

## Contents

### TVS ELECTRONICS LIMITED

1. Board of Directors	...	2
2. Notice	...	3
3. Directors' Report	...	8
4. Report on Corporate Governance	...	16
5. Auditors' Report	...	25
6. Balance Sheet	...	30
7. Profit & Loss Account	...	31
8. Schedules	...	32
9. Notes on Accounts	...	39
10. Disclosure-Clause 32 of the Listing Agreement	...	59
11. Cash Flow Statement	...	60
12. Company Profile	...	61
13. Statement relating to Subsidiary	...	62

### CONSOLIDATED ACCOUNTS

1. Auditors' Report on Consolidated Accounts	...	63
2. Consolidated Balance Sheet	...	64
3. Consolidated Profit & Loss Account	...	65
4. Consolidated Schedules	...	66
5. Consolidated Cash Flow Statement	...	73
6. Accounting Policies on Consolidation	...	74

### TUMKUR PROPERTY HOLDINGS LIMITED (Subsidiary)

1. Directors' Report	...	76
2. Auditors' Report	...	77
3. Balance Sheet	...	79
4. Profit & Loss Account	...	80
5. Schedules	...	81
6. Notes on Accounts	...	82

### PRIME PROPERTY HOLDINGS LIMITED (Subsidiary)

1. Directors' Report	...	86
2. Auditors' Report	...	87
3. Balance Sheet	...	89
4. Profit & Loss Account	...	90
5. Schedules	...	91
6. Notes on Accounts	...	92

### Board of Directors

Venu Srinivasan	<i>Chairman</i>
Gopal Srinivasan	<i>Director</i>
T K Balaji	
H Lakshmanan	
S R Vijayakar	
Srini Nageshwar	
R R Nair	
Sridhar Mitta	
R Ramaraj	

### Committees of the Board

#### Audit Committee

Srini Nageshwar	<i>Chairman</i>
S R Vijayakar	
H Lakshmanan	
Sridhar Mitta	

#### Investors' Grievance Committee

Venu Srinivasan	<i>Chairman</i>
Gopal Srinivasan	
T K Balaji	

#### Remuneration/Compensation Committee

R R Nair	<i>Chairman</i>
Srini Nageshwar	
S R Vijayakar	
H Lakshmanan	

#### Auditors

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

#### Manager

M Somasundaram

#### Bankers

State Bank of India  
State Bank of Mysore  
State Bank of Travancore  
Canara Bank  
IDBI Bank Ltd.  
ICICI Bank Ltd.

### 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](http://www.tvs-e.in)

### Himachal Pradesh Plant

KHASRE, No.59/3, Village Ogli,  
Tarlokpur Road, Kala Amb - 173 030.  
Sirmaur District.  
Himachal Pradesh  
Tel: 01734 325116

### Uttarkhand

No.E12, Selaqui Industrial Estate  
Selaqui, Dehradun, Uttarkhand

### 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](mailto:investorservices@tvs-e.in)

### Shares Listed at

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

## Notice to the Shareholders

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held at "The Music Academy", New No.168, (Old No.306), T.T.K. Road, Chennai -600 014, on Friday, the 5th September 2008 at 10:00 a.m. 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, 2008 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** pursuant to the recommendation by the Board of Directors of the Company, dividend of 10% for the year ended 31st March, 2008 amounting to Re 1.00 per equity share of Rs. 10/-each, absorbing a sum of Rs.1,76,72,818 (excluding taxes) be and is hereby declared on 1,76,72,818 equity shares of Rs.10/-each fully paid up and that the same be paid to the Shareholders, whose names appear in the Register of Members of the Company as on 21st Aug 2008 (beginning of the day) in case of shares held in electronic form and as on 5th September, 2008 in respect of shares held in physical form.

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

**RESOLVED THAT** Mr. H. Lakshmanan 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** Mr. S. R. Vijayakar who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company.

5. 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

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

**RESOLVED THAT** Mr. R. Ramaraj be and is hereby appointed as a Director of the company, liable to retire by rotation.

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

#### SPECIAL RESOLUTION

**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 387 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 ("ACT") as amended or re-enacted from time to time, the company hereby approves the appointment and the terms of remuneration of Mr. M. Somasundaram as 'Manager' of the Company under the designation "Executive Vice President (EVP)" for a period of three years with effect from April 1, 2008 on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening the Annual General Meeting, including the remuneration payable to him in the event of loss or inadequacy of profit in any financial year, not exceeding 5% of the net profits of the Company, in accordance with the Schedule XIII of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. M. Somasundaram, EVP in case of inadequacy of profits or loss in any particular financial year subject to not exceeding the ceiling limits specified under Schedule XIII to the Companies Act, 1956, calculated in accordance with the effective capital of the Company as on the last date of the financial year immediately preceding the financial year in which the appointment is made.

By Order of the Board

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

July 22, 2008

**D. SRINIVASAN**  
Company Secretary

## Notice to the Shareholders (Contd.)

### 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 notorially 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 August 21, 2008 to September 5, 2008, both days inclusive.
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 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 advice 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 :

### MR. S. R. VIJAYAKAR

Born on 17th December, 1928, Mr. S R Vijayakar is a Bachelor of Mechanical & Electrical Engineering from Poona University. He has worked in the Private sector for nearly 13 years with the Ahmedabad Electricity Company Limited, a British Managing Agency company. He was the General Manager of Electronics Corporation of India Limited (ECIL) for about 17 years and the Managing Director for 5 years. He later became the Chairman & Managing Director of ECIL. He was later posted as Secretary to Government of India, Department of Electronics from where he retired on 31st December, 1986. Post retirement, he was appointed as Chairman of Maharashtra Electronics Corporation (MELTRON) from 1987 to 1993.

Mr. S R Vijayakar was deputed by the Government of India under Brush-ABOE Commonwealth Scholarship for 2 years Post Graduate training to the United Kingdom. He is also a distinguished fellow member of the Institute of Electronics & Telecommunication Engineers and a member of the Advisory council of the Foundation for Democratic Reforms, Hyderabad.

He is also on the board of SPIC Electronics & Systems Limited and Surana Telecom Limited.

He is also a member of the Audit Committee and Remuneration / Compensation Committee of the company.

Mr. S. R. Vijayakar holds no shares in the company.

## Notice to the Shareholders (Contd.)

### Mr. H. LAKSHMANAN

Born on 14th August, 1933, Mr. H Lakshmanan is a Company Executive with a vast experience. He joined the TVS Group in 1953. He became the Executive Director of M/s. Sundaram - Clayton Limited in 1982 and continues to hold the position. He has rich experience, expertise and knowledge in the areas of Finance, HR, Industrial Relations, Business Administration and Management.

The other Directorship / offices are:

S. No	Name of the Company	Nature of Interest
<b>Public Companies</b>		
1	TVS Motor Company Limited	Director
2	Harita Seating Systems Limited	Chairman
3	Anusha Investments Limited	Whole-time Director
4	Sundaram Auto Components Ltd	Director
5	Auto (India) Engineering Limited	Director
6	WABCO-TVS (INDIA) LIMITED	Director
7	Harita-NTI Limited	Director
8	TVS Finance and Services Limited	Director
9	TVS Investments Limited	Director
10	Sundaram Investments Limited	Director
11	Harita TVS Technologies Inc., USA	Director
12	TVS-E Technologies Limited	Director
13	Harita Techserv Limited	Director
14	TVS Capital Funds Limited	Director
<b>Private Companies</b>		
15	Sundaram Clayton Senior Officers Welfare Foundation Private Limited	Director
16	Harita Properties Private Limited	Director
17	TVS Motor (Singapore) Pte Limited	Director
18	TVS Motor Company (Europe) B.V Netherlands	Managing Director
19	PT TVS Motor Company (Indonesia)	Commissioner

The membership in Committees of other companies are also listed hereunder

No	Company	Committee Name	Position
1	TVS-Electronics Limited	Audit Committee	Member
2	TVS Finance and Services Limited	Investors Grievance Committee	Member
3	TVS Finance and Services Limited	Audit Committee	Member
4	Harita Seating Systems Limited	Investors Grievance Committee	Chairman
5	Harita Seating Systems Limited	Audit Committee	Chairman
6	TVS Investments Ltd	Audit Committee	Chairman
7	TVS E-Technologies Ltd	Audit Committee	Chairman
8	Anusha-Investments Limited	Audit Committee	Member

Mr. Lakshmanan holds 350 equity shares in the company

### Mr. R. RAMARAJ

Mr.R. Ramaraj is a B.Tech in Chemical Engineering from the University of Madras and an MBA from the IIM, Calcutta. Beginning his career in Sales and Marketing, Mr Ramaraj went on to pioneer the retail marketing of computers in India by establishing Computer Point in 1984. He was a Founder Director of Microland Ltd before a stint in cellular telephony as Director, Sterling Cellular up to 1996. He has been associated with Sify since inception.

Mr. R. Ramaraj, is Venture Partner with Sequoia Capital, India. He is currently, the first Indian in the ICAAN Board. Mr. R. Ramaraj, is the Co-Founder & Advisor and till recently the CEO of Sify Limited, the pioneer and leader in Internet, Networking and e-Commerce Services in India.

Mr. R. Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. In October 2000, Sify was voted the 'Company of the Year' at the Silicon India Annual Technology and Entrepreneurship Conference in San Jose, California, USA. And in 2001, in a CNET.com poll in India, Mr Ramaraj was voted the IT Person of the Year 2000. He was invited by the UN General Secretary, Kofi Annan to be a member of UN's Working group on Internet Governance (WGIG)

Under his leadership, the company was voted 'ISP of the Year' at the second annual Internet World Asia Industry Awards, 2001 from among nominees such as NTT DoCoMo of Japan and Korea Thrunet. The nominations

## Notice to the Shareholders (Contd.)

were for excellence based on strategic vision, innovation, customer service, bandwidth performance and connectivity.

The other directorship / office held by him is provided hereunder:-

Name of the Companies/Firms	Nature of Interest
Madura Micro Finance Limited	Director
Universal Print System Limited	Director
Executive and Business Coaching Foundation of India Limited	Director
TVS-E Servicetec Limited	Director
Apollo Health Street Limited	Director
Guruji.com Software Private Limited	Nominee Director

Congruent Solutions Private Limited	Nominee Director
PVP Ventures Private Limited	Nominee Director
Digital Signage Networks India Private Limited	Nominee Director
Apnaloan.com Services Private Limited	Nominee Director
Ideacts Innovations Private Limited	Nominee Director
Minglebox Communications Pvt Ltd	Nominee Director
Foundation for Promotion of Sports and Games	Director
Microcredit Foundation of India	Director
Internet Corporation for Assigned Names & Numbers	Director

Mr. R. Ramaraj holds no shares in the company.

### 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.6

Mr. R. Ramaraj was co-opted by the board as an Additional Director at the meeting of the board held on 24 Oct 2007. Mr. R. Ramaraj'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 only till the conclusion of 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. R. Ramaraj as a Director of the company in compliance with Sec 257 of the Companies Act, 1956 and has deposited a notice and the amount required therein.

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

None of the Directors are interested in the resolution.

#### Item No.7

Mr. Gopal Srinivasan, Whole time Director relinquished his office of Whole Time Director on 22 April 2008.

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 Cr 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.

The Board of Directors of the Company appointed Mr. M. Somasundaram, as Manager under the Companies Act, 1956 pursuant to Section 198, 269, 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 with the designation of Executive Vice President for a period of three years effective 1st April, 2008, the appointment is subject to approval by the Shareholders and the remuneration including the minimum remuneration payable being approved by the Remuneration Committee of the Board.

The Remuneration Committee fixed the remuneration and the minimum remuneration payable, in case of inadequacy of profits, as detailed below. The Board approved the appointment and the remuneration as approved by the Remuneration Committee on 18th June, 2008.

## Notice to the Shareholders (Contd.)

### Profile of Mr. M. Somasundaram

Mr. M Somasundaram, aged 45 years is a Bachelor in Commerce from Madras University and qualified Cost Accountant (ICWA) and Company Secretary (CS). He has rich experience of 23 years including SRF Limited, FMCG industries like Henkel SPIC India Limited and Hindustan Lever Limited prior to joining TVS Electronics Limited.

He joined TVS Electronics Limited in February, 2005 as Financial Controller and moved on to become Executive Vice President in 2008.

### Terms of appointment:-

Period of appointment : 3 years from 1.4.2008  
 Position & Title : Manager under the Companies Act, 1956 designated as Executive Vice President

### REMUNERATION:-

- a. By way of salary, allowances, commission on profits, performance linked incentive or bonus, (including the annual increments / revisions), medical reimbursement, leave travel concession for self and family, club fees, medical / personal accident insurance premiums and other benefits or amenities hereinafter referred to as remuneration, subject to a ceiling of Rs.48.00 lakhs per annum.
- b. Such perquisites shall be evaluated at actual cost to the Company and where it is not possible to ascertain the actual cost, such perquisites shall be evaluated as per Income-tax Rules, 1962.
- c. Provision for use of Company car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Personal long distance calls on telephone and use of Company car for private purposes shall be recovered by the Company from Mr M Somasundaram.
- d. Company's contribution to provident fund and superannuation fund not exceeding such percentage of the salary as may be fixed by the Central Government from time to time and gratuity as per rules of the Company shall not be included in the computation of the limits for remuneration or perquisites aforesaid.
- e. Besides the above, Mr. M Somasundaram will be eligible for allotment of Equity shares of the Company as per rules of the Employees Stock Option Scheme (ESOP) as may be formulated by the Company.
- f. However, the total remuneration including perquisites payable to Mr. M Somasundaram, reckonable under Schedule XIII shall not exceed 5% of the net profits of the Company.
- g. In the case of inadequacy of profits, the remuneration payable to Mr. M. Somasundaram, Manager shall be in compliance with Schedule XIII of the Companies Act, 1956.

Mr. M Somasundaram, Manager shall be governed by the service conditions of the Company applicable to the senior managers of the Company.

The Directors recommend the Special Resolution for approval of Members.

None of the Directors of the Company are, in any way concerned or interested in the resolution.

By Order of the Board

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

July 22, 2008

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

## Directors' Report to the Shareholders

The Directors are pleased to present the Thirteenth Annual Report and the audited accounts for the year ended 31st March, 2008.

This report include the Management Discussion and Analysis.

### FINANCIAL RESULTS

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

(In lakhs)

Particulars	Year ended 31st March, 2008	Year ended 31st March, 2007
<b>Sales</b>	<b>20764.02</b>	27241.80
Other Income	764.56	472.04
Sales and other income	21528.58	27713.84
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>533.97</b>	949.73
<b>Profit/ Loss Before Tax (PBT) before extraordinary items</b>	<b>(69.31)</b>	185.63
Income from Extraordinary Items (Net)	1559.65	-
<b>Profit Before Tax</b>	<b>1490.34</b>	185.63
Add/(less) Deferred Tax written back	38.23	101.24
Less : Provision for Tax	223.00	101.11
Investment allowance	27.46	
<b>Profit After Tax (PAT)</b>	<b>1278.11</b>	185.76
Profit brought forward from previous year	645.64	614.96
Add / (Less): Tax relating to earlier years	(168.14)	
Total available for appropriations	1755.61	800.72
- Proposed Dividend	176.73	132.55
- Tax on Dividend	30.03	22.53
- Transfer to General Reserve	-	-
Surplus in Profit and Loss account	1548.85	645.64

The current year financial figures are not comparable due to changes in business configuration as detailed below.

The comparable numbers in terms of Net Sales and Earnings before Interest and Tax are as under:-

(In lakhs)

	Year ended 31st March, 2008	Year ended 31st March, 2007
<b>(A) Net Sales reported</b>	<b>20764</b>	<b>27242</b>
Less :		
Net Sales from discontinued businesses during the year*	1335	8645
<b>Net Sales from continuing business</b>	<b>19429</b>	<b>18597</b>
<b>(B) EBIT reported</b>	<b>534</b>	<b>950</b>
Less: EBIT from discontinued businesses during the year	(390)	162
EBIT from continuing business	923	788

\*Sales upto June'07 only



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

Growth from continuing business in terms of sales during the year has been 4.5%, while in terms of profitability the growth in EBIT has been 17%

Income from Exceptional items during the year represents income arising out of sale of the Company's CMS Business at Tumkur to INCAP Contract Manufacturing Services Private Limited, Bangalore on 31st May 2007, net of expenses incurred on such Sale.

