrowing cost

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalised. During the year under review there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalised.

### AS - 17 Segment reporting

Since the group of products sold and services rendered by the company pertains to Information Technology related products and services, the operations of the company relate to a single reportable segment.

### AS - 18 Related party disclosure

Disclosure is made as per the requirements of the standard and as per the clarifications issued by the Institute of Chartered Accountants of India.

### AS - 19 Leases

This standard is not applicable as the company does not have any finance lease agreement in force.

### AS - 20 Earnings per share

Disclosure is made in the Profit and Loss account as per the requirement of the standard.

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

<b>As at /Year ended</b>	<b>As at /Year ended</b>
<b>31.03.2009</b>	<b>31.03.2008</b>

**AS - 21 Consolidated financial statements**

Consolidated financial statements of the company and its wholly owned subsidiaries viz., Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai are enclosed.

**AS - 22 Accounting for taxes on income**

In view of loss incurred during the year, no provision for tax is required to be made both under normal computation and under Section 115 JB (Minimum Alternate Tax).

Deferred tax liability resulting from timing differences between book and taxable profit is accounted for, using the tax rates in force as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future. Details of deferred taxation are furnished in Schedule V.

**AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements**

This standard is not applicable to the company for the year under review.

**AS - 24 Discontinuing Operations:**

In respect of the sale of Contract Manufacturing Services business in the previous year, the details of liabilities carried over in the financial statements are furnished below:

**Liabilities in respect of discontinued operations**

Opening Balance on 01.04.2008	<b>784.81</b>
Less: Discharged during the current year	<b>536.00</b>
Closing balance as on 31.03.2009	<b>248.81</b>

An amount of Rs 10.49 lacs has been expended during the current year relating to the above discontinued business.

**AS - 25 Interim Financial Reporting**

Quarterly financial results are published in accordance with the requirement of listing agreement with Stock Exchanges. The recognition and measurement principle as laid down in the standard have been followed in the preparation of these results.

**AS - 26 Intangible Assets**

The company owns Intellectual Property Right relating to its service business and the carrying amount thereof is

## Notes on accounts (Contd.)

Rupees in Lakhs

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
disclosed in the schedule of Fixed assets. This would be amortised over the remaining period of 3 years and 9 months on a straight line method @ 9.5 % per annum.		
<b>AS - 27 Financial Reporting of Interest in Joint ventures</b>		
This standard is not applicable to the company as the company does not have any joint venture.		
<b>AS - 28 Impairment of Assets</b>		
As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of such assets. Hence there is no impairment loss on the assets of the Company.		
<b>AS - 29 Provisions, Contingent Liabilities and Contingent Assets</b>		
Contingent Liabilities are disclosed in Note No. 8		
Contingent Assets which are likely to give rise to the possibility of inflow of economic benefits - NIL		
Contested liabilities are disclosed in Note No. 9		
Warranty cost on sale of products has been determined based on management estimates/historical data and provided for - Rs.91.01 lakhs ( Previous Year - Rs. 150.27 Lakhs)		
<b>AS - 30 Financial Instruments: Recognition and Measurement</b>		
This standard is not applicable to the company for the year under review.		
<b>AS - 31 Financial Instruments: Presentation</b>		
This standard is not applicable to the company for the year under review.		
<b>AS - 32 Financial Instruments: Disclosures</b>		
This standard is not applicable to the company for the year under review.		
<b>2 Previous year figures have been regrouped wherever necessary to confirm to current year's classification.</b>		
<b>3 Sundry debtors include</b>		
<b>a Dues from companies under the same management within the meaning of Section 370 (1-B)</b>		
TVS Finance and Services Limited, Chennai	18.73	61.56
TVS-E Access India Limited, Chennai	33.70	33.70
TVS-E Servicetec Limited, Chennai	300.45	103.68
Sravanaa Properties Limited, Chennai	1.08	1.08

**Notes on accounts (Contd.)**

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2009</b>	As at /Year ended 31.03.2008
<b>4 Bank Balances Include</b>		
Amounts held with a non-scheduled bank viz., Industrial and Commercial Bank of China, Shanghai	<b>1.66</b>	0.21
Maximum balance held in the above bank account at any time during the year	<b>7.71</b>	4.35
<b>5 Deposits include</b>		
Deposits with		
a) Central excise	<b>20.02</b>	11.00
b) Post Office & Telephones	<b>3.06</b>	3.06
c) Sales tax	<b>47.09</b>	65.92
<b>6 Current Liabilities</b>		
There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. Hence the question of payment of interest or provision therefor towards belated payments does not arise.		
<b>7 Contingent liability not provided for:</b>		
a) On letters of credit opened with banks	<b>1,158.83</b>	423.90
b) On bills discounted	-	3.53
c) Bank Guarantees	<b>479.13</b>	332.70
d) Estimated amount of contracts remaining to be executed on capital account	<b>89.18</b>	62.20
e) Central Excise Duty	<b>42.22</b>	42.22
f) Customs Duty	<b>172.53</b>	50.53
g) Service Tax	<b>123.92</b>	123.92
h) Sales Tax	-	69.31
i) Capital commitment made to TVS Shriram Growth Fund, Chennai (Formerly known as TVS Private Equity Trust)	<b>2,100.00</b>	2,975.00
j) Claims against the company not acknowledged as debt	<b>100.02</b>	15.25
<b>8 Liability disputed not provided for</b>		
a) Sales Tax	<b>127.50</b>	67.52
b) Income Tax	<b>426.52</b>	358.73



## Notes on accounts (Contd.)

*Rupees in Lakhs*

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
<b>9 Audit fees consists of</b>		
a) Audit fees - As Auditors	7.13	7.50
b) Taxation matters	0.75	0.75
c) Certification fees	0.75	0.75
d) Other Services	0.25	0.25
e) Expenses	1.86	3.33
<b>Total</b>	<u>10.74</u>	<u>12.58</u>
<b>10 Other expenses include</b>		
a) Travelling & conveyance	387.33	558.95
b) Communication expenses	112.46	146.97
c) Carriage outwards	504.03	467.56
d) Sales commission, discounts and warranty expenses	1,215.72	1,132.85
e) Other selling expenses	1,201.65	1,652.22
f) Management service fees	393.23	168.54
g) Software & Data processing charges	56.57	202.21
h) Donations	60.92	296.09
<b>11 Details of Revenue/Capital Expenditure incurred for "In house" R &amp; D Unit:-</b>		
<b>a) Revenue Expenditure incurred under the following heads of account</b>		
Salaries, Wages & Allowances	183.58	124.28
Stores,spares & tools consumed	21.20	25.55
Repairs & Maintenance - Machinery	0.33	2.56
Travelling & Conveyance	12.31	19.01
Product Development	14.66	40.91
Tools & Accessories	7.84	19.44
Stores Consumables	0.56	4.50
Consultancy & Technology	19.78	11.16
Reliability Testing, Field Tests & Trials	27.94	6.28
Miscellaneous Expenses	3.58	24.87
	<u>291.78</u>	<u>278.56</u>
<b>b) Capital Expenditure</b>		
<b>Addition to Fixed assets :-</b>		
Plant & Machinery	52.64	19.66
Office equipments and Fixtures	19.46	18.74
	<u>72.10</u>	<u>38.40</u>

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
<b>12 Interest received on advances and deposits (Gross) netted against interest paid on loans (Others)</b>		
On Advances	20.83	77.94
On Deposits	6.35	0.68
From suppliers on early payment of invoices	7.03	1.87
Others	0.38	9.43
<b>Total</b>	<b>34.59</b>	<b>89.92</b>
(TDS Rs.6.17 lakhs - (last year Rs.10.62 lakhs))		
<b>13</b> In accordance with the Board resolution dated 31st January 2003 and shareholders' special resolution dated 9th August 2000 the Employee Stock Option Scheme 2003 (ESOP - 2003) was instituted during year ended 31/12/2003.		
As per the above scheme, the company issued 2,11,000 numbers of options to 22 eligible employees. Of this 9000 options have lapsed consequent to the resignation of an employee during year ended 31/12/2003, total cost of the vesting of live options in respect of the remaining 2,02,000 options was Rs.50.10 lakhs. This represented the excess of the market price viz., Rs. 94.80 per equity share over the issue price of Rs.70/- per equity share as on the " Grant Date " .		
On account of resignation of two employees during the period ended 31st March 2005, six employees during the year ended 31st March 2006, an employee during the year ended 31st March 2007, three employees during the year ended 31st March 2008 and two employees during the year ended 31st March 2009, Rs.3.97 lakhs , Rs. 13.39 lakhs, Rs. 14.88 lakhs, Rs 5.17 lakhs and Rs. 2.98 lakhs respectively have been reversed.		
During the year, there is a credit to the profit and loss account amounting to Rs. 2.98 lakhs on account of resignation of two employees. The revised total cost of vesting of remaining 39,000 live options as on 31.03.2009 is Rs 9.67 lakhs		
The Employees Stock Purchase Plan - 2008 (ESPP) approved by the shareholders under Secion 81- 1A of the Companies Act, 1956 vide extraordinary general meeting held on 30th September 2008 has not been given effect to in this year.		
<b>14. Remuneration to Manager</b>		
Salaries	32.29	-
Contribution to Provident and Superannuation Funds	3.32	-
Value of Perquisites & Allowances	0.35	-
(Remuneration paid is within the limits stipulated under Schedule XIII to the Companies Act, 1956.)	<b>35.96</b>	<b>-</b>

