



# TVS ELECTRONICS LIMITED



■ 16<sup>th</sup> ANNUAL REPORT 2010-11 ■



The  
Touchpoint  
of India

## TVS-E Transacts with India

From the dawn of history, India has been revered as the mother of all civilisations. 1.18 billion people, 28 states, 7 union territories, 845 languages (545 dialects), 18 official languages and multiple religions have given this ancient land pluralism and diversity. It has always been one land embracing many, the true face of 'unity in diversity.' And this very philosophy has been the 'Heart of India.' We at TVS-E understand India's heart and have been pioneers at 'Taking IT to the Heart of India', striving for variety and differentiation to match the needs of over a billion Indians. Inspiring us is a common ethos of quality, customer service and social responsibility. The TVS-E range of products has been engineered to cater to a wide variety of demands characteristic of a country like ours.

We strive for diversity, variety and differentiation with excellence. Imbued with a unique flavour like the rest of India, we practice "Unity in diversity - विविधता में एकता". We are proud to be the Touchpoint of India.



## IndiPOS

IndiPOS is a unique initiative evolving the most meaningful products and solutions for India. We have built an enviable market for Retail-IT products for the country and IndiPOS is a true reflection of the Indian retailer. Robust, rugged and reliable, every product in the range is embedded with the spirit of India. Every product is designed to touch India's IT needs. It is a well known fact that, we are who India transacts with, for its business. We are the Touchpoint of India.



## The Story of the Palm

The mnemonic of the palm represents our touch across India. We strive to create products that go hand-in-hand with India's IT business needs.

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#### Board of Directors

Gopal Srinivasan	Chairman
H Lakshmanan	
S R Vijayakar	
R R Nair	
Sridhar Mitta	
R Ramaraj	
D Sundaram	
Kenneth Tai	
Balu Doraisamy	
S S Raman	Managing Director

#### Committees of the Board

##### Audit Committee

D Sundaram	Chairman
S R Vijayakar	
H Lakshmanan	
Sridhar Mitta	

##### Investors' Grievance Committee

Gopal Srinivasan	Chairman
H Lakshmanan	
R Ramaraj	

##### Remuneration/Compensation Committee

R R Nair	Chairman
S R Vijayakar	
H Lakshmanan	
D Sundaram	

#### Auditors

Sundaram & Srinivasan  
Chartered Accountants,  
New No. 4, C.P. Ramaswamy Road  
Alwarpet, Chennai - 600 018

#### Chief Financial Officer

S Kannan

#### Company Secretary

A R Gowri

#### Bankers

State Bank of Mysore  
State Bank of Travancore  
Canara Bank  
IDBI Bank Limited  
ICICI Bank Limited  
The Federal Bank Limited  
Development Credit Bank Limited

#### Registered Office

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

#### Administrative Office

South Phase-7A, Second Floor  
Industrial Estate, Guindy  
Chennai - 600 032  
Tel:91-44-4200 5200  
Fax No: 91-44-2225 7577  
Website: www.tvse.in

#### Plant Uttarkhand - Plant I & II

No.E-12 & F-92, F-93,  
Selaqui Industrial Estate  
Selaqui, Dehradun, Uttarkhand  
Tel: 0135 - 2698662/3

#### Share Transfer Agents

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

#### Shares Listed at

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

## Financial Highlights - Ten Years at a glance

₹ in Lakhs

Sl. Particulars No	2001	2002*	2003	2004 <sup>#</sup> -2005	2005 -2006	2006 -2007	2007 <sup>@</sup> -2008	2008 -2009	2009 -2010 <sup>♦</sup>	2010 -2011 <sup>♦</sup>
<b>1. PROFIT AND LOSS ACCOUNT</b>										
Sales	21,599	2,316	26,151	31,574	25,950	27,242	20,764	19,067	19,040	18,140
Other Income	15	54	400	166	623	472	765	473	407	161
<b>Total Income</b>	<b>21,614</b>	<b>2,370</b>	<b>26,551</b>	<b>31,740</b>	<b>26,573</b>	<b>27,714</b>	<b>21,529</b>	<b>19,540</b>	<b>19,447</b>	<b>18,301</b>
<b>Earnings before interest</b>										
<b>Depreciation and Tax (EBITDA)</b>	<b>1,226</b>	<b>223</b>	<b>1,515</b>	<b>1,773</b>	<b>1,631</b>	<b>1,652</b>	<b>2,615</b>	<b>439</b>	<b>666</b>	<b>977</b>
Depreciation	348	69	521	754	743	702	522	476	449	396
<b>Profit before Interest and Tax (EBIT)</b>	<b>878</b>	<b>154</b>	<b>994</b>	<b>1,019</b>	<b>888</b>	<b>950</b>	<b>2,093</b>	<b>(37)</b>	<b>217</b>	<b>581</b>
Interest	695	58	508	470	600	764	603	522	721	517
<b>PBT</b>	<b>183</b>	<b>96</b>	<b>486</b>	<b>549</b>	<b>288</b>	<b>186</b>	<b>1,490</b>	<b>(559)</b>	<b>(504)</b>	<b>64</b>
Tax Expense	21	34	121	121	(27)	-	380	211	(161)	(90)
<b>PAT</b>	<b>162</b>	<b>62</b>	<b>365</b>	<b>428</b>	<b>315</b>	<b>186</b>	<b>1,110</b>	<b>(770)</b>	<b>(343)</b>	<b>154</b>
<b>2. BALANCE SHEET</b>										
Share Capital	1,703	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767
Reserves & Surplus	1,862	1,696	1,935	2,196	2,354	2,371	3,296	2,523	2,176	2,324
<b>Networth</b>	<b>3,565</b>	<b>3,463</b>	<b>3,702</b>	<b>3,963</b>	<b>4,121</b>	<b>4,138</b>	<b>5,063</b>	<b>4,290</b>	<b>3,943</b>	<b>4,091</b>
Loan Funds	7,065	7,507	6,994	6,538	8,860	8,909	4,538	5,738	6,133	4,498
<b>Capital Employed</b>	<b>10,630</b>	<b>10,970</b>	<b>10,696</b>	<b>10,501</b>	<b>12,981</b>	<b>13,047</b>	<b>9,601</b>	<b>10,028</b>	<b>10,076</b>	<b>8,589</b>
Deferred Tax Liability	-	355	370	452	298	197	158	202	184	81
<b>Total</b>	<b>10,630</b>	<b>11,325</b>	<b>11,066</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>	<b>10,260</b>	<b>8,670</b>
<b>Net Fixed Assets</b>	<b>2,528</b>	<b>4,619</b>	<b>5,036</b>	<b>5,518</b>	<b>3,864</b>	<b>3,397</b>	<b>2,393</b>	<b>2,422</b>	<b>2,135</b>	<b>1,685</b>
<b>Investments</b>	<b>1,438</b>	<b>1,687</b>	<b>1,636</b>	<b>1,637</b>	<b>1,642</b>	<b>1,692</b>	<b>626</b>	<b>1,501</b>	<b>1,501</b>	<b>2,551</b>
Current Assets	12,296	10,692	12,422	11,000	12,815	13,090	10,596	10,828	9,827	7,537
Current Liabilities & Provisions	5,632	5,673	8,028	7,202	5,042	4,935	3,856	4,521	3,203	3,103
<b>Net Current Assets</b>	<b>6,664</b>	<b>5,019</b>	<b>4,394</b>	<b>3,798</b>	<b>7,773</b>	<b>8,155</b>	<b>6,740</b>	<b>6,307</b>	<b>6,624</b>	<b>4,434</b>
<b>Total</b>	<b>10,630</b>	<b>11,325</b>	<b>11,066</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>	<b>10,260</b>	<b>8,670</b>
<b>3. RATIOS</b>										
a) EPS (₹)	1.0	5.2	2.1	2.4	1.8	1.1	6.3	(4.4)	(2.0)	0.9
b) Dividend (%)	7.5	7.5	7.5	9.0	7.5	7.5	10.0	-	-	-
c) Book Value per Share (₹)	21	20	21	22	23	23	29	24	22	23
d) Return on Capital Employed (ROCE %)	8.3%	1.4%	9.3%	9.7%	6.8%	7.3%	21.8%	(0.4)%	2.2%	6.8%
e) Return on networth (RONW %)	4.5%	1.8%	9.9%	10.8%	7.7%	4.5%	21.9%	(18)%	(8.7)%	3.8%
f) Fixed Asset Turnover Ratio	8.8	0.6	5.4	6.0	5.5	7.5	7.2	7.9	8.4	9.5
g) Working Capital Turnover Ratio	3.3	0.4	5.6	7.7	4.5	3.4	2.8	2.9	2.9	3.3
h) Debt Equity Ratio	2.0	2.2	1.9	1.6	2.1	2.2	0.9	1.3	1.6	1.1
i) EBITDA as % of Sales	5.7%	9.6%	5.8%	5.6%	6.3%	6.1%	12.6%	2.3%	3.5%	5.4%
j) EBIT as % of Sales	4.1%	6.6%	3.8%	3.2%	3.4%	3.5%	10.1%	(0.2)%	1.1%	3.2%
k) Net Profit as % of Total Income	0.7%	2.6%	1.4%	1.3%	1.2%	0.7%	5.2%	(3.9)%	(1.8)%	0.8%
l) R&D (Revenue and Capital) Expenditure as a % of Total Income	1.9%	0.8%	1.3%	1.8%	1.7%	1.3%	1.5%	1.9%	1.1%	0.7%

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

RONW is Profit after Tax divided by Networth.

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

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

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

\* The financial results for the year 2002 include the effects of two mergers made effective 1<sup>st</sup> November, 2002 (Four Companies) and 9<sup>th</sup> December, 2002 (TVS Electronics Limited) for the period post effective dates of merger and hence they are not comparable.

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

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

♦ PBT is after exceptional item of expenditure (₹ 75.25 Lakhs for 2009-10 & ₹ 87.25 Lakhs for 2010-11).

## Notice to the Shareholders

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, GN Chetty Road, T Nagar, Chennai - 600 017 on Wednesday, 21<sup>st</sup> September, 2011 at 10.30 AM 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 31<sup>st</sup> March, 2011 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 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".

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

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

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

"RESOLVED THAT the retiring Auditors, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, (Firm Registration No.004207S) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company".

### SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Balu Doraisamy be and is hereby appointed a Director of the Company liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and applicable Regulations issued by the Securities and Exchange Board of India (SEBI) (including any statutory modification(s) or re-enactment thereof) and subject to necessary approvals, consents, permissions and / or sanctions (hereinafter collectively called 'Requisite Approvals') as may be necessary, of the Government of India, SEBI, Reserve Bank of India, Banks, financial institutions or other Bodies or any other appropriate authorities, (hereinafter collectively called as "Appropriate Authorities") and subject to such conditions/modifications as may be prescribed by any of the Appropriate Authorities while granting such Requisite Approvals which may be agreed to by the Board of Directors (including a Committee of Directors that may be entrusted with the responsibility) of the Company (hereinafter referred to as the "Board") at its sole discretion, consent and approval of the Company be and is hereby accorded to the Board to offer, issue and allot not exceeding 3,50,000 (Three Lakh Fifty Thousand only) Warrants with option to exercise the right to be allotted equal number of Equity Shares of Rs.10/- each of the Company on preferential basis to Tranzmute Business Advisory LLP, Mumbai (Allottee) on such terms and conditions as may be deemed fit by the Board and at such price as determined in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("Price").

RESOLVED FURTHER THAT the Relevant Date for the purpose of calculating the Price under Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be thirty days prior to the date of the Annual General Meeting i.e., 22<sup>nd</sup> August, 2011.

RESOLVED FURTHER THAT as prescribed by the applicable Regulations of SEBI, the Allottee be called upon to pay to the Company not less than twenty five percent of the Price on the date of allotment of Warrants and the balance at the time of allotment of Equity Shares on exercise of the option attached to the Warrants.

RESOLVED FURTHER THAT in case the Allottee does not exercise the option, the option shall lapse and the consideration paid in respect of such warrants shall be forfeited.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept and make, in the interest of the Company, any alteration, modification to the terms and conditions concerning any aspect of the issue including the decrease in the aggregate value of the preferential issue and / or any other

## Notice to the Shareholders (Contd.)

matter as may be considered necessary or expedient and / or as may be specified in the Requisite Approvals and to take all such actions as may be necessary to effect such modifications and alterations, to do all such acts, deeds, matters and things as it may deem necessary for such purpose, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the said Warrants/Equity Shares to the Allottee in its absolute discretion as it may deem fit.

RESOLVED FURTHER THAT the said Equity Shares resulting from the exercise of the option by the Allottee be listed in all the Stock Exchanges where the Company's existing shares are then listed and shall rank pari passu in all respects, inter se with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Equity Shares so allotted to the Allottee shall be subject to lock-in for such period as prescribed under the applicable SEBI Regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute such documents, agreements or writings as may be deemed necessary or expedient to give effect to the foregoing".

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, ("Guidelines") as amended from time to time and subject to all requisite approvals, consents, permissions and sanctions of appropriate authorities and institutions as may be required under any statutory provisions, guidelines, rules, regulations, notifications or otherwise including but not limited to the Stock Exchanges/Reserve Bank of India/Government of India ("Approvals") and further subject to such terms and modifications as may be prescribed or imposed while granting such Approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include the Compensation Committee of Directors or any other Committee for the time being authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this resolution), consent and approval of the Shareholders of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches to such permanent employees of the Company, whether working in India or out of India and Directors of the Company whether Whole-time Directors or otherwise

(hereinafter referred to collectively as the "Employees") under the "Employees Stock Option Scheme 2011" (hereinafter referred to as "ESOP Scheme 2011"), not exceeding 12,35,000 (Twelve Lakh Thirty Five Thousand only) Equity Stock options convertible into equal number of Equity Shares of the face value of Rs.10/- each (options) constituting about 7% of the paid-up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011 either directly or through a "Employees Welfare Trust" (hereinafter referred to as "Trust"), on such terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

RESOLVED FURTHER THAT in terms of Clause 49(l)(B) of the Listing Agreement with the Stock Exchanges, stock options to be granted to Non-Executive Directors (including Independent Directors and Nominee Directors) pursuant to ESOP Scheme 2011 shall not exceed 3,53,400 (Three Lakh Fifty Three Thousand Four Hundred only) options in any one financial year and 5,00,000 (Five Lakh only) options in aggregate.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect ESOP Scheme 2011 on such terms and conditions as contained in the relevant Explanatory Statement to this Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive ESOP Scheme 2011.

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted pursuant to ESOP Scheme 2011 shall rank pari-passu with all the then existing Equity Shares of the Company for all purposes.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid allottees under the ESOP Scheme 2011 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT ESOP Scheme 2011 may be operated by the Trustees of the ESOP Trust to be established by the Company, on such terms as the Board may while establishing the Trust deem appropriate.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares allotted under ESOP Scheme 2011 in the Stock

## Notice to the Shareholders (Contd.)

Exchanges where the Equity Shares of the Company are listed as per provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid, the Board be and is hereby authorised to evolve, decide upon and bring into effect ESOP Scheme 2011 and make any modifications, changes, variations, alterations or revisions thereto from time to time or to suspend, withdraw or revise the Scheme from time to time as may be directed/specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members”.