Pursuant to the approval of the shareholders through postal ballot on 9th April'07, the Company has transferred its erstwhile Contract Customer Support business (CCS) to TVS-E Servicetec Ltd at cost effective from 1st July'07.

### DIVIDEND

The Directors are pleased to recommend dividend of Re 1.00 per share for the financial year ended 31st March 2008. The dividend if approved by shareholders, would absorb Rs. 176.73 lakhs (excluding taxes) and be paid to all the equity holders, whose names appear in the Register of Members of the Company as on 21st Aug 2008 (beginning of the day) in case of shares held in electronic form and as on 5th September, 2008 in respect of shares held in physical form.

### REVIEW OF PERFORMANCE

The company's core business is manufacture, sale and distribution of printers, supplies, keyboards, POS and solution products. The company has restructured its business last year.

The products on comparison (excluding components and set top boxes) to last year registered a 3% growth with revenue of Rs. 183.4 Crores during the year as against Rs. 177.6 Crores during the corresponding period in previous year. The market share in terms of value for Dot Matrix Printers was at 37.0% on an average during the year as compared to 35.5% during the corresponding period in previous year. Volume share went up from 35.7% to 37.3%. Key board business grew by 11% and supplies business by 16%.

During the year, a series of new products were launched especially in the Point of Sale category and key boards. During the year under review, the process efficiencies were driven hard to yield substantial cost savings of Rs 5.7 Crores and reduction of working capital. This enabled the business to sustain its profitability in a fiercely competitive market.

### FINANCE:

During the year under review, the company has restructured its debts and reduced the borrowing substantially over Rs. 43 Cr. This will help your company in reducing the finance cost and improve the capital structure in future.

### BUSINESS RESTRUCTURE

Pursuant to the decision of the board to restructure the business and to divest the non core activities, following actions have been taken;

- A. Sale of Contract Manufacturing Services business
- B. Transfer of Contract Customer Support business and
- C. Sale of non core investment

### CONTRACT MANUFACTURING SERVICES (CMS) BUSINESS

As stated last year, the CMS division of the company operating at Tumkur together with all its assets and business was transferred and sold for a total consideration of RS 42.42 Cr on May 31, 2007.

### CONTRACT CUSTOMER SUPPORT (CCS) BUSINESS

The erstwhile CCS Business of the company, was transferred at cost to the then wholly owned subsidiary company, TVS-E Servicetec Limited on 1st July 2007.

### TRANSFER / SALE OF INVESTMENTS

The shareholdings in TVS-E Servicetec Limited were transferred to TVS Investments Limited on 11 Oct 2007 at par. The entire shareholdings in TVS Finance and Services Limited was also sold at cost to TVS Investments Limited. A part of the shareholdings in Modular Infotech Private Limited was also transferred at par to TVS Investments Limited.

### OPERATIONS

The focus will be on (a) driving leadership position in the dot-matrix printer market; (b) growing key boards and supplies business and (c) establishing Point of Sale (POS) products business. POS has the potential to be the growth engine for TVS-E and is being resourced accordingly.

During the year, a new plant was set-up at Sela Qui, near Dehradun, Uttarkhand. Within a short period, the plant scaled up to reach the planned capacity.

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

The company also established a UNIT II near the plant, in Uttarakhand and has moved the production lines from Kala Amb, Himachal and also Guindy, Chennai. This will facilitate consolidation of products and reduction in cost. Eventually the manufacturing operations at Kala Amb, Himachal and Guindy, Chennai will cease.

### DEPOSITS

The Company has not accepted any fresh deposits and renewals during the year under review. Unclaimed deposits amounting to Rs. 46,000 at the end of 31st March 2008 will be credited to Investor Education Protection Fund, with interest thereon.

### DIRECTORS

Mr. Gopal Srinivasan, Whole-time Director relinquished the position on 22nd April 2008. However, he continues to be a Director on the board. The board places on record its appreciation for the significant contributions and leadership provided by Mr. Gopal Srinivasan to the company.

Mr. H. Lakshmanan and Mr S. R. Vijayakar Directors retire by rotation at the ensuing annual general meeting, and being eligible, offer themselves for re-appointment. Mr. R. Ramaraj was appointed as an additional director and will hold office till this Annual General Meeting. 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 R. Ramaraj for appointment as Director.

Necessary resolutions are being placed before the members for approval.

### MANAGER

Mr. M. Somasundaram, has been appointed as Manager under the Companies Act 1956 with the designation of Executive Vice President of the Company for a period of 3 years effective April 1, 2008. The necessary resolution in this regard will be placed at the ensuing Annual General Meeting of the Company for approval by the shareholders.

### SUBSIDIARY COMPANIES

During the year under review, as part of restructuring the business, the entire shareholding in Sravanaa Properties Limited was transferred to TVS Capital Funds Limited on 11 Oct 2007.

The company also promoted Tumkur Property Holdings Limited and Prime Property Holdings Limited on 24th Oct 2007 and 9th Nov 2007 respectively to acquire the non core assets at Tumkur and Chennai.

The reports and accounts of the subsidiary companies Viz. Prime Property Holdings Limited and Tumkur Property Holdings Limited (consolidated) along with the statement pursuant to section 212 of the Companies Act, 1956 are attached.

### 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 1,60,000 options granted to ten employees lapsed on account of their resignation. 51000 stock options are still in force as at March 31, 2008 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 at 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, 2008.

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.

The Board considered issue of ESOP / ESPP to the employees and have empowered at Remuneration / Compensation Committee of the Board to decide and recommend.

### 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.

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

### 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.

### 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 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 2008) 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.

### 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.

In compliance with Sec 292A of the Companies Act 1956 read with the Listing Agreement the Company has set up an audit committee with Mr. Sridhar Nageshwar, Mr. S R Vijayakar, Mr. H Lakshmanan and Dr Sridhar Mitta as its Members.

The Company has constituted an "Investors' Grievance Committee" to deal with complaints and grievances of the Investors. The Company has also constituted a "Remuneration / Compensation Committee" consisting of four Directors of which Mr. R R Nair, Mr. Sridhar Nageshwar, Mr. S R Vijayakar are independent Directors and Mr H Lakshmanan as its Member. The Members of the Remuneration Committee also acts as the compensation committee which administers and superintends the stock option plan of the Company.

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.

### 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 22% in 2007 driven by 20% growth from PC industry, 4% growth Printer market which is expected to grow at 9% in 2008. DMP market was 0.43 million units, 8% decline from the previous year.

Transaction printing is growing at a healthy rate - driven by high investments in retail automation, expansion of core banking solutions by all the major banks. The retail sector at 43% clocked the highest growth in IT in 2007-08 followed by the Utility sector.

With 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 healthy rate. DQ - IDC Mega users survey predicts a growth of 36% in IT spend by retail. IT spend by Banking, Insurance and Government are expected to continue at healthy rates.

Growth of retail and increased IT spend by the industry throws up large opportunity for the company in the Point of Sale product category and solutions space in Banking and E-governance sphere.

#### B. Review of Performance

Our Transaction products & solutions business group, which includes the dot matrix printers, key boards, Point of Sale products and supplies, grew by 3.2% to Rs.183.4Cr. Market share of our company in DMP

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

category went up from 35.7% to 37.3% in volume terms during the year. Keyboard business grew by 11% and supplies by 16%.

We entered the Point of Sale category with mini dot-matrix printer in second half of the year. Subsequently we have expanded the product portfolio to include thermal printers, bar code readers and electronic cash registers. A separate sales channel is being set up to realize the full potential of the business.

DMP category is being revitalized with own designed high speed printers and refreshing of existing models with USB.

On the operations side, we have commissioned a new factory at Uttarakhand. Continued focus on Total Cost Management (TCM) yielded Rs 5.7 Crores, which enabled the business to be profitable in a competitive environment.

### C. Risks & Opportunities

DMP category, which accounts for 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) driving leadership share in the category;
- (b) focusing on POS products, which are growing at 40%+;
- (c) participating in the laser market through remanufactured laser toner and
- (d) exploiting export opportunities for DMP and key board.

Price erosion and the commodity cost increase are the other two threats which can erode the profitability of the business. We have a robust Total Cost Management program which pro-actively addresses these threats.

### D. Internal Control Systems & their adequacy

During the year the company has embarked on identification of key risks and safe guards / measures 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 safe guards to mitigate the risks.

### E. Business Planning and Information Technology

The Company's business planning system with strong ownership and involvement include medium term strategy formulation, annual and quarterly plans and periodic reviews which helps TVS-E Operating System (TOS) to achieve its goals.

### F. Quality Management

The Company has a TQM vision with a strong focus on essential building blocks. An exhaustive action plan has been drawn up to improve the customer satisfaction significantly covering both product quality and post sales support. These initiatives are supported by Total Employee Involvement (TEI) programs. The Company's manufacturing plants located at HP, Guindy and Uttarakhand are ISO 9001 certified.

### G. 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 time & money have been invested to drive & embrace Change management processes across the Organization that will encourage people to go after the set directions and deliver future business plans. The annual planning process with goal setting workshops facilitate performance standards which is supported through digitized performance management systems for evaluation. In order to encourage employees to continuously excel in their endeavour, new policy on performance linked compensation is implemented throughout the organization. The position evaluation and value operationalization have further built strong HR fundamentals based on which Career progression plans are being developed through Session C process for the top talents.

### H. Safety

Safety of products to customers and safe manufacturing practices are 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.

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

### I. Corporate Social Responsibility

The company is actively engaged in social welfare activities through employees, organizing medical Programs like Eye Screening, health check for poors and under privileged, blood donation camps and village rehabilitation programs. The company also engaged in using digital techniques in social transformation at schools and hospitals. Free education programs and support are also part of our consistent social commitments.

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.

For and on behalf of the Board

### GENERAL

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

Chennai  
July 22, 2008

**venu srinivasan**  
Chairman

## Annexure 'A' to the Directors' Report

Statement as at 31.3.2008 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	2,10,000
d)	Options Exercised	Nil
e)	The total no. of ordinary shares arising as a result of exercise of options	Nil
f)	Options lapsed	1,60,000
g)	Variation of terms of options	Nil
h)	Money realized by exercise of options	Nil
i)	Total no. of options in force	51,000
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 during any one year, equal to or of the issued capital (excluding warrants & conversions) of the options, exceeding 1% outstanding 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	Not Applicable

For and on behalf of the Board

Chennai  
July 22, 2008

**venu srinivasan**  
Chairman

## Annexure 'B' to the Directors' Report

### Particulars of employees as per Sec 217(2A) of the Companies Act, 1956

Sl No.	Name	Age (Years)	Designation	Date of Employment	Remuneration (Rs.)	Qualification	Experience (years)	Previous Employment	
								Designation	Company Name
Employed throughout the year									
1.	Somasundaram M.	45	Executive Vice President	21-Feb-05	32,41,183	B.Com., AICWA, ACS	23	Commercial Manager, New Ventures	Hindustan Lever Ltd.
2.	Sridhar R	39	Head - Supply Chain	2-Mar-06	24,65,236	BE (Mech) MS (Mfg Sys)	18	Senior Manager	Whirlpool India Ltd.
Employed for a part of the year									
3.	Kannan K	61	V P - Sourcing	1-Nov-07	17,87,066	B.Sc., (Engg), DIT (Prod Engg)	42	Manager -Engineering Services	Sundaram-Clayton Limited
4.	Kannan S	43	V P – Corporate Accounts	27-Aug-04	17,98,067	B.Com., ACA	19	Commercial Manager	Hindustan Lever Ltd.
5.	Magesh S	38	V P - Corporate HR	10-Jul-03	13,85,847	AMIE	20	National Mgr-Mktg	Canon India Ltd
6.	Narendran S	41	Sr. V P - Transaction Products	10-Oct-97	21,82,703	BE, MBA	22	Regional Br. Manager	Apollo Tyres Limited
7.	Prasanna Sai Venkateswaran K	42	Head - B P IT	12-Sep-05	5,96,340	M.Com, Ph.D. ICWAI	42	Manager Six Sigma Centre	Ford Business Services
8.	Prasanna TA	53	V P - Corporate Affairs	10-Sep-04	12,34,784	DME	33	V P - Corp. Finance	TVS Finance and Service Ltd.
9.	Raman S S	56	President & Chief Executive Officer	2-Jun-05	63,81,535	BE (Mech) PGDBM & Mast Dip in Bus Admin (Prodn Engg)	32	Executive Director & Vice President	Whirlpool India Ltd.
10.	R K Bhat	47	V P - Operations	12-Nov-05	15,50,845	BE (E&C)	26	V P - Operations	TI Cycles of India Ltd.
11.	Ramesh M	50	G M - Parts & Logistics	20-Nov-87	13,28,686	BE	27	Sr. Engg (Maintenance)	Indicarb Ltd.
12.	Vasantha K R	50	G M - Tumkur Operations	1-Oct-81	8,16,247	M.Sc (Engg)	26	Sr. Foreman	TVS Suzuki Ltd.

#### 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 all the employees mentioned above are 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 per cent of the equity shares of the company.

For and on behalf of the Board

Chennai  
22nd July, 2008

**VENU SRINIVASAN**  
Chairman



## 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 :

- a. Developed 9 W high speed print head which is capable of delivering higher force with less energy consumption compared to the existing print heads.

#### (b) Proposed measures:

- a. Reduction in print head current consumption, which will reduce the heat dissipation and also increase the efficiency of the system.
- b. Development of motors system to run the at 50% less current from existing, this will reduce the heat dissipation and also te power consumption.

### B. TECHNOLOGY ABSORPTION

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

##### Printers

Development of Mini Dot matrix printer for retail segment

Development of USB interface for DMP printers

Development of MLC / Firmware using new processors

##### Customization projects

Customization of Pro series printer for banking application

##### General:

As a part of value enhancement, the company has successfully:

Developing the capability to design 24 print heads which can efficiently run at higher speed

#### 2. Future plan of action

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

#### 3. Expenditure on R&D

	Rs in Lakhs	
	March 31, 2008	March 31, 2007
Capital Expenditure :	38.40	107.99
Revenue Expenditure :	278.56	263.58
Total expenditure as a percentage of total turnover 1.50%		(1.4%)

#### 4. Technology absorption, adoption and Innovations

##### a) Efforts in brief

- Key research people have been trained in paper transportation for DMP system, 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 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 and at an affordable cost to the end customer.

### C. EXPORT ACTIVITIES

- (a) The Company exported Un-interruptible power systems / Printers / Printer components.

	Rs in Lakhs	
	March 31, 2008	March 31, 2007
(b) Total Forex earned (FOB) :	863.82	5258.53
(c) Total Forex used (FOB) :	3506.43	8567.49

For and on behalf of the Board

Chennai  
July 22, 2008

**venu 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 the 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 Nine Directors as on date in the Board comprising a Whole Time Director, and 8 Non-executive Directors. Chairman of the company is a Non Executive Director.

The Board functions either as a full Board or through various Committees who 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 2007-08, the Board met 5 times on 23rd June, 2007; 31st July, 2007; 13th August, 2007, 29th October, 2007, 08th January, 2008.

The last Annual General Meeting (AGM) was held on 24th September, 2007 and 6 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 Memberships 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	C-NE-NI	1	NO	14	6	3
Mr. Gopal Srinivasan*	E-NI	5	YES	17	2	—
Mr. H. Lakshmanan	NE-NI	4	YES	19	8	4
Mr. T.K. Balaji	NE-NI	3	YES	14	7	2
Mr. S.R. Vijayakar	NE-I	5	YES	3	1	—
Dr. Sridhar Mitta	NE-I	5	YES	12	—	—
Mr. Srin Nageshwar	NE-I	5	YES	4	—	1
Mr. R.R. Nair	NE-I	3	NO	4	—	—
Mr. R Ramraj	NE-I	1	NA	13	—	—

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 Director 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.