## Notes on accounts (Contd.)

Rupees in Lakhs

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
<b>15 Due from Directors/Officers of the company</b>		
i) Debts due by Directors or other officers of the company as at 31st March 2009		
Director - Rs 0.025 Lakhs, Manager - Rs 1.485 Lakhs	1.51	-
ii) Maximum amount due by Directors or other officers of the company at any time during the year		
Director - Rs 0.025 Lakhs, Manager - Rs 5.055 Lakhs	5.08	-
<b>16 Related Party Disclosures as per Accounting Standard - 18</b>		
<b>(a) LIST OF RELATED PARTIES</b>		
Reporting Entity	: <b>TVS Electronics Limited, Chennai</b>	
<b>Clause 3 (a)</b>	<b>Period From</b>	<b>To</b>
<b>Ultimate Holding Company</b>		
Sundaram-Clayton Limited, Chennai	01.04.2008 to 31.03.2009	
<b>Holding Company</b>		
TVS Investments Limited, Chennai	01.04.2008 to 31.03.2009	
<b>Wholly owned Subsidiaries</b>		
Tumkur Property Holdings Limited, Chennai	01.04.2008 to 31.03.2009	
Prime Property Holdings Limited, Chennai	01.04.2008 to 31.03.2009	
<b>Fellow Subsidiaries</b>		
Anusha Investments Limited, Chennai	01.04.2008 to 31.03.2009	
TVS Motor Company Limited, Chennai	01.04.2008 to 31.03.2009	
TVS Motor Company (Singapore) pte. Ltd, Singapore	01.04.2008 to 31.03.2009	
TVS Motor Company (Europe) BV , Amsterdam	01.04.2008 to 31.03.2009	
PT TVS Motor Company Indonesia, Jakarta	01.04.2008 to 31.03.2009	
Sundaram Auto Components Limited, Chennai	01.04.2008 to 31.03.2009	
TVS Capital Funds Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	01.04.2008 to 31.03.2009	
TVS-E Access India Limited, Chennai -(Subsidiary of TVS Investments Limited, Chennai)	01.04.2008 to 31.03.2009	
TVS-E Servicetec Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	01.04.2008 to 31.03.2009	
Sravanaa Properties Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	27.03.2009 to 31.03.2009	
<b>Clause 3 (b)</b>		
<b>Fellow Subsidiary</b>		
TVS Finance and Services Limited, Chennai	01.04.2008 to 26.03.2009	

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

	<b>As at /Year ended 31.03.2009</b>	As at /Year ended 31.03.2008
<b>Clause 3 (c)</b>		
<b>Key Management Personnel</b>		
Mr.M.Somasundaram - Manager under the provisions of the Companies Act, 1956	01.04.2008 to 31.03.2009	
<b>Clause 3 (d)</b>		
<b>Controlling Interest by TVS Electronics Limited</b>		
Sundaram Investment Limited, Chennai	01.04.2008 to 31.03.2009	
Harita Techserv Limited, Chennai (Formerly known as TVS-E Technologies Limited, Chennai)	01.04.2008 to 29.12.2008	
Harita Properties Limited, Chennai (Formerly known as Harita Engineering Services Private Limited, Chennai)	01.04.2008 to 31.03.2009	
<b>(b) Particulars of transactions with related parties</b>		
<b>i) Purchases made</b>		
<b>Ultimate holding company</b>		
Sundaram Clayton Ltd, Chennai	1,152.78	1,556.02
<b>ii) Services availed</b>		
<b>Holding Company</b>		
TVS Investments Limited, Chennai	351.37	215.31
<b>Ultimate Holding company</b>		
Sundaram Clayton Ltd, Chennai	-	178.02
<b>Fellow Subsidiary</b>		
TVS Finance and Services Ltd, Chennai	2.24	9.12
TVS-E Servicetec Limited, Chennai	861.02	221.39
TVS Motor Company Limited, Chennai	3.79	3.38
<b>iii) Business Transfer made</b>		
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	625.86
<b>iv) Sale of Materials/Fixed asset</b>		
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	15.44
TVS-E Access India Limited, Chennai	-	63.52
<b>v) Sale of Capital Assets</b>		
<b>Holding Company</b>		
TVS Investments Limited, Chennai	3.90	-
<b>Wholly owned subsidiary</b>		
Prime Property Holdings Limited, Chennai	-	1,230.00
<b>vi) Services rendered</b>		
<b>Associate and Fellow Subsidiary</b>		
TVS Finance and Services Ltd, Chennai	19.24	194.18
TVS Motor Company Limited, Chennai	2.91	19.87

## Notes on accounts (Contd.)

Rupees in Lakhs

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
Sundaram Auto Components Limited, Chennai	0.25	2.44
TVS-E Servicetec Limited, Chennai	334.92	174.35
TVS Capital Funds Ltd, Chennai	3.50	-
TVS-E Access India Limited, Chennai	-	32.01
<b>Ultimate Holding company</b>		
Sundaram Clayton Ltd, Chennai	-	12.33
<b>Wholly owned subsidiary</b>		
Tumkur Property Holdings Limited, Chennai	-	0.17
<b>vii) Rent Received</b>		
<b>Ultimate Holding company</b>		
Sundaram Clayton Ltd, Chennai	-	3.31
<b>viii) Rent paid</b>		
<b>Controlling Interest</b>		
Harita Properties Limited, Chennai	1.00	1.00
TVS Motor Company Ltd	4.06	
<b>ix) Interest received/accrued on Inter Corporate Deposits made during the current year</b>		
Harita Tech Serv Ltd	20.83	20.90
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	3.38
<b>x) Indemnity Deposit placed</b>		
<b>Holding company</b>		
TVS Investments Limited, Chennai	-	2,500.00
<b>xi) Inter Corporate Deposits placed by the company</b>		
<b>Fellow subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	100.00
<b>xii) Inter Corporate Deposits received back</b>		
Harita Techserv Limited, Chennai (Formerly known as TVS-E Technologies Limited, Chennai)	25.00	-
<b>Fellow subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	100.00
<b>xiii) Advances given during the current year</b>		
<b>Wholly owned subsidiary</b>		
Prime Property Holdings Limited, Chennai	112.00	-
<b>xiv) Contribution to TVS Shriram Growth Fund during the current year</b>		
TVS Shriram Growth Fund (previous year contribution was to TVS Private Equity Trust)	875.00	525.00

**Notes on accounts (Contd.)**

Rupees in Lakhs

	As at /Year ended 31.03.2009	As at /Year ended 31.03.2008
<b>xv) Amount outstanding as at Balance Sheet date</b>		
<b>a) Sundry Debtors</b>		
<b>Ultimate Holding company</b>		
Sundaram Clayton Ltd, Chennai	1.06	2.97
<b>Holding company</b>		
TVS Investments Limited, Chennai	77.59	62.00
<b>Associate and Fellow Subsidiary</b>		
TVS Motor Company Limited, Chennai	3.46	2.28
TVS Finance and Services Limited, Chennai	18.73	61.56
TVS-E Access India Limited, Chennai	33.70	33.70
Sundaram Auto Components Limited, Chennai	0.19	0.20
<b>Fellow Subsidiary</b>		
Sravanaa Properties Ltd, Chennai	1.08	1.08
<b>Wholly owned subsidiary</b>		
Prime Property Holdings Limited, Chennai	1,342.00	1,230.00
Tumkur Property Holdings Limited, Chennai	0.17	0.17
<b>b) Sundry Creditors</b>		
<b>Ultimate Holding company</b>		
Sundaram Clayton Ltd, Chennai	196.30	44.11
<b>Holding company</b>		
TVS Investments Limited, Chennai	211.82	8.52
<b>Fellow subsidiary</b>		
TVS-E Servicetec Limited, Chennai	399.36	92.68
TVS Finance and Services Limited, Chennai	1.53	1.51
Sravanaa Properties Ltd, Chennai	0.19	-
<b>c) Inter Corporate Deposit outstanding</b>		
Harita Techserv Limited, Chennai (Formerly known as TVS-E Technologies Limited, Chennai)	183.29	208.28

**Notes on accounts (Contd.)**

16 Information pursuant to the provisions of Part II of Schedule VI of The Companies Act, 1956  
(vide notification dated 30th October 1973 of Department of Company Affairs, Government of India.)