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, (“Guidelines”) as amended from time to time and subject to all requisite approvals, consents, permissions and sanctions of appropriate authorities and institutions as may be required under any statutory provisions, guidelines, rules, regulations, notifications or otherwise including but not limited to the Stock Exchanges/ Reserve Bank of India/Government of India (“Approvals”) and further subject to such terms and modifications as may be prescribed or imposed while granting such Approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall be deemed to include the Compensation Committee of Directors or any other Committee for the time being authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this resolution), consent and approval of the Shareholders of the Company be and is hereby accorded to the Board to extend the benefits of the said ESOP Scheme 2011 referred to in the resolution under item No.7 above in this Notice to such Directors whether Whole-time Directors or otherwise of TVS Investments Limited, the Holding Company (hereinafter referred to collectively as the “Employees”) not exceeding 5,30,000 (Five Lakh Thirty Thousand only) Equity Stock options convertible into equal number of Equity Shares of the face value of Rs.10/- each (options) constituting about 3% of the paid-up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011 either

directly or through a “Employees Welfare Trust” (hereinafter referred to as “Trust”), on such terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

RESOLVED FURTHER THAT stock options to be granted to Non-Executive Directors of TVS Investments Limited, the Holding Company (including Independent Directors and Nominee Directors) pursuant to ESOP Scheme 2011 shall not exceed 5,30,000 (Five Lakh Thirty Thousand only) options in any one financial year and 5,30,000 (Five Lakh Thirty Thousand only) options in aggregate.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members”.

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, (“Guidelines”) as amended from time to time and subject to all requisite approvals, consents, permissions and sanctions of appropriate authorities and institutions as may be required under any statutory provisions, guidelines, rules, regulations, notifications or otherwise including but not limited to the Stock Exchanges/ Reserve Bank of India/Government of India (“Approvals”) and further subject to such terms and modifications as may be prescribed or imposed while granting such Approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall be deemed to include the Compensation Committee of Directors or any other Committee for the time being authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this resolution), consent and approval of the Shareholders of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches such number of stock options which may be equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options during any one year, to permanent employees whether working in India or out of India and Directors whether Whole-time Directors or otherwise of the Company or

## Notice to the Shareholders (Contd.)

Directors of TVS Investments Limited, the Holding Company, under the "Employees Stock Option Scheme 2011"(ESOP Scheme 2011), on such terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time".

### By Order of the Board

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

23<sup>rd</sup> July, 2011

**A R Gowri**  
Company Secretary

### NOTES

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members as the case may be of the Company. The instrument appointing the Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notorially certified copy of that Power of Attorney or other 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 relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special businesses 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 Friday, 16<sup>th</sup> September, 2011 to Wednesday, 21<sup>st</sup> September, 2011, both days inclusive.

4. In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of 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(s) to the Company by surrendering the unencashed warrants immediately.

5. Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding and trading.

6. Members holding shares in physical form are requested to notify immediately any change in their address/e-mail address to the Company/its Share Transfer Agents. Members holding shares in electronic form are requested to advice change of address/e-mail address to their Depository Participants.

7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.

8. Members are requested to sign at the space provided on the attendance slip and hand over the same at the entrance of the meeting hall.

### Green Initiative in Corporate Governance

9. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to serve documents on its shareholders through electronic mode. Members are requested to support this green initiative by registering /updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with the Company / its Share Transfer Agents.

Members are also entitled to receive copies of the annual reports / documents free of cost, upon receipt of a requisition at any time.

10. 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, nature of their expertise in specific functional areas, their other Directorships and Committee Memberships, (only Audit Committee and Shareholders' / Investors' Grievance Committee) their shareholding in the Company and relationships between Directors inter-se are given below:

### MR. S. R. VIJAYAKAR

Born on 17<sup>th</sup> 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) from 1967 to 1978 and its Managing Director from 1978 to 1981. He later became the Chairman & Managing Director of ECIL (1981-1984). He was later posted as Secretary to Government of India, Department of Electronics, (1984-1986) from where he retired on 31<sup>st</sup> December, 1986. Post retirement, he was appointed as Chairman of Maharashtra Electronics Corporation (MELTRON) from 1987 to 1993. Mr. Vijayakar was deputed by the Government of India under Brush-ABOE Commonwealth Scholarship for two 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.

Mr. Vijayakar does not hold any Shares in the Company. He is not related to any other Director of the Company. Details of Mr. Vijayakar's other Directorships and Memberships

## Notice to the Shareholders (Contd.)

/ Chairmanships of Committees are given below:

S. No.	Name of the Company	Position Held	Committee Memberships/ Chairmanships
1.	SPEL Semiconductor Limited	Director	-
2.	Surana Ventures Limited	Director	Member - Audit Committee

### DR. SRIDHAR MITTA

Born on 10<sup>th</sup> January, 1946, Dr. Sridhar Mitta is an internationally recognized expert in the management of Research and Development in Information Technology.

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

Dr. Mitta is also the Founder of e4e Inc, (Santa Clara, CA). Dr. Mitta was involved with Wipro Limited since its inception in 1980 and played key role in Wipro achieving technology leadership. As Chief Technology Officer and President of Wipro's Global R&D, he spearheaded strategies which transformed the captive R&D unit into a growing and profitable business. He pioneered global delivery of outsourced product development services to technology companies like Intel, Cisco Systems, Tandem Computers etc. Wipro became the highest valued company in India during his tenure. Dr. Mitta was also the Founder and CEO of EnThink Inc. (Santa Clara, CA), an Intellectual Property design and licensing start-up. He began his career with Electronics Corporation of India, Ltd.

Dr. Mitta was President of 'The IndUs Entrepreneurs (TiE)', Bangalore Chapter for over four years and was elected to Board of Trustees of TiE Global.

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

Dr. Sridhar Mitta holds 20,000 Equity Shares in the Company. He is not related to any other Director of the Company.

Details of Dr. Mitta's other Directorships and Memberships / Chairmanships of Committees are given below:

S. No.	Name of the Company	Position Held	Committee Memberships/ Chairmanships
1.	TVS-E Servicetec Limited	Director	Chairman - Audit Committee
2.	TVS Capital Funds Limited	Director	-
3.	Harita Techserv Limited	Director	Member - Audit Committee
4.	NextWealth Entrepreneurs Private Limited	Director	-
5.	KBC Research Foundation Private Limited	Director	-
6.	Clintics Solutions India Private Limited	Director	-
7.	Jamcracker Software Technologies Private Limited	Director	-

### MR. BALU DORAISAMY

Born on 25<sup>th</sup> April, 1956, Mr. Balu Doraisamy holds a post graduate degree in Computer Science and a master's degree in Mathematics.

Mr. Balu Doraisamy retired as Managing Director and Senior Vice President of Hewlett-Packard (HP) Asia-Pacific & Japan (APJ) in end 2010, after 25 years of service with HP. He was responsible for driving overall revenue and profitable growth in the Region and also led the Enterprise Business which encompasses Global Accounts, Enterprise Servers, Storage, Network, Software, and Services. He was responsible for the integration of EDS and 3Com with HP in the Region. During his time, HP achieved about 18% of its global business in the APJ region, with best in class performance in several countries.

Mr. Balu's 30 years of IT experience span the global market (including merger and acquisitions of HP, Compaq and Digital). As Managing Director of HP India, he drove key improvement programs that accelerated growth and delivered outstanding customer satisfaction, profitable growth and strong financial performance for HP in India. HP was named the #1 multinational IT Company in India for five consecutive years. During his time as Managing Director in India, HP clinched several complex projects and executed them well to help transform several well known organizations.

Prior to his role in HP India, Mr. Balu was based in Singapore for nine years where he managed the APJ Region's Enterprise and Global Accounts business for Digital and Compaq.

Mr. Balu's specialty includes the application of technology to the benefits of businesses and transformation across multiple industries. He has developed significant insight in growing Small and Medium Enterprises and the Consumer market in several countries within the APJ Region. He has also developed and executed several vital growth plans across the Region and has been intimately involved in developing Enterprise Customers, Partners and Consumers. He is also on the Board of MphasiS Limited.

Mr. Balu does not hold any shares in the Company. He is not related to any other Director of the Company.

Details of Mr. Balu's other Directorships and Memberships/Chairmanships of Committees are given below:

S. No.	Name of the Company	Position Held	Committee Memberships/ Chairmanships
1.	MphasiS Limited	Director	-

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

The following explanatory statement sets out all material facts relating to special businesses mentioned in the accompanying Notice dated 23<sup>rd</sup> July, 2011 and shall be taken as forming part of the Notice.

#### Item No.5

Mr. Balu Doraisamy was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 27<sup>th</sup> May, 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Balu Doraisamy holds office only upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member, along with a deposit of Rs. 500/- signifying his intension to propose the appointment of Mr. Balu Doraisamy as a Director of the Company.

## Notice to the Shareholders (Contd.)

The resolution proposing Mr. Balu Doraisamy's appointment as a Director is submitted to the meeting for consideration.

The appointment of Mr. Balu Doraisamy is considered very valuable to the Company given his wide and rich experience. The Directors recommend the said resolution to be approved as an ordinary resolution by the shareholders.

None of the Directors, except Mr. Balu Doraisamy, is deemed to be concerned or interested in the resolution.

### Item No.6

As part of its growth initiatives, the Company in addition to its existing product portfolio of Transaction Automation products for various enterprise groups, also proposes to build solution and services capabilities, for providing enterprise solutions and managed services to customers in sectors like Banking, Financial Services, Retail, Hospitality, Health Care, etc.,

The Company is engaged with strategic advisors in its growth initiatives as outlined above. Tranzmute Capital & Management Private Limited engaged as a strategic advisor by the Company, wishes to invest in the Equity Share Capital of the Company through its associate Tranzmute Business Advisory LLP, Mumbai (Tranzmute). It is therefore proposed to offer on preferential basis, not exceeding 3,50,000 Warrants with option to exercise the right to be allotted one Equity Share for every one Warrant held to Tranzmute.

As required under the SEBI Regulations, the following disclosures are made to the Shareholders.

#### a) Object of the Issue

To reflect the commitment of the strategic advisor to the business development and growth of the Company.

#### b) Pricing of the Issue

It is proposed to offer One Equity Share in exchange for One Warrant at a 'Price', not less than the higher of the following in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the six months preceding the Relevant Date; or
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the Relevant Date

The Relevant date for this purpose shall be the date thirty days prior to the date of the Annual General Meeting i.e. 22<sup>nd</sup> August, 2011, being the date arrived at based on applicable SEBI Regulations.

In accordance with the SEBI Regulations, determination of Price will be based on the price data of the Stock Exchange in which trading was the highest during the six months prior to the Relevant Date.

#### c) Proposal of the promoters / Directors / key management personnel to subscribe to the preferential offer

None of the promoters/Directors/key management personnel propose to subscribe to the preferential offer.

The issue is to be subscribed by Tranzmute.

#### d) Shareholding Pattern before and after the preferential issue

The shareholding pattern before and after the preferential issue would

be as under:

S. No.	Category	Before Issue (As on 23 <sup>rd</sup> July, 2011)		Post Issue (Assuming full exercise of options against warrants)	
		No. of Shares	% to total	No. of Shares	% to total
1.	Promoters	1,05,53,449	59.72	1,05,53,449	58.56 %
2.	Public	71,19,369	40.28	71,19,369	39.50 %
3.	Strategic Advisor (part of public)	0	0	3,50,000	1.94 %
	<b>Total</b>	<b>1,76,72,818</b>	<b>100.00</b>	<b>1,80,22,818</b>	<b>100.00</b>

#### e) Proposed time within which the allotment would be completed

Allotment is to be completed within a period of 15 days from the date of passing of the resolution by the Shareholders. In case the allotment is pending on account of pendency of any approval by any regulatory authority, the allotment is to be completed within a period of 15 days from the date of such approval.

An amount equivalent to at least twenty five percent of the consideration is to be paid against each Warrant on the date of allotment of the Warrants. The balance consideration is required to be paid at the time of allotment of Equity Shares pursuant to exercise of option against each Warrant by the Warrant holder.

The tenure of the Warrants shall not exceed eighteen months from the date of allotment.

#### f) The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them

a)	Identity of the Allottee	Tranzmute Business Advisory LLP, Mumbai
b)	% of the post preferential capital that may be held by them	1.94% (Assuming full exercise of options against warrants)

There will not be any change in control consequent to the preferential issue.

#### g) Lock-in

The warrants allotted on preferential basis and the Equity Shares allotted pursuant to exercise of options against warrants issued on preferential basis shall be locked-in for a period of one year from the date of their allotment.

#### h) Certificate of the Statutory Auditors

A copy of the Certificate from M/s. Sundaram & Srinivasan, Chartered Accountants, Statutory Auditors of the Company, will be placed before the Annual General Meeting of the Shareholders considering the proposed preferential issue, certifying that the issue is being made in accordance with the requirements of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The Directors recommend the said resolution to be approved as a special resolution by the shareholders.

None of the Directors is deemed to be concerned or interested in the resolution.

The resolution is submitted to the meeting for approval.

## Notice to the Shareholders (Contd.)

### Item Nos.7, 8 and 9

As part of its growth initiatives, the Company, in addition to its existing product portfolio of Transaction Automation products for various enterprise groups, also proposes to build solution and services capabilities, for providing enterprise solutions and managed services to customers in sectors like Banking, Financial Services, Retail, Hospitality, Health Care, etc.,

Recognising the changing mix and greater emphasis on services and solutions even from small and medium enterprises the Company has embarked on a transformation process.

Recognising the fact that human resources are key to the growth of the Company, it is proposed to institute an Employees Stock Option Scheme (ESOP Scheme 2011) for grant of Equity Stock options convertible to equal number of Equity Shares of Rs.10/- each of the Company (options), not exceeding in aggregate 17,65,000 options constituting about 10% of the paid up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011 to:

- (i) Employees including Directors (whether whole time or not) of the Company - not exceeding 12,35,000 options constituting about 7% of the paid up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011; and
- (ii) Director(s) of the Company's Holding Company, namely TVS Investments Limited - not exceeding 5,30,000 options constituting about 3% of the paid up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011.

The Salient features of the ESOP Scheme 2011 are as follows:

#### (i) Total Number of options to be granted

The total number of options to be granted under ESOP Scheme 2011 shall not exceed 10% of the paid up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011. i.e., 17,65,000 (Seventeen Lakh Sixty Five Thousand only) Equity Shares of face value of Rs.10/- each.

#### (ii) Identification of the Classes of Employees entitled to participate in the ESOP Scheme 2011

Employees eligible to participate in the ESOP Scheme 2011 include the Employees and Directors of the Company and Directors of TVS Investments Limited, the Holding Company, as may be decided by the Compensation Committee from time to time.