"\*" Mr. Gopal Srinivasan, relinquished his office of Whole Time Director on 22 Apr 2008.

### 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, 2008. The annual report contains a declaration to this effect signed by the Two Directors.

### 3. Audit Committee:

- a. The Board has constituted the Audit Committee on 18th August, 2003. The Audit Committee consists of four Directors as its Members, viz, Mr. Srin Nageshwar - Chairman, Mr S R Vijayakar, Mr. H. Lakshmanan and Dr. Sridhar Mitta. The Audit Committee comprises four non-executive directors of which three are independent.

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

The Committee of Directors met 6 times during the financial year 2007-08 on 30th April, 2007; 23rd June, 2007; 31st July, 2007, 29th October, 2007, 7th December, 2007 and 8th January, 2008.

- 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.
- 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.

## Report on Corporate Governance (Contd.)

- 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 2007 -08 are given below:

Name of the Member	Status	No. of Meetings attended
Mr. Srin Nageshwar	N E - I	6
Mr. S.R. Vijayakar	N E - I	5
Mr. H. Lakshmanan	N E - N I	3
Dr Sridhar Mitta	N E - I	5

Mr. D. Srinivasan, Secretary of the Company is also Secretary to the Audit Committee.

### 3. Remuneration / Compensation Committee:

The Board has re-constituted the Remuneration / Compensation Committee on 18th July, 2003. The recommendations 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, 160,000 options issued to employees lapsed on account of their resignation, as on 31.3.2008.

The Remuneration / Compensation Committee comprises of four Non-executive Directors with 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. Srin Nageshwar	Non-Executive Director – Independent
3.	Mr. S.R. Vijayakar	Non-Executive Director – Independent
4.	Mr. H. Lakshmanan	Non-Executive Director – Non-Independent

### 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.

## Report on Corporate Governance (Contd.)

Particulars of sitting fees paid to Non-Executive Directors during the financial year 2007-2008 are as follows:

Name of the Directors	Sitting Fees paid (Rs.)
Mr. Venu Srinivasan	12,500
Mr. T.K. Balaji	12,500
Mr. H. Lakshmanan	20,000
Mr. S.R. Vijayakar	25,000
Mr. Srini Nageshwar	27,500
Mr. R R Nair	7,500
Mr. R.Ramraj	2,500
Dr. Sridhar Mitta	27,500

#### 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 has been 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, Chairman	Non-Executive Director	5
2.	Mr. Gopal Srinivasan	Whole Time Director	4
3.	Mr. T K Balaji	Non-Executive Director	3

"\*" Mr.Gopal Srinivasan, relinquished his office of Whole Time Director on 22 Apr 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 2007- 08.

Sl. No.	Nature of Complaint	No. of Complaints
1.	Non receipt of share certificates	3
2.	Non receipt of dividend warrants	3
3.	Non receipt of annual report	1
4.	Other Complaints	3
	Total	10

As on 31st March, 2008 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, 2008.

#### 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 2007-2008.

#### 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 January 28, 2005 have mandated that with effect from February 1, 2005, no investor shall be required to pay :

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

However, the corporate 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.

## Report on Corporate Governance (Contd.)

### Annual General Meetings:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2005 (15 months)	The Music Academy No.168, TTK Road, Chennai – 600 014	8.8.2005	10.15 a.m.
2006	The Music Academy No.168, TTK Road, Chennai – 600 014	28.9.2006	10.15 a.m.
2007	The Music Academy No.168, TTK Road, Chennai – 600 014	24.9.2007	10.00 a.m.

There was no requirement for seeking approval of the Shareholders by a postal ballot in respect of any subject placed before the Shareholders in the last annual general meeting, other than the resolutions passed by Postal Ballot on 9th April 2007 which have been reported last year.

### 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 are 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 in News Today 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, 2008.

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

"Management Discussion and Analysis Report" is furnished as forming part of the Annual Report.

### General Information for Shareholders:

#### 1. Annual General Meeting -

Date : 5th September, 2008  
Time : 10.00 a.m.  
Venue : "The Music Academy"  
: No.168, TTK Road,  
: Chennai -600 014.

#### 2. Financial reporting for the quarter ending (Tentative)

30th June, 2008	UA A	Before 31 <sup>st</sup> July, 2008 or Before 31 <sup>st</sup> August, 2008
30 <sup>th</sup> September, 2008	UA A	Before 31 <sup>st</sup> October, 2008 or Before 30 <sup>th</sup> November, 2008
31 <sup>st</sup> December, 2008	UA A	Before 31 <sup>st</sup> January, 2009 or Before 28 <sup>th</sup> February, 2009
31 <sup>st</sup> March, 2009	UA A	Before 30 <sup>th</sup> April, 2009 or Before 30 <sup>th</sup> June, 2009

UA - Unaudited; A - Audited

#### 3. Period of Book Closure : 21.8.2008 to 5.9.2008 (both days inclusive)

#### 4. Dividend Payment Date : 10.9.2008

#### 5. 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 2007 -08 have been duly paid to the above Stock Exchanges

## Report on Corporate Governance (Contd.)

### 6. Market Price Data :

Month	Bombay Stock Exchange Ltd. (BSE) in Rs.		National Stock Exchange of India Ltd. (NSE) in Rs.	
	High	Low	High	Low
Apr 2007	47.95	40.00	47.60	40.10
May 2007	50.20	40.80	49.90	39.50
Jun 2007	66.20	43.30	65.85	43.40
Jul 2007	50.60	42.80	50.25	42.65
Aug 2007	48.15	42.00	48.00	44.15
Sep 2007	51.50	43.50	51.50	43.10
Oct 2007	47.20	38.00	51.50	43.10
Nov 2007	55.00	37.00	54.75	35.00
Dec 2007	69.90	49.70	70.95	51.00
Jan 2008	62.00	31.65	62.00	32.00
Feb 2008	43.75	35.05	44.00	32.25
Mar 2008	39.70	25.10	38.70	24.00

Share Price performance in comparison to broad based indices BSE Sensex

Company's share price performance in comparison to BSE Sensex based on share price as on 31st March, 2008.

Financial year	Percentage change in	
	Company's shareprice (%)	Sensex(%)
2007-08	(23.36)	19.68
2006-07	(31.46)	15.89
2005-06	5.77	73.73
2004-05	3.64	16.14

### 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 February 10, 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, 2008:

No. of shares held	No. of share holders	% of share holders	No. of shares held	% of share holding
Up to 500	23505	92.09	3248625	18.38
501 to 1000	1240	4.86	1018060	5.76
1001 to 2000	428	1.67	648350	3.67
2001 to 3000	112	0.44	280676	1.59
3001 to 4000	76	0.30	266457	1.51
4001 to 5000	47	0.18	219834	1.24
5001 to 10000	76	0.30	550974	3.12
10001 and above	40	0.16	11439842	64.73
<b>TOTAL</b>	<b>25524</b>	<b>100.00</b>	<b>1,76,72,818</b>	<b>100.00</b>

### b. Pattern of equity shareholding as on 31<sup>st</sup> March, 2008:

Shareholders	No. of shares held	% of total shares held
Promoter Companies	1,05,53,449	59.72
Directors & Relatives	91,150	0.52
Corporate Bodies	6,77,341	3.83
Nationalised Banks/MF/ UTI	67,450	0.38
Resident Individuals	58,88,351	33.31
Non-resident Indians	3,95,077	2.24
<b>TOTAL</b>	<b>1,76,72,818</b>	<b>100.00</b>

## Report on Corporate Governance (Contd.)

### 10. Dematerialisation of Shares and Liquidity:

The Shares of the company has been declared for trading mandatory demat mode. Total number of shares held in demat form as on 31.3.2008 is 16684820 representing 94.41%.

### 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](http://www.tvs-e.in)

**Himachal Pradesh :** Khasre No.59/3,  
Village Ogli,  
Tarlokpur Road,  
Kalaamp -173 030.  
Sirmaur District,  
Himachal Pradesh  
Tel: 01734 325116

**Uttarkhand :** No.E12,  
Selaqui Industrial Estate  
Selaqui  
Dehradun,  
Uttarkhand

### 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: 91-44-23741889,23742939  
Fax No: 91-44-23741889  
E-mail: [sundaram\\_clayton@sify.com](mailto:sundaram_clayton@sify.com)  
Website: [sclshares@gmail.com](mailto:sclshares@gmail.com)

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. Apart from the ESOP options issued during the year 2003, no ESOP / ESPP was released thereafter.

#### b. Publication of quarterly results

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

#### c. Postal Ballot

There is no subject required to be transacted has been dealt with for the year ended 31 March 2008., other than the resolutions passed by Postal Ballot on 9th April 2007 which have been reported in the Corporate Governance report of last year.

#### 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.

## ON-MANDATORY REQUIREMENTS

### a. Remuneration Committee

A Remuneration / Compensation Committee has been formed by the company. The Committee

## Report on Corporate Governance (Contd.)

- 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, 2007 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, 2008	Special account	IEPF account	
YE 31.12.2000	11.06.2001	2,19,032	17.07.2001	17.07.2008	Will be transfere
YE 31.12.2001	06.06.2002	1,88,169	11.07.2002	11.07.2009	---
YE 31.12.2002	29.09.2003	1,88,057	04.11.2003	04.11.2010	---
YE 31.12.2003	16.06.2004	1,90,947	22.07.2004	22.07.2011	---
Period ended 31.3.2005 (15 months)	08.08.2005	2,65,325	13.09.2005	13.09.2012	---
YE 31.3.2006	28.09.2006	2,77,654	03.10.2006	03.10.2013	----
31.3 2007	24.09.2007	2,93,935	28.11.2007	27.11.2014	-

## Auditors' Certificate

### Auditors' Certificate on Compliance of the Provisions of the Code of Corporate Governance of the Listing Agreement

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

We have examined the compliance of conditions of Corporate Governance by TVS Electronics Limited, Chennai - 600 006 for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of company's management. Our examination was limited to procedures and implementation 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 explanations 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 future 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  
July 22, 2008

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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, 2008.

Chennai  
July 22, 2008

**VENU SRINIVASAN**  
*Chairman*

**GOPAL SRINIVASAN**  
*Director*



## Auditors' Report

### Auditors Report to the Members of TVS Electronics Limited, Chennai for the year ended 31<sup>st</sup> March, 2008

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, 2008, the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2008 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 the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors of the company, as on March 31, 2008 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, 2008;
    - (ii) in so far as it relates to the Profit and Loss Account, of the Profit of the company for the year ended 31<sup>st</sup> March, 2008; 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 22, 2008

## 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, 2008.

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 viz., those relating to two businesses of the company 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 granted unsecured loans to a company covered in the register maintained under Section 301 of the Companies Act, 1956 amounting to Rs.100 lakhs (Balance due as at 31.03.2008 is Rs. 208.28 lakhs).
- b. In our opinion, the rate of interest and other terms and conditions of such unsecured loans made by the company are not prima facie prejudicial to the interest of the company.
- c. The receipt of principal amount and interest thereon are regular.
- d. As on the date of the balance sheet, there was no overdue amount recoverable on the said unsecured loans.
4. The company has not availed any unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. 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.
6. 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.
7. The company has not accepted any deposits from the public. (Please refer note below Schedule XII).

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

8. The company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business.
9. 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.
10. 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, 2008 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	Statutory Forms and EHTP / Entry Tax related	32.35	The Assistant Commissioner, Commercial Taxes, Karnataka
Sales Tax Act	Statutory Forms and Warranty replacement stock related	35.17	The Assistant Commissioner, Commercial Taxes, Kolkatta
Income Tax Act, 1961	Disallowance of weighted deduction claim for R&D expenditure, unexpired Annual Maintenance Revenue	358.73	Income tax Appellate Tribunal, Chennai

11. The company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
12. 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.
13. 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.
14. The company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the order is not applicable.
15. 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.
16. The company has not given any guarantee for loans taken by others from bank or financial institution.
17. In our opinion, the term loans were applied for the purpose for which the loans were obtained.

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

18. On the basis of our examination, the company has not used the funds raised on short-term basis for long-term investments and vice versa.
19. 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.
20. During the year, the company has not issued any debentures.
21. During the year, the company has not raised any money by public issue.
22. 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  
July 22, 2008

## Financial Statements

## Balance Sheet as at 31st March 2008

*Rupees in Lakhs*

	Schedule Number	As at 31.03.2008	As at 31.03.2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	I	1,767.28	1,767.28
Reserves and Surplus	II	3,296.06	2,370.56
		<b>5,063.34</b>	4,137.84
<b>Loan Funds</b>			
Secured Loans	III	3,538.62	4,863.64
Unsecured Loans	IV	999.35	4,045.44
		<b>4,537.97</b>	8,909.08
<b>Deferred Tax Liability (Net)</b>	V	<b>158.39</b>	196.62
<b>Total</b>		<b>9,759.70</b>	13,243.54
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI (a)	7,502.81	9,059.11
Less: Depreciation		5,254.98	5,814.50
Net Block		2,247.83	3,244.61
Capital Work-in-progress	VI (b)	145.40	152.54
		<b>2,393.23</b>	3,397.15
<b>Investments</b>	VII	<b>625.73</b>	1,691.73
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	VIII	1,393.01	3,014.51
Sundry Debtors	IX	4,527.83	8,040.50
Cash and Bank Balances	X	755.51	373.66
Loans & Advances	XI	3,919.91	1,661.33
	(a)	<b>10,596.26</b>	13,090.00
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	3,437.22	4,494.42
Provisions	XIII	418.30	440.92
	(b)	<b>3,855.52</b>	4,935.34
Net Current Assets	(a) - (b)	<b>6,740.74</b>	8,154.66
<b>Total</b>		<b>9,759.70</b>	13,243.54
<b>Notes on Accounts</b>	XX		

For and on behalf of the board

As per our report of even date annexed

**venu srinivasan**
**Gopal Srinivasan**
**For SUNDARAM & SRINIVASAN**
*Chairman*
*Director*
*Chartered Accountants*
**M BALASUBRAMANIAM**

Chennai

**D SRINIVASAN**
**M SOMASUNDARAM**
*Partner*

July 22, 2008

*Company Secretary*
*Executive Vice President*

Membership No: F 7945

## Profit and Loss account for the year ended 31st March 2008

Rupees in Lakhs

	Schedule Number	Year ended 31.03.2008	Year ended 31.03.2007
<b>INCOME</b>			
Turnover (Gross)		21,209.73	29,109.01
Less : Excise duty collected		445.71	1,867.21
Turnover (Net)		20,764.02	27,241.80
Add : Other Income	XIV	764.56	472.04
<b>Total - ( A )</b>		<b>21,528.58</b>	<b>27,713.84</b>
<b>EXPENSES</b>			
Raw materials and components consumed, work-in-process & finished goods	XV	10,418.42	12,407.03
Consumption of traded Items	XVI	2,321.03	4,393.71
Salaries & Wages, stores consumed and other expenses	XVII	7,733.20	9,261.53
Interest	XVIII	603.28	764.10
Depreciation		521.96	701.84
<b>Total - ( B )</b>		<b>21,597.89</b>	<b>27,528.21</b>
Profit/(Loss) before Extraordinary items & Tax	A - B	(69.31)	185.63
Add : Income from Extraordinary Items (Net)	XIX	1,559.65	-
<b>Profit before tax</b>		<b>1,490.34</b>	<b>185.63</b>
Less : Provision for current taxation		170.00	26.11
Less : Provision for fringe benefit tax		53.00	75.00
Less: Investment Allowance		27.46	-
Add/(Less) : Provision for deferred tax written back		38.23	101.24
<b>Profit after tax</b>		<b>1,278.11</b>	<b>185.76</b>
Add : Balance brought forward from previous year		645.64	614.96
Add / (Less) : Tax relating to earlier years		(168.14)	-
<b>Balance available for appropriation</b>		<b>1,755.61</b>	<b>800.72</b>
<b>Proposed Dividend</b>		<b>176.73</b>	<b>132.55</b>
<b>Tax on Dividend including surcharge</b>		<b>30.03</b>	<b>22.53</b>
Transfer to General Reserve		-	-
Balance carried to Balance Sheet		1,548.85	645.64
Total		1,755.61	800.72
<b>Notes on Accounts</b>	XX		
Nominal value of each share in Rupees		10.00	10.00
Basic and Diluted Earnings per share in Rupees before Extraordinary item		(0.63)	1.05
Basic and Diluted Earnings per share in Rupees after Extraordinary item referred to in Schedule XIX		6.28	1.05