*Rs. in lakhs*

Particulars	Year ended 31st March 2009		Year ended 31st March 2008	
	Quantity	Value	Quantity	Value
<b>I RAW MATERIALS &amp; COMPONENTS CONSUMED</b>				
<b>1 Raw Material &amp; Intermediates &amp; Components consumed</b>				
i) Integrated Circuits (Nos)	3,16,030	84.35	7,57,483	202.16
ii) Miscellaneous Items (which do not individually account for more than 10% of the value of the consumption)		9,755.35		10,216.26
		9,839.70		10,418.42

Particulars	% of total consumption	Amount	% of total consumption	Amount
<b>2 Consumption of Raw materials &amp; Components</b>				
a) Imported	30.19%	2,970.61	31.79%	3,311.85
b) Indigenous	69.81%	6,869.09	68.21%	7,106.57
<b>Total</b>	<b>100.00%</b>	<b>9,839.70</b>	<b>100.00%</b>	<b>10,418.42</b>
<b>II CONSUMPTION OF MACHINERY SPARES</b>				
a) Imported	9.62%	3.54	9.70%	4.18
b) Indigenous	90.38%	33.20	90.30%	38.94
	<b>100.00%</b>	<b>36.74</b>	<b>100.00%</b>	<b>43.12</b>
<b>III IMPORTS (CIF VALUE)</b>				
a) Raw materials		89.65		77.70
b) Spares, Stores and Components		2,102.90		2,748.21
c) Capital goods		55.92		118.83
d) Traded goods		1,288.65		470.41
<b>Total</b>		<b>3,537.12</b>		<b>3,415.15</b>

**Notes on accounts (Contd.)**
*Rupees in Lakhs*

	Year ended 31.03.2009	Year ended 31.03.2008
<b>IV OTHER EXPENDITURE IN FOREIGN CURRENCY</b>		
Salaries	30.86	23.31
Staff Welfare	1.23	2.18
Rent	7.53	4.68
Rates & Taxes	0.05	0.16
Repairs & Maintenance	0.98	1.04
Travel & conveyance	29.13	32.44
Communication expenses	1.43	1.97
Other selling expenses	0.47	2.83
Training expenses	1.72	-
Software & Data processing charges	-	1.45
Consultancy, Legal fee & Retainers	55.80	20.01
Subscriptions	0.03	0.01
Bank charges	0.34	0.39
Research and Development	0.08	0.81

**V SALE BY CLASS OF GOODS**

	Quantity Nos.		Quantity Nos.	
(a) Uninterruptible power supplies		-	9,043	779.75
(b) Computer Peripherals	7,56,865	16,202.12	7,68,117	16,354.89
(c) Income on Services rendered		333.72		1,190.02
(d) Service, Spares & others		2,530.96		2,439.36
		<u>19,066.80</u>		<u>20,764.02</u>

**VI EARNINGS IN FOREIGN EXCHANGE**

Exports (on f.o.b. basis)	129.15	863.82
	<u>129.15</u>	<u>863.82</u>

**VII LICENSED AND INSTALLED CAPACITY**

Information is not furnished in view of the abolition of the Industrial Licensing requirements



## Information pursuant to the provisions of Part II of Schedule VI of The Companies Act, 1956 (Contd.)

## VIII. OPENING AND CLOSING STOCK OF GOODS PRODUCED AND QUANTITY PURCHASED DURING THE YEAR

(Rs. In Lakhs)

Description	Year ended 31.03.2009						Year ended 31.03.2008					
	Opening stock		Production / Purchases meant for Sale		Closing stock		Opening stock		Production / Purchases meant for Sale		Closing stock	
	Quantity Nos	Value	Quantity Nos	Value	Quantity Nos	Value	Quantity Nos	Value	Quantity Nos	Value	Quantity Nos	Value
(A) MANUFACTURED ITEMS												
a) Uninterruptible power supplies	2,083	51.15			894	27.18	4,015	154.50	6,883		2,083	51.15
b) Computer Peripherals	12,985	261.73	305,885		14,674	276.98	22,938	287.04	3,52,466		12,985	261.73
c) Others		22.30				135.56		11.34				22.30
		335.18				439.72		452.88				335.18
(B) TRADED ITEMS												
a) Uninterruptible power supplies	2	0.03						230			2	0.03
b) Computer Peripherals	13,953	125.24	4,95,799		57,083	267.57	24,898	154.17	394,753		13,953	125.24
c) Others		196.92				149.85		242.41				196.92
		322.19		2,774.55		417.42		396.58		2,246.64		322.19

Signatures to Schedule I to XIX and notes there on.

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H. LAKSHMANAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 13, 2009

**D. SRINIVASAN**  
Company Secretary

**S.S. RAMAN**  
Whole-time Director

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Disclosure Statement

### Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges

#### (I) Disclosure in respect of loans and advances / Investments to Parent / Subsidiary / Associate companies during the year

*Rs. in lakhs*

Particulars	Name of the Parent / Subsidiary / Associate Company	Amount outstanding as on 31/03/2009	Maximum amount due at any one time of the year	Remarks
<b>A. LOANS AND ADVANCES**</b>				
1. Loans and advances in the nature of loans made to Parent company				
2. Loans and advances in the nature of loans made to subsidiary				
3. Loans and advances in the nature of loans made to associates				
4. Loans and advances in the nature of loans made to firms / companies in which the directors of the company are interested				
<b>B. INVESTMENTS</b>				
1. Investments made in Parent company				
2. Investments made in Associate company				
3. Investments made in Subsidiary company (including application money pending allotment)	Prime Property Holdings Limited, Chennai	5.00	5.00	
	Tumkur Property Holdings Limited, Chennai	5.00	5.00	

#### (II) Disclosure in respect of loans and advances / Investments by Parent / Subsidiary / Associate companies during the year

<b>A. LOANS AND ADVANCES**</b>				
1. Loans and advances in the nature of loans made to parent company				
2. Loans and advances in the nature of loans made to subsidiary	Prime Property Holdings Limited, Chennai (subsidiary)	112.00	112.00	
3. Loans and advances in the nature of loans made to associates				
<b>B. INVESTMENTS</b>				
1. Investments made by Parent company	TVS Investments Limited, Chennai	1055.34	1055.34	
2. Investments made in Associate company		-	-	

\*\* The above loans are subject to repayment schedule as agreed between the company and its loanee and are repayable within seven years and carry interest at agreed rates which are not less than interest stipulated in Section 372A of the Companies Act, 1956.

Investment by the loanee in the shares of the parent company and the subsidiary company when the company has made a loan or advance in the nature of loan - Nil

## Cash Flow Statement

Rupees in Lakhs

	Year ended 31.03.2009	Year ended 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and extraordinary items</b>	<b>(548.72)</b>	<b>(69.31)</b>
Adjustment for :		
Depreciation	475.88	521.96
Employee stock option expense	(2.98)	(5.17)
Profit on sale of asset	(3.43)	(0.92)
Loss on sale of asset	2.00	4.92
Interest	522.32	603.28
<b>Operating Profit before Working Capital changes</b>	<b>993.79</b>	<b>1,124.07</b>
Adjustment for :	<b>445.07</b>	<b>1,054.76</b>
Inventories	(257.28)	1,621.50
Sundry Debtors	(30.26)	3,512.67
Loans and Advances	(487.90)	(2,426.72)
Current liabilities and provisions	687.87	(1,301.50)
	<b>(87.57)</b>	<b>1,405.95</b>
Cash generated from operations	357.50	2,460.71
Direct taxes paid net of provision	(167.77)	(53.00)
<b>Net cash from Operating activities*</b>	<b>(A) 189.73</b>	<b>2,407.71</b>
* Net of cash used (Rs. 334 lakhs) in operating activities of discontinued operations during the previous year.		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets	(668.95)	(725.96)
Capital Work-in-Progress	145.40	7.14
Sale of Investments	-	1,601.00
New Investments made	(875.00)	(535.00)
Extra Ordinary Income/(Expense)	(10.49)	1,559.65
Sale of fixed assets	20.57	1,196.78
<b>Net cash from / (used in) investing activities **</b>	<b>(B) (1,388.47)</b>	<b>3,103.61</b>
** Including net cash from sale of discontinued business - Rs.922 Lakhs during the previous year.		
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans Received/(Repayment of Loans (Net))	1,199.64	(4,371.11)
Interest paid (Net)	(522.32)	(603.28)
Dividend paid	-	(132.55)
Corporate Dividend tax paid	-	(22.53)
<b>Net cash used in financing activities***</b>	<b>(C) 677.32</b>	<b>(5,129.47)</b>
*** Including net cash used in repayment of loans attributable to discontinued business - Rs. 1800 Lakhs during the previous year.		
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(521.42)</b>	<b>381.85</b>
<b>Opening cash and cash equivalents as at 01.04.2008</b>	<b>755.51</b>	<b>373.66</b>
<b>Closing cash and cash equivalents as at 31.03.2009</b>	<b>234.09</b>	<b>755.51</b>

- Notes : 1 The above statements have been prepared in indirect method.  
 2 Cash and cash equivalent represents cash and bank balances.  
 3 Interest paid net of receipts is treated as arising out of financing activities and accordingly last year's figures are regrouped.

For and on behalf of the board

**GOPAL SRINIVASAN**

Chairman

**H. LAKSHMANAN**

Director

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

**M BALASUBRAMANIAM**

Partner

Chennai

**D SRINIVASAN**

Company Secretary

**S.S. RAMAN**

Whole-time Director

July 13, 2009

Membership No: F 7945



## Balance Sheet Abstract and Company's General Business Profile

### I Registration Details

Registration No.            State Code

Balance Sheet Date

### II Capital raised during the year (Amount in Rs. Thousands)

Public Issue        Rights Issue

Bonus Issue        Private Placement

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

Total Liabilities        Total Assets

#### Source of Funds

Paid-up Capital        Reserves & Surplus

Secured Loans        Unsecured Loans

#### Application of Funds

Net Fixed Assets        Investments

Net Current Assets        Miscellaneous Expenditure

Accumulated Losses

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

Turnover + -        Total Expenditure + -

Profit / (Loss) before Tax         Profit/(Loss) after Tax

(Please tick Appropriate box + for Profit,-Loss)

(Please tick Appropriate box + for Profit,-Loss)

Earning per Share in Rs.