However, under the prevailing Guidelines, employees who are either Promoters or belonging to the Promoter Group of the Company or Directors who hold (either by themselves or through their relatives or through any body corporate) directly or indirectly more than 10% of the outstanding Equity Shares of the Company will not be eligible to participate in ESOP Scheme 2011.

Identification of Employees eligible to participate in the ESOP Scheme 2011 and grant of options to identified employees will be based on such parameters as may be decided by the Compensation Committee in its discretion from time to time.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or

otherwise alienated in any manner.

#### (iii) Grant of options

The Compensation Committee may, on such dates as it shall determine, grant to such eligible Employees / Directors as it may in its absolute discretion deem fit options of the Company on the terms and conditions as it may decide.

#### (iv) Requirements of Vesting, period of Vesting and maximum period of vesting

The Compensation Committee shall formulate the requirements of vesting. The vesting period may vary from allottee to allottee based on various attending circumstances and shall be at the exclusive discretion of the Compensation Committee, but shall never be less than the minimum vesting period as stipulated if any under the provisions of any attending statutory enactments.

The maximum vesting period of options shall not be more than 10 years. In the event of death of an Employee while in employment, all the options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee, and in the event of permanent incapacity while in employment, all the options granted to him as on the date of permanent incapacitation shall vest in him on that date.

#### (v) Exercise Price or Pricing Formula

The exercise price for the purpose of grant of stock options will be decided by the Compensation Committee, provided that the exercise price per option shall not be less than the par value of the Equity Share of the Company.

#### (vi) Exercise Period and the Process of Exercise

The options granted under ESOP Scheme 2011 shall be exercisable at such times and under such circumstances as determined by the Compensation Committee from time to time. The options shall be deemed to have been exercised when an Employee makes an application in writing to the Company for the issuance of Equity Shares against the options vested in him.

#### (vii) Appraisal Process for determining the eligibility of employees to options

The appraisal process for determining the Employees to whom the options shall be granted, shall be based upon the performance of the Employees as indicated by the periodic performance appraisal, minimum period of service, and the present and potential contribution of the Employees to the success of the Company and other factors deemed relevant by the Compensation Committee.

In the case of Directors, the eligibility would depend on such factors as the Compensation Committee may think appropriate. The Compensation Committee at its discretion may extend the benefits of ESOP Scheme 2011 to new entrants also.

#### (viii) Maximum Number of options to be issued per employee and in aggregate

The maximum number of options to be granted to an Employee/Director shall not exceed 5,30,000 (Five Lakh Thirty Thousand only). The

## Notice to the Shareholders (Contd.)

aggregate of all such issued shares shall not exceed 10% of the paid up Equity Share capital of the Company as on 31<sup>st</sup> March, 2011

### (ix) Accounting Policies and Disclosures

The Company will conform to the accounting policies prescribed under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and other regulatory authorities from time to time.

### (x) Method to be used to determine the value of the options

The Company may use intrinsic value method or fair value method to value its options.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As per the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines,

1999, approval of Shareholders by way of separate special resolutions are required to be obtained in case of grant of options to employees of the Holding Company and for grant of options equal to or exceeding 1% of the issued capital of the Company at the time of grant of options during any one year to identified employees.

Accordingly, resolutions at item nos. 7, 8 & 9 are submitted to the meeting for approval.

The Directors recommend the said resolutions to be approved as special resolutions by the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the resolution, to the extent of the options that may be offered to them under ESOP Scheme 2011.

**By Order of the Board**

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

23<sup>rd</sup> July, 2011

**A R Gowri**  
**Company Secretary**

## Directors' Report to the Shareholders

### TO THE MEMBERS,

The Directors hereby present their sixteenth annual report on the business and operations of the Company and the financial accounts for the year ended 31<sup>st</sup> March, 2011.

### Financial Results

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

Particulars	₹ in Lakhs	
	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
Sales and other income	18,301	19,447
Earnings Before Interest & Tax (EBIT)	668	292
Profit/ (Loss) Before Tax (PBT) before extraordinary items	151	(429)
Exceptional items	(87)	(75)
Profit / (Loss) Before Tax	64	(504)
Tax Expense	(90)	(18)
Profit / (Loss) after Tax (PAT)	154	(486)
Add : Profit Brought forward from previous year	435	778
Add (Less): Tax relating to earlier years	-	143
Total available for appropriations	589	435
Surplus Profit Carried forward	589	435

### Business results and key highlights of operations

For the year ended 31<sup>st</sup> March, 2011, the Company reported Sales Revenues and Other Income of Rs.183 Cr as against Rs.194 Cr in the previous year.

The overall Dot Matrix Printer (DMP) market was flat but recovered in the second half of the year both in terms of volume and value. Within the DMP category, the small format printer has picked up additional volume due to growth in Retail applications. The lower revenue was primarily due to postponement of purchases in the Banking, Insurance and Government segments. In an effort to build better value mix and avoid negative options, the Company consciously stayed away from certain contracts. However, there was significant growth in the Point of Sale and Transaction products. The Company also rationalized some low value products like membrane keyboards thereby improving the overall product margins.

Due to sustained focus on cost and cash management exercise, the Earnings before Interest and Tax (EBIT) for the year improved significantly to Rs.6.68 Cr as against Rs.2.92 Cr in previous year and PAT improved to Rs.1.54 Cr against (-) Rs.4.86 Cr in the previous year. The Company has in the last two years significantly improved its presence in the "Point of Sale and Transaction Management Products" business consisting of Receipt and Invoice Printers, Label Printers, Bar Code Scanners, POS systems & terminals (Cash Registers), Key Board and accessories. Significant growth has been seen (65%) as compared to previous year in this category. The Company continues to focus on customer needs by continuous and extensive engagement with them. Cadence of new products launch is an integral part of our growth strategy. Towards this, the Company has over the last two years strengthened its technology partnership with key global majors to get best in class and cutting edge products for Indian customers.

The Company has over the years built internal capability for extensive customization and standardization of the products to suit diverse and demanding Indian conditions. The Company has also built robust

Service and Support infrastructure as a key differentiator for driving growth. The Company is positioning itself as a 'one stop shop' for its customers offering end to end Products & Solutions and Support in the domain of Point of Sale and Transaction.

From the overall operational excellence perspective, the Company continues to drive aggressively the Total Quality and Cost Management initiatives with lean manufacturing principles to reduce variable and fixed costs continuously.

The Company sustained its aggressive focus on "Cash" and reducing working capital by effective receivables and inventory management actions. This Company - wide initiative helped to improve the operating cash flow very significantly in the year under review.

On Point of Sale and Transaction Management products and solutions, the Company has evolved more direct customer engagement to grow its business. The Company has also extended its presence covering larger and growing territories across India.

### MANAGEMENT DISCUSSION AND ANALYSIS

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

#### A. The Industry and Trends

##### Macro Economic Environment

Broad based growth in 2010-11 has put the economy back in its track. Fiscal consolidation has been impressive. Dynamism in the rural economy due to scaled up flow of resources to rural areas is a positive driver. This will present unprecedented opportunities in the areas of infrastructure, education, financial services, FMCG, Auto and IT. However, in the near term the combined impact of high inflation, rising commodity prices, current account deficit, political uncertainties and volatile flow of FII funds is bound to decelerate growth. Liquidity is likely to be severely affected with tight monetary policy combined with increase in interest rates.

Significant allocation in the infrastructure budget in 2011-12 will drive further growth. Government initiative on Rural Broadband connectivity to all Panchayats in the country will also drive IT penetration. Increased allocation to education and banking facilities to all inhabitants are some positive drivers. Direct Taxes Code (DTC) is proposed to be effective from 1<sup>st</sup> April, 2012. Though uncertainty prevails on the exact date of implementation, it is expected that Goods & Services Tax (GST) is likely to be introduced in 2012 which will be a big game changer from a fiscal as well as an economic standpoint. GST will buoy up tax revenues by reducing compliance costs as well as reducing scope for tax evasion.

For improving Governance, under the UID mission and Aadhaar program, the Government has taken up several IT initiatives for efficient administration of reforms. This includes projects like e-filing, e-payment of taxes and efficient Public Distribution System. Many projects have been actioned by the States/ Union Territories for computerization of commercial taxes.

##### Industry Outlook

The overall PC sales (Desktop + Notebook) in the first half of 2010-11 clocked a growth of 59% as compared with the same period last year. Improved economic scenario coupled with the growth of smaller cities are the key drivers for the growth. Quarterly sales of Notebooks

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

(including Netbooks) crossed the 1 million sales mark for the first time in July - September 2010. The printer market has also rebounded driven by growth across categories of printers – DMP, Ink Jet Printers (IJP) and the Laser Jet Printers (LJP). However, in the household segment, the declining PC to printer connect ratio continues to be a trend. The Reseller sentiments are quite buoyant and many believe that certain efforts by the stakeholders could ensure higher growth in the IT market in India. Also, there is a greater level of penetration of PC into small cities fuelling growth. In addition to this, there is abundant untapped potential existing in small and medium establishments.

### Some key trends

- a. At household level: The market for PC in household sector is at 46%. The key drivers being growing education, e-Commerce and internet banking transactions and information on products.
- b. At individual level: Education continues to be the dominant driver, with entertainment closing the gap.
- c. At institutional level: Increasing levels of service requirements, governance and efficiency are driving PC demand.
- d. At retail level: There has been an explosion of modern retailing. In Metro cities, contribution by modern retail format is estimated to be 28% and it is growing at a rapid pace. Organized retail is expected to grow at 35-40% CAGR.
- e. At business level: Increase in PC penetration in business establishments continues at a healthy rate. Corporate growth is driven by growth in Small Medium Enterprises / Businesses, computerization of various business processes and statutory requirement like taxation, etc., driving PC growth.

It is expected that the Point of Sale and Transaction management (POS & T) products will grow at a healthy rate driven by high investments in retail automation and expansion of core banking solutions by all the major banks. Government expenditure in 2011-12 is expected to be higher than 2010-11. No slow down is expected in IT spending by Government in e-Governance Initiatives, Public Sector Undertakings and Banking Financial Services & Insurance and Retail segments.

Stability in policy frame-work both at the centre and the states is critical for sustenance and growth of business. Though overall sentiment for IT Hardware business remains sluggish, sectors like Retail, Hospitality, Manufacturing, Logistics & Transportation, Health Care, Banking Financial Services & Insurance and e-Governance & Education are expected to accelerate their IT spends given their focus to increase their products and services penetration into Heart of India. Small format or Mini printers (less than 10") with other peripherals for POS are likely to play a key role in this growth phase.

Growth of retail and increased IT spend by the industry offers opportunity for the Company in the POS product category and solutions space in Banking and e-Governance areas. There are more than 15 million unorganized shops and establishments in the country that need digitization. Consistent with the Company's theme of 'Taking IT to the Heart of India' the Company believes that customers prefer products that operate in humid and dusty environment with lowest cost of ownership and yet provide ease of operation and capability in Indian languages. With an enviable market reach as an

advantage, the Company has introduced "Indi POS" range of products with the theme "The touchpoint of India" that not only meet the needs of customers but also provide cost effective support.

### B. Business Risks & Opportunities

Economic growth of India and the attendant expansion of domestic demand and consumption is leading to an explosive need for solutions for capturing data, authenticating it, processing and disseminating information. In every segment of the economy the above need is increasingly becoming critical for success of businesses. The banking sector with its financial inclusion objective, organized retail with a need to penetrate more markets, logistics and supply chain wanting to efficiently reach more products and many other businesses with similar objectives are keen to increase automation right from the point of capture of data. Consequently, demand for many types of digital devices along with solutions and services is expected to dramatically expand.

Recognising the changing mix and greater emphasis on services and solutions even from small and medium enterprises, the Company has embarked on a transformation process and is building solution and service capabilities, for providing enterprise solutions and managed services to customers in sectors like Banking, Financial Services, Retail, Hospitality and Healthcare.

At the same time, the Company's classic DMP product range is expected to undergo significant change in its application especially with emphasis on low cost printing solutions for an expanding range of businesses. The Company's strategy going forth is to capture revenue and margins through the entire life cycle of devices for data capture and information dissemination.

- The key imperatives of the Company during 2011-12 will be to sustain the current revenue streams, build strategic framework to go beyond product with engagement in data capture, processing and dissemination activities for value enhancement to customers across segments and products, continue focus on cost and renew engagement in Human Resources Development for retaining and refreshing key leadership talents in the journey towards growth.
- Going forward, the Company's key focus area will be to provide significant value addition to customers across the value chain and beyond product for their business success. Towards this, each of the customer segments, such as Retail, Hospitality, Manufacturing & Logistics, Healthcare, Banking, Finance Services & Insurance and e-Governance & Education, will be addressed comprehensively. The Company will expand beyond its current reach in India and will cover end consumers, National System Integrators (NSIs), System Integrators (SIs) and Channel Partners comprehensively. The Company will also cover key influencers, like consultants, software solution partners in a structured way for their share of mind and proactive referrals.
- POS&T domain has high potential to grow with large stakes and investments taking place in the Indian IT landscape as explained earlier. The Company is making appropriate investments in high quality products and service capabilities to exploit these growing opportunities. The Company has entered into strategic relationships with core technology leaders in Japan, Taiwan and Korea to offer cutting edge products covering POS printing,

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

automatic identification devices (bar coding), POS Terminals, Systems etc. The Company's "Indi POS" range of products is being expanded to provide one stop shop for meeting Retail IT needs of all small format shops and establishments.

- To sustain and lengthen the life of the DMP category, the Company delivers value to its customers in this segment by offering continuous improvements to the products. Quality and Cost improvement programs are in place to build robust and customer friendly products.
- To drive demand generation for the Company's products through effective engagement with its Channel partners, the Company has focused on its "Sanskriti" program enabling the Company to connect and communicate with partners effectively. Significant training and engagement programs are being carried out for overall awareness and effective throughput of sales across counters.

### C. Internal Control Systems and Risk Management

The Company has robust and adequate internal control systems to ensure that all the assets of the Company are safe-guarded and protected against any loss and all the transactions are properly authorized, recorded and reported. The key processes are aligned with ISO9001:2008 system and audited periodically for compliance.

The Company has appointed M/s. V Sankar Aiyar & Co., Chartered Accountants, Chennai as its internal auditors. The Audit Committee of the Board reviews the findings and recommendations of the internal auditors periodically. The Company follows the policy of fully hedging forex risk on its imports by taking full cover. The Risk management frame work covering business, operational and financial risks is being continuously reviewed.

### D. Business Planning and Information Technology

The Company leverages its IT investment to drive robust business planning processes. The Company benefits from the SAP system especially with shortened planning cycles helping the Company to align to the requirements of market and customers.