For and on behalf of the board

As per our report of even date annexed

**VENU SRINIVASAN****GOPAL SRINIVASAN****For SUNDARAM & SRINIVASAN**

Chairman

Director

Chartered Accountants

**M BALASUBRAMANIAM**

Chennai

**D SRINIVASAN****M SOMASUNDARAM**

Partner

July 22, 2008

Company Secretary

Executive Vice President

Membership No: F 7945

## Schedules

		<i>Rupees in Lakhs</i>	
	<b>As at 31.03.2008</b>		<b>As at 31.03.2007</b>
<b>I. CAPITAL</b>			
Authorised			
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 shares are held by M/s TVS Investments Ltd., Chennai, the Holding company (last year 1,05,53,449 shares)			
	<b>1,767.28</b>		1,767.28
<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	
Add: Transfer from Profit and Loss account	<b>-</b>	<b>-</b>	349.58
<b>Investment Allowance Reserve</b>			
As per last balance sheet	<b>Nil</b>	-	
Add: Transfer from Profit and Loss account	<b>27.46</b>	-	
	<b>27.46</b>		-
<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	<b>37.45</b>	32.24	
Net cost of options	<b>12.65</b>	17.86	
Less : Cost to be amortised over remaining one vesting period subsequent to the accounting period	<b>Nil</b>	0.04	
	<b>12.65</b>		17.82
<b>Surplus - i.e., Balance in Profit &amp; Loss Account</b>	<b>1,548.85</b>		645.64
	<b>3,296.06</b>		2,370.56



## Schedules (Contd.)

	Rupees in Lakhs	
	As at 31.03.2008	As at 31.03.2007
<b>III SECURED LOANS</b>		
From Banks	3,538.62	4,863.64
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 paripassu basis to the consortium of banks	3,538.62	4,863.64
<b>IV UNSECURED LOANS</b>		
From Banks - Short term	999.35	4,045.44
	999.35	4,045.44
<b>V DEFERRED TAX LIABILITY (NET)</b>		
As per last balance sheet	196.62	297.86
Less: Transfer from / (to) Profit & Loss Account towards current year deferred taxation	(38.23)	(101.24)
	158.39	196.62
Deferred tax liability (Net) consists of :		
a) Liabilities :-		
Tax on depreciation	184.84	295.77
Less :		
b) Assets :-		
Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis	26.45	99.15
	158.39	196.62

## Schedules (Contd.)

VI (a) FIXED ASSETS									Rupees in Lakhs	
Description	Land	Buildings	Plant and machinery	Intellectual property equipments	Furniture, Fixtures & equipments	Vehicles	As at 31-03-2008	As at 31-03-2007		
<b>COST OF ASSETS</b>										
	As at 01-04-2007	471.01	959.13	4,532.39	800.00	2,114.03	182.55	9,059.11	8,881.15	
	Additions	-	188.91	373.74	-	163.31	-	725.96	263.35	
	Sales / Transfers	446.58	231.24	1,267.23	-	267.16	70.05	2,282.25	85.39	
Total	24.43	916.80	3,638.90	800.00	2,010.18	112.50	7,502.81	9,059.11		
<b>DEPRECIATION</b>										
	Upto 31-03-2007	-	541.46	3,235.44	335.67	1,609.56	92.37	5,814.50	5,166.27	
	For the year	-	52.37	177.61	76.00	190.77	25.21	521.96	701.84	
	Sales / Transfers	-	49.76	773.23	-	206.74	51.75	1,081.48	53.61	
Total	-	544.07	2,639.82	411.67	1,593.59	65.83	5,254.98	5,814.50		
<b>WRITTEN DOWN VALUE</b>										
As at 31-03-2008	24.43	372.73	999.08	388.33	416.59	46.67	2,247.83	3,244.61		
As at 31-03-2007	471.01	417.67	1,296.95	464.33	504.47	90.18	3,244.61			

## Schedules (Contd.)

		Rupees in Lakhs	
		As at 31.03.2008	As at 31.03.2007
<b>VI (b) CAPITAL WORK-IN-PROGRESS (at cost)</b>			
Building		-	152.54
Office Equipments		2.19	-
Tools and Moulds		143.21	-
		<u>145.40</u>	<u>152.54</u>
<b>VII INVESTMENTS - (at cost)</b>			
	<b>Face value</b>		
<b>A) Trade - quoted (fully paid up) - Long Term</b>			
1,48,40,000 Equity Shares of Rs.10 each in TVS Finance and Services Limited, Chennai	1,484.00	-	-
<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	10.00	5.00	-
(b) 50,000 Equity Shares of Rs.10 each in Prime Property Holdings Limited, Chennai	10.00	5.00	-
(c) 50,000 Equity Shares of Rs.10 each in Sravanaa Properties Limited, Chennai	10.00	-	5.00
(d) 50,000 Equity shares of Rs.10 each in TVS-E Servicetec Limited, Chennai	5.00		
Less: Sold during the year	<u>5.00</u>	-	-
(ii) Others			
(a) 9,07,255 Equity shares of Rs.10 each in Modular infotech Private Limited, Pune	90.73	90.73	152.73
(b) Capital Contribution to TVS Private Equity Trust, Chennai	-	525.00	-
		<u>625.73</u>	<u>1,641.73</u>
<b>SHARE APPLICATION MONEY</b>			
Application money paid to Sravanaa Properties Limited, Chennai pending allotment		-	50.00
		<u>625.73</u>	<u>1,691.73</u>
Market Value of quoted investments		-	1,721.44

**Schedules (Contd.)**

		<i>Rupees in Lakhs</i>	
		<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<b>VIII INVENTORIES *</b>			
a) Raw Materials and components at cost		<b>730.69</b>	2,025.89
b) Work-in-process at cost		-	138.57
c) Finished goods (at cost or market value whichever is lower)		<b>335.18</b>	452.88
d) Traded items at cost		<b>322.19</b>	396.58
e) Goods-in-transit at cost		<b>4.95</b>	0.59
		<b>1,393.01</b>	3,014.51
Ref Note 1-AS 2			
* As certified by a Director			
<b>IX SUNDRY DEBTORS - UNSECURED</b>			
Considered Good			
a) Debts outstanding for a period exceeding six months		<b>579.26</b>	5,047.58
b) Other debts		<b>3,948.57</b>	2,992.92
		<b>4,527.83</b>	8,040.50
Considered Doubtful			
a) Debts outstanding for a period exceeding six months	<b>90.83</b>		139.34
b) Other debts	<b>11.48</b>		4.17
		<b>102.31</b>	143.51
		<b>4,630.14</b>	8,184.01
Less : Provision made for Doubtful debts		<b>102.31</b>	143.51
		<b>4,527.83</b>	8,040.50
<b>X CASH AND BANK BALANCES</b>			
a) Cash and cheques on hand		<b>194.98</b>	175.63
b) Balances with Scheduled Banks			
i. Deposit accounts		<b>337.12</b>	28.85
ii. Current accounts		<b>206.97</b>	148.37
iii. Dividend accounts		<b>16.23</b>	17.20
c) Balances with Non-Scheduled Banks			
i. Current accounts		<b>0.21</b>	3.61
		<b>755.51</b>	373.66
<b>XI LOANS AND ADVANCES - UNSECURED</b>			
CONSIDERED GOOD			
A. LOANS - Intercompany Deposits		<b>208.29</b>	208.29
B. ADVANCES			
i) Advances recoverable in cash or in kind or for value to be received		<b>951.94</b>	930.51
ii) Deposits		<b>2,617.62</b>	295.02
iii) Advance income tax paid and tax deducted at source (net of provisions made for Direct Taxes)		<b>142.06</b>	227.51
		<b>3,919.91</b>	1,661.33

## Schedules (Contd.)

Rupees in Lakhs

	As at 31.03.2008	As at 31.03.2007
<b>XII CURRENT LIABILITIES</b>		
a) Sundry Creditors	3,278.52	4,285.01
b) Unexpired Service Contracts	141.96	188.01
c) Interest accrued but not due	-	2.99
d) Unclaimed Dividend	* 16.23	17.20
e) Unclaimed Fixed deposits & interest thereon	* 0.51	1.21
	<b>3,437.22</b>	<b>4,494.42</b>
* Amount to be credited to Investor Education and Protection fund as and when due		
<b>XIII PROVISIONS</b>		
a) Proposed Dividend	176.73	132.55
b) Dividend Tax	30.03	22.53
c) Warranty	150.27	119.42
d) Staff benefit schemes	34.42	94.78
e) Others	26.85	71.64
	<b>418.30</b>	<b>440.92</b>
	<b>Year ended 31.03.2008</b>	<b>Year ended 31.03.2007</b>
<b>XIV OTHER INCOME</b>		
a) Sale of scrap	34.59	38.91
b) Profit on sale of assets	0.92	2.62
c) Miscellaneous income	729.05	430.51
	<b>764.56</b>	<b>472.04</b>
<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	2,025.89	1,478.33
b) Add: Purchases	8,866.95	12,455.30
	<b>10,892.84</b>	<b>13,933.63</b>
c) Less: Closing stock	730.69	2,025.89
Total (A)	<b>10,162.15</b>	<b>11,907.74</b>
<b>B) (INCREASE)/ DECREASE IN STOCKS</b>		
a) Opening Stock		
Work-in-process	138.57	148.57
Finished Goods	452.88	942.17
	<b>( i ) 591.45</b>	<b>1,090.74</b>
b) Closing stock:		
Work-in-process	-	138.57
Finished Goods	335.18	452.88
	<b>( ii ) 335.18</b>	<b>591.45</b>
Total (B) [ ( i ) - ( ii ) ]	<b>256.27</b>	<b>499.29</b>
<b>Raw materials and components consumed, Work-in-process and Finished goods</b>	<b>[ A + B ] 10,418.42</b>	<b>12,407.03</b>

**Schedules (Contd.)**

		<i>Rupees in Lakhs</i>	
		<b>Year ended 31.03.2008</b>	Year ended 31.03.2007
<b>XVI</b>	<b>CONSUMPTION OF TRADED ITEMS</b>		
a)	Opening stock	<b>396.58</b>	200.87
b)	Add: Purchases	<b>2,246.64</b>	4,589.42
		<b>2,643.22</b>	4,790.29
c)	Less: Closing stock	<b>322.19</b>	396.58
	Consumption of Traded Items	<b>2,321.03</b>	4,393.71
<b>XVII</b>	<b>SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
a)	Salaries, wages and allowances	<b>1,244.05</b>	2,155.07
b)	Contribution to provident and other funds	<b>96.78</b>	206.48
c)	Staff welfare expenses	<b>308.86</b>	359.52
d)	Stores, spares and tools consumed	<b>52.66</b>	94.08
e)	Power & fuel	<b>92.51</b>	121.17
f)	Rent (Includes Rs. 0.50 lakhs paid to Director Last Year Rs. 0.50 lakhs)	<b>237.70</b>	209.80
g)	Rates and taxes	<b>96.60</b>	201.47
h)	Repairs & Maintenance Buildings	<b>102.90</b>	166.90
	Machinery	<b>21.12</b>	50.17
	Other assets	<b>32.14</b>	89.46
i)	Insurance	<b>76.18</b>	90.44
j)	Directors sitting fees	<b>1.35</b>	1.68
k)	Loss on sale of assets	<b>4.92</b>	1.02
l)	Audit fees	<b>12.58</b>	10.34
m)	Other expenses	<b>5,352.85</b>	5,503.93
		<b>7,733.20</b>	9,261.53
<b>XVIII</b>	<b>INTEREST</b>		
a)	Fixed loans	<b>218.56</b>	193.18
b)	Other loans (Net of recoveries)	<b>384.72</b>	570.92
		<b>603.28</b>	764.10
<b>XIX</b>	<b>INCOME FROM EXTRA-ORDINARY ITEMS (Net)</b>		
a)	Income from Extra-ordinary items (Net)	1,138.13	-
	Less : Expenses incurred	<u>216.05</u>	-
b)	Income from sale of property to subsidiary	<b>637.57</b>	-
	Income from extra-ordinary items (Net)	<b>1,559.65</b>	-

## Notes on accounts

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>

### XX 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 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.)**

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
<b>AS - 5 Net profit or loss for the Year, prior period items and changes in accounting policies</b>		
a) Details of prior period items in Profit and Loss account		
Expenditure: Sales commission and discounts	<b>Nil</b>	123.58
b) <b>Details of Extraordinary Items:</b>		
1. Extra Ordinary Income: Profit on transfer of		-
a) Business (net of expenses)	<b>922.08</b>	
b) Property to a subsidiary	<b>637.57</b>	
2. Voluntary separation scheme expenses paid to certain eligible employees	<b>-</b>	3.41
<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) on capital expenditure on Buildings taken 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		
vi) From financial year 2005-06, tools and moulds which are three year 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.		
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.		



## Notes on accounts (Contd.)

	Rupees in Lakhs	
	As at /Year ended 31.03.2008	As at /Year ended 31.03.2007
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.		
<b>AS - 7 Accounting for Construction contracts</b>		
The company is not engaged in any Construction business covered by this Standard.		
<b>AS - 8 Accounting for Research and Development</b>		
This standard stands withdrawn as Accounting Standard 26 - Intangible Assets has become mandatory.		
<b>AS - 9 Revenue recognition</b>		
a Income and expenditure are accounted on a going concern basis.		
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.		
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.		
d Sale of products, income from services and other income include realised exchange fluctuations on exports.		
e Interest income is recognised on a time proportion basis taking into account the amount of outstanding and the rate applicable.		
f The company has not derived any income during the current year out of its investments.		
g In respect of domestic sales, the recognition is on the basis of delivery of goods to customers.		
h Export turnover is recognised based on "LET Export" certification issued by customs authorities.		
<b>AS - 10 Accounting for fixed assets</b>		
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		

**Notes on accounts (Contd.)**

		<i>Rupees in Lakhs</i>	
		<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
under plant and machinery. Temporary constructions/ alteration costs are charged off in the same year.			
<b>AS - 11 Accounting for effects in foreign exchange rates</b>			
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 <b>Derivative transactions :</b> The Company uses forward exchange contracts to hedge its exposure in foreign currency : -			
<b>a) Forward exchange contracts outstanding as at 31st March 2008</b>			
- Euro	Nil	-	-
- Japanese Yen	Nil	-	151.83
- USD	0.187 million equivalent to Rs. 74.52 lakhs	<b>74.52</b>	1,846.02
<b>b) Foreign currency exposures not covered by Forward exchange contracts as at 31st March 2008</b>			
- Euro	0.54 million equivalent to Rs. 314.02 lakhs	<b>314.02</b>	684.05
- Japanese Yen	124.09 million equivalent to Rs. 464.26 lakhs	<b>464.26</b>	207.12
- USD	0.014 million equivalent to Rs. 5.80 lakhs	<b>5.80</b>	498.42
<b>AS - 12 Accounting for Government Grants</b> The company has not received any government grants during the current accounting year			

## Notes on accounts (Contd.)

	Rupees in Lakhs	
	As at /Year ended 31.03.2008	As at /Year ended 31.03.2007

### 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

#### (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.

**Notes on accounts (Contd.)**

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
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.		
<b>Disclosure as per AS15 revised – Defined benefit Plans - Gratuity</b>		
Past Service benefit	<b>88.04</b>	
<b>Present Value of the obligation as at 01.04.2007/Transfer date</b>	<b>127.48</b>	
Interest Cost	<b>7.25</b>	
Current Service Cost	<b>14.56</b>	
Benefits Paid	<b>(109.72)</b>	
Actuarial Gain/(Loss) on obligation	<b>48.47</b>	
<b>Present Value of the obligation as at 31.03.2008</b>	<b>88.04</b>	
<b>Fair value of planned assets as at 01.04.2007</b>	<b>183.92</b>	
Expected Return on planned assets	<b>8.57</b>	
Contributions	<b>16.27</b>	
Benefits paid	<b>(109.72)</b>	
Actuarial Gain/(Loss) on plan assets	<b>0.21</b>	
<b>Fair value of planned assets as at 31.03.2008</b>	<b>99.25</b>	
<b>Amounts recognized in the Balance Sheet</b>		
Present Value of the obligation as at 31.03.2008	<b>88.04</b>	
Fair value of planned assets as at 31.03.2008	<b>99.25</b>	
Funded status of the plan - (assets) / Liability	<b>11.21</b>	
<b>Amounts recognized in the statement of profit and loss</b>	<b>-</b>	
Current Service cost	<b>14.56</b>	
Interest cost	<b>7.25</b>	
Expected Return on planned assets	<b>(8.57)</b>	
Net actuarial gain or loss recognized in the year	<b>0.35</b>	
<b>Expenses recognized in the statement of profit and loss</b>	<b>13.59</b>	
<b>Principal actuarial assumptions</b>		
Discount Rate	<b>8%</b>	
Salary escalation	<b>6%</b>	
Expected return on planned assets	<b>8%</b>	

## Notes on accounts (Contd.)

	Rupees in Lakhs	
	As at /Year ended 31.03.2008	As at /Year ended 31.03.2007
<b>AS - 16 Borrowing cost</b>		
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.		
<b>AS - 17 Segment reporting</b>		
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.		
<b>AS - 18 Related party disclosure</b>		
Disclosure is made as per the requirements of the standard and as per the clarifications issued by the Institute of Chartered Accountants of India.		
<b>AS - 19 Leases</b>		
This standard is not applicable as the company does not have any finance lease agreement in force.		
<b>AS - 20 Earnings per share</b>		
Disclosure is made in the Profit and Loss account as per the requirement of the standard.		
<b>AS - 21 Consolidated financial statements</b>		
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.		
<b>AS - 22 Accounting for taxes on income</b>		
Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Current tax is calculated as per provisions of Section 115 JB viz., Minimum Alternate Tax.		
Deferred tax 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.		