Divident Rate %

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

Item Code No.

(ITC Code)

Product Description

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H. LAKSHMANAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 13, 2009

**D. SRINIVASAN**  
Company Secretary

**S.S. RAMAN**  
Whole-time Director

**M. BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Statement relating to Subsidiary

### Statement under Section 212 of The Companies Act, 1956 relating to Subsidiaries

Name of the Subsidiaries	Tumkur Property Holdings Limited, Chennai	Prime Property Holdings Limited, Chennai
1. Financial year of the Subsidiary ended on	31st March, 2009	31st March, 2009
2. Shares of subsidiary held by the company on 31.03.2009		
a. Number and face value of equity	50,000 equity shares of Rs. 10/- each fully paid up	50,000 equity shares of Rs. 10/- each fully paid up
b. Extent of holding	100.00%	100.00%
3. Net aggregate amount of Profit / (Loss) of the subsidiaries for the above financial year of the subsidiaries not dealt with in the company's accounts so far as it concerns the members of the holding company	Amount in Rupees	Amount in Rupees
a. For the financial year of the subsidiaries - Profit / (Loss)	(23,900)	(10,26,408)
b. For the previous financial years since they became subsidiaries - Profit / (Loss)	(17,570)	(12,17,570)
4. Net aggregate amount of Profit / (Loss) of the subsidiaries for the above financial year of the subsidiaries dealt with in the company's accounts so far as it concerns the members of the holding company		
a. For the financial year of the subsidiaries - Profit / (Loss)	Nil	Nil
b. For the previous financial years since they became subsidiaries - Profit / (Loss)	Nil	Nil
5. Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiaries and the financial year of the company.	Not Applicable	Not Applicable
6. Material changes between the end of the financial year of the subsidiaries and the end of the financial year of the company.	Not Applicable	Not Applicable
i) Fixed Assets		
ii) Investments		
iii) Money Lent		
iv) Borrowings other than for meeting current liabilities		

For and on behalf of the board

**GOPAL SRINIVASAN**  
Chairman

**H. LAKSHMANAN**  
Director

Chennai  
July 13, 2009

**D. SRINIVASAN**  
Company Secretary

**S.S. RAMAN**  
Whole-time Director



**Consolidated  
Financial Statements**

## Auditors' Report on Consolidated Accounts

We have audited the attached Balance Sheet of M/s. TVS Electronics Limited, "Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006 and its subsidiaries as at 31<sup>st</sup> March, 2009 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai subsidiary companies for the year ended 31<sup>st</sup> March 2009. These statements were audited by other firm of Chartered Accountants whose report has been furnished to us, and our opinion, so far as it relates to this company is based solely on the report of the other auditor.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial

statements. We believe that our audit and the report of other firm of auditors provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of TVS Electronics Limited, Chennai, its 100% subsidiaries - Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of TVS Electronics Limited and its subsidiaries as at 31<sup>st</sup> March 2009 and of the results of their operations and their cash flows for the year then ended in conformity with the accounting principles generally accepted in India.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants

**M BALASUBRAMANIAM**  
Chennai  
July 13, 2009

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945



**Consolidated Balance Sheet as at 31st March 2009**

*Rupees in Lakhs*

	Schedule Number	As at 31.03.2009	As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	I	1,767.28	1,767.28
Reserves and Surplus	II	1,854.26	2,638.20
		<b>3,621.54</b>	<b>4,405.48</b>
<b>Loan Funds</b>			
Secured Loans	III	3,759.77	3,538.62
Unsecured Loans	IV	1,977.84	999.35
		<b>5,737.61</b>	<b>4,537.97</b>
<b>Deferred Tax Liability (Net)</b>	V	<b>201.88</b>	<b>158.39</b>
<b>Total</b>		<b>9,561.03</b>	<b>9,101.84</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI(a)	8,880.90	8,087.22
Less: Depreciation		5,662.16	5,254.98
Net Block		3,218.74	2,832.24
Capital Work-in-progress	VI(b)	-	145.40
		<b>3,218.74</b>	<b>2,977.64</b>
<b>Investments</b>	VII	<b>1,490.82</b>	<b>615.82</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	VIII	1,650.29	1,393.01
Sundry Debtors	IX	3,328.10	3,297.83
Cash and Bank Balances	X	244.03	764.81
Loans & Advances	XI	4,251.06	3,907.74
	(a)	<b>9,473.48</b>	<b>9,363.39</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	4,462.65	3,437.52
Provisions	XIII	160.17	418.30
	(b)	<b>4,622.82</b>	<b>3,855.82</b>
Net Current Assets	(a) - (b)	<b>4,850.66</b>	<b>5,507.57</b>
Preliminary Expenses		<b>0.81</b>	<b>0.81</b>
<b>Total</b>		<b>9,561.03</b>	<b>9,101.84</b>
Notes on Accounts	XIX		

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H. LAKSHMANAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 13, 2009

**D. SRINIVASAN**  
Company Secretary

**S.S. RAMAN**  
Whole Time Director

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945



**Consolidated Profit and Loss account for the year ended 31st March 2009**

Rupees in Lakhs

	Schedule Number	Year ended 31.03.2009	Year ended 31.03.2008
<b>INCOME</b>			
Turnover (Gross)		19,266.31	21,209.73
Less : Excise duty collected		199.51	445.71
Turnover (Net)		19,066.80	20,764.02
Add : Other Income	XIV	473.43	764.56
<b>Total - ( A )</b>		<b>19,540.23</b>	<b>21,528.58</b>
<b>EXPENSES</b>			
Raw materials and components consumed, work-in-process & finished goods	XV	9,839.70	10,418.42
Consumption of traded Items	XVI	2,679.32	2,321.03
Salaries & Wages, stores consumed and other expenses	XVII	6,572.23	7,734.39
Interest	XVIII	522.32	603.28
Depreciation		475.88	521.96
<b>Total - ( B )</b>		<b>20,089.45</b>	<b>21,599.08</b>
Profit/(Loss) before Extraordinary Items & Tax	A - B	(549.22)	(70.50)
Add: (Expense)/ Income from Extraordinary Items (Net)		(10.49)	922.08
<b>Profit / (Loss) before tax</b>		<b>(559.71)</b>	<b>851.58</b>
Less : Provision for current taxation		10.00	182.00
Less : Provision for fringe benefit tax		28.37	53.00
Less: Investment Allowance		-	27.46
		(598.08)	589.12
Add / (Less) Provision for deferred tax written back		(43.49)	38.23
<b>Profit / (Loss) after tax</b>		<b>(641.57)</b>	<b>627.35</b>
Add: Balance brought forward from previous year		891.42	(2,690.74)
Unrealised profit on sale of property of earlier year recognised as realised profit on cessation of subsidiary status			3,329.94
Add: Pro rata share of profit of an associate		-	(0.23)
Less: Tax relating to earlier years		(139.39)	(168.14)
<b>Balance available for appropriation</b>		<b>110.46</b>	<b>1,098.18</b>
<b>Proposed Dividend</b>		-	176.73
<b>Tax on Dividend including surcharge</b>		-	30.03
Balance carried to Balance Sheet		110.46	891.42
<b>Total</b>		<b>110.46</b>	<b>1,098.18</b>
Notes on Accounts	XIX		
<b>Nominal value of each share in Rupees</b>		<b>10.00</b>	<b>10.00</b>
Basic and Diluted Earnings per share in Rupees before Extraordinary item		(4.36)	(0.71)
Basic and Diluted Earnings per share in Rupees after Extraordinary item		(4.42)	2.60

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H. LAKSHMANAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 13, 2009

**D. SRINIVASAN**  
Company Secretary

**S.S. RAMAN**  
Whole Time Director

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Schedules

*Rupees in Lakhs*

	As at 31.03.2009	As at 31.03.2008
<b>I. CAPITAL - PARENT COMPANY</b>		
<b>Authorised</b>		
2,50,00,000 (last year 2,50,00,000) Equity shares of Rs.10 each	<b>2,500.00</b>	2,500.00
<b>Issued, subscribed and paid-up</b>		
1,76,72,818 (last year 1,76,72,818) Equity shares of Rs.10 each	<b>1,767.28</b>	1,767.28
Of the above, 1,05,53,449 Equity shares are held by M/s TVS Investments Ltd., Chennai, the Holding company (last year 1,05,53,449 Equity shares)	<b>1,767.28</b>	1,767.28
<b>II. RESERVES AND SURPLUS</b>		
<b>Capital Reserve - Parent Company</b>	<b>60.60</b>	60.60
<b>Capital Reserve - on Consolidation</b>	<b>0.04</b>	0.04
<b>Share Premium</b>	<b>1,281.92</b>	1,281.92
<b>Investment subsidy</b>	<b>15.00</b>	15.00
<b>General Reserve</b>		
As per last balance sheet	<b>349.58</b>	349.58
<b>Investment Allowance Reserve</b>		
As per last balance sheet	<b>27.46</b>	Nil
Add: Transfer from Profit and Loss account	-	27.46
<b>Employee Stock Options (vide note No. 13)</b>	<b>27.46</b>	27.46
Total cost of Employee Stock Options viz., "Grants"	<b>50.10</b>	50.10
Less: Cost of Pending options lapsed	<b>40.43</b>	37.45
Net cost of options	<b>9.67</b>	12.65
<b>Share in loss of erstwhile associate companies</b>	<b>(0.47)</b>	(0.47)
<b>Surplus - i.e., Balance in Profit &amp; Loss account</b>	<b>110.46</b>	891.42
	<b>1,854.26</b>	2,638.20

Schedules (Contd.)