### E. Human Resource Development

Performance and Leadership are the cornerstones for HR in the organization. As on 31<sup>st</sup> March, 2011, the Company had 205 employees. Significant investment is made on employees through extensive training and development programs. Good amount of resources have been invested to drive and embrace Change Management processes across the organization to create performance and growth focus. The overall performance management processes supported by the Company's talent management programs now cover the entire organization and are constantly being reviewed for their effectiveness. The Company has invested in IT infrastructure covering HR processes with significant benefits thereof. Induction of fresh talent from recognised Universities and Colleges at various levels remains an important theme. Training inputs include periodic interaction with domain experts particularly in the areas of Total Quality Management. The Company focuses on attracting the best talent and blends successfully the mid-career recruitment with internally grown talents. A reward and recognition system is in place to motivate and provide fast track growth for high potential employees.

### F. Safety

Safety of products to customers and safe manufacturing practices are both critical parts of the Company's value system. Training and audits are conducted frequently during the year. The Company maintains consistent track record in terms of zero reportable accidents in the factories for several years now.

### G. Corporate Social Responsibility

The Company continues to be actively engaged in corporate social responsibility (CSR) initiatives for development of the society through partnerships particularly to improve the lesser privileged communities. The Company has identified the following five major areas of concern around which the Team CSR operates: (1) Health and Hygiene (2) Education (3) Livelihood issues (4) Women's empowerment and (5) Culture and Heritage.

Some of the specific CSR programs carried out during the year were

#### 1. Health and Hygiene

Preventive health camps and cataract operations in Tumkur Region, Karnataka, hand washing hygiene awareness programs, blood donation camps and working with Self Help Groups to support production and distribution of sanitary napkins on a pilot basis in 150 districts across the country.

#### 2. Education

Science experiments in Schools, supporting language lab and conducting of adult literacy classes in Chennai.

#### 3. Livelihood generation and women's empowerment

Training in napkin production and solid waste management to women in and around Tiruvidenthai, Tamilnadu.

#### 4. Culture and Heritage

Contribution towards renovation of dilapidated temples.

The employees of the Company have also been actively engaged in CS activities like blood donation camps and Joy of Giving programme.

### Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in Government regulations, tax laws and other statutes and incidental factors.

### Awards and Recognitions

During the year, the Company has been awarded:

- NCN Award for Best POS Solution 2010
- VAR India Award for Best Key Board (Mechanical) 2010
- VAR India Award for Best POS – Indian Brand 2010

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

### Subsidiary Companies

The Company has two subsidiaries viz. Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai.

The subsidiaries continue to explore opportunities for development of their business.

### Consolidated Accounts

The accounts of the subsidiaries are consolidated with the accounts of the Company in accordance with Accounting Standard 21 (AS 21) prescribed by The Institute of Chartered Accountants of India. The consolidated accounts duly audited by the Statutory Auditors form part of the Annual Report.

In accordance with the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 in February, 2011, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the subsidiary companies are not attached to the Balance Sheet of the Company.

The Annual Accounts of the subsidiary companies and related detailed information will be available for inspection by the Shareholders at the Registered Offices of the Company and its subsidiaries concerned and will also be made available to the Shareholders upon request.

### Dividend

Considering the current financial position of the Company, the Directors regret their inability to recommend any dividend for the financial year ended 31<sup>st</sup> March, 2011.

### Directors

Mr. Kenneth Tai was appointed as an Additional Director on 29<sup>th</sup> July, 2010. The Shareholders have approved his appointment as a Director at the Fifteenth Annual General Meeting held on 6<sup>th</sup> September, 2010.

At the Board meeting held on 24<sup>th</sup> April, 2010 Mr. S S Raman, Whole time Director, was appointed as Managing Director of the Company from 1<sup>st</sup> April, 2010 to 30<sup>th</sup> April, 2012. The Shareholders have approved his appointment as Managing Director at the Fifteenth Annual General Meeting held on 6<sup>th</sup> September, 2010.

Mr. Balu Doraisamy has been appointed as Additional Director on 27<sup>th</sup> May, 2011. In accordance with the provisions of Section 260 of the Companies Act, 1956, he will hold office up to the date of the ensuing Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature for the office of Director.

Mr. S R Vijayakar and Dr. Sridhar Mitta, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Necessary resolutions are being placed before the members for approval.

### Auditors

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (Registration No.004207S) 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, 2,10,000 options have lapsed. 1,000 stock options are still in force as on 31<sup>st</sup> March, 2011. These options were issued at the rate of Rs.70 per share and entitle the holder thereof to apply for and be allotted one equity share of the Company of the nominal value of Rs.10/- each on payment of the exercise price during the exercise period. No fresh ESOP options have been issued during the financial year ended 31<sup>st</sup> March, 2011.

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.

### Personnel

There were no employees covered by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended vide Notification No. GSR 289(E) dated 31<sup>st</sup> March, 2011.

### E-Waste Management

The Company continues its initiatives in E-Waste management for safe recycling of waste generated in manufacturing and to address the E-Waste on end to end basis.

### 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 Section 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 "B" to the Directors' Report.

### Corporate Governance

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

A Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this Report.

### Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31<sup>st</sup> March, 2011.

### Directors' Responsibility Statement

As required by Section 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



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

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year (namely 31<sup>st</sup> March, 2011) and of the profit 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 the 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 for the year ended 31<sup>st</sup> March, 2011 on a "going concern" basis.

### ACKNOWLEDGEMENT

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

The Directors would also like to express their grateful appreciation for

the assistance and co-operation received from the Customers, Dealer Partners, Business Partners, Bankers and its Holding Companies TVS Investments Limited, Sundaram-Clayton Limited and T.V.Sundram Iyengar & Sons Limited.

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

**For and on behalf of the Board**

Chennai  
27<sup>th</sup> May, 2011

**Gopal Srinivasan**  
Chairman

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

### Annexure "A" to Directors' Report

Statement is as at 31<sup>st</sup> March, 2011 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 of India Limited three months preceding the date of grant, rounded off to the nearest rupee.
c)	Options Vested	2,11,000
d)	Options Exercised	Nil
e)	The total no. of ordinary shares arising as a result of exercise of options	Nil
f)	Options lapsed	2,10,000
g)	Variation of terms of options	Nil
h)	Money realized by exercise of options	Nil
l)	Total no. of options in force	1,000
j)	(i) Details of options granted to Senior Managerial Personnel during the year	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant.	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the International Accounting Standard (IAS 33)	Not Applicable

For and on behalf of the Board

Chennai  
27<sup>th</sup> May, 2011

Gopal Srinivasan  
Chairman

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

**Annexure "B" to the Directors' Report for the year ended 31<sup>st</sup> March, 2011**

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

**A. CONSERVATION OF ENERGY**

**(a) Measures taken**

- i. Eco print feature to save 30% paper in printing.
- ii. Adaptation and Migration of low power devices on all product platforms – 2 out of 5 products redesigned, Major products on MSP platform complemented. Implementation expected from July, 2011 onwards.
- iii. ROHS Concept completed for 24 wire, MLC Module – 100% migrated to ROHS.

**(b) Proposed measures**

- i. Redesign of the product for latest Energy star standard.
- ii. Redesign of remaining 3 MSP products for low power devices in progress.

**B. TECHNOLOGY ABSORPTION**

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

**(a) IT Peripherals**

- i. Bharat Keyboard Launch - Rupee keyboard Launch with new "TVSE Keyboard layout" software in OS.
- ii. Energy qualified for all 24 Wire Models.
- iii. Alpha and Beta completed for Energy efficiency products in MSP 9 Wire.
- iv. Concept development of Electronic Cash Register – LCD display module, keypad completed; thermal mechanism under progress.
- v. Rupee enabled printers and cash registers launched.
- vi. New Scanners – 3 models and 1 label Printer and 1 Touch POS launched.
- vii. Launch of 40 Col. Retail transaction printer with Roll Paper Skew correction.
- viii. Development of Biometric Enrolment Kit for UIDAI application.
- ix. Concept development of Multi function Key board with Magnetic-stripe-reader (MSR) with reduced foot print.

**(b) Customization projects**

- i. Release of Pro X900 series printer for Railways PRS ticketing application
- ii. Release of High Speed printer for Railways UTS ticketing application
- iii. Customization of 40 Col. Printer For Dairy segment
- iv. KOT enabled cash register.

**2. Future plan of action**

The Company will be launching new products which will add

value to the customers in terms of speed of printing, higher reliability, low power consumption etc.

**3. Expenditure on R&D**

₹ in Lakhs

Particulars	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
Capital Expenditure	0.83	1.02
Revenue Expenditure	136.70	202.90
Total	137.53	203.92

Total expenditure as a percentage of total turnover = 0.8%(1.1%)

**4. Technology absorption, adaptation and innovation**

**a) Efforts in brief**

- i. Key research employees and new joiners have been trained in paper transportation for DMP system, Thermal technology, Electronic Cash Registers, Plastics part designing and ROHS compliance, Power consumption.
- ii. All R&D Personnel have been trained in Six Sigma Green belt program, New Product Introduction (NPI) program and Analysis tools.

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

- i. Readiness for ROHS compliant product in 24 Wire Models.
- ii. Readiness of Low Power consumption printers, qualify for both BEE and Energy Star.

**c) Technology absorption**

In addition to the DMP, the Company has added POS products like Thermal printers, Bar code scanners, Pole display, Electronic cash register, MSR Key Board, etc. as a focus category for product development in the retail segment with migrating from ASIC chips to own IP related areas. The Company will design and develop products with higher standards to compete in the international market. This will encompass developing of innovative products to reduce the power consumption, meet customer needs, meeting all the International standards at an affordable cost to the end customer.

**C FOREIGN EXCHANGE EARNINGS AND OUTGO**

**a) Export Activities - Nil**

**b) Total Foreign Exchange used and earned**

₹ in Lakhs

Particulars	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
(a) Total Forex Used (FOB)	4327.42	4880.88
(b) Total Forex earned (FOB)	-	57.76

For and on behalf of the Board

Chennai  
27<sup>th</sup> May, 2011

Gopal Srinivasan  
Chairman

## Report on Corporate Governance

(As required by Clause 49 of the Listing Agreements with the Stock Exchanges)

### Company's Philosophy on Corporate Governance

The Company truly believes in independence, responsibility, transparency, professionalism, accountability and ethical practices, which are the basic tenets of corporate governance. TVS Electronics Limited (TVSE) has always focused on corporate governance as a means to achieve optimum performance at all levels and maximize stakeholders' value through disciplined and sustained growth and value creation.

The Company has adopted a Code of Business Conduct and Ethics for its Directors (including its Non-Executive Directors) and senior management personnel. The Code is available on the Company's website. The Company has also adopted a Code of Conduct for Prevention of Insider Trading as also a Code of Corporate Disclosure Practices.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

### A. MANDATORY REQUIREMENTS

#### 1. Board of Directors

As on date, the Company has Ten Directors with a Non-Executive Chairman. Of the Ten Directors, Nine (90%) are Non-Executive Directors and Seven (70%) are Independent Directors.

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

During the financial year 2010 -11 four Board Meetings were held. The gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

24<sup>th</sup> April, 2010, 29<sup>th</sup> July, 2010, 25<sup>th</sup> October, 2010, and 14<sup>th</sup> February, 2011.

The last Annual General Meeting (AGM) was held on 6<sup>th</sup> September, 2010 and six Directors including the Chairman of the Audit Committee attended the AGM.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below.

None of the Directors is a member in more than 10 Committees and acts as a Chairman in more than 5 Committees across all companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies have been made by the Directors.

Name of the Director	Category	Number of Board Meetings during the year 2010-11		Whether attended last AGM held on 6 <sup>th</sup> September, 2010	Number of other Directorships* and Committee** Memberships / Chairmanships		
		Held	Attended		Last AGM	Other Directorships	Committee Memberships+
Mr. Gopal Srinivasan Chairman	Non-Independent Non-Executive	4	4	Yes	19	2	1
Mr. H Lakshmanan	Non-Independent Non-Executive	4	3	Yes	21	8	5
Mr. S R Vijayakar	Independent Non-Executive	4	4	No	2	1	-
Dr. Sridhar Mitta	Independent Non-Executive	4	4	Yes	7	2	1
Mr. R R Nair	Independent Non-Executive	4	4	No	3	2	1
Mr. R Ramaraj	Independent Non-Executive	4	4	Yes	13	1	-
Mr. S S Raman Managing Director	Non-Independent Executive	4	4	Yes	4	-	-
Mr. D Sundaram	Independent Non-Executive	4	3	Yes	6	3	3
Mr. Kenneth Tai <sup>#</sup>	Independent Non-Executive	3	1	No	8	-	-
Mr. Balu Doraisamy <sup>##</sup>	Independent Non-Executive	NA	NA	NA	1	-	-

## Report on Corporate Governance (Contd.)

\* includes directorship of private limited companies, Section 25 companies, and foreign companies

\*\* only membership of Audit Committee and Shareholders Grievance Committee of other companies have been considered

+ includes Committees where the Director is also Chairman.

# Mr. Kenneth Tai was appointed as an Additional Director at the Board meeting held on 29<sup>th</sup> July, 2010 and as a Director at the Annual General Meeting held on 6<sup>th</sup> September, 2010.

## Mr. Balu Doraisamy has been appointed as an Additional Director at the Board meeting held on 27<sup>th</sup> May, 2011.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

No Director of the Company is related to any other Director of the Company.

The Company ensures that all statutory and significant material information are placed before the Board/Committees of Directors for their approval to enable them to discharge their responsibilities as trustees of the large family of shareholders. During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration. The Board periodically reviews compliance of all laws applicable to the Company.

### Scheduling and selection of Agenda items for Board Meetings

All departments of the Company schedule their work plans in advance, particularly with regard to matters requiring consideration at the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/Committee Meetings.

### Post meeting follow-up mechanism

Important decisions taken at the Board/Committee Meetings are promptly communicated to the concerned departments. Action Taken Reports on decisions/minutes of previous meetings are placed at the succeeding meetings of the Board/Committee for noting.

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

The Company has adopted a Code of Business Conduct and Ethics for Board of Directors and Senior Management personnel viz., all members of management one level below Directors, including all functional heads (Code). The Code has been communicated to all the Directors and members of the senior management. The Code is also available on the Company's website [www.tvs-e.in](http://www.tvs-e.in). All Directors and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2011. The Annual Report contains a declaration to this effect signed by the Managing Director.

## 2. Audit Committee

The Board constituted an Audit Committee on 18<sup>th</sup> August, 2003.

The said Committee is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

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

- i. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending the appointment of and removal of external auditor, fixation of audit fee and approval for payment for any other services.
- iii. Reviewing with the management the annual financial statements before submission to the Board, focussing primarily on:
  - (a) Any change in accounting policies and practices.
  - (b) Major accounting entries based on exercise of judgement by management.
  - (c) Qualifications in draft audit report.
  - (d) Significant adjustments arising out of audit.
  - (e) The going concern assumption.
  - (f) Compliance with Accounting Standards.
  - (g) Compliance with Stock Exchange and legal requirements concerning financial statements.
  - (h) Any related party transaction i.e., transactions of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- iv. Reviewing with the management, External and Internal Auditors the adequacy of internal control systems.
- v. 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.
- vi. Discussion with Internal Auditors any significant findings and follow up thereon.
- vii. 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.
- viii. Discussion with External Auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- ix. Reviewing the Company's financial and risk management policies.
- x. 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.