## Notes on accounts (Contd.)

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
<b>AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements</b>		
Consolidated financial statements include the effect of accounting for investments in the following Associate viz., Modular Infotech Private Limited, Pune.		
<b>AS - 24 Discontinuing Operations:</b>		
The company has sold its Contract Manufacturing Services business on 31st May 2007. Details are furnished in Note No: 14 in Notes on Accounts.		
<b>AS - 25 Interim Financial Reporting</b>		
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.		
<b>AS - 26 Intangible Assets</b>		
The company owns Intellectual Property Right relating to its service business and the carrying amount thereof is disclosed in the schedule on Fixed assets. This would be amortised over the remaining period of 4 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 interest.		
<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. 7		
Contingent Assets which are likely to give rise to the possibility of inflow of economic benefits - NIL		
Contested liabilities are disclosed in Note No. 8		

## Notes on accounts (Contd.)

	Rupees in Lakhs	
	As at /Year ended 31.03.2008	As at /Year ended 31.03.2007
Warranty cost on sale of products has been determined based on management estimates and historical data and provided for - Rs. 150.27 Lakhs (Previous Year - Rs. 119.42 Lakhs).		
<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 Motor Company Limited, Chennai	2.28	2.32
TVS Finance and Services Limited, Chennai	61.56	62.70
TVS-E Technologies Limited, Chennai	220.22	438.42
Sundaram Clayton Limited, Chennai	2.97	6.11
TVS Investments Limited, Chennai	62.00	-
TVS-E Access India Limited, Chennai	33.70	-
Prime Property Holdings Limited, Chennai (subsidiary)	1,230.00	-
Sravanaa Properties Limited, Chennai	1.08	4,501.08
Sundaram Auto Components Limited, Chennai	0.20	-
<b>b Sundry Debtors is after netting off Rs. NIL (Previous year Rs.1537.39 lakhs) towards Securitised Receivables assigned to a Bank.</b>	Nil	1,537.39
<b>4 Bank Balances Include</b>		
Amounts held with a non-scheduled bank viz., Industrial and Commercial Bank of China, Shanghai	0.21	3.61
Maximum balance held in the above bank account at any time during the year	4.35	13.28
<b>5 Deposits include</b>		
Deposits with		
a) Central excise	11.00	253.25
b) Post Office & Telephones	3.06	3.17
c) Sales tax	65.92	11.36
<b>6 Current Liabilities</b>		
Sundry Creditors include Amount Payable to Micro, Small and Medium Enterprises within the meaning of Micro Small Medium Enterprises Act, 2006.		
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 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such		

**Notes on accounts (Contd.)**

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
parties have been identified on the basis of information available with the company.		
Interest provision on delayed payments made during the year	-	3.27
Interest provision on balances remaining unpaid beyond 45 days as at 31.03.2008	-	0.96
List of Small Scale Industrial Units for whom Outstanding is more than 30 days and which have not fallen due for payment as payment is more than 30 days but within the agreed credit period of 45 days :		
Autoplast, Tumkur, Balaji Industries, Bangalore, BT Solders Pvt Ltd, Bangalore, Expo Prints, Chennai, Industrial Stickers, Chennai, Impressive Impressions, Chennai, Image Labels Pvt Ltd, Bangalore, Laxmi Electronics Moulds Bangalore, Precision Engineering Pvt Ltd, Chennai, Monarch Self Adhesive Tapes, Bangalore, M.M. Polymers, Chennai, Pavithra Toolings, Bangalore, Screen tech, Bangalore, Sneha Packaging, Bangalore, Unique Punch Systems (P) Ltd, Bangalore, Universal Technologies, Tumkur, Promptech Industrial Products, Faridabad, Red Cross Packaging, Chennai.		
<b>Total Dues</b>	<b>19.39</b>	-
<b>Of the above, dues above 30 days</b>	<b>7.50</b>	-
<b>7 Contingent liability not provided for:</b>		
a) On counter guarantee given to banks	-	358.43
b) On letters of credit opened with banks	<b>423.90</b>	1,535.66
c) On bills discounted	<b>3.53</b>	40.10
d) Estimated amount of contracts remaining to be executed on capital account	<b>62.20</b>	46.96
e) On account of sale of receivables to a Bank covered by a specific deposit	-	125.00
f) Central Excise Duty	<b>42.22</b>	66.83
g) Customs Duty	<b>50.53</b>	50.53
h) Service tax	<b>123.92</b>	121.15
i) Sales Tax	<b>69.31</b>	22.65
j) Capital commitment made to TVS Private Equity Trust, Chennai	<b>2,975.00</b>	-
k) Claims against the company not acknowledged as debt	<b>15.25</b>	-



## Notes on accounts (Contd.)

			<i>Rupees in Lakhs</i>
	As at /Year ended 31.03.2008	As at /Year ended 31.03.2007	
<b>8 Liability disputed not provided for</b>			
a) Sales Tax	67.52	22.85	
b) Income Tax	358.73	120.39	
c) Differential interest debited by a bank	-	14.83	
<b>9 Audit fees consists of</b>			
a) Audit fees - As Auditors	7.50	7.50	
b) Taxation matters	0.75	0.75	
c) Certification fees	0.75	0.75	
d) Other Services	0.25	0.49	
e) Expenses	3.33	0.85	
<b>Total</b>	<b>12.58</b>	<b>10.34</b>	
<b>10 Other expenses include</b>			
a) Travelling & conveyance	558.95	627.91	
b) Communication expenses	146.97	245.98	
c) Carriage outwards	467.56	643.05	
d) Sales commission and discounts	1,132.85	1,294.19	
e) Other selling expenses	1,652.22	1,498.99	
f) Management service fees	168.54	280.60	
g) Software & Data processing charges	202.21	170.45	
h) Donations	296.09	141.30	
<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	124.28	121.63	
Staff Welfare Expenses	-	1.21	
Stores, spares & tools consumed	25.55	6.19	
Repairs & Maintenance - Machinery	2.56	4.30	
<b>Other Expenses :</b>			
Travelling & Conveyance	19.01	15.58	
Communication Expenses	-	1.52	
Printing & Stationary	-	0.16	
Consultancy	3.38	2.14	
Product Development	40.91	76.45	
Tools & Accessories	19.44	0.21	
Stores Consumables	4.50	2.80	
Consultancy & Technology	7.78	8.79	
Reliability Testing, Field Tests & Trials	6.28	0.98	
Miscellaneous Expenses	24.87	21.62	
	<b>278.56</b>	<b>263.58</b>	

**Notes on accounts (Contd.)**

	<i>Rupees in Lakhs</i>	
	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
<b>b) Capital Expenditure</b>		
<b>Addition to Fixed assets :-</b>		
Plant & Machinery	<b>19.66</b>	107.99
Office equipments	<b>18.74</b>	-
	<b>38.40</b>	107.99
<b>12 Interest received on advances and deposits (Gross) netted against interest paid on loans (Others)</b>		
On Advances	<b>77.94</b>	19.14
On Deposits	<b>0.68</b>	8.68
From suppliers on early payment of invoices	<b>1.87</b>	16.14
Others	<b>9.43</b>	13.66
<b>Total</b>	<b>89.92</b>	57.62
(TDS Rs.10.62 lakhs - (last year Rs.6.70 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 26 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 and an employee during the year ended 31st March 2007, Rs. 3.97 lakhs, Rs. 13.39 lakhs and Rs. 14.88 lakhs respectively have been reversed. Hence the revised total cost of vesting of live options in respect of remaining 51,000 options is Rs. 12.65 lakhs.		
During the current year, after charging a further sum of Rs. 0.04 lakhs based on the Vesting Schedule' there is a credit to the profit and loss account amounting to Rs. 5.17 lakhs on account of resignation of three employees.		
<b>14. Discontinued operations</b>		
During the year, the Company sold its Contract Manufacturing Services (CMS) business. This transfer was approved by the shareholders by postal ballot on 9th April '07.		

## Notes on accounts (Contd.)

	As at /Year ended 31.03.2008	Rupees in Lakhs As at /Year ended 31.03.2007
<b>The pre-tax gain that is recognized on the disposal of assets or settlement of liabilities attributable to the above discontinued operation is as follows:-</b>		
<b>1. Gross Consideration received</b>	<b>4242.00</b>	
Less:-		
a) Net Asset value of the business transfer date	<b>2297.00</b>	
b) Liabilities carried in the Balance Sheet as at 31/3/08	<b>807.00</b>	
c) Expenses incurred (paid/ payable) on the business transfer	<b>216.00</b>	
<b>Pre-Tax Gain on the business transfer of discontinued business recognized in the Profit and Loss Account for the current year</b>	<b>922.00</b>	
<b>2. The income tax expense relating to the above gain has been recognized in the current year as provision for income-tax</b>		
<b>3. Amount of pre tax profit or loss from ordinary activities attributable to the discontinuing operation during the current financial reporting period</b>		
Turnover (Net) from the CMS business	<b>800.00</b>	
Earnings before Interest & Tax (EBIT)	<b>(220.00)</b>	
Interest allocated to the CMS business	<b>(20.00)</b>	
<b>Pre-tax Loss from the ordinary activities attributable to the CMS business discontinued during the current financial year ended 31st March 2008</b>	<b>(240.00)</b>	
The above loss has been considered while computing current year income tax provisions.		
<b>4. Transfer of Contract Customer Support business:-</b>		
Pursuant to the approval of the Shareholders through postal ballot on 9th April'07, the Company has transferred its Contract Customer Support business (CCS) to TVS-E Servicetec Ltd at cost effective 1st July '07. Subsequently, pursuant to approval by its Board of Directors in the Board Meeting on 13th Aug. '07, the Company has divested in October 2007, its entire equity share holdings in TVS-E Servicetec Ltd, Chennai at cost.		

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

<b>As at /Year ended</b>	As at /Year ended
<b>31.03.2008</b>	31.03.2007

**15 Related Party Disclosures as per Accounting Standard - 18**
**(a) LIST OF RELATED PARTIES**

Reporting Entity	<b>: TVS Electronics Limited, Chennai</b>
<b>Clause 3 (a)</b>	<b>Period From To</b>

Holding Company	
Sundaram-Clayton Limited, Chennai	
(Ultimate Holding Company)	1.4.2007 to 31.03.2008
Holding Company	
TVS Investments Limited, Chennai	1.4.2007 to 31.03.2008

**Wholly owned Subsidiary**

Tumkur Property Holdings Limited, Chennai	24.10.2007 to 31.03.2008
Prime Property Holdings Limited, Chennai	12.11.2007 to 31.03.2008
TVS-E Servicetec Limited, Chennai	17.05.2007 to 10.10.2007
Sravanaa Properties Limited, Chennai	01.04.2007 to 11.10.2007

**Fellow Subsidiary**

Anusha Investments Limited, Chennai	01.04.2007 to 31.03.2008
TVS Motor Company Limited, Chennai	01.04.2007 to 31.03.2008
TVS Motor Company (Singapore) pte. Ltd,	
Singapore	01.04.2007 to 31.03.2008
TVS Motor Company (Europe) BV, Amsterdam	01.04.2007 to 31.03.2008
PT TVS Motor Company Indonesia, Jakarta	01.04.2007 to 31.03.2008
Sundaram Auto Components Limited, Chennai	01.04.2007 to 31.03.2008
TVS Capital Funds Limited, Chennai -	
(Subsidiary of TVS Investments Limited, Chennai)	28.06.2007 to 31.03.2008
Sravanaa Properties Limited, Chennai -	
(Subsidiary of TVS Capital Funds Limited, Chennai)	12.10.2007 to 31.03.2008
TVS-E Access India Limited, Chennai -	
(Subsidiary of TVS Investments Limited, Chennai)	27.04.2008 to 31.03.2008
TVS-E Servicetec Limited, Chennai -	
(Subsidiary of TVS Investments Limited, Chennai)	11.10.2007 to 31.03.2008

**Clause 3 (b)**

Associate Company	
Modular Infotech Private Limited, Pune	1.4.2007 to 31.03.2008

**Fellow Subsidiary**

TVS Finance and Services Limited, Chennai	1.4.2007 to 31.03.2008
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**Clause 3 (e)**

Controlling Interest by TVS Electronics Limited	
TVS-E Technologies Limited, Chennai	01.04.2007 to 31.03.2008
(Formerly known as Harita TVS Technologies Limited, Chennai)	
Sundaram Investment Limited, Chennai	01.04.2007 to 31.03.2008

## Notes on accounts (Contd.)

	As at /Year ended 31.03.2008	Rupees in Lakhs As at /Year ended 31.03.2007
Harita Properties Limited, Chennai (Formerly known as Harita Engineering Services Private Limited, Chennai)	01.04.2007 to 31.03.2008	
<b>Clause 3 (d)</b>		
Key Management Personnel Mr Gopal Srinivasan	1.4.2007 to 31.03.2008	
<b>(b) Particulars of transactions with related parties</b>		
<b>i) Purchases made</b>		
<i>Ultimate holding company</i> Sundaram Clayton Ltd, Chennai	1556.02	194.28
<i>Associate and Fellow Subsidiary</i> TVS Finance and Services Ltd, Chennai	-	10.44
<i>Associate Company</i> Modular Infotech Private Limited, Pune	14.60	6.42
<b>ii) Services availed</b>		
<i>Controlling Interest</i> TVS-E Technologies Limited, Chennai	37.36	119.82
<i>Ultimate holding company</i> Sundaram Clayton Ltd, Chennai	178.02	281.96
<i>Holding company</i> TVS Investments Limited, Chennai	215.31	-
<i>Fellow Subsidiary</i> TVS Finance and Services Ltd, Chennai	9.12	-
TVS-E Servicetec Limited, Chennai	221.39	-
TVS Motor Company Limited, Chennai	3.38	-
<i>Associate Company</i> Modular Infotech Private Limited, Pune	-	15.54
<b>iii) Business Transfer made</b>		
<i>Fellow Subsidiary</i> TVS-E Servicetec Limited, Chennai	625.86	-
<b>iv) Sale of Materials</b>		
<i>Fellow Subsidiary</i> TVS-E Servicetec Limited, Chennai	15.44	-
TVS-E Access India Limited, Chennai	63.52	-
<b>v) Sale of Capital Assets</b>		
<i>Wholly owned subsidiary</i> Prime Property Holdings Limited, Chennai	1,230.00	-
<b>vi) Services rendered</b>		
<i>Associate and Fellow Subsidiary</i> TVS Finance and Services Ltd, Chennai	194.18	172.98
TVS Motor Company Limited, Chennai	19.87	49.66
Sundaram Auto Components Limited, Chennai	2.44	3.96