Rupees in Lakhs

	As at 31.03.2009	As at 31.03.2008
<b>III SECURED LOANS</b>		
From Banks	3,759.77	3,538.62
Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a pari passu basis to the consortium of banks	<u>3,759.77</u>	<u>3,538.62</u>
<b>IV UNSECURED LOANS</b>		
From Banks - Short term	1,977.84	999.35
	<u>1,977.84</u>	<u>999.35</u>
<b>V DEFERRED TAX LIABILITY ( NET )</b>		
As per last balance sheet	158.39	196.62
Add: Transfer from / ( to) Profit & Loss Account towards current year deferred taxation	<u>43.49</u>	<u>(38.23)</u>
	<u>201.88</u>	<u>158.39</u>
Deferred tax liability (Net) consists of :		
a) Liabilities :-		
Tax on depreciation	234.24	184.84
Less :		
b) Assets :-		
Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis	32.36	26.45
	<u>201.88</u>	<u>158.39</u>

## VI (a) FIXED ASSETS

Rupees in Lakhs

Description	Land	Buildings	Plant and machinery	Intellectual property equipments	Furniture, Fixtures & equipments	Vehicles	As at 31-Mar-09	As at 31-Mar-08
<b>COST OF ASSETS</b>								
As at 01-04-2008	608.84	916.80	3,638.90	800.00	2,010.18	112.50	<b>8,087.22</b>	10,271.15
Additions	* 411.08	34.36	338.38	-	97.70	-	<b>881.52</b>	725.96
	1,019.92	951.16	3,977.28	800.00	2,107.88	112.50	<b>8,968.74</b>	10,997.11
Sales / Transfers	-	-	7.31	-	55.23	25.30	<b>87.84</b>	2,909.89
Total	1,019.92	951.16	3,969.97	800.00	2,052.65	87.20	<b>8,880.90</b>	8,087.22
<b>DEPRECIATION</b>								
Upto 31-03-2008	-	544.07	2,639.82	411.67	1,593.59	65.83	<b>5,254.98</b>	5,817.08
For the year	-	43.73	213.52	76.00	126.64	15.99	<b>475.88</b>	521.96
Sales / Transfers	-	587.80	2,853.34	487.67	1,720.23	81.82	<b>5,730.86</b>	6,339.04
	-	-	1.12	-	49.18	18.40	<b>68.70</b>	1,084.06
Total	-	587.80	2,852.22	487.67	1,671.05	63.42	<b>5,662.16</b>	5,254.98
<b>WRITTEN DOWN VALUE</b>								
As at 31-03-2009	1,019.92	363.36	1,117.75	312.33	381.60	23.78	<b>3,218.74</b>	-
As at 31-03-2008	608.84	372.73	999.08	388.33	416.59	46.67	-	2,832.24

\* Vide Note No.1-AS 10.

Schedules (Contd.)



Consolidated Accounts of TWS Electronics Limited &amp; its Subsidiaries

**Schedules (Contd.)**

Rupees in Lakhs

	As at 31.03.2009	As at 31.03.2008
<b>VI (b) CAPITAL WORK-IN-PROGRESS (At cost)</b>		
Office Equipments	-	2.19
Tools and Moulds	-	143.21
	<u>-</u>	<u>145.40</u>
<b>VII INVESTMENTS [At Cost]</b>		
<b>Unquoted Investment</b>		
Trade	1,490.73	615.73
Pro-rata equity interest in associate		
As per last balance sheet	0.09	0.32
Less: Current year share	-	(0.23)
	<u>1,490.82</u>	<u>615.82</u>
<b>VIII INVENTORIES *</b>		
a) Raw Materials and components at cost	765.91	730.69
b) Finished goods (at cost or market value whichever is lower)	439.72	335.18
c) Traded items at cost	417.42	322.19
d) Goods-in-transit at cost	27.24	4.95
	<u>1,650.29</u>	<u>1,393.01</u>

Ref Note 1-AS 2

\* As certified by a Director

**Schedules (Contd.)**
*Rupees in Lakhs*

	As at 31.03.2009	As at 31.03.2008
<b>IX SUNDRY DEBTORS - UNSECURED</b>		
a) Debts outstanding for a period exceeding six months		
- Considered Good	1,821.62	579.26
- Considered Doubtful	26.00	90.83
	<u>1,847.62</u>	670.09
b) Other debts		
- Considered Good	1,506.48	2,718.57
- Considered Doubtful	23.00	11.48
	<u>1,529.48</u>	2,730.05
Less : Provision made for Doubtful debts	49.00	102.31
	<u><u>3,328.10</u></u>	<u><u>3,297.83</u></u>
<b>X CASH AND BANK BALANCES</b>		
a) Cash and cheques on hand	89.89	194.98
b) Balances with Scheduled Banks in		
i. Deposit accounts	21.04	337.12
ii. Current accounts	114.16	216.27
iii. Dividend accounts	17.28	16.23
c) Balances with Non-Scheduled Banks in **		
Current accounts	1.66	0.21
	<u>244.03</u>	764.81
** Vide Note No.4		
<b>XI LOANS AND ADVANCES - UNSECURED</b>		
CONSIDERED GOOD		
A. LOANS - Intercompany Deposits	183.28	208.29
B. ADVANCES		
i) Advances recoverable in cash or in kind or for value to be received	1,386.70	951.77
ii) Deposits	2,651.67	2,617.62
iii) Advance income tax paid and tax deducted at source (net of provisions made for Direct Taxes)	29.41	130.06
	<u>4,251.06</u>	<u>3,907.74</u>
<b>XII CURRENT LIABILITIES</b>		
a) Sundry Creditors	4,375.56	3,278.82
b) Unexpired Service Contracts	69.75	141.96
c) Unclaimed Dividend	*	16.23
d) Unclaimed Fixed deposits & interest thereon	*	0.51
	<u>4,462.65</u>	<u>3,437.52</u>
* Amount to be credited to Investor Education and Protection fund as and when due		

**Schedules (Contd.)**

		<i>Rupees in Lakhs</i>	
		As at 31.03.2009	As at 31.03.2008
<b>XIII PROVISIONS</b>			
a) Proposed Dividend		-	176.73
b) Dividend Tax		-	30.03
c) Warranty		91.02	150.27
d) Staff benefit schemes		42.30	34.42
e) Others		26.85	26.85
		<u>160.17</u>	<u>418.30</u>
		<b>Year ended 31.03.2009</b>	<b>Year ended 31.03.2008</b>
<b>XIV OTHER INCOME</b>			
a) Sale of scrap		35.40	34.59
b) Profit on sale of assets		3.43	0.92
c) Miscellaneous income		434.60	729.05
		<u>473.43</u>	<u>764.56</u>
<b>XV RAW MATERIALS AND COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS</b>			
<b>A) RAW MATERIALS AND COMPONENTS CONSUMED</b>			
a) Opening stock		730.69	2,025.89
b) Add: Purchases		9,979.46	8,866.95
		<u>10,710.15</u>	<u>10,892.84</u>
c) Less: Closing stock		765.91	730.69
Total	(A)	<u>9,944.24</u>	<u>10,162.15</u>
<b>B) (INCREASE)/ DECREASE IN STOCKS</b>			
a) Opening Stock			
Work-in-process		-	138.57
Finished Goods		335.18	452.88
	(i)	<u>335.18</u>	<u>591.45</u>
b) Closing stock:			
Work-in-process		-	-
Finished Goods		439.72	335.18
	(ii)	<u>439.72</u>	<u>335.18</u>
Total	(B) [(i) - (ii)]	<u>(104.54)</u>	<u>256.27</u>
<b>Raw materials and components consumed, Work-in-process and Finished goods</b>	<b>[ A + B ]</b>	<u><b>9,839.70</b></u>	<u><b>10,418.42</b></u>