## Report on Corporate Governance (Contd.)

- xii. To review the quarterly/half-yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- xiii. Authority to investigate into any matter referred to it by the Board.

The Audit Committee invites such of the executives as it considers appropriate (particularly the head of the finance function), representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

The previous Annual General Meeting of the Company was held on 6<sup>th</sup> September, 2010 and was attended by Mr. D. Sundaram, Chairman of the Audit Committee.

Five Audit Committee Meetings were held during the year. The gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

24<sup>th</sup> April, 2010, 29<sup>th</sup> July, 2010, 23<sup>rd</sup> September, 2010, 25<sup>th</sup> October, 2010 and 31<sup>st</sup> January, 2011.

The composition of the Audit Committee and the details of Audit Committee meetings attended by its members during the financial year 2010-11 are given below:

Sl. No.	Name of the Member	Status	Number of Meetings attended	
			Held	Attended
1.	Mr. D Sundaram, Chairman	Non-Executive Director -Independent	5	5
2.	Mr. S R Vijayakar	Non-Executive Director-Independent	5	3
3.	Mr. H Lakshmanan	Non-Executive Director -Non-Independent	5	5
4.	Dr. Sridhar Mitta	Non-Executive Director -Independent	5	5

### 3. Remuneration/Compensation Committee

The Company's Remuneration/Compensation Committee was constituted on 18<sup>th</sup> July, 2003.

The broad terms of reference of the Remuneration Committee are as under:

The Committee determines, on behalf of the Board of Directors and the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including payment of minimum remuneration in terms of Schedule XIII of the Companies Act, 1956, and deal with matters of remuneration to Senior Executives of the Company, other matters including pension rights and any compensation payment etc and also deal with such matters as may be entrusted to it from time to time by the Board of Directors.

The Remuneration Committee met on 24<sup>th</sup> April, 2010 to determine the minimum remuneration payable to Mr. S S Raman, Managing Director.

The Committee which also functions as Compensation Committee administers and superintends the stock options granted to eligible employees of the Company. The Committee is also empowered to formulate any proposal or issue of shares under Employee Stock Option Schemes.

The Compensation Committee did not meet during the year in the absence of any specific agenda. A total of 2,11,000 stock options have been recommended and issued by the Compensation Committee to eligible employees in 2003. Out of this 2,10,000 options have lapsed as on 31<sup>st</sup> March, 2011.

The composition of the Remuneration/Compensation Committee and details of Remuneration Committee meetings attended by its members are given below:

Sl. No.	Name of the Member	Status	Number of Meetings attended	
			Held	Attended
1.	Mr. R R Nair, Chairman	Non-Executive Director-Independent	1	1
2.	Mr. S R Vijayakar	Non-Executive Director-Independent	1	1
3.	Mr. H Lakshmanan	Non-Executive Director-Non-Independent	1	1
4.	Mr. D Sundaram	Non-Executive Director-Independent	1	1

### Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the appraisal process.

During the year, 2010-11, the Company paid Sitting Fees of Rupees Two Thousand Five Hundred per meeting to its Non-Executive Directors for attending meetings of the Board and meetings of Committees of the Board. The Company also reimburses out-of-pocket expenses incurred by the Directors for attending meetings.

### Details of Remuneration for the year ended 31<sup>st</sup> March, 2011

#### (a) Non-Executive Directors

Name of the Directors	Sitting Fees paid (Rs.)
Mr. Gopal Srinivasan	20,000
Mr. H Lakshmanan	32,500
Mr. S R Vijayakar	20,000
Mr. R R Nair	12,500
Mr. R. Ramaraj	17,500
Dr. Sridhar Mitta	22,500
Mr. D Sundaram	22,500
Mr. Kenneth Tai	2,500

## Report on Corporate Governance (Contd.)

### (b) Managing Director

The remuneration payable to the Managing Director is fixed by the Board within the limits approved by the Shareholders in terms of the relevant provisions of the Companies Act, 1956.

Mr. S S Raman, Managing Director is paid remuneration 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 subject to a ceiling of Rs.30 Lakhs per annum. Mr. S S Raman has been paid a total remuneration of Rs.29.52 Lakhs for the year ended 31<sup>st</sup> March, 2011.

Details of shares of the Company held by the Directors as on 31<sup>st</sup> March, 2011 are given below:

Name of the Directors	Number of Equity Shares held
Mr. Gopal Srinivasan	150
Mr. H Lakshmanan	350
Mr. S R Vijayakar	NIL
Mr. R R Nair	20,000
Mr. R. Ramaraj	35,000
Dr. Sridhar Mitta	20,000
Mr.S S Raman	NIL
Mr. D Sundaram	NIL
Mr. Kenneth Tai	NIL

### 4. Investors' Grievance Committee

The Board constituted the Investor' Grievance Committee on 18<sup>th</sup> August, 2003 to, inter alia, approve transfers, transmissions, issue of fresh certificates etc, look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

Four Investors' Grievance Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

5<sup>th</sup> April, 2010, 1<sup>st</sup> July, 2010, 6<sup>th</sup> September, 2010 and 3<sup>rd</sup> January, 2011.

The composition of Investors' Grievance Committee and details of meetings attended by its members are given below:

Sl. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1	Mr. Gopal Srinivasan Chairman	Non-Executive Director	4	4
2	Mr. H Lakshmanan	Non-Executive Director	4	4
3	Mr. R Ramaraj	Non-Executive Director	4	3

### Complaints received and redressed during the financial year 2010-11:

Pending at beginning of year	Received during the year	Resolved during the year	Pending at end of year
0	11	11	0

S. No.	Nature of Complaint	Number of Complaints
1.	Non receipt of share certificates	3
2.	Non receipt of dividend warrants	6
3.	Non receipt of annual report	1
4.	Other Complaints	1
	<b>Total</b>	<b>11</b>

As on 31<sup>st</sup> March, 2011 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.

### 5. Reconciliation of Share Capital Audit

As required by the Regulations of the Securities and Exchange Board of India (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 2010-2011.

### General Body Meetings

#### a. Annual General Meetings

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2008	The Music Academy New No.168, (Old No.306) TTK Road Chennai - 600 014	5.9.2008	10.00 AM
2009	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T. Nagar, Chennai – 600 017	4.9.2009	2.45 PM
2010	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T. Nagar, Chennai – 600 017	6.9.2010	10.00 AM

#### b. Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year.

#### c. Postal Ballot

No Postal Ballot was conducted during the year by the Company.

## Report on Corporate Governance (Contd.)

### Special Resolutions

Details of Special Resolutions passed by Shareholders during the last three years are given below.

Year	Subject matter of Resolution	Date of AGM
2007-08	Appointment 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 1 <sup>st</sup> April, 2008	5.9.2008
2008-09	Appointment of Mr. S S Raman as Whole time Director of the Company for a period of three years effective 1 <sup>st</sup> May, 2009 without any remuneration.	4.9.2009
2009-10	Appointment of Mr. S S Raman as Managing Director of the Company from 1 <sup>st</sup> April, 2010 to 30 <sup>th</sup> April, 2012	6.9.2010

### 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 instances of imposition of penalties or strictures on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

All the mandatory requirements specified under Clause 49 of the Listing Agreements with Stock Exchanges have been complied with.

### NON-MANDATORY REQUIREMENTS

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements with the Stock Exchanges:

- The Company ensures that any person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- The Company has set up a Remuneration Committee, details of which have been given earlier in this Report. The said Committee also functions as Compensation Committee.
- The statutory financial statements of the Company are unqualified.

### Means of Communication

The quarterly unaudited results of the Company have been published in English in Business Line and the Tamil version in Makkal Kural. The Company has published the audited annual results for the year ended 31<sup>st</sup> March, 2011.

The quarterly/annual financial results, shareholding pattern, etc are sent to Stock Exchanges both in physical and in electronic forms. The shareholders can access the same at [www.nseindia.com](http://www.nseindia.com) and at [www.bseindia.com](http://www.bseindia.com) and the Company's website at [www.tvs-e.in](http://www.tvs-e.in)

### General Information for Shareholders:

- Annual General Meeting  
Date : 21<sup>st</sup> September, 2011  
Time : 10.30 AM  
Venue : "Sri Thyaga Brahma Gana Sabha"  
(Vani Mahal), 103, G N Chetty Road  
T Nagar, Chennai – 600017

As required under Clause 49(IV)(G)(I) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 21<sup>st</sup> September, 2011.

- Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- Financial reporting for the quarter ending / for financial year ending 31<sup>st</sup> March, 2012 (Tentative)

30 <sup>th</sup> June, 2011	UA / A	On or Before 15 <sup>th</sup> August, 2011
30 <sup>th</sup> September, 2011	UA / A	On or Before 14 <sup>th</sup> November, 2011
31 <sup>st</sup> December, 2011	UA / A	On or Before 14 <sup>th</sup> February, 2012
31 <sup>st</sup> March, 2012	UA A	On or Before 15 <sup>th</sup> May, 2012 On or Before 30 <sup>th</sup> May, 2012

UA- Unaudited; A- Audited

- Period of Book Closure: Friday, 16<sup>th</sup> September, 2011, to Wednesday, 21<sup>st</sup> September, 2011, both days inclusive.

### 6. Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

Sl. No.	Name of the Stock Exchange	Stock Code
1	Bombay Stock Exchange Limited Floor 25, P. J. Towers, Dalal Street Mumbai 400 001	532513
2	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai 400 051	TVSELECT

Annual Listing Fees have been paid to the above Stock Exchanges.

Corporate Identification Number (CIN) : L30007TN1995PLC032941 of the Company

### 7. Market Price Data

High, Low (based on closing prices) and number of shares traded during each month in the financial year 2010-11 on Bombay Stock Exchange Limited and National Stock Exchange of India Limited:

**Report on Corporate Governance (Contd.)**

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	Total No. of shares traded	High (Rs.)	Low (Rs.)	Total No. of shares traded
April, 2010	35.00	24.95	16,24,848	35.45	26.00	16,69,931
May, 2010	28.35	22.40	1,06,880	28.25	22.30	81,082
June, 2010	25.85	22.80	83,163	25.30	22.70	86,038
July, 2010	29.80	24.15	4,35,505	29.30	24.00	3,52,534
August, 2010	30.00	25.25	2,84,593	30.85	25.05	2,94,998
September, 2010	34.50	25.55	2,35,009	34.70	25.00	11,12,101
October, 2010	39.40	28.00	24,85,375	39.15	28.00	41,93,341
November, 2010	40.00	26.00	5,01,981	39.20	25.10	12,29,617
December, 2010	31.00	23.15	1,31,297	31.00	25.30	2,23,800
January, 2011	29.00	21.25	77,002	28.85	22.05	1,27,643
February, 2011	24.30	18.25	1,20,088	23.70	18.10	2,22,562
March, 2011	24.20	19.20	1,77,145	24.25	17.30	3,27,371

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

The Company's share price performance in comparison to BSE Sensex based on share price as on 31<sup>st</sup> March, 2011.

Financial year	Percentage change in	
	Company's share price (%)	Sensex (%)
2010-11	(17.97)	10.94
2009-10	90.33	80.54
2008-09	(56.40)	(37.95)
2007-08	(23.36)	19.68

### 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 11<sup>th</sup> 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 21<sup>st</sup> April, 2004.

95.03% of the Equity shares of the Company are held in electronic form as on 31<sup>st</sup> March, 2011. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with SCL at address given below.

#### Sundaram-Clayton Limited

22, Railway Colony III Street  
Mehta Nagar, Chennai – 600 029  
Telephone : 91 44 23741889/2939  
Fax : 91 44 23741889  
E-mail : investorservices@tvs-e.in; sclshares@gmail.com  
Time: 10.00 a.m. to 3.30 p.m. (Monday to Friday except holidays)

Transfer of shares in physical form is normally processed within ten days from the date of receipt, if the documents are complete in all respects.

### 9. a. Distribution of equity shareholding as on 31<sup>st</sup> March, 2011

No. of shares held	No. of share holders	% of share Holders	No. of % of shares held	share holding
Upto 500	22079	91.67	2954161	16.72
501 to 1000	1188	4.93	978595	5.54
1001 to 2000	421	1.75	644625	3.65
2001 to 3000	133	0.55	335167	1.89
3001 to 4000	69	0.29	243129	1.38
4001 to 5000	64	0.27	303239	1.72
5001 to 10000	83	0.34	625627	3.53
10001 and above	49	0.20	11588275	65.57
<b>TOTAL</b>	<b>24086</b>	<b>100.00</b>	<b>17672818</b>	<b>100.00</b>

### b. Pattern of equity shareholding as on 31<sup>st</sup> March, 2011

Shareholders	No. of shares held	% of total shares held
Promoter Companies	1,05,53,449	59.72
Directors & Relatives	76,150	0.43
Corporate Bodies	6,73,392	3.81
Nationalised Banks/MF/ UTI/PFI	67,150	0.38
Resident Individuals	59,40,427	33.61
Foreign Institutional Investors	100	0.00
Non-Resident Indians/ Overseas Corporate Bodies	3,62,150	2.05
<b>TOTAL</b>	<b>1,76,72,818</b>	<b>100.00</b>

### 10. Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 95.03% of the Company's equity share capital are dematerialised as on 31<sup>st</sup> March, 2011.

## Report on Corporate Governance (Contd.)

The Company's Equity Shares are regularly traded on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in dematerialised form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE236G01019.

### Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on 31<sup>st</sup> March, 2011, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments.

### 11. Plant locations

**Uttarkhand :** No. E12, F-92 & F-93  
Selaqui Industrial Estate  
Selaqui, Dehradun  
Uttarkhand  
Tel: 0135-269 8662/63

### 12. Address for Investor's Correspondence

#### Sundaram-Clayton Limited, Share Transfer Agent

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

### Designated e-mail address for investor services:

Compliance Officer: Ms. A R Gowri, Company Secretary  
E-mail : ar.gowri@tvs-e.in

### Request to Investors

- Investors holding shares in physical mode are requested to communicate change of address, bank account details, dematerialisation request, etc., if any, directly to the Registered Office or the Share Transfer Agent of the Company.
- Investors holding shares in electronic form are requested to deal only with their Depository Participant (DP) in respect of change of address, bank account details, etc.
- Dematerialise your Physical Shares to Electronic Form and eliminate all risks associated with holding physical share certificates. It also provides ease in Portfolio Management.
- Green Initiative - Investors to register e-mail ids with DP or the Company
- 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 DP along with the requisite proof of nomination.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will be transferred to the "Investor Education and Protection Fund" (IEPF) in terms of Section 205C of the Companies Act, 1956.
- Status of unclaimed dividends due for remittance into IEPF is given below:

Financial Year	Date of Declaration	Date of transfer to Special Account	Due Date for transfer to IEPF
Year ended 31.12.2003	16.06.2004	22.07.2004	22.07.2011
Period ended 31.3.2005 (15 months)	08.08.2005	13.09.2005	13.09.2012
Year ended 31.3.2006	28.09.2006	03.10.2006	03.10.2013
Year ended 31.3 2007	24.09.2007	30.10.2007	30.11.2014
Year ended 31.3 2008	05.09.2008	11.10.2008	11.10.2015



## Auditors' Certificate

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

To  
The Shareholders of TVS Electronics Limited  
Chennai – 600 006

We have examined the compliance of the conditions of Corporate Governance by **TVS Electronics Limited, Chennai** ("the Company") for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to a review of the 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 further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F7945

Chennai  
May 27, 2011

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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 31<sup>st</sup> March, 2011.