*Rupees in Lakhs*

	<b>As at /Year ended 31.03.2008</b>	<b>As at /Year ended 31.03.2007</b>
TVS-E Servicetec Limited, Chennai	<b>174.35</b>	-
TVS-E Access India Limited-Chennai	<b>32.01</b>	-
<i>Ultimate Holding company</i>		
Sundaram Clayton Ltd, Chennai	<b>12.33</b>	49.30
<i>Wholly owned subsidiary</i>		
Tumkur Property Holdings Limited, Chennai	<b>0.17</b>	-
<i>Controlling Interest</i>		
TVS-E Technologies Limited, Chennai	<b>238.42</b>	143.60
<b>vi) Rent Received</b>		
<i>Ultimate Holding company</i>		
Sundaram Clayton Ltd, Chennai	<b>3.31</b>	3.00
<b>vii) Rent paid</b>		
<i>Controlling Interest</i>		
Harita Properties Limited, Chennai	<b>1.00</b>	1.00
TVS-E Technologies Limited, Chennai	<b>4.02</b>	1.00
<i>Key Management Personnel</i>		
Mr. Gopal Srinivasan	<b>0.50</b>	0.50
<i>Fellow Subsidiary</i>		
Sravanaa Properties Ltd, Chennai	<b>2.32</b>	3.00
<b>viii) Remuneration to relatives of key management personnel</b>	-	0.45
<b>ix) Interest received/accrued on Inter Corporate Deposits made during the current year</b>		
<i>Controlling Interest</i>		
TVS-E Technologies Limited, Chennai	<b>20.90</b>	19.13
<i>Fellow Subsidiary</i>		
TVS-E Servicetec Limited, Chennai	<b>3.38</b>	-
<b>x) Indemnity Deposit placed</b>		
<i>Holding company</i>		
TVS Investments Limited, Chennai	<b>2,500.00</b>	-
<b>xi) Inter Corporate Deposits placed by the company during the current year</b>		
<i>Controlling Interest</i>		
TVS-E Technologies Limited, Chennai	-	116.28
<i>Fellow subsidiary</i>		
TVS-E Servicetec Limited, Chennai	<b>100.00</b>	
<b>xii) Inter Corporate Deposits received back</b>		
<i>Controlling Interest</i>		
TVS-E Technologies Limited, Chennai	-	50.00
<i>Fellow subsidiary</i>		
TVS-E Servicetec Limited, Chennai	<b>100.00</b>	

		Rupees in Lakhs	
	As at /Year ended 31.03.2008	As at /Year ended 31.03.2007	
<b>xiii) Interest paid on Inter Corporate Deposits received during the current year</b>			
<i>Fellow subsidiary</i>			
TVS Motor Company Limited, Chennai	-	2.86	
<b>xiv) Inter Corporate Deposits received by the company and paid back during the current year</b>			
<i>Fellow subsidiary</i>			
TVS Motor Company Limited, Chennai	-	500.00	
<b>xv) Amount outstanding as at Balance Sheet date</b>			
<b>a) Sundry Debtors</b>			
<i>Ultimate Holding company</i>			
Sundaram Clayton Ltd, Chennai	2.97	6.11	
<i>Holding company</i>			
TVS Investments Limited, Chennai	62.00	-	
<i>Controlling Interest</i>			
TVS-E Technologies Limited, Chennai	220.22	438.42	
<i>Associate and Fellow Subsidiary</i>			
TVS Motor Company Limited, Chennai	2.28	2.32	
TVS Finance and Services Limited, Chennai	61.56	62.70	
TVS-E Access India Limited, Chennai	33.70	-	
Sundaram Auto Components Limited, Chennai	0.20	-	
<i>Wholly owned subsidiary</i>			
Prime Property Holdings Limited, Chennai	1,230.00	-	
<i>Fellow Subsidiary</i>			
Sravanaa Properties Ltd, Chennai	1.08	-	
Sravanaa Properties Ltd, Chennai (Last Year wholly owned subsidiary)	-	4,501.08	
<b>b) Sundry Creditors</b>			
<i>Ultimate Holding company</i>			
Sundaram Clayton Ltd, Chennai	44.11	63.48	
<i>Ultimate Holding company</i>			
TVS Investments Limited, Chennai	8.52	-	
<i>Controlling Interest</i>			
TVS-E Technologies Limited, Chennai	-	0.70	
<i>Fellow subsidiary</i>			
TVS Motor Company Limited, Chennai	-	2.32	
TVS-E Servicetec Limited, Chennai	92.68	-	
TVS Finance and Services Limited, Chennai	1.51	-	
<i>Associate Company</i>			
Modular Infotech Private Limited, Pune	-	3.16	
<b>c) Inter Corporate Deposit outstanding</b>			
<i>Controlling Interest</i>			
TVS-E Technologies Limited, Chennai	208.28	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 2008		Year ended 31st March 2007	
	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)	7,57,483	202.16	40,80,209	1,489.82
ii) Miscellaneous Items (which do not individually account for more than 10% of the value of the consumption)		10,216.26		10,917.21
		10,418.42		12,407.03

Particulars	% of total consumption	Amount	% of total consumption	Amount
<b>2 Consumption of Raw materials &amp; Components</b>				
a) Imported	31.79%	3,311.85	53.14%	6,593.13
b) Indigenous	68.21%	7,106.57	46.86%	5,813.90
<b>Total</b>	<b>100.00%</b>	<b>10,418.42</b>	<b>100.00%</b>	<b>12,407.03</b>
<b>II CONSUMPTION OF MACHINERY SPARES</b>				
a) Imported	9.70%	4.18	11.62%	4.58
b) Indigenous	90.30%	38.94	88.38%	34.82
	<b>100.00%</b>	<b>43.12</b>	<b>100.00%</b>	<b>39.40</b>
<b>III IMPORTS (CIF VALUE)</b>				
a) Raw materials		77.70		57.27
b) Spares, Stores and Components		2,748.21		6,702.66
c) Capital goods		118.83		31.22
d) Traded goods		470.41		1,529.84
<b>Total</b>		<b>3,415.15</b>		<b>8,320.99</b>



## Notes on accounts (Contd.)

*Rupees in Lakhs*

	Year ended 31.03.2008	Year ended 31.03.2007
<b>IV OTHER EXPENDITURE IN FOREIGN CURRENCY</b>		
Salaries	23.31	21.34
Staff Welfare	2.18	0.33
Rent	4.68	4.57
Rates & Taxes	0.16	1.30
Repairs & Maintenance	1.04	0.91
Travel	32.19	132.59
Conveyance expenses	0.25	0.36
Communication expenses	1.97	0.57
Other selling expenses	2.83	2.44
Training expenses	-	12.93
Software & Data processing charges	1.45	1.58
Consultancy, Legal fee & Retainers	20.01	61.07
Testing charges	-	6.06
Subscriptions	0.01	0.42
Bank charges	0.39	0.03
Research and Development	0.81	-
<b>V SALE BY CLASS OF GOODS</b>		
	<b>Quantity Nos.</b>	<b>Quantity Nos.</b>
(a) Uninterruptible power supplies	9,043	779.75
(b) Computer Peripherals	7,68,117	16,354.89
(c) Income on Services rendered		1,190.02
(d) Service, Spares & others		2,439.36
	<u>20,764.02</u>	<u>27,241.80</u>
<b>VI EARNINGS IN FOREIGN EXCHANGE</b>		
Exports (on f.o.b. basis)	863.82	5,258.53
	<u>863.82</u>	<u>5,258.53</u>
<b>VII LICENSED AND INSTALLED CAPACITY</b>		
Information is not furnished in view of the abolition of the Industrial Licensing requirements		

## Notes on accounts (Contd.)

### 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 31.03.2008						Year ended 31.03.2007					
	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	4,015	154.50	6,883		2,083	51.15	4,803	208.04	57,407		4,015	154.50
b) Computer Peripherals	22,938	287.04	352,466		12,985	261.73	35,432	616.56	1,86,248		22,938	287.04
c) Others		11.34					22.30	-	117.57			11.34
		452.88		-		335.18		942.17				452.88
(B) TRADED ITEMS												
a) Uninterruptible power supplies			230		2	0.03						
b) Computer Peripherals	24,898	154.17	3,94,753		13,963	125.24	3,774	72.34	218,862		24,898	154.17
c) Others		242.41				196.92		128.53				242.41
		396.58		2,246.64		322.19	-	200.87	-	4,589.42	-	396.58

Note: Previous Year Quantitative Nos relating to Manufactured items have been reclassified and changed.

#### Signatures to Schedule 1 to 20 and notes there on.

For and on behalf of the board

**venu srinivasan**  
Chairman

**gopal srinivasan**  
Director

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 22, 2008

**D Srinivasan**  
Company Secretary

**M Somasundaram**  
Executive Vice President

**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 at 31/03/2008	Maximum amount due at any one time during 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	TVS-E Servicetec Limited, Chennai	-	100	
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	TVS Finance and Services Limited, Chennai	-	1,484.00	
	Modular Infotech Private Limited, Pune	90.73	152.73	
3. Investments made in Subsidiary company (including application money pending allotment)	Tumkur Property Holdings Limited, Chennai	5.00	5.00	
	Prime Property Holdings Limited, Chennai	5.00	5.00	
	TVS-E Servicetec Limited, Chennai	0.00	5.00	
	Sravanaa Properties Limited, Chennai	0.00	5.00	
	- Application Money	0.00	50.00	

#### (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				
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	1,055.34	1,055.34	
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*

		<b>Year ended 31.03.2008</b>	<b>Year ended 31.03.2007</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) before Tax and extraordinary items</b>		<b>(69.31)</b>	185.63
Adjustment for :			
Depreciation	521.96		701.84
Employee stock option expense	(5.17)		(13.96)
Profit on sale of asset	(0.92)		(2.62)
Loss on sale of asset	4.92		1.02
Interest	603.28	<b>1,124.07</b>	764.10
<b>Operating Profit before Working Capital changes</b>		<b>1,054.76</b>	1,450.38
Adjustment for :			1,636.01
Inventories	1,621.50		(120.43)
Sundry Debtors	3,512.67		75.37
Loans and Advances	(2,426.72)		(194.25)
Current liabilities and provisions	(1,301.50)		(136.53)
		<b>1,405.95</b>	(375.84)
<b>Cash generated from operations</b>		<b>2,460.71</b>	1,260.17
Interest paid (Net)		<b>(603.28)</b>	(764.10)
Direct taxes paid net of provision		<b>(53.00)</b>	(75.00)
Net cash from Operating activities* <b>(A)</b>		<b>1,804.43</b>	421.07
* Net of cash used (Rs. 334 lakhs) in operating activities of discontinued operations			
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed assets	(725.96)		(263.35)
Capital Work-in-Progress	7.14		(3.00)
Sale of Investments	1,601.00		(50.00)
New Investments made	(535.00)		-
Extra Ordinary Income	1,559.65		-
Sale of fixed assets	1,196.78	<b>3,103.61</b>	33.37
Net cash from / (used in) investing activities ** <b>(B)</b>		<b>3,103.61</b>	(282.98)
** Including net cash from sale of discontinued business - Rs.922 Lakhs (refer AS 24 in Notes on Accounts)			
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Loans (Net)		<b>(4,371.11)</b>	49.00
Dividend paid		<b>(132.55)</b>	(132.55)
Corporate Dividend tax paid		<b>(22.53)</b>	(18.59)
Net cash used in financing activities*** <b>(C)</b>		<b>(4,526.19)</b>	(102.14)
*** Including net cash used in repayment of loans attributable to discontinued business - Rs. 1800 Lakhs			
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>		<b>381.85</b>	35.95
<b>Opening cash and cash equivalents as at 01.04.2007</b>		<b>373.66</b>	337.71
<b>Closing cash and cash equivalents as at 31.03.2008</b>		<b>755.51</b>	373.66

Notes : 1 The above statements have been prepared in indirect method.

2 Cash and cash equipment represents cash and bank balances.

For and on behalf of the board

As per our report of even date annexed

**venu srinivasan**

**GOPAL SRINIVASAN**

**For SUNDARAM & SRINIVASAN**

Chairman

Director

Chartered Accountants

**M BALASUBRAMANIAM**

Chennai

**D SRINIVASAN**

**M SOMASUNDARAM**

Partner

July 22, 2008

Company Secretary

Executive Vice President

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)

Turn over + -  Total Expenditure + -

Profit before Tax ☐ ☒  Profit/Loss after Tax ☒ ☐

Earning per Share in Rs.  Dividend 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

**VENU SRINIVASAN**  
Chairman

**GOPAL SRINIVASAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
July 22, 2008

**D SRINIVASAN**  
Company Secretary

**M SOMASUNDARAM**  
Executive Vice President

**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, 2008	31st March, 2008
2. Shares of subsidiary held by the company on 31.03.2008		
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)	(17,570)	(12,17,570)
b. For the previous financial years since they became subsidiaries	Nil	Nil
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.	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		

\* TVS-E Servicetec Ltd, Chennai was a wholly owned subsidiary of the Company till 10/10/2007 only and hence the loss of the subsidiary for the reported period has not been considered.

\* Sravanaa Properties Limited, Chennai was a wholly owned subsidiary of the Company till 11/10/2007 only and hence the loss of the subsidiary for the reported period has not been considered.

For and on behalf of the board

**venu srinivasan**

Chairman

Chennai

July 22, 2008

**gopal srinivasan**

Director

**D Srinivasan**

Company Secretary

**M Somasundaram**

Executive Vice President

## 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 31st March, 2008 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 period ended 31st March 2008. 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 23 " Consolidated Financial Statements" read with Accounting Standard 23 " Accounting for Investments in Associates in 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 and an associate company - viz., Modular Infotech Private Limited, Pune.