**Schedules (Contd.)**
*Rupees in Lakhs*

	Year ended 31.03.2009	Year ended 31.03.2008
<b>XVI CONSUMPTION OF TRADED ITEMS</b>		
a) Opening stock	322.19	396.58
b) Add: Purchases	2,774.55	2,246.64
	<u>3,096.74</u>	<u>2,643.22</u>
c) Less: Closing stock	417.42	322.19
Consumption of Traded Items	<u>2,679.32</u>	<u>2,321.03</u>
<b>XVII SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	1,231.03	1,244.05
b) Contribution to provident and other funds	76.32	96.78
c) Staff welfare expenses	176.92	308.86
d) Stores, spares and tools consumed	36.65	52.66
e) Power & fuel	75.49	92.51
f) Rent	350.70	237.70
g) Rates and taxes	44.15	96.60
h) Repairs & Maintenance		
Buildings	66.41	102.90
Machinery	13.04	21.12
Office Equipments	140.05	19.23
Vehicles	2.59	12.91
i) Insurance	41.40	76.18
j) Directors sitting fees	1.60	1.35
k) Loss on sale of assets	1.99	5.75
l) Audit fees	11.07	12.88
m) Other expenses	4,302.82	5,352.91
	<u>6,572.23</u>	<u>7,734.39</u>
<b>XVIII INTEREST</b>		
a) Fixed loans	-	218.56
b) Other loans (Net of recoveries)	522.32	384.72
	<u>522.32</u>	<u>603.28</u>



## Cash Flow Statement

Rupees in Lakhs

	Year ended 31.03.2009	Year ended 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax and extraordinary items	(549.22)	70.50
Adjustment for :		
Depreciation	475.88	521.96
Employee stock option expense	(2.98)	(5.17)
Profit on sale of asset	(3.43)	(0.92)
Loss on sale of asset	2.00	4.92
Interest	522.32	603.28
Operating Profit before Working Capital changes	993.79	1,124.07
Adjustment for :	444.57	1,053.57
Inventories	(257.28)	1,621.50
Sundry Debtors	(30.26)	241.59
Loans and Advances	(343.32)	2,245.73
Current liabilities and provisions	767.00	(925.49)
Cash generated from operations	580.71	4,236.90
Direct taxes paid net of provision	(177.77)	(53.00)
<b>Net cash from Operating activities*</b>	<b>402.94</b>	<b>4,183.90</b>
* Net of cash used (Rs 334 lakhs) in operating activities of discontinued operation during the previous year.	(A)	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets	(881.52)	(725.96)
Capital Work-in-Progress	145.40	7.14
Sale of Investments	-	62.00
New Investments made	(875.00)	(768.87)
Extra Ordinary Income / (Expense)	(10.49)	922.08
Sale of fixed assets	20.57	1,831.67
<b>Net cash from / (used in) investing activities**</b>	<b>1,601.04</b>	<b>1,328.05</b>
** Including net cash from sale of discontinued business - Rs 922 lakhs during the previous year.	(B)	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Loans / Loans Received (Net)	1,199.64	(4,371.24)
Interest paid (Net)	(522.32)	(603.28)
Dividend paid	-	(132.55)
Corporate Dividend tax paid	-	(22.53)
<b>Net cash used in financing activities***</b>	<b>677.32</b>	<b>(5,129.60)</b>
*** Including net cash used in repayment of loans attributable to discontinued business - Rs. 1800 Lakhs during the previous year	(C)	
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(520.78)</b>	<b>382.35</b>
<b>Opening cash and cash equivalents as at 01.04.2008</b>	<b>764.81</b>	<b>382.46</b>
<b>Closing cash and cash equivalents as at 31.03.2009</b>	<b>244.03</b>	<b>764.81</b>

Notes

- The above statements have been prepared in indirect method.
- Cash and cash equivalent represents cash and bank balances.
- Interest paid net of receipts is treated as arising out of financing activities & accordingly last year's figures are regrouped.

For and on behalf of the board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H. LAKSHMANAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 13, 2009

**D. SRINIVASAN**  
Company Secretary

**S.S. RAMAN**  
Whole Time Director

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

**XIX Accounting Policies adopted in the preparation of Consolidated Accounts**
**A. Principles of Consolidation**

The consolidated accounts relate to TVS Electronics Limited, Chennai (parent company) and 100% subsidiaries - Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The consolidated accounts have been prepared based on line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the accounts of the parent company

and its subsidiary company (duly certified by its auditor) and Intra Group balances/Intra Group transactions have been eliminated.

The consolidated accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's individual accounts.

The excess of cost of parent company's investments over parent company's share of equity in subsidiary is treated as goodwill.

**B. Details of subsidiary company considered in the consolidated accounts:**

Name of the subsidiary	Country of Incorporation	Shareholding as on	Extent of Holding (%)Direct
Prime Property Holdings Limited, Chennai	India	31.03.2009	100%
Tumkur Property Holdings Limited, Chennai	India	31.03.2009	100%

**C. Other significant accounting policies:**

Accounting Standards 1 to 32 (to the extent applicable) issued by the Institute of Chartered Accountants of India have been duly considered while preparing the accounts of both holding and subsidiary company and the same

have been explained in detail in the notes on accounts of the respective companies which may be referred to. Notes to Accounts annexed to respective financial statements form part of this Consolidated financial statements.

# **TUMKUR PROPERTY HOLDINGS LIMITED**

## **Board of Directors**

V A Raghu  
S S Raman  
R Jagannathan

## **Bankers**

Central Bank of India  
Nungambakkam Branch  
Chennai - 600 006.

## **Auditors**

Raghu & Gopal  
Chartered Accountants,  
48, Luz Church Road,  
Mylapore,  
Chennai - 600 004.

## **Registered Office**

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

**Directors' Report**

To

The Members,

The Directors hereby present their Second Audited Accounts for the financial year ended 31.03.2009.

**FINANCIALS**

The Financial results of Tumkur Property Holdings Limited for the financial year ended 31.03.2009 are as follows:

(Amount in Rs.)

Particulars	For the year ended 31.03.2009	For the period ended 31.03.2008
Income	-	-
Administrative and Other Expenses	23,900	17,570
LOSS Before Tax	(23,900)	(17,570)
Provision for Tax	-	-
LOSS after tax	(23,900)	(17,570)
Loss brought forward	(17,570)	-
(Loss) Carried to Balance sheet	(41,470)	(17,570)
Earnings / (Loss) per share in Rs.	(0.48)	(0.35)

The Company has not commenced its activities of property development.

**DIRECTORS**

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

**AUDITORS**

M/s. Raghu & Gopal, Chartered Accountants, Chennai, retires at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

**STATUTORY REQUIREMENT**

There are no employees in the company. Hence the requirement of furnishing information under Section 217(2A) of the Companies Act, 1956 does not apply.

The company is engaged in the business of property development and related business. Hence the provisions of Section 217(1)(e) of the Companies Act, 1956 are not applicable.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors hereby state that

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed

along with proper explanation relating to material departures;

2. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2009) and of the loss of the Company for that year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared their accounts according to the going Concern Concept.

For and on behalf of the Board

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**S S RAMAN**  
Director

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

We have audited the attached Balance Sheet of M/s. Tumkur Property Holdings Limited, Chennai - 600 006 as at March 31, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A), of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
  - (d) The Balance Sheet and the Profit and Loss account dealt with by this report comply with the Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors of the company as on March 31, 2009 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009.
    - (ii) In the case of Profit and Loss Account, of the loss of the company for the year ended on that date.

For RAGHU & GOPAL  
Chartered Accountants

A GOPAL  
Partner

Chennai  
July 08, 2009

Membership No. 9035

**Annexures to the Auditors' Report**

**Annexure referred to in our report of even date on the accounts for the year ended March 31, 2009**

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

1. The company has no fixed assets.
2. Being a Property development Company, the matters in connection with verification, reporting and all other related matters on inventory are not applicable.
3. During the period, the company has not granted any loans to a company listed in the register maintained under Section 301 of the Companies Act, 1956.
4. During the period, the company has not taken loans from a company listed in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for its business activities. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
6. In our opinion and according to the information and explanations given to us, there are no transactions of the nature referred to and required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
7. The company has not accepted deposits from the public for the year ended 31.03.2009.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. Maintenance of cost records as is not applicable to the company.
10. The Company has no employees. The Company also has no undisputed statutory dues remaining unpaid.
11. The Company was incorporated only on 24.10.2007 and therefore Clause (x) of para 4 is not applicable.
12. The company has not defaulted in repayment of dues to any financial institutions or banks.
13. In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, during the year under audit, the company did not engage in trading in shares, securities and debentures.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the company has not availed any term loans
17. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no fund raised on short-term basis has been used for long term investment and vice versa.
18. The Company has not issued any debentures
19. To the best of our knowledge and according to the information and explanations given to us during the course of checks carried out by us and according to the nature of Company's business, no material fraud on or by the company has been noticed by us or reported to us during the year under report.