Chennai  
May 27, 2011

**S SRAMAN**  
Managing Director

## Auditors' Report

### Auditors' Report to the Members of TVS Electronics Limited, Chennai for the year ended 31<sup>st</sup> March, 2011

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, 2011, the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011 annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we state that -
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the Directors of the Company 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, 2011;
    - (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, 2011; 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  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F7945

Chennai  
May 27, 2011

**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, 2011**

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) During the year Company has disposed off unused assets and the loss arising therefrom is disclosed as exceptional items of expenditure (vide Schedule XIX). The assets disposed off during the year are not substantial and therefore does not affect the going concern status of the Company.
2. a) The stock of raw materials, stores, spare parts and finished goods other than in transit were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.  
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) In our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. a) During the year, the Company has not granted any unsecured loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence reporting on rate of interest charged and other conditions does not arise. In respect of unsecured loans in the nature of Inter Corporate Deposits made in an earlier year outstanding at the commencement of year under report, the Company has received back the outstanding principal due and interest thereon in full.  
b) During the year the Company has not availed any loan from companies covered in the Register maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said Register.  
b) In our opinion and according to the information and explanations given to us, the transactions entered in the Register maintained under Section 301 and exceeding during the financial year by ₹ 5.00 lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The Company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
9. a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. However, marginal delays were noticed in respect of ESI remittance in 3 instances.  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax,

## Annexure to the Auditors' Report

Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31<sup>st</sup> March, 2011 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 ( ₹ in Lakhs)	Forum where dispute is pending
Sales Tax Acts of various states	Statutory Forms/Entry Tax/ Warranty replacement stock related/Turnover dispute	306.98	Assistant Commissioner / Deputy Commissioner / Appellate authorities – Commercial Taxes of various states
Income Tax Act, 1961	Disallowance of expenditure relating to valuation of assets acquired on amalgamation.	1294.22	Commissioner of Income Tax (Appeal), Chennai
Income Tax Act, 1961	Payments to Foreign Consultants, Cost of acquisition of an asset as regards computation of Capital Gain and time of taxing of income received in advance and TDS demand based on E-Return filed.	228.02	Commissioner of Income Tax (Appeal), Chennai
Service Tax	Dispute on availment of input tax credit for exempted and dutiable goods	121.15	Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT)
Excise	Refund disputed	13.23	Customs, Excise and Service Tax Appellate Tribunal, Chennai ( CESTAT)
Customs	Special Additional Duty (SAD) refund claim rejected by department	10.25	The Commissioner of Customs (Appeals), Chennai

10. The Company neither has accumulated losses as at the end of the financial year nor has incurred cash loss during the financial year. The Company incurred cash loss in the immediately preceding financial year.
11. Based on our verification and according to the information and explanations given by the Management, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the Order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. All investments are held in the Company's own name except in the case of investment in wholly owned subsidiaries where certain number of shares are held by nominees as provided in Section 49 (3) of the Companies Act, 1956.
15. The Company has not given any guarantee for loans taken by others from bank or financial institution.
16. In our opinion, the term loans were applied for the purpose for which the loans were obtained.
17. On the basis of our examination, the Company has not used the funds raised on short-term basis for long-term investments.
18. During the year, the Company has not allotted any shares on preferential basis to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures.
20. During the year, the Company has not raised any money by public issue.
21. Based on the audit procedures adopted and information and explanations given to us by the Management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F7945

Chennai  
May 27, 2011

**Balance Sheet as at 31<sup>st</sup> March, 2011**

₹ in Lakhs

	Schedule Number	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	1,767.28	1,767.28
Reserves and Surplus	II	2,324.28	2,175.91
		<b>4,091.56</b>	3,943.19
<b>Loan Funds</b>			
Secured Loans	III	2,387.49	1,704.33
Unsecured Loans	IV	2,110.42	4,428.78
		<b>4,497.91</b>	6,133.11
<b>Deferred Tax Liability (Net)</b>	V	<b>80.56</b>	184.29
<b>Total</b>		<b>8,670.03</b>	<b>10,260.59</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI(a)	7,713.01	8,062.88
Less: Depreciation		6,028.05	5,930.98
Net Block		1,684.96	2,131.90
Capital Work-in-progress	VI(b)	-	3.15
		<b>1,684.96</b>	2135.05
<b>Investments</b>	VII	<b>2,550.73</b>	1,500.73
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	VIII	1,339.17	1,523.47
Sundry Debtors	IX	1,905.09	2,951.52
Cash and Bank Balances	X	624.15	1,481.18
Loans & Advances	XI	3,668.99	3,871.48
	(a)	<b>7,537.40</b>	9,827.65
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	2,753.66	2,987.20
Provisions	XIII	349.40	215.64
	(b)	<b>3,103.06</b>	3,202.84
<b>Net Current Assets</b>	(a) - (b)	<b>4,434.34</b>	6,624.81
<b>Total</b>		<b>8,670.03</b>	<b>10,260.59</b>
<b>Notes on Accounts</b>	XX		

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

Chennai  
May 27, 2011

**A.R. GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

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

**Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011**

₹ in Lakhs

	Schedule Number	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME</b>			
Turnover (Gross)		18,249.70	19,150.68
Less : Excise duty collected		109.34	110.90
Turnover (Net)		18,140.36	19,039.78
Add : Other Income	XIV	160.44	407.09
<b>Total - ( A )</b>		<b>18,300.80</b>	<b>19,446.87</b>
<b>EXPENSES</b>			
Raw materials and components consumed, Work-in-Process & Finished Goods	XV	9,429.14	9,749.78
Consumption of traded Items	XVI	2,530.31	2,847.70
Salaries & Wages, stores consumed and other expenses	XVII	5,277.03	6,107.68
Interest	XVIII	517.03	721.42
Depreciation	VI-a	396.33	448.61
<b>Total - ( B )</b>		<b>18,149.84</b>	<b>19,875.19</b>
Profit/(Loss) before Exceptional items & Tax	A - B	150.96	(428.32)
Less : Exceptional items of expenditure	XIX	87.25	75.25
<b>Profit / (Loss) before tax</b>		<b>63.71</b>	<b>(503.57)</b>
Less : Provision for current taxation		13.00	-
		50.71	(503.57)
Add/(Less): Provision for deferred tax written back		103.73	17.59
<b>Profit / (Loss) after tax</b>		<b>154.44</b>	<b>(485.98)</b>
Add : Balance brought forward from previous year		435.03	778.39
Add / (Less): Tax relating to earlier years		-	142.62
<b>Balance available for appropriation</b>		<b>589.47</b>	<b>435.03</b>
Balance carried to Balance Sheet		589.47	435.03
<b>Total</b>		<b>589.47</b>	<b>435.03</b>
<b>Notes on Accounts</b>			
Nominal value of each Share in Rupees	XX	10.00	10.00
Basic and Diluted Earnings per Share in Rupees before Exceptional item		1.37	(1.52)
Basic and Diluted Earnings per Share in Rupees after Exceptional item		0.87	(1.94)

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S
Chennai  
May 27, 2011
**A.R. GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

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

**Schedules**

₹ in Lakhs

	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</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 Equity Shares are held by M/s TVS Investments Limited, Chennai, the Holding Company (Last year 1,05,53,449 Equity Shares )	<b>1,767.28</b>	1,767.28
<b>II. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>60.60</b>	60.60
<b>Share Premium</b>	<b>1,281.92</b>	1,281.92
<b>Investment Subsidy</b>	<b>15.00</b>	15.00
<b>General Reserve</b>		
As per last Balance Sheet	<b>349.58</b>	349.58
<b>Investment Allowance Reserve</b>		
As per last Balance Sheet	<b>27.46</b>	27.46
<b>Employee Stock Options (vide note No.14)</b>		
Total cost of Employee Stock Options viz., "Grants"	<b>50.10</b>	50.10
Less : Cost of Pending options lapsed	<b>49.85</b>	43.78
Net cost of options	<b>0.25</b>	6.32
<b>Surplus - i.e., Balance in Profit &amp; Loss Account</b>	<b>589.47</b>	435.03
	<b>2,324.28</b>	2,175.91

## Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>III SECURED LOANS</b>		
From Banks	2,387.49	1,704.33
Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a pari passu basis to the consortium of Banks.		
	<b>2,387.49</b>	1,704.33
<b>IV UNSECURED LOANS</b>		
From Banks - Short term	2,110.42	4,428.78
	<b>2,110.42</b>	4,428.78
<b>V DEFERRED TAX LIABILITY ( NET )</b>		
As per last Balance Sheet	184.29	201.88
Add: Transfer from / (to) Profit & Loss Account towards current year deferred taxation	(103.73)	(17.59)
	<b>80.56</b>	184.29
Deferred tax liability (Net) consists of :		
a) Liabilities :-		
Tax on Depreciation	80.56	222.05
Less :		
b) Assets :-		
Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis	0.00	37.76
	<b>80.56</b>	184.29

## Schedules (Contd.)

**VI (a) FIXED ASSETS**

₹ in Lakhs

Description	Land	Buildings	Plant and Machinery	Intellectual Property Rights	Furniture, Fixtures & Equipments	Vehicles	As at 31.03.2011	As at 31.03.2010
<b>COST OF ASSETS</b>								
As at 01.04.2010	* 223.58	962.14	4,068.00	800.00	1,952.72	56.44	<b>8,062.88</b>	8,083.92
Additions	-	0.44	17.02	-	12.39	0.03	<b>29.88</b>	192.11
Sales / Transfers	-	962.58	4,085.02	800.00	1,965.11	56.47	<b>8,092.76</b>	8,276.03
	-	64.87	36.21	-	263.97	14.70	<b>379.75</b>	213.15
Total	223.58	897.71	4,048.81	800.00	1,701.14	41.77	<b>7,713.01</b>	8,062.88
<b>DEPRECIATION</b>								
Upto 31.03.2010	-	621.06	3,049.45	563.67	1,652.74	44.06	<b>5,930.98</b>	5,662.16
For the year	-	28.00	208.06	76.00	77.07	7.20	<b>396.33</b>	448.61
Sales / Transfers	-	649.06	3,257.51	639.67	1,729.81	51.26	<b>6,327.31</b>	6,110.77
	-	64.87	15.54	-	206.88	11.97	<b>299.26</b>	179.79
Total	-	584.19	3,241.97	639.67	1,522.93	39.29	<b>6,028.05</b>	5,930.98
<b>WRITTEN DOWN VALUE</b>								
As at 31.03.2011	<b>223.58</b>	<b>313.52</b>	<b>806.84</b>	<b>160.33</b>	<b>178.21</b>	<b>2.48</b>	<b>1,684.96</b>	-
As at 31.03.2010	223.58	341.08	1,018.55	236.33	299.98	12.38	-	2,131.90

\* Vide Note under AS10

## Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>VI (b) CAPITAL WORK-IN-PROGRESS (At Cost)</b>		
Plant and Machinery	-	3.15
	-	<b>3.15</b>
<b>VII INVESTMENTS [ At Cost ]</b>		
<b>Trade - unquoted (fully paid up) - Long Term</b>		
<b>i) Subsidiaries</b>		
a) 50,000 Equity Shares of Rs.10 each in Tumkur Property Holdings Limited, Chennai	5.00	5.00
b) 50,000 Equity Shares of Rs.10 each in Prime Property Holdings Limited, Chennai	5.00	5.00
<b>ii) Others</b>		
a) 9,07,255 Equity Shares of Rs.10 each in Modular Infotech Private Limited, Pune	90.73	90.73
b) Capital Contribution to TVS Shriram Growth Fund, Chennai (Asset Management Company - TVS Capital Funds Limited, Chennai) Vide Note no.7(g)	2,450.00	1,400.00
	<b>2,550.73</b>	<b>1,500.73</b>
<b>VIII INVENTORIES *</b>		
a) Raw Materials and components at cost	653.38	743.01
b) Work-in-process at cost	2.43	-
c) Finished goods (at cost or net realisable value whichever is lower)	145.90	222.33
d) Traded items at cost	504.37	544.73
e) Goods-in-transit at cost - Raw Materials	33.09	13.40
	<b>1,339.17</b>	<b>1,523.47</b>

Ref Note 1-AS 2

\* As certified by Managing Director

**Schedules (Contd.)**

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>IX SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD</b>		
a) Debts outstanding for a period exceeding six months		
- Considered Good	481.73	1,053.50
- Considered Doubtful	69.72	49.00
	551.45	1,102.50
b) Other debts		
- Considered Good	1,423.36	1,898.02
- Considered Doubtful	-	20.72
	1,423.36	1,918.74
	1,974.81	3,021.24
Less : Provision made for Doubtful debts	69.72	69.72
	1,905.09	2,951.52
<b>X CASH AND BANK BALANCES</b>		
a) Cash and cheques on hand	6.03	900.35
b) Balances with Scheduled Banks		
i. Deposit accounts	477.00	8.75
ii. Current accounts	127.43	556.40
iii. Dividend accounts	11.86	14.65
c) Balances with Non-Scheduled Banks in Current accounts *	1.83	1.03
* Vide Note No.4		
	624.15	1,481.18
<b>XI LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD</b>		
A. LOANS - Intercompany Deposits	-	164.29
B. ADVANCES		
i) Advances recoverable in cash or in kind or for value to be received	683.40	812.69
ii) Deposits	2,625.65	2,597.45
iii) Advance Income Tax paid and tax deducted at source (net of provisions )	359.94	297.05
	3,668.99	3,871.48
<b>XII CURRENT LIABILITIES</b>		
a) Sundry Creditors *	2,716.44	2,953.98
b) Unexpired Service Contracts	25.36	18.57
c) Unclaimed Dividend #	11.86	14.65
	2,753.66	2,987.20