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 31st March 2008 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

Chennai  
July 22, 2008

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

## Consolidated Balance Sheet as at 31st March 2008

			<i>Rupees in Lakhs</i>
	Schedule Number	As at 31.03.2008	As at 31.03.2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	I	1,767.28	1,767.28
Reserves and Surplus	II	2,638.20	240.26
		<b>4,405.48</b>	2,007.54
<b>Loan Funds</b>			
Secured Loans	III	3,538.62	4,863.64
Unsecured Loans	IV	999.35	4,045.44
		<b>4,537.97</b>	8,909.08
<b>Deferred Tax Liability (Net)</b>	V	<b>158.39</b>	196.62
<b>Total</b>		<b>9,101.84</b>	11,113.24
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI(a)	8,087.22	10,271.15
Less: Depreciation		5,254.98	5,817.08
Net Block		2,832.24	4,454.07
Goodwill on consolidation		—	0.83
Capital Work-in-progress	VI(b)	145.40	152.54
		<b>2,977.64</b>	4,607.44
<b>Investments</b>	VII	<b>615.82</b>	153.05
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	VIII	1,393.01	3,014.51
Sundry Debtors	IX	3,297.83	3,539.42
Cash and Bank Balances	X	764.81	382.46
Loans & Advances	XI	3,907.74	1,662.01
	(a)	<b>9,363.39</b>	8,598.40
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	3,437.52	4,495.47
Provisions	XIII	418.30	440.92
	(b)	<b>3,855.82</b>	4,936.39
Net Current Assets	(a) - (b)	<b>5,507.57</b>	3,662.01
Miscellaneous Expenditure (to the extent not written off)		<b>0.81</b>	—
<b>Profit and Loss account</b>		<b>—</b>	2,690.74
<b>Total</b>		<b>9,101.84</b>	11,113.24
<b>Notes on Accounts</b>	XX		

For and on behalf of the board

As per our report of even date annexed

**VENU SRINIVASAN**  
Chairman

**GOPAL SRINIVASAN**  
Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants

Chennai  
22nd July, 2008

**D SRINIVASAN**  
Company Secretary

**M SOMASUNDARAM**  
Executive Vice President

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



## Consolidated Profit and Loss account for the year ended 31st March 2008

Rupees in Lakhs

	Schedule Number	Year ended 31.03.2008	Year ended 31.03.2007
<b>INCOME</b>			
Turnover (Gross)		21,209.73	29,109.01
Less : Excise duty collected		445.71	1,867.21
Turnover (Net)		20,764.02	27,241.80
Add : Other Income	XIV	764.56	472.04
<b>Total - ( A )</b>		<b>21,528.58</b>	<b>27,713.84</b>
<b>EXPENSES</b>			
Raw materials and components consumed, work-in-process & finished goods	XV	10,418.42	12,407.03
Consumption of traded Items	XVI	2,321.03	4,393.71
Salaries & Wages, stores consumed and other expenses	XVII	7,734.39	9,261.25
Interest	XVIII	603.28	764.10
Depreciation		521.96	704.39
<b>Total - ( B )</b>		<b>21,599.08</b>	<b>27,530.48</b>
Profit/(Loss) before Extraordinary items & Tax	A - B	(70.50)	183.36
Less: Income from Extraordinary Items (Net)	XIX	922.08	-
<b>Profit before tax</b>		<b>851.58</b>	<b>183.36</b>
Less : Provision for current taxation		182.00	26.11
Less : Provision for fringe benefit tax		53.00	75.00
Less: Investment Allowance		27.46	-
		262.46	101.11
		589.12	82.25
		38.23	101.24
Add : Provision for deferred tax written back			
<b>Profit after tax</b>		<b>627.35</b>	<b>183.49</b>
Add: Balance brought forward from previous year		(2,690.74)	(2,719.15)
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		(168.14)	-
<b>Balance available for appropriation</b>		<b>1,098.18</b>	<b>(2,535.66)</b>
<b>Proposed Dividend</b>		<b>176.73</b>	<b>132.55</b>
<b>Tax on Dividend including surcharge</b>		<b>30.03</b>	<b>22.53</b>
Balance carried to Balance Sheet		891.42	(2,690.74)
<b>Total</b>		<b>1,098.18</b>	<b>(2,535.66)</b>
Notes on Accounts	XX		
<b>Nominal value of each share in Rupees</b>		<b>10</b>	<b>10</b>
Basic and Diluted Earnings per share in Rupees before Extraordinay item		(0.71)	1.04
Basic and Diluted Earnings per share in Rupees after Extraordinay item		2.60	1.04

For and on behalf of the board

As per our report of even date annexed

**VENU SRINIVASAN****GOPAL SRINIVASAN****For SUNDARAM & SRINIVASAN**

Chairman

Director

Chartered Accountants

**M BALASUBRAMANIAM**

Chennai

**D SRINIVASAN****M SOMASUNDARAM**

Partner

22nd July, 2008

Company Secretary

Executive vice President

Membership No: F 7945

## Schedules

	<i>Rupees in Lakhs</i>	
	<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<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 shares are held by M/s TVS Investments Ltd., Chennai, the Holding company (last year 1,05,53,449)		
	<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>Investment Allowance</b>	<b>27.46</b>	-
<b>General Reserve</b>	<b>349.58</b>	349.58
<b>Employee Stock Options</b>		
Total cost of Employee Stock Options viz., "Grants" 50.10		50.10
Less: Cost of Pending options lapsed 37.45		32.24
Net cost of options 12.65		17.86
Less : Cost to be amortised over remaining one vesting period subsequent to the accounting period -	<b>12.65</b>	0.04
Share in loss of associate companies	<b>(0.47)</b>	(1,484.70)
Surplus in Profit and Loss account	<b>891.42</b>	-
	<b>2,638.20</b>	240.26

## Schedules (Contd.)

		Rupees in Lakhs	
		As at 31.03.2008	As at 31.03.2007
<b>III SECURED LOANS</b>			
From Banks		3,538.62	4,863.64
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 paripassu basis to the consortium of banks		3,538.62	4,863.64
<b>IV UNSECURED LOANS</b>			
From Banks - Short term		999.35	4,045.44
		999.35	4,045.44
<b>V DEFERRED TAX LIABILITY (NET)</b>			
As per last balance sheet	196.62		297.86
Less: Transfer to Profit & Loss Account towards current year deferred taxation	(38.23)	158.39	(101.24) 196.62
		158.39	196.62
Deferred tax liability (Net) consists of :			
a) Liabilities :-			
Tax on depreciation		184.84	295.77
Less :			
b) Assets :-			
Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis		26.45	99.15
		158.39	196.62

**Schedules (Contd.)**

Rupees in Lakhs										
VI (a) FIXED ASSETS		Description	Land	Buildings	Plant and machinery	Intellectual property equipments	Furniture, Fixtures & equipments	Vehicles	As at 31-Mar-08	As at 31-Mar-07
		<b>COST OF ASSETS</b>								
		As at 01-04-2007	1,606.40	1,035.78	4,532.39	800.00	2,114.03	182.55	10,271.15	10,053.96
		Additions	-	188.91	373.74	-	163.31	-	725.96	308.36
		Sales / Transfers	997.56	307.89	1,267.23	-	267.16	70.05	2,909.89	91.17
		Total	608.84	916.80	3,638.90	800.00	2,010.18	112.50	8,087.22	10,271.15
		<b>DEPRECIATION</b>								
		Upto 31-03-2007	-	544.04	3,235.44	335.67	1,609.56	92.37	5,817.08	5,172.08
		For the year	-	52.37	177.61	76.00	190.77	25.21	521.96	704.39
		Sales / Transfers	-	52.34	773.23	-	206.74	51.75	1,084.06	59.39
		Total	-	544.07	2,639.82	411.67	1,593.59	65.83	5,254.98	5,817.08
		<b>WRITTEN DOWN VALUE</b>								
		As at 31-03-2008	608.84	372.73	999.08	388.33	416.59	46.67	2,832.24	4,454.07
		As at 31-03-2007	1,606.40	491.74	1,296.95	464.33	504.47	90.18	4,454.07	

## Schedules (Contd.)

	Rupees in Lakhs	
	As at 31.03.2008	As at 31.03.2007
<b>VI (b) CAPITAL WORK-IN-PROGRESS (At cost)</b>		
Building	-	152.54
Office Equipments	2.19	-
Tools and Moulds	143.21	-
	<u>145.40</u>	<u>152.54</u>
<b>VII INVESTMENTS (Long Term) - (At Cost)</b>		
<b>Quoted Investment (Sold during the year)</b>		
Trade	-	1,484.00
Less: Share in loss of associate company restricted to cost of investment	-	(1,484.00)
	<u>-</u>	<u>-</u>
<b>Unquoted Investment</b>		
Trade	615.73	152.73
Pro-rata equity interest in associate		
As per last balance sheet	0.32	0.32
Less: Current year share	(0.23)	-
	<u>0.09</u>	<u>-</u>
	<u>615.82</u>	<u>153.05</u>
Market value of quoted Investments	-	1,721.44
<b>VIII INVENTORIES *</b>		
a) Raw Materials and components at cost	730.69	2,025.89
b) Work-in-process at cost	-	138.57
c) Finished goods (at cost or market value whichever is lower)	335.18	452.88
d) Traded items at cost	322.19	396.58
e) Goods-in-transit at cost	4.95	0.59
	<u>1,393.01</u>	<u>3,014.51</u>

Ref Note 1-AS 2

\* As certified by a Director

**Schedules (Contd.)**

		<i>Rupees in Lakhs</i>	
		<b>As at 31.03.2008</b>	<b>As at 31.03.2007</b>
<b>IX</b>	<b>SUNDRY DEBTORS - UNSECURED</b>		
	Considered Good		
a)	Debts outstanding for a period exceeding six months	579.26	547.58
b)	Other debts	<u>2,718.57</u>	<u>2,991.84</u>
		<b>3,297.83</b>	<b>3,539.42</b>
	Considered Doubtful		
a)	Debts outstanding for a period exceeding six months	90.83	139.34
b)	Other debts	<u>11.48</u>	<u>4.17</u>
		<b>102.31</b>	<b>143.51</b>
		<b>3,400.14</b>	<b>3,682.93</b>
	Less : Provision made for Doubtful debts	<b>102.31</b>	<b>143.51</b>
		<b>3,297.83</b>	<b>3,539.42</b>
<b>X</b>	<b>CASH AND BANK BALANCES</b>		
a)	Cash and cheques on hand	<b>194.98</b>	175.65
b)	Balances with Scheduled Banks		
i.	Deposit accounts	<b>337.12</b>	37.63
ii.	Current accounts	<b>216.27</b>	148.37
iii.	Dividend accounts	<b>16.23</b>	17.20
c)	Balances with Non-Scheduled Banks		
	Current accounts	<b>0.21</b>	3.61
		<b>764.81</b>	<b>382.46</b>
<b>XI</b>	<b>LOANS AND ADVANCES - UNSECURED</b>		
	CONSIDERED GOOD		
A.	LOANS - Intercompany Deposits	<b>208.29</b>	208.29
B.	ADVANCES		
i)	Advances recoverable in cash or in kind or for value to be received	<b>951.77</b>	930.51
ii)	Deposits	<b>2,617.62</b>	295.02
iii)	Advance income tax paid and tax deducted at source (net of provisions made for Direct Taxes)	<b>130.06</b>	228.19
		<b>3,907.74</b>	<b>1,662.01</b>
<b>XII</b>	<b>CURRENT LIABILITIES</b>		
a)	Sundry Creditors	<b>3,278.82</b>	4,286.06
b)	Unexpired Service Contracts	<b>141.96</b>	188.01
c)	Unpaid Dividend	-	17.20
d)	Unpaid Fixed deposits & interest thereon	<b>16.23</b>	1.21
e)	Interest accrued but not due	<b>0.51</b>	2.99
		<b>3,437.52</b>	<b>4,495.47</b>
* Amount to be credited to Investor Education and Protection fund as and when due			

## Schedules (Contd.)

		Rupees in Lakhs	
		As at 31.03.2008	As at 31.03.2007
<b>XIII PROVISIONS</b>			
a) Proposed Dividend		176.73	132.55
b) Dividend Tax		30.03	22.53
c) Warranty		150.27	119.42
d) Staff benefit schemes		34.42	94.78
e) Others		26.85	71.64
		<u>418.30</u>	<u>440.92</u>
		<b>Year ended 31.03.2008</b>	<b>Year ended 31.03.2007</b>
<b>XIV OTHER INCOME</b>			
a) Sale of scrap		34.59	38.91
b) Profit on sale of assets		0.92	2.62
c) Miscellaneous income		729.05	430.51
		<u>764.56</u>	<u>472.04</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		2,025.89	1,478.33
b) Add: Purchases		8,866.95	12,455.30
		<u>10,892.84</u>	<u>13,933.63</u>
c) Less: Closing stock		730.69	2,025.89
Total	(A)	<u>10,162.15</u>	<u>11,907.74</u>
<b>B) (INCREASE)/ DECREASE IN STOCKS</b>			
a) Opening Stock			
Work-in-process		138.57	148.57
Finished Goods		452.88	942.17
	(i)	<u>591.45</u>	<u>1,090.74</u>
b) Closing stock:			
Work-in-process		-	138.57
Finished Goods		335.18	452.88
	(ii)	<u>335.18</u>	<u>591.45</u>
Total	(B) [ (i) - (ii) ]	<u>256.27</u>	<u>499.29</u>
Raw materials and components consumed, Work-in-process and Finished goods	[ A + B ]	<u>10,418.42</u>	<u>12,407.03</u>

**Schedules (Contd.)**

		<i>Rupees in Lakhs</i>	
		<b>Year ended 31.03.2008</b>	Year ended 31.03.2007
<b>XVI CONSUMPTION OF TRADED ITEMS</b>			
a) Opening stock		<b>396.58</b>	200.87
b) Add: Purchases		<b>2,246.64</b>	4,589.42
		<b>2,643.22</b>	4,790.29
c) Less: Closing stock		<b>322.19</b>	396.58
Consumption of Traded Items		<b>2,321.03</b>	4,393.71
<b>XVII SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>			
a) Salaries, wages and allowances		<b>1,244.05</b>	2,155.07
b) Contribution to provident and other funds		<b>96.78</b>	206.48
c) Staff welfare expenses		<b>308.86</b>	359.52
d) Stores, spares and tools consumed		<b>52.66</b>	94.08
e) Power & fuel		<b>92.51</b>	121.17
f) Rent		<b>237.70</b>	206.80
(Includes Rs. 0.50 lakhs paid to Whole-time Director Last Year Rs. 0.50 lakhs)			
g) Rates and taxes		<b>96.60</b>	202.59
h) Repairs & Maintenance			
Buildings		<b>102.90</b>	166.90
Machinery		<b>21.12</b>	50.17
Other assets		<b>32.14</b>	89.46
i) Insurance		<b>76.18</b>	90.44
j) Directors sitting fees		<b>1.35</b>	1.68
k) Loss on sale of assets		<b>5.75</b>	1.02
l) Audit fees		<b>12.88</b>	10.44
m) Other expenses		<b>5,352.91</b>	5,505.43
		<b>7,734.39</b>	9,261.25
<b>XVIII INTEREST</b>			
a) Fixed loans		<b>218.56</b>	193.18
b) Other loans (Net of recoveries)		<b>384.72</b>	570.92
		<b>603.28</b>	764.10
<b>XIX Income from Extra-ordinary items (Net)</b>			
Income from sale of Business	<b>1,138.13</b>		
Less: Expenses incurred	<b>(216.05)</b>	<b>922.08</b>	-
Income from Extra-ordinary items (Net)		<b>922.08</b>	-



## Cash Flow Statement

		Year ended 31.03.2008	Rupees in Lakhs Year ended 31.03.2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before Tax and extraordinary items		(70.50)	183.36
Adjustment for :			
Depreciation	521.96		704.39
Employee stock option expense	(5.17)		(13.96)
Profit on sale of asset	(0.92)		(2.62)
Loss on sale of asset	4.92		1.02
Interest	603.28	1,124.08	764.10
			1,452.93
<b>Operating Profit before Working Capital changes</b>		<b>1,053.57</b>	<b>1,636.29</b>
Adjustment for :			
Inventories	1,621.50		(120.43)
Sundry Debtors	241.59		76.45
Loans and Advances	2,245.73		(195.66)
Current liabilities and provisions	(925.49)	3,183.32	(135.58)
			(375.22)
<b>Cash generated from operations</b>		<b>4,236.89</b>	<b>1,261.07</b>
Interest paid (Net)		(603.28)	(764.10)
Direct taxes paid net of provision		(53.00)	(75.00)
<b>Net cashfrom / (used in) Operating activities (A)</b>		<b>3,580.61</b>	<b>421.97</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed assets		(725.96)	(308.36)
Capital Work-in-Progress		7.14	(3.00)
Sale of Investments		62.00	-
New Investments made		(768.87)	-
Extra Ordinary Income		922.08	-
Sale of fixed assets		1,831.67	33.38
<b>Net cash from / (used in ) investing activities (B)</b>		<b>1,328.06</b>	<b>(277.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Loans (Net)		(4,371.24)	49.00
Dividend paid		(132.55)	(132.55)
Corporate Dividend tax paid		(22.53)	(18.59)
<b>Net cash used in financing activities (C)</b>		<b>(4,526.32)</b>	<b>(102.14)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>			
		<b>382.35</b>	<b>41.85</b>
Opening cash and cash equivalents as at 01.04.2006		<b>382.46</b>	<b>340.61</b>
Closing cash and cash equivalents as at 31.03.2007		<b>764.81</b>	<b>382.46</b>

## Notes

- The above statements have been prepared in indirect method.
- Cash and cash equivalent represents cash and bank balances.