For RAGHU & GOPAL  
Chartered Accountants

A GOPAL  
Partner

Chennai  
July 08, 2009

Membership No. 9035

**Balance Sheet as at 31st March 2009**

	Schedule Number	As at 31.03.2009	Rupees As at 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
Capital	1	5,00,000	5,00,000
		<u>5,00,000</u>	<u>5,00,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>2. Current Assets, loans and advances</b>			
<b>Current Assets</b>	2	4,52,170	4,76,070
Less : <b>Current Liabilities and Provisions</b>			
Current Liabilities	3	<u>32,200</u>	<u>32,200</u>
<b>Net Current Assets</b>		<b>4,19,970</b>	<b>4,43,870</b>
<b>3. Miscellaneous expenditure to the extent not written off or adjusted</b>			
Preliminary expenses		38,560	38,560
<b>4. Profit and Loss account</b>		<u>41,470</u>	<u>17,570</u>
		<u><b>5,00,000</b></u>	<u><b>5,00,000</b></u>
<b>Notes on Accounts</b>	4		

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

**A GOPAL**

Partner

Membership No. 9035

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director

**Profit & Loss account for the period ended 31st March 2009**

Particulars	<i>Rupees</i>	
	For the year ended 31.03.2009	For the year ended 31.03.2008
Income	Nil	Nil
Administrative and Other Expenses		
Rates and taxes	4,832	151
Audit Fees	16,500	15,000
Professional Fees	2,000	2,419
Bank and Other Charges	568	-
	<b>23,900</b>	<b>17,570</b>
Loss for the year	<b>23,900</b>	17,570
Loss brought Forward	<b>17,570</b>	-
Loss carried to Balance Sheet	<u><b>41,470</b></u>	<u><b>17,570</b></u>
Earnings per share in Rs	<b>(0.48)</b>	<b>(0.35)</b>

For and on behalf of the board

Vide our report of even date  
For **RAGHU & GOPAL**  
Chartered Accountants

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director

**A GOPAL**  
Partner  
Membership No. 9035



## Schedules

	As at 31.03.2009	<i>Rupees</i> As at 31.03. 2008
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000 Equity shares of Rs.10 each	<b>5,00,000</b>	5,00,000
<b>Issued, subscribed and paid-up</b>		
50,000 equity shares of Rs.10 each fully paid (All the shares are held by the holding company TVS Electronics Limited and its nominees)	<b>5,00,000</b>	5,00,000
	<b>5,00,000</b>	5,00,000
<b>2. CURRENT ASSETS</b>		
Balance with Bank		
With Scheduled bank in Current Account	<b>4,52,170</b>	4,76,070
	<b>4,52,170</b>	4,76,070
<b>3. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors For Expenses	<b>32,200</b>	32,200
	<b>32,200</b>	32,200

**Cash Flow Statement for the period ended 31st March 2009**

	<b>Year ended</b>	<i>Rupees</i>
	<b>31.03.2009</b>	Period ended 31.03.2008
<b>Cash Flow From Operating Activities</b>		
Loss before Tax	<b>23,900</b>	17,570
Preliminary Expenses	-	38,560
Expenses relating to previous year	-	-
<b>Operating Capital before working Capital changes</b>	<b>23,900</b>	56,130
Sundry Creditors	-	32,200
<b>Cash deficit from Operating Activities</b>	<b>(A) 23,900</b>	23,930
Share Capital Contribution	-	5,00,000
<b>Net cash used in investing activities</b>	<b>(B) -</b>	5,00,000
<b>Increase in Cash and Cash Equivalent (A-B)</b>	<b>-23,900</b>	4,76,070
<b>Closing Cash and cash equivalents as at 31.03.2009</b>	<b>4,52,170</b>	4,76,070

The above Statements have been prepared in Indirect method.

Cash and Cash equivalent represents bank balance.

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

**A GOPAL**

Partner

Membership No. 9035

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director

**Notes on Accounts**

**4. Notes forming part of accounts for the period ended 31st March 2009**

- a. The Directors have waived their sitting fees payable to them for attending Board Meetings.
- b. The Company adopts completed contract basis for the purpose of recognition of income from property development. There was no income from property development during the year.
- c. The company follows mercantile system of accounting.

	<b>31.03.2009</b>	31.03.2008
	<b>(Rs.)</b>	(Rs.)
d. Audit Fees		
Towards statutory audit	<b>10,000</b>	10,000
Reimbursement of Out of pocket Expenses	<b>5,000</b>	5,000
Certification fees	<b>1,500</b>	-

- e. The Company has no employee. The Company has also not incurred any expenditure in the nature of "fringe benefits". Therefore no provision has been made towards fringe benefit tax.
- f. The Company has no Tax liability either under normal provisions or under Section 115 JB of the Income Tax Act, 1961.
- g. There are no timing differences in the computation of Income for Tax purposes and book. Therefore there are no deferred tax liability or asset to be recognised.
- h. The Accounting Standards, to the extent they are applicable, have been complied with.
- i. There are no dues payable to Micro, Small and Medium Enterprises.
- j. Sundry creditors includes amount due to the Holding Company TVS Electronics Ltd-Rs. 17,200 (31.03.2008 : Rs. 17,200).

**k. Related Party Transaction**

i. Name of the related party	TVS Electronics Ltd	
ii. Relationship	Holding Company	
iii. Nature of Transaction	<b>31.03.2009</b>	31.03.2008
Share Capital Contribution	-	5,00,000
Sundry Creditor for expenses	-	17,200
iv. Outstanding as on 31.03.2009 - CR	<b>17,200</b>	-

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**

*Chartered Accountants*

**A GOPAL**

*Partner*

Membership No. 9035

Chennai  
July 08, 2009

**V A RAGHU**  
*Director*

**R JAGANNATHAN**  
*Director*

**Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No.            State Code

Balance Sheet Date

**II Capital raised during the year (Amount in Rs. Thousands)**

Public Issue        Rights Issue

Bonus Issue        Private Placement

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

Total Liabilities        Total Assets

**Source of Funds**

Paid-up Capital        Reserves & Surplus

Secured Loans        Unsecured Loans

**Application of Funds**

Net Fixed Assets        Investments

Net Current Assets        Miscellaneous Expenditure

Accumulated Losses

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

Turn over        Total Expenditure

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

Earning/Loss per Share in Rs.        Divident Rate %

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

Not Applicable

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

**A GOPAL**

Partner

Membership No. 9035

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director

# **PRIME PROPERTY HOLDINGS LIMITED**

## **Board of Directors**

V A Raghu  
R S Raghavan  
R Jagannathan

## **Bankers**

Central Bank of India  
Nungambakkam Branch  
Chennai - 600 006.

## **Auditors**

Raghu & Gopal  
Chartered Accountants,  
48, Luz Church Road,  
Mylapore,  
Chennai - 600 004.

## **Registered Office**

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

**Directors' Report to the Shareholders**

To

The Members,

Your Directors hereby present their Second Audited Accounts for the financial year ended 31.03.2009

**FINANCIALS**

The Financial results of Prime Property Holdings Limited for the financial year ended 31.03.2009 are as follows:

*(Amount in Rupees)*

Particulars	For the year ended 31.03.2009	For the period ended 31.03.2008
Income	-	-
Administrative and other Expenses	26,408	17,570
(LOSS) BeforeTax	(26,408)	(17,570)
Provision for Tax - Wealth Tax	10,00,000	12,00,000
(LOSS) AfterTax	(10,26,408)	(12,17,570)
(Loss) brought forward form previous year	(12,17,570)	-
(Loss) Carried to Balance Sheet	(22,43,978)	(12,17,570)
Earnings/ (Loss) Per Share in Rs.	(20.53)	(24.35)

**Business Performance and its operations:**

During the year the company registered the property at Chennai which was acquired from TVS Electronics Limited. The Company is in the process of identifying prospective buyers for the property. It has taken necessary steps to get the sub-divisions of the property as required to make it marketable.

**DIRECTORS**

Mr. R Jagannathan, Director retires by rotation at the forthcoming annual general Meeting and being eligible, offers himself for re-appointment.

**AUDITORS**

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

**STATUTORY REQUIREMENT**

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

The company is engaged in the business of property development and related business. Hence the provisions of Section 217(1)(e) of the Companies Act, 1956 are not applicable.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors hereby state that

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2009) and of the loss of the Company for that year
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared their accounts according to the going Concern Concept

For and Behalf of the Board

Chennai  
July 08, 2009

V A Raghu  
Director

R Jagannathan  
Director

## **Auditors' Report**

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

We have audited the attached Balance Sheet of M/s. Prime Property Holdings Limited, Chennai - 600 006 as at March 31, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
2. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, We believe that our audit provides a reasonable basis for our opinion. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A), of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
  - (d) The Balance Sheet and the Profit and Loss account dealt with by this report comply with the Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors of the company as on March 31, 2009 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009.
    - (ii) In the case of Profit and Loss Account, of the loss of the company for the year ended on that date.

For Raghu & Gopal  
Chartered Accountants

**(A.GOPAL)**

Partner

Membership No. 9035

Chennai  
July 08, 2009

## **Annexures to the Auditors' Report**

### **Annexure referred to in our report of even date on the accounts for the year ended March 31, 2009**

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

1. The company has no fixed assets other than its investment in land
2. Being a Property development Company, the matters in connection with verification, reporting and all other related matters on inventory are not applicable.
3. During the period, the company has not granted any loans to a company listed in the register maintained under Section 301 of the Companies Act, 1956.
4. During the period, the company has not taken loans from a company listed in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for its business activities. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
6. In our opinion and according to the information and explanations given to us, there are no transactions of the nature referred to and required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
7. The company has not accepted deposits from the public for the year ended 31-03-2009.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. Maintenance of cost records as is not applicable to the company.
10. The Company has no employees. The Company also has no undisputed statutory dues remaining unpaid.
11. The Company was incorporated only on 09/11/2007 and therefore Clause (x) of para 4 is not applicable.
12. The company has not defaulted in repayment of dues to any financial institutions or banks.
13. In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, during the year under audit, the company did not engage in trading in shares, securities and debentures.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the company has not availed any term loans
17. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no fund raised on short-term basis has been used for long term investment and vice versa.
18. The Company has not issued any debentures
19. To the best of our knowledge and according to the information and explanations given to us during the course of checks carried out by us and according to the nature of Company's business, no material fraud on or by the company has been noticed by us or reported to us during the year under report.