\* Ref. Note No. 6

# Amount to be credited to Investor Education and Protection Fund as and when due

## Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>XIII PROVISIONS</b>		
a) Warranty	275.44	148.45
b) Staff benefit schemes	25.84	40.34
c) Others	48.12	26.85
	<b>349.40</b>	<b>215.64</b>
	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2010</b>
<b>XIV OTHER INCOME</b>		
a) Sale of scrap	21.54	27.32
b) Profit on sale of assets	2.40	26.11
c) Miscellaneous income	136.50	353.66
	<b>160.44</b>	<b>407.09</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	743.01	765.91
b) Add: Purchases	9,265.51	9,509.49
	<b>10,008.52</b>	<b>10,275.40</b>
c) Less: Closing stock	653.38	743.01
Total (A)	<b>9,355.14</b>	<b>9,532.39</b>
<b>B) (INCREASE) / DECREASE IN STOCKS</b>		
a) Opening stock:		
Finished Goods	222.33	439.72
	(i)	439.72
b) Closing stock:		
Work-in-process	2.43	-
Finished Goods	145.90	222.33
	(ii)	222.33
Total (B)	[(i) - (ii)]	217.39
<b>Raw materials and components consumed, Work-in-process and Finished goods</b>	[A + B]	9,749.78
<b>XVI CONSUMPTION OF TRADED ITEMS</b>		
a) Opening stock	544.73	417.42
b) Add: Purchases	2,489.95	2,975.01
	<b>3,034.68</b>	<b>3,392.43</b>
c) Less: Closing stock	504.37	544.73
Consumption of Traded Items	<b>2,530.31</b>	<b>2,847.70</b>

**Schedules (Contd.)**

₹ in Lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
<b>XVII SALARIES, WAGES &amp; BONUS, STORES CONSUMED AND OTHER EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	980.58	1,064.36
b) Contribution to Provident and other Funds	58.76	63.00
c) Staff welfare expenses (Net of recoveries)	84.05	132.73
d) Stores, spares and tools consumed	47.54	48.53
e) Power & fuel	52.47	71.83
f) Rent (Includes Rs.0.50 lakhs paid to Director Previous year Rs.0.50 lakhs)	201.29	382.20
g) Rates and taxes	40.30	35.22
h) Repairs & Maintenance		
- Buildings	86.54	102.93
- Machinery	13.88	12.97
- Office Equipments	139.56	165.31
- Vehicles	1.36	6.04
i) Insurance	31.62	36.53
j) Directors sitting fees	1.50	1.83
k) Loss on sale of assets	9.90	9.16
l) Audit fees	* 14.31	10.90
m) Other expenses	3,513.37	3,964.14
	<b>5,277.03</b>	<b>6,107.68</b>
* Vide Note no.9		
<b>XVIII INTEREST</b>		
a) Fixed loans	139.00	259.61
b) Other loans (Net of recoveries)	378.03	461.81
	<b>517.03</b>	<b>721.42</b>
<b>XIX EXCEPTIONAL ITEMS OF EXPENDITURE</b>		
a) Loss on sale of unused assets	62.25	-
b) Warranty relating to discontinued business	25.00	75.25
	<b>87.25</b>	<b>75.25</b>

## Notes on Accounts

₹ in Lakhs

As at / Year ended  
31.03.2011

As at / Year ended  
31.03.2010

### 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 and the policies applied are consistent with those applied in the previous year.

##### 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 net realisable value whichever is lower.
- b Excise Duty in respect of finished goods lying within the factory are included in the valuation of inventories.
- c As per practice consistently followed, Customs Duty and Countervailing Duty payable on raw materials, components and finished goods lying in customs bonded warehouses is accounted for on debonding. Non-provision of this duty will not affect the profit for the year.

##### AS - 3 Cash Flow Statements

Cash Flow Statement has been prepared under " Indirect Method".

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

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

Notes on accounts (Contd.)

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>AS - 5 Net Profit or Loss for the year, prior period items and changes in accounting policies</b>		
Details of prior period items in Profit and Loss Account		
<b>i) Expenses</b>		
Power and Fuel	0.28	0.97
Share Transfer Folio expenses	-	2.04
Welfare expenses	0.09	-
Lease rent	0.05	-
Repairs and Maintenance- Housekeeping	0.86	-
Repairs and Maintenance- Office Equipments	0.01	-
Rates and Taxes	0.95	-
Interest- Others	0.56	-
<b>ii) Income</b>		
Interest	0.80	-

**AS - 6 Depreciation accounting**

a Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 with applicable shift allowance except:

- i) On Computers (including printers, uninterruptible power supply systems and computer accessories) and vehicles acquired on or after 01-04-1998, depreciation has been charged at 30% and 18% respectively on straight line method, which are higher than the rates prescribed in Schedule XIV.
- ii) In respect of Buildings acquired on lease, depreciation has been charged at 20% on straight line method which is higher than the rate prescribed in Schedule XIV to the Companies Act, 1956.
- iii) On Intellectual Property Rights acquired on amalgamation, depreciation has been charged at 9.5% per annum under straight line method.
- iv) On Software acquired, depreciation has been charged at 50% per annum on pro-rata basis under straight line method.
- v) On assets acquired whose actual cost does not exceed ₹ 5,000 individually, depreciation has been provided at 100%.

## Notes on accounts (Contd.)

₹ in Lakhs

As at / Year ended  
31.03.2011As at / Year ended  
31.03.2010**AS - 6 Depreciation accounting**

- vi) From financial year 2005-06, Tools and Moulds which are three years old have been subject to depreciation @ 31.67% as against normal rate of 16.21%, so as to bring the written down value of such assets to 5% of original cost.
- vii) On certain class of Office Equipments depreciation has been charged at 99% of its original cost on pro-rata basis, considering the useful life of asset as one year as against Schedule XIV rates.
- 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.

**AS - 7 Accounting for Construction Contracts**

The Company is not engaged in any Construction business covered by this Standard.

**AS - 8 Accounting for Research and Development**

This Standard stands withdrawn as Accounting Standard 26 - Intangible Assets has become mandatory.

**AS - 9 Revenue Recognition**

- 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 Management 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 of Exports of ₹ NIL. ( Previous year ₹ 42.26 Lakhs).
- 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

Notes on accounts (Contd.)

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
of its investments.		
g) In respect of domestic sales, the recognition is on the basis of delivery of goods to customers while in respect of export sales the recognition is on the basis of " LET Export " certification issued by Customs Authorities.		
<b>AS - 10 Accounting for Fixed Assets</b>		
Fixed Assets are stated at cost of acquisition or construction cost net of depreciation and includes expenditure incurred upto the date the asset is put to use, less accumulated depreciation. Technical know-how fees paid is capitalised under Plant and Machinery. Temporary construction / alteration costs are charged off in the same year.		
Land includes Lease hold land of ₹ 199.15 Lakhs (Previous year ₹ 199.15 Lakhs) paid to State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT), Chennai for 6.16 acres of land in their Oragadam Special Economic Zone (SEZ), Tamil Nadu for which the registration of lease deed was completed in June, 2009. The unit has been approved by the Development Commissioner, Madras Export Promotion Zone (MEPZ) in March, 2009.		
<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.		
<b>c) Derivative transactions :</b>		
The Company uses forward exchange contracts to hedge its exposure in foreign currency : -		
<b>a) Forward exchange contracts outstanding as at 31<sup>st</sup> March, 2011</b>		
- Euro 1,62,122	equivalent to ₹ <b>99.32</b>	196.63
- Japanese Yen 41,47,000	equivalent to ₹ <b>22.82</b>	66.68
- USD 2,09,558	equivalent to ₹ <b>95.06</b>	613.54

## Notes on accounts (Contd.)

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>b) Foreign currency exposures not covered by Forward exchange contracts as at 31<sup>st</sup> March, 2011</b>		
- Euro 2,51,781                      equivalent to ₹	156.88	-
- Japanese Yen 8,25,500            equivalent to ₹	4.47	-
- USD 7,48,834                      equivalent to ₹	337.04	-
<p>The amendment introduced to AS 11 by Government of India on 31<sup>st</sup> March, 2009 allowing the loss/profit on restatement of External Commercial Borrowings made for acquisition of capital assets to be deducted from or added to cost of capital asset is not applicable to the Company as it has no External Commercial Borrowings for acquisition of capital assets. Similarly Company has not availed External Commercial Borrowings for purposes other than acquisition of capital assets also.</p>		
<p><b>AS - 12 Accounting for Government Grants</b></p> <p>The Company has not received any Government grants during the current accounting year.</p>		
<p><b>AS - 13 Accounting for Investments</b></p> <p>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.</p>		
<p><b>AS - 14 Accounting for amalgamation</b></p> <p>This Standard is not applicable to the Company for the year under review.</p>		
<p><b>AS - 15 Accounting for Retirement benefits</b></p> <p>As per Accounting Standard 15 on "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:</p>		
<p><b>(a) Short term Employee Benefits</b></p> <p>Short term employee benefits payable within twelve months of rendering the service including accumulated leave encashment as at the Balance Sheet date, are recognised as an expense as per the Company's scheme based on expected obligations on undiscounted basis.</p>		
<p><b>(b) Long term Employee Benefits</b></p> <p>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.</p> <p>Post retirement benefits comprising of employees Provident Fund, Gratuity Fund and Superannuation Funds are accounted for as follows:</p>		

**Notes on accounts (Contd.)**

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
(a) Provident Fund : This is a defined contribution plan and contributions paid to the fund are charged to revenue during the period in which the employee renders the related service. The Company has no further obligations for future Provident Fund benefits other than regular contributions.		
(b) Gratuity: This is a defined contribution plan and the Company's Scheme is administered by Trustees and funds managed by the Life Insurance Corporation of India (LIC). The liability for Gratuity to employees as at the Balance Sheet date is determined based on the actuarial valuation using the Projected Unit Credit Method. The Contribution paid thereof is charged in the books of accounts.  Actuarial gains or losses arising out of actuarial valuation, if any, are recognized in the Profit and Loss as Income or expense.  The total employer expense is inclusive of the past service cost (or plan amendment cost) that has been recognised immediately due to the amendment in payment of Gratuity Act, 1972 raising the ceiling from ₹ 3,50,000 to ₹ 10,00,000 per employee effective 24 <sup>th</sup> May, 2010.		
(c) Superannuation : With effect from 1 <sup>st</sup> April, 2010, the Company has withdrawn the Scheme providing for Superannuation benefits to the employees of the Company.		
<b>AS - 15 Accounting for Retirement benefits</b>		
<b>Disclosure as per AS15 revised – Defined benefit Plans</b>		
Past Service benefit	85.96	80.67
<b>Present Value of the obligation as at the beginning of the year</b>	<b>80.67</b>	<b>86.38</b>
Interest Cost	5.60	6.68
Current Service Cost	9.31	11.14
Benefits Paid	(17.44)	(26.92)
Plan amendment cost *	18.45	0.00
Actuarial Gain/(Loss) on obligation	(10.64)	3.39
<b>Present Value of the obligation as at Balance Sheet date</b>	<b>85.96</b>	<b>80.67</b>
<b>Fair value of planned assets as at the beginning of the year</b>	<b>85.42</b>	<b>91.81</b>
Expected Return on planned assets	7.84	6.95
Contributions	15.35	13.58
Benefits paid	(17.44)	(26.92)
Actuarial Gain/(Loss) on planned assets	(0.95)	0.00
<b>Fair value of planned assets as at Balance Sheet date</b>	<b>90.22</b>	<b>85.42</b>
<b>Amounts recognized in the Balance Sheet</b>		
Present Value of the obligation as at Balance Sheet date	85.96	80.67

## Notes on accounts (Contd.)

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
Fair value of planned assets as at Balance Sheet date	90.22	85.42
Funded status of the plan - (Assets) / Liability	(4.26)	(4.75)
<b>Amounts recognized in the statement of Profit and Loss Account</b>		
Current Service cost	9.31	11.15
Interest cost	5.60	6.68
Expected Return on planned assets	(7.84)	(6.95)
Net actuarial gain or loss recognized in the year	(9.69)	3.39
Expenses recognized in the statement of Profit and Loss Account including Plan amendment cost *	15.83	14.27
<b>Principal actuarial assumptions</b>		
Discount Rate	8.20%	8.00%
Salary escalation	5.00%	5.00%
Expected return on planned assets	9.30%	8.00%
<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.		

Notes on accounts (Contd.)

₹ in Lakhs

As at / Year ended  
31.03.2011

As at / Year ended  
31.03.2010

**AS - 21 Consolidated Financial Statements**

Consolidated Financial Statements of the Company and its Wholly owned Subsidiaries viz., Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai are enclosed.

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

Provision for current tax is made after taking into consideration benefits admissible under the provision of Income Tax Act, 1961. Current tax is calculated as per provision of Section 115JB viz Minimum Alternate Tax.

Deferred tax liability resulting from timing differences between book and taxable profit is accounted for, using the tax rates in force as on the Balance Sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future.

Details of deferred taxation are furnished in Schedule V.

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

This Standard is not applicable to the Company for the year under review.

**AS - 24 Discontinuing Operations**

In respect of Contract Manufacturing Services business which was sold during 2007, the details of liabilities carried over in the financial statements are furnished below:

**Liabilities in respect of discontinued operations**

Opening Balance as on 01.04.2010	<b>38.98</b>	248.81
Less: Discharged during the current year	<b>18.52</b>	209.83
Closing balance as on 31.03.2011	<b>20.46</b>	38.98

An amount of ₹ 0.91 Lakhs expenditure has been incurred during the current year relating to the above discontinued business. (Previous year ₹ NIL). Also refer to Schedule XIX on Warranty cost relating to discontinued business.

**AS - 25 Interim Financial Reporting**

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

## Notes on accounts (Contd.)

₹ in Lakhs

As at / Year ended  
31.03.2011As at / Year ended  
31.03.2010**AS - 26 Intangible Assets**

The Company owns Intellectual Property Rights 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 1 year and 9 months on a straight line method @ 9.5 % per annum.

**AS - 27 Financial Reporting of Interest in Joint Ventures**

This Standard is not applicable to the Company as the Company does not have any Joint Venture.

**AS - 28 Impairment of Assets**

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.

**AS - 29 Provisions, Contingent Liabilities and Contingent Assets**

Contingent Liabilities are disclosed in Note No. 7

Contingent Assets which are likely to give rise to the possibility of inflow of economic benefits - ₹ 117.24 Lakhs.

Contingent Asset ₹ 117.24 Lakhs – This is in respect of Karnataka Sales Tax (KST) and Entry Tax, paid by the Company under protest in respect of earlier years, on inputs used in sales made to Domestic Tariff Area (DTA) from its Tumkur Unit. The Karnataka High Court has held in respect of accounting year 1997-98 vide Order dated 4<sup>th</sup> March, 2010 in STRP no 45 of 2006 that KST and Entry Tax are not leviable where the domestic area sales is within the limits permissible under Notification No FD32 CSL 96(V) dated 15.11.1996. The Hon'ble High Court Order is on the basis of appeal filed by the Company. This is also not appealed against by the Revenue. Earlier in respect of accounting year 2000-01, the Joint Commissioner (Admin) Appeals and Joint Commissioner Appeals had also issued favorable Orders vide Orders dated March 2009 and July 2009 respectively. Further based on the favorable Orders of High Court, the Karnataka Appellate Tribunal had vide Orders dated June 2010 and August 2010 respectively held that the assessment is remitted back to the assessing authority with a direction to redo the assessment in the light of the judgment of the Honorable High Court of Karnataka cited above. The revised Assessment Orders are expected to be received shortly. Accordingly this is considered as contingent asset. The effect of the revised Assessment Orders will be reflected in the next financial year.