For and on behalf of the board

As per our report of even date annexed

**venu srinivasan****GOPAL SRINIVASAN****For SUNDARAM & SRINIVASAN**

Chairman

Director

Chartered Accountants

**M BALASUBRAMANIAM**

Chennai

**D SRINIVASAN****M SOMASUNDARAM**

Partner

July 22, 2008

Company Secretary

Executive Vice President

Membership No: F 7945

## 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" read with Accounting Standard 23 " Accounting for Investments in Associate in 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	31.03.2008	100%
Tumkur Property Holdings Limited, Chennai	India	31.03.2008	100%

### C. Other significant accounting policies:

Accounting Standards 1 to 29 (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.

The above consolidated financial statements do not include the effect of transactions of the wholly owned subsidiaries (viz., Sravanaa Properties Limited, Chennai and TVS-E Servicetec Limited, Chennai) during the period they remained subsidiaries till the date of disposal of shares by the company (Sravanaa Properties Limited - 1st April 2007 till 11th October 2007 and TVS-E Servicetec Limited - 17th May 2007 till 10th October 2007). This does not impact the consolidated profit and loss account as the effect of transactions in subsidiaries get reversed within the financial year immediately on disposal of shares.

# 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

The Directors have pleasure in presenting their First report together with the audited accounts for the period from the date of Incorporation to 31st March 2008.

### FINANCIALS

The Financial results for the period ended 31.03.2008 are presented as below:

Particulars	Period (24.10.2007 to 31.03.2008)
Income	-
Administrative and Other Expenses	17,570
Loss before Tax	17,570
Provision for tax	-
Profit / Loss after tax	(17,570)
Loss carried to Balance sheet	17,570
Earnings/ (Loss) per share in Rs.	(0.35)

(Rupees)

### HISTORY

The company was promoted by TVS Electronics Limited to takeover land and buildings situated in Tumkur which were hived off as part of their business restructure. The company was incorporated on 24th October 2007. The company obtained Certificate of Commencement of business on 16 Jan 2008.

### DIVIDEND

As there are no disposable surplus, Directors do not propose any dividend for the period.

### DIRECTORS

Mr. V A Raghu, Mr. R Jagannathan and Mr. S S Raman are the first Directors of the Company vacate office at the ensuing Annual General Meeting. Their appointment is proposed by a member pursuant to Section 257 of the Companies Act, 1956.

### AUDITORS

M/s. Raghu & Gopal, Chartered Accountants, Chennai, has been appointed as the First Auditors of the Company as per Section 224(5) of the Companies Act, 1956 and shall retire at the First Annual General Meeting and are eligible for re-appointment.

### STATUTORY REQUIREMENTS

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. In view of the business

not fully operational, either the provisions of Section 217(1) (e) of the Companies Act, 1956 are not applicable or there are no reportable activities.

### 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 had been followed along with proper explanation relating to material departures;
2. 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 a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2008) and of the loss of the Company for that year;
3. 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;
4. the Directors have prepared their accounts according to the going concern concept.

For and on behalf of the Board

Chennai  
26<sup>th</sup> June 2008

**V A RAGHU**  
Director

**R JAGANNATHAN**  
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, 2008 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
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 accounts 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 specified by the Institute of Chartered Accountants of India, 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, 2008 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2008 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 March 31, 2008.
    - (ii) in the case of Profit and Loss Account, of the loss of the company for the Period ended on that date.

For RAGHU & GOPAL  
Chartered Accountants

**A GOPAL**  
Partner

Chennai  
June 26, 2008

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, 2008**

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 period ended 31.03.2008.
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 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the company.
10. The Company has no employee. 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 period 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 funds raised on short-term basis have been used for long term investments 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  
June 26, 2008

## Balance Sheet as at 31st March 2008

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

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  
26th June 2008**V A RAGHU**  
Director**R JAGANNATHAN**  
Director

**Profit & Loss account for the period ended 31st March 2008**

		<i>Rupees</i>
Particulars	Schedule Number	For the Period from 24.10.2007 to 31.03.2008
Income		-
Administrative and Other Expenses	4	17,570
Loss before Tax		<b>17,570</b>
Provision for tax		-
Profit / (Loss) after tax		<b>(17,570)</b>
Loss carried to Balance Sheet		<b>17,570</b>
Earnings / (Loss) per share in Rs		<b>(0.35)</b>

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  
26th June 2008

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director



## Schedules

	<i>Rupees</i>
	<b>As at 31st March, 2008</b>
<b>1. SHARE CAPITAL</b>	
<b>Authorised</b>	
50,000 Equity shares of Rs.10 each	<b>5,00,000</b>
<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>
	<b>5,00,000</b>
<b>2. CASH AND BANK BALANCES</b>	
Balance with Scheduled bank in Current Account	<b>4,76,070</b>
	<b>4,76,070</b>
<b>3. CURRENT LIABILITIES AND PROVISIONS</b>	
<b>Current Liabilities</b>	
Sundry Creditors For Expenses	<b>17,200</b>
Others	<b>15,000</b>
	<b>32,200</b>

**Schedules (Contd.)**

**5. Administrative and Other Expenses**

	<b>For the period ended 31-03-2008</b>
Rates and Taxes	151
Audit fees	15,000
Printing and Stationery	1,569
Bank Charges	850
	<u>17,570</u>

**6. Notes forming part of accounts for the period ended 31st March 2008**

- The Directors have waived their sitting fees payable to them for attending Board Meetings.
- The Company adopts completed contract basis for the purpose of recognition of income from property development.
- The company follows mercantile system of accounting.

Amt. in Rupees

**d. Audit Fees**

Towards statutory audit	10,000
Reimbursement of Out of pocket Expenses	5,000

- The Company has no employee. The Company has also not incurred any expenditure in the nature of "fringe benefits". No provision has been made towards fringe benefit tax.
- The Company has no Tax liability either under normal provisions or under Section 115 JB of the Income Tax Act , 1961
- There are no timing differences in the computation of Income for Tax purposes and book. Therefore there are no deferred tax liability or asset to be recognised.
- The Accounting Standards, to the extent they are applicable, have been complied with.
- There are no dues payable to Micro, Small and Medium Enterprises.
- Sundry creditors includes amount due to the Holding Company TVS Electronics Ltd-Rs. 17200.
- Related Party Transaction

i. Name of the related party	TVS Electronics Ltd
ii. Relationship	Holding Company
iii. Nature of Transaction	
Share Capital Contribution	5,00,000
iv. Outstanding as on 31/03/2008 - CR	17,200

This being the first year of accounts of the company there are no corresponding figures for previous year.

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  
26th June 2008

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director

## Cash Flow Statement for the period ended 31st March 2008

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

The above Statements have been prepared in Indirect method.

Cash and Cash equivalent represents bank balance.

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

**A GOPAL**

Partner

Membership No. 9035

Chennai  
26th June 2008

**V A RAGHU**  
Director

**R JAGANNATHAN**  
Director

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

### I Registration Details

Registration No. 

6	5	1	4	4	O	F	2	0	0	7
---	---	---	---	---	---	---	---	---	---	---

 State Code 

1	8
---	---

Balance Sheet Date 

					3	1	0	3	0	8
--	--	--	--	--	---	---	---	---	---	---

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

Public Issue 

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

 Rights Issue 

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

Bonus Issue 

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

 Private Placement 

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

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

Total Liabilities 

				5	0	0
--	--	--	--	---	---	---

 Total Assets 

				5	0	0
--	--	--	--	---	---	---

#### Source of Funds

Paid-up Capital 

				5	0	0
--	--	--	--	---	---	---

 Reserves & Surplus 

--	--	--	--	--	--	--

Secured Loans 

--	--	--	--	--	--	--

 Unsecured Loans 

--	--	--	--	--	--	--

#### Application of Funds

Net Fixed Assets 

--	--	--	--	--	--	--

 Investments 

--	--	--	--	--	--	--

Net Current Assets 

				4	4	4
--	--	--	--	---	---	---

 Miscellaneous Expenditure 

					3	9
--	--	--	--	--	---	---

Accumulated Losses 

					1	7
--	--	--	--	--	---	---

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

Turn over 

--	--	--	--	--	--	--

 Total Expenditure 

					1	8
--	--	--	--	--	---	---

Profit/-Loss before Tax 

				-	1	8
--	--	--	--	---	---	---

 Profit/-Loss after Tax 

				-	1	8
--	--	--	--	---	---	---

Earning/Loss per Share in Rs. 

		-	0	.	3	5
--	--	---	---	---	---	---

 Dividend Rate % 

						0
--	--	--	--	--	--	---

### 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  
26th June 2008

**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

The Directors have pleasure in presenting their First report together with the audited accounts from the date of Incorporation to 31st March 2008.

### FINANCIALS

The Financial results for the period ended 31.03.2008 are presented as below:

(Rupees)

Particulars	Period (9.11.2007 To 31.03.2008)
Income	-
Administrative and other Expenses	17,570
LOSS (Before Tax)	17,570
Provision for Tax - Wealth Tax	12,00,000
LOSS(After Tax)	12,17,570
Loss Carried to Balance Sheet	12,17,570
Earnings / (Loss) Per Share in Rs.	(24.35)

### HISTORY

The company was promoted by TVS Electronics Limited to takeover land and buildings situated in Chennai which were hived off as part of their business restructure. The company was incorporated on 9th November 2007. The company obtained Certificate of Commencement of business on 16 Jan 2008.

The company acquired the land situated at Boat Club Road, Chennai and Registered the same on 28th April 2008, with the Sub-Registrar, Mylapore, Chennai.

### DIVIDEND

As there are no disposable surplus, Directors do not propose any dividend during the year.

### DIRECTORS

Mr. V A Raghu, Mr. R Jagannathan and Mr. R S Raghavan are the first directors of the Company vacate office at the ensuing Annual General Meeting. Their appointment is proposed by a member pursuant to Sec 257 of the Companies Act 1956.

### AUDITORS

M/s. Raghu & Gopal, Chartered Accountants, Chennai, has been appointed as the first auditors of the Company as per Section 224(5) of the Companies Act, 1956, and shall retire at the first Annual General Meeting and are eligible for re-appointment.

### STATUTORY REQUIREMENTS

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. In view of the business not fully operational, either the provisions of Section 217(1) (e) of the Companies Act, 1956 are not applicable or there are no reportable activities.

### 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 had been followed along with proper explanation relating to material departures;
2. 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 a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2008) and of the loss of the Company for that year;
3. 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;
4. the Directors have prepared their accounts according to the going Concern Concept.

For and on behalf of the Board

Chennai  
26<sup>th</sup> June 2008

**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, 2008 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
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 accounts 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 specified by the Institute of Chartered Accountants of India, 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, 2008 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2008 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 March 31, 2008.
    - (ii) in the case of Profit and Loss Account, of the loss of the company for the Period ended on that date.

For RAGHU & GOPAL  
Chartered Accountants

**A GOPAL**  
Partner

Chennai  
June 26, 2008

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, 2008

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 period ended 31.03.2008.
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 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the company.
10. The Company has no employee. 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 period 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 funds raised on short-term basis have been used for long term investments 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  
June 26, 2008



## Balance Sheet as at 31st March 2008

	Schedule Number	Rupees As at 31.03.2008
<b>SOURCES OF FUNDS</b>		
<b>1 Shareholders' Funds</b>		
Capital	1	5,00,000
		<u>5,00,000</u>
<b>APPLICATION OF FUNDS</b>		
<b>1. Fixed Assets</b>		
Land at cost acquired during the period from Holding Company		12,30,00,000
<b>2. Current Assets, loans and advances</b>		
<b>Current Assets</b>		
Bank balances	2	4,54,285
		<u>4,54,285</u>
Less : <b>Current Liabilities and Provisions</b>		
Current Liabilities	3	12,30,15,000
Provisions	4	<u>12,00,000</u>
<b>Net Current Assets</b>		(12,37,60,715)
<b>3. Miscellaneous expenditure to the extent not written off or adjusted</b>		
(a) Preliminary expenses		43,145
(b) Profit and Loss account		<u>12,17,570</u>
<b>Notes on Accounts</b>	6	<u>5,00,000</u>

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  
26th June 2008

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

Profit & Loss account for the period ended 31st March 2008

Particulars	Schedule Number	Rupees
		For the Period from 09.11.2007 to 31.03.2008
Administrative and Other Expenses	5	17,570
Loss before Tax		17,570
Provision for tax - Wealth Tax		12,00,000
Loss after tax		12,17,570
Loss carried to Balance Sheet		12,17,570
Earnings / ( Loss ) per share in Rs		(24.35)

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  
26th June 2008

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

## Schedules

	<i>Rupees</i>
	<b>As at 31st March, 2008</b>
<b>1. SHARE CAPITAL</b>	
<b>Authorised</b>	
50,000 Equity shares of Rs.10 each	<b>5,00,000</b>
<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>
	<b>5,00,000</b>
<b>2. CASH AND BANK BALANCES</b>	
Balance with Schedule bank in Current Account	<b>4,54,285</b>
	<b>4,54,285</b>
<b>3. CURRENT LIABILITIES AND PROVISIONS</b>	
<b>Current Liabilities</b>	
Sundry Creditors For Expenses	
Due to Holding Company-TVS Electronics Ltd	<b>12,30,00,000</b>
Others	<b>15,000</b>
	<b>12,30,15,000</b>
<b>4. Provisions</b>	
Provision for Wealth Tax	<b>12,00,000</b>

## Schedules (Contd.)

Period ended  
31-03-2008

### 5. Administrative and Other Expenses

Rates and Taxes	151
Audit fees	15,000
Printing and Stationery	1,569
Bank Charges	850
	<u>17,570</u>

### 6. Notes forming part of accounts for the period ended 31st March 2008

- 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.
- c. The company follows mercantile system of accounting.
- d. The company's investment in Land represents acquisition under a transfer from the Holding Company. The Transfer deed has been registered after the balance sheet date.
- e. Audit Fees
 

Towards statutory audit	10,000
Reimbursement of Out of Pocket expenses	5,000
- f. The Company has no employee. The Company has also not incurred any expenditure in the nature of "fringe benefits". 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
- 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.
- 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	
iii. Nature of Transaction		
Purchase of imovable property		12,30,00,000
Share Capital Contribution		500,000
iv. Outstanding as on 31/03/2008 - CR		12,30,00,000

This being the first year of accounts of the company, there are no corresponding figures for previous year.

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  
26th June 2008

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director

## Cash Flow Statement for the period ended 31st March 2008

	<i>Rupees</i>
	<b>Period ended 31.03.2008</b>
<b>Cash Flow From Operating Activities</b>	
Loss before Tax	17,570
Preliminary Expenses	43,145
<b>Operating Capital before working Capital changes</b>	<b>60,715</b>
Sundry Creditors	12,30,15,000
<b>Net Cash from Operating Activities (A)</b>	<b>12,29,54,285</b>
<b>Cash flow from Investing Activities</b>	
Purchase of Owned assets	12,30,00,000
<b>Net cash used in investing activities (B)</b>	<b>12,30,00,000</b>
Share Capital Contribution	5,00,000
<b>Net Cash from financing activities (C)</b>	<b>5,00,000</b>
<b>Increase in Cash and Cash Equivalent (A+C-B)</b>	<b>4,54,285</b>
<b>Closing Cash and cash equivalents as at 31.03.2008</b>	<b>4,54,285</b>

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

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

**A GOPAL**

Partner

Membership No. 9035

Chennai  
26th June 2008

**V A RAGHU**  
Director

**R S RAGHAVAN**  
Director



## 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)
--

<b>13TH ANNUAL GENERAL MEETING</b> <b>5th September, 2008 at 10.00 A.M.</b> The Music Academy No.168. T.T.K. Road, Chennai - 600 014.	<input type="checkbox"/> Member <input type="checkbox"/> 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 13th Annual General Meeting of the  
Company to be held on Friday, the 5th day of September, 2008 at 10.00 A.M. and/or at any adjournment  
thereof.

Signed this.....day of.....2008.

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