For Raghu & Gopal  
Chartered Accountants

**(A.GOPAL)**

Partner

Membership No. 9035

Chennai  
July 08, 2009



Balance Sheet as at 31st March 2009

	Schedule Number	As at 31st March 2009	Rupees As at 31st March 2008
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Capital	1	5,00,000	5,00,000
		<u>5,00,000</u>	<u>5,00,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Land at cost acquired from Holding Company		12,30,00,000	12,30,00,000
Additions during the year		<u>2,12,57,035</u>	—
		<b>14,42,57,035</b>	12,30,00,000
<b>2. Current Assets, loans and advances</b>			
<b>Current Assets</b>			
	2	<u>5,42,302</u>	<u>4,54,285</u>
		<b>5,42,302</b>	4,54,285
Less : <b>Current Liabilities and Provisions</b>			
Current Liabilities	3	14,43,86,460	12,30,15,000
Provisions	4	<u>22,00,000</u>	<u>12,00,000</u>
<b>Net Current Assets</b>		<b>(14,60,44,158)</b>	(12,37,60,715)
<b>3. Miscellaneous expenditure (to the extent not written off or adjusted)</b>			
Preliminary expenses		43,145	43,145
<b>4. Profit and Loss account</b>			
		<u>22,43,978</u>	<u>12,17,570</u>
		<u>5,00,000</u>	<u>5,00,000</u>
<b>Notes on Accounts</b>	5		

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**  
Chartered Accountants

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

**A GOPAL**  
Partner  
Membership No. 9035

**Profit & Loss account for the period ended 31st March 2009**

*Rupees*

Particulars	For the Year 31st March 2009	For the Period ended 31st March 2008
<b>INCOME</b>	<b>Nil</b>	<b>Nil</b>
<b>Administrative and Other Expenses</b>		
Audit Fees	16,500	15,000
Rates & Taxes	7,340	151
Administrative Expenses	568	2,419
Professional Fees	<u>2,000</u>	<u>-</u>
	<b>26,408</b>	17,570
Loss for the year	<b>26,408</b>	17,570
Loss brought forward	<b>12,17,570</b>	--
Provision for Tax	<u>10,00,000</u>	<u>12,00,000</u>
Loss carried to Balance Sheet	<b>22,43,978</b>	<b>12,17,570</b>
Earnings per share in Rs	<b>(20.53)</b>	<b>(24.35)</b>

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**  
Chartered Accountants

**A GOPAL**

Partner

Membership No. 9035

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

## Schedules

	As at 31st March, 2009	Rupees As at 31st March, 2008
<b>1. Share Capital</b>		
<b>Authorised</b>		
50,000 Equity shares of Rs.10 each	<u>5,00,000</u>	<u>5,00,000</u>
<b>Issued, Subscribed and paid-up</b>		
50,000 equity shares of Rs.10 each fully paid (All the shares are held by the holding company TVS Electronics Limited and its nominees)	<u>5,00,000</u>	<u>5,00,000</u>
	<u><u>5,00,000</u></u>	<u><u>5,00,000</u></u>
<b>2. Current Assets</b>		
Balance with Bank		
With Schedule bank in Current Account	<u>5,42,302</u>	<u>4,54,285</u>
-		
<b>3. Current liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors For Expenses		
Due to Holding Company-TVS Electronics Ltd	<u>13,42,00,000</u>	<u>12,30,00,000</u>
Others	<u>1,01,86,460</u>	<u>15,000</u>
	<u><u>14,43,86,460</u></u>	<u><u>12,30,15,000</u></u>
<b>4. Provisions</b>		
Provision for Tax	<u>22,00,000</u>	<u>12,00,000</u>

**Schedules (Contd.)**

**5. Notes forming part of accounts for the period ended 31st March 2009**

- a. The Directors have waived their sitting fees payable to them for attending Board Meetings.
- b. The Company adopts completed contract basis for the purpose of recognition of income from property development. There was no income from property development during the year.
- c. The company follows mercantile system of accounting.
- d. The company's investment in Land represents acquisition under a transfer from the Holding Company.

e. Audit Fees	<b>31.03.2009</b>	31.03.2008
Towards statutory audit	<b>10,000</b>	10,000
Reimbursement of Out of Pocket expenses	<b>5,000</b>	5,000
Certification	<b>1,000</b>	-

- f. The Company has no employee. The Company has also not incurred any expenditure in the nature of "fringe benefits". Therefore no provision has been made towards fringe benefit tax.
- g. The Company has no Income Tax liability either under normal provisions or under Section 115 JB of the Income Tax Act , 1961. Tax provision considered in accounts towards Wealth Tax.
- h. There are no timing differences in the computation of Income for Tax purposes and book. Therefore, there are no deferred tax liability or asset to be recognised.

Additions to Fixed Assets represent Stamp Duty and registration charges of which Rs. 101,71,460 was incurred after the Balance Sheet date (31.03.2008 - Nil).

- i. The Accounting Standards, to the extent they are applicable, have been complied with.
- j. There are no dues payable to Micro, Small and Medium Enterprises.
- k. Tax deducted at source - NIL

**l. Related Party Transaction**

i. Name of the related party	TVS Electronics Ltd	
ii. Relationship	Holding Company	
	<b>31.03.2009</b>	31.03.2008
iii. Nature of Transaction		
Purchase of imovable property	-	12,30,00,000
Share Capital Contribution	-	5,00,000
Stamp Duty and Registration Charges	<b>1,12,00,000</b>	-
iv. Outstanding as on 31/03/2009 - CR	<b>13,42,00,000</b>	12,30,00,000

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**  
Chartered Accountants

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

**A GOPAL**  
Partner  
Membership No. 9035

**Cash Flow Statement for the period ended 31st March 2009**

	<b>Year ended 31.03.2009</b>	<i>Rupees</i> Year ended 31.03.2008
<b>Cash Flow From Operating Activities</b>		
Loss before Tax	<b>26,408</b>	17,570
Preliminary Expenses	-	43,145
Expenses relating to Previous year	-	-
<b>Operating Capital before working Capital changes</b>	<b>26,408</b>	60,715
Sundry Creditors	<b>2,13,71,460</b>	12,30,15,000
<b>Net Cash from Operating Activities (A)</b>	<b>2,13,45,052</b>	12,29,54,285
<b>Cash flow from Investing Activities</b>		
Additions to Fixed Assets	<b>2,12,57,035</b>	12,30,00,000
<b>Net cash used in investing activities (B)</b>	<b>2,12,57,035</b>	12,30,00,000
Share Capital Contribution	-	5,00,000
<b>Net Cash from financing activities (C)</b>	<b>-</b>	5,00,000
<b>Increase in Cash and Cash Equivalent (A+C-B)</b>	<b>88,017</b>	4,54,285
<b>Closing Cash and cash equivalents as at 31.03.2009</b>	<b>5,42,302</b>	4,54,285

The above Statements have been prepared in Indirect method.

Cash and Cash equivalent represents bank balance.

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**  
Chartered Accountants

**A GOPAL**  
Partner

Chennai  
July 08, 2009

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

Membership No. 9035



# TVS Electronics Limited

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



## ATTENDANCE SLIP

Please hand over this attendance slip at the entrance of the meeting hall

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Shares held

Client ID      Folio No.

(Strike off whichever is not applicable)

NAME OF THE PROXY (IN CAPITAL LETTERS)

### 14TH ANNUAL GENERAL MEETING

4th September, 2009 at 2.45 P.M.

Sri Thyaga Brahma Gana Sabha (Vani Mahal)  
No.103, G N Chetty Road, T. Nagar,  
Chennai - 600 017.

Member       Proxy

I hereby record my presence at the Meeting

Signature of the Member or Proxy

# TVS Electronics Limited

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



## PROXY FORM

I/We.....  
of.....  
in the district of.....being member(s) of  
TVS ELECTRONICS LIMITED hereby appoint.....of.....  
in the district of.....  
or failing him/her.....of.....  
in the district of.....  
as my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the  
Company to be held on Friday, the 4th day of September, 2009 at 2.45 P.M. and/or at any adjournment  
thereof.

Signed this.....day of.....2009.

Client ID	Folio No.	No. of shares

(Strike off whichever is not applicable)

Proxy Form must reach company's registered office not later than 48 hours before the commencement of the meeting

FOR OFFICE USE ONLY	
Proxy No.	Date of Receipt

Affix  
Re. 1/-  
Revenue  
Stamp

Signature



**TVS Electronics Limited**

34, Developed Plots, South Phase, Industrial Estate, Guindy, Chennai - 600 032. INDIA.

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