Warranty cost on sale of products has been determined based on management estimates/historical data and provided for ₹ 275.44 Lakhs (Previous Year - ₹ 148.45 Lakhs)

Contested liabilities are disclosed in Note No.8

**AS - 30 Financial Instruments: Recognition and Measurement**

This Standard is not applicable to the Company for the year under review.

**Notes on accounts (Contd.)**

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>AS - 31 Financial Instruments: Presentation</b>		
This Standard is not applicable to the Company for the year under review.		
<b>AS - 32 Financial Instruments: Disclosures</b>		
This Standard is not applicable to the Company for the year under review.		
<b>2</b> Previous year figures have been regrouped wherever necessary to conform to current year's classification.		
<b>3 Sundry Debtors include</b>		
<b>Dues from companies under the same Management within the meaning of Section 370 (1-B) of the Companies Act, 1956</b>		
TVS-E Servicetec Limited, Chennai (more than 6 months - ₹ 75.94 Lakhs)	<b>78.39</b>	193.09
TVS-E Access India Limited, Chennai (more than 6 months - ₹ 28.00 Lakhs)	<b>28.00</b>	30.47
TVS Capital Funds Limited, Chennai (more than 6 months - ₹ NIL)	-	4.04
Sravanaa Properties Limited, Chennai (more than 6 months - ₹ NIL)	-	1.08
<b>4 Bank Balances include</b>		
Amounts held with a non-scheduled bank viz., Industrial and Commercial Bank of China, Shanghai, Peoples Republic of China	<b>1.83</b>	1.03
Maximum balance held in the above bank account at any time during the year	<b>7.36</b>	7.08
<b>5 Deposits include</b>		
Deposits with (a) Central Excise	-	0.35
(b) Post Office and Telephones	<b>0.71</b>	2.62
(c) Sales Tax	<b>72.24</b>	60.78
<b>6 Current Liabilities</b>		
There are three Micro and Small Enterprises, with whom the Company had transactions. However dues to them as at Balance Sheet date is ₹ NIL (Previous year ₹ 1.68 Lakhs). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006), has been determined to the extent such parties have been identified on the basis of information available with the Company.		
i) Principal amount due to suppliers under MSMED Act, 2006 as at 31 <sup>st</sup> March, 2011.	-	1.68
ii) Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount as at 31 <sup>st</sup> March, 2011.	-	-
iii) Payment made to suppliers (other than interest) beyond the appointed day during the year.	<b>2.79</b>	34.35
iv) Interest paid to suppliers under MSMED Act, 2006 (other than Section 16).	<b>0.21</b>	-
v) Interest paid to suppliers under MSMED Act, 2006 (Section 16).	<b>0.61</b>	-
vi) Interest due and payable to suppliers under MSMED Act, 2006 for payments already made.	-	0.81
vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006.	-	-

## Notes on accounts (Contd.)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
₹ in Lakhs		
<b>7 Contingent liability not provided for</b>		
a) On Letters of Credit opened with Banks	2,433.18	1,525.27
b) Bank Guarantees	296.74	498.71
c) Estimated amount of contracts remaining to be executed on capital account	2.70	5.68
d) Central Excise Duty	45.62	42.22
e) Customs Duty (including Special Additional Duty of ₹ 41.26 Lakhs) (Previous year - ₹ NIL)	339.06	50.53
f) Service Tax	2.78	123.92
g) Capital commitment made to TVS Shriram Growth Fund, Chennai (Formerly known as TVS Private Equity Trust)	1,050.00	2,100.00
h) Claims against the Company not acknowledged as debt	127.50	142.85
<b>8 Liability disputed not provided for</b>		
a) Sales Tax	306.98	164.83
b) Central Excise Duty	13.23	-
c) Customs Duty ( Special Additional Duty)	10.25	-
d) Income Tax	1,522.24	225.85
e) Service Tax	121.15	-
<b>9 Audit fees consists of</b>		
a) Audit fees - As Auditors	8.27	7.50
b) Taxation matters	0.83	0.75
c) Certification fees	0.83	0.75
d) Other Services	0.55	0.66
e) Expenses	3.83	1.24
<b>Total</b>	<u>14.31</u>	<u>10.90</u>
<b>10 Other expenses include</b>		
a) Travelling & conveyance	269.58	281.37
b) Communication expenses	93.07	108.85
c) Carriage outwards	273.53	354.92
d) Sales commission, discounts	1,187.72	1,327.60
e) Other selling expenses including warranty expenses	717.08	904.16
f) Management service fees	476.32	352.23
g) Software & Data processing charges	154.72	131.91
h) Donations	0.10	42.34

**Notes on accounts (Contd.)**

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>11 Miscellaneous Income includes</b>		
Business Auxiliary Services / Management Services	103.81	276.93
TDS ₹ 8.85 Lakhs ( Previous year - ₹ 18.73 Lakhs)		
<b>12 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	79.31	128.91
Travelling & Conveyance	6.89	11.99
Product Development	24.22	35.78
Tools & Accessories	0.64	2.82
Stores Consumables	0.30	-
Consultancy & Technology	16.12	16.06
Reliability Testing, Field Tests & Trials	8.28	7.11
Miscellaneous Expenses	0.94	0.23
	<u>136.70</u>	<u>202.90</u>
<b>b) Capital Expenditure</b>		
<b>Addition to Fixed assets:-</b>		
Plant & Machinery	-	0.86
Office Equipments & Fixtures	-	0.16
Office Equipments	0.83	-
	<u>0.83</u>	<u>1.02</u>
<b>13 Interest received on Advances and Deposits (Gross) netted against interest paid on Loans (Others)</b>		
On Advances	0.06	15.05
On Deposits	48.17	2.29
From suppliers on early payment of invoices	2.19	-
Others	7.86	-
<b>Total</b>	<u>58.28</u>	<u>17.34</u>
<b>TDS ₹ 5.86 Lakhs - (Previous year - ₹ 0.11 Lakhs)</b>		

## Notes on accounts (Contd.)

₹ in Lakhs

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>14</b> In accordance with the Board resolution dated 31 <sup>st</sup> January,2003 and Shareholders' Special Resolution dated 9th August,2000 the Employee Stock Option Scheme, 2003 (ESOP - 2003) was instituted during year ended 31 <sup>st</sup> December, 2003.		
As per the above Scheme, the Company issued 2,11,000 numbers of options to 22 eligible employees. Of this 9,000 options have lapsed consequent to the resignation of an employee during year ended 31st December, 2003 and the total cost of the vesting of live options in respect of the remaining 2,02,000 options was ₹ 50.10 Lakhs. This represented the excess of the market price viz., ₹ 94.80 per Equity Share over the issue price of ₹ 70/- per Equity Share as on the "Grant Date".		
As per the vesting plan of the Scheme, eligible employees shall exercise the option within 60 months from the date of vesting and any options not exercised within the aforesaid period shall lapse. Since inception of the Scheme, 2,10,000 options lapsed on account of non exercise of the options within the period permitted as above. In respect of an eligible employee 1,000 options continue to be live as of 31 <sup>st</sup> March, 2011. During the year on account of lapse of 24,500 options, there is a credit to the Profit and Loss Account amounting to ₹ 6.07 Lakhs.		
<b>15 Remuneration to Managing Director ( Previous year- Manager)</b>		
Salaries	<b>24.23</b>	1.97
Contribution to Provident and Superannuation Funds	<b>2.02</b>	0.10
Value of Perquisites & Allowances	<b>3.27</b>	0.02
(Remuneration paid is within the limits stipulated under Schedule XIII to the Companies Act, 1956).	<b>29.52</b>	2.09
(Mr. S.S.Raman who was appointed as Whole time Director with effect from 1 <sup>st</sup> May, 2009 became the Managing Director effective 1 <sup>st</sup> April, 2010)		

**Notes on accounts (Contd.)**

₹ in Lakhs

**As at / Year ended  
31.03.2011**
**As at / Year ended  
31.03.2010**
**16 Related Party Disclosures as per Accounting Standard - 18**
**A) List of Related Parties as per Clause 3(a) of the Standard where control exists**
**Reporting Entity**
**TVS Electronics Limited, Chennai  
Period**
**Holding Companies**

T.V.Sundram Iyengar & Sons Limited, Madurai (Holding Company of Sundaram-Clayton Limited, Chennai)	01.04.2010 to 31.03.2011
Sundaram-Clayton Limited, Chennai (Holding Company of TVS Investments Limited, Chennai)	01.04.2010 to 31.03.2011
TVS Investments Limited, Chennai (Holding Company of Reporting Entity)	01.04.2010 to 31.03.2011

**Wholly owned Subsidiaries**

Tumkur Property Holdings Limited, Chennai	01.04.2010 to 31.03.2011
Prime Property Holdings Limited, Chennai	01.04.2010 to 31.03.2011

**B) Other Related Parties with whom transactions have been made during the year**
**Fellow Subsidiaries**

TVS Motor Company Limited, Chennai	01.04.2010 to 31.03.2011
Sundaram Auto Components Limited, Chennai	01.04.2010 to 31.03.2011
TVS Capital Funds Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	01.04.2010 to 31.03.2011
TVS-E Access India Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	01.04.2010 to 31.03.2011
TVS-E Servicetec Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	01.04.2010 to 31.03.2011
Sravanaa Properties Limited, Chennai - (Subsidiary of TVS Investments Limited, Chennai)	01.04.2010 to 31.03.2011

**C) List of Related Parties as per Clause 3(c) of the Standard**
**Key Management Personnel**

Mr. S.S.Raman - Managing Director under the provisions of the Companies Act, 1956	01.04.2010 to 31.03.2011
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## Notes on accounts (Contd.)

	₹ in Lakhs	
	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>D) Particulars of transactions with Related Parties</b>		
<b>(i) Purchases made</b>		
<b>Holding Company</b>		
Sundaram-Clayton Limited, Chennai	212.35	456.93
<b>Fellow Subsidiary</b>		
TVS Motor Company Limited, Chennai	-	12.20
<b>(ii) Services availed</b>		
<b>Holding Companies</b>		
T.V. Sundram Iyengar & Sons Limited, Madurai	0.06	2.51
Sundaram-Clayton Limited, Chennai	14.83	11.17
TVS Investments Limited, Chennai	494.96	214.96
<b>Fellow Subsidiaries</b>		
TVS-E Servicetec Limited, Chennai	580.30	729.42
Sravanaa Properties Limited, Chennai	-	0.02
TVS Capital Funds Limited, Chennai	0.71	-
<b>(iii) Sale of Materials / Fixed Assets</b>		
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	25.87	22.50
<b>Holding Companies</b>		
Sundaram-Clayton Limited, Chennai	30.39	-
TVS Investments Limited, Chennai	0.04	0.04
<b>(iv) Purchase of Fixed Assets</b>		
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	12.50
<b>(v) Services rendered</b>		
<b>Fellow Subsidiaries</b>		
TVS Motor Company Limited, Chennai	0.47	1.03
Sundaram Auto Components Limited, Chennai	-	0.07
TVS-E Servicetec Limited, Chennai	128.61	265.03
TVS Capital Funds Limited, Chennai	-	3.69
<b>Holding Companies</b>		
Sundaram-Clayton Limited, Chennai	-	0.14
TVS Investments Limited, Chennai	31.58	-

**Notes on accounts (Contd.)**

	₹ in Lakhs	
	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
<b>(vi) Rent paid</b>		
<b>Fellow Subsidiary</b>		
Sravanaa Properties Limited, Chennai	2.85	2.49
<b>(vii) Rent Received</b>		
<b>Holding Company</b>		
Sundaram-Clayton Limited, Chennai	3.31	3.31
<b>(viii) Interest paid /payable on Inter Corporate Deposits received during the current year</b>		
<b>Holding Company</b>		
TVS Investments Limited, Chennai	-	0.99
<b>(ix) Inter Corporate Deposits received and paid back by the Company during the current year</b>		
<b>Holding Company</b>		
TVS Investments Limited, Chennai	-	28.00
<b>(x) Advances received back</b>		
<b>Wholly owned Subsidiary</b>		
Prime Property Holdings Limited, Chennai (Part Payment)	-	900.00
<b>(xi) Contribution to TVS Shriram Growth Fund ( Investment)</b>		
TVS Shriram Growth Fund, Chennai	1,050.00	-
<b>(xii) Amount outstanding as at Balance Sheet date</b>		
<b>a) Sundry Debtors</b>		
<b>Holding Companies</b>		
Sundaram-Clayton Limited, Chennai (more than 6 months - ₹ 0.17 Lakhs)	0.58	1.02
TVS Investments Limited, Chennai (more than 6 months - ₹ NIL)	-	77.49

## Notes on accounts (Contd.)

	As at / Year ended 31.03.2011	As at / Year ended 31.03.2010
₹ in Lakhs		
<b>Fellow Subsidiaries</b>		
TVS Motor Company Limited, Chennai (more than 6 months - ₹ NIL)	0.01	1.46
TVS-E Access India Limited, Chennai (more than 6 months - ₹ 28.00 Lakhs)	28.00	30.47
Sundaram Auto Components Limited, Chennai (more than 6 months - ₹ 0.12 Lakhs)	0.12	0.19
TVS Capital Funds Limited, Chennai (more than 6 months - ₹ NIL)	-	4.04
Sravanaa Properties Limited , Chennai (more than 6 months - ₹ NIL)	-	1.08
TVS-E Servicetec Limited, Chennai (more than 6 months- ₹ 75.94 Lakhs)	78.39	193.09
<b>Wholly owned Subsidiaries</b>		
Prime Property Holdings Limited, Chennai (more than 6 months- ₹ 330 Lakhs)-Due under 'Contractual Obligation'.	330.00	330.00
Prime Property Holdings Limited, Chennai (more than 6 months - ₹ 112 Lakhs)-Due under ' Loan '.	112.00	112.00
Tumkur Property Holdings Limited, Chennai (more than 6 months - ₹ 0.17 Lakhs)	0.17	0.17
<b>b) Sundry Creditors</b>		
<b>Holding Companies</b>		
Sundaram-Clayton Limited, Chennai	4.49	18.65
TVS Investments Limited, Chennai	73.56	87.67
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	142.90

**Notes on accounts (Contd.)**
**17 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)

₹ in Lakhs

Particulars	Year ended 31 <sup>st</sup> March, 2011		Year ended 31 <sup>st</sup> March, 2010	
	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)	2,67,732	87.86	2,61,221	67.25
ii) Miscellaneous Items (which do not individually account for more than 10% of the value of the consumption)		9,341.28		9,682.53
<b>Total</b>		9,429.14		9,749.78

Particulars	% of total consumption	Amount	% of total consumption	Amount
	<b>2 Consumption of Raw Materials &amp; Components</b>			
a) Imported	42.41%	3,998.90	43.36%	4,227.60
b) Indigenous	57.59%	5,430.24	56.64%	5,522.18
<b>Total</b>	100.00%	9,429.14	100.00%	9,749.78
<b>II Consumption of Machinery Spares</b>				
a) Imported	43.12%	18.95	50.40%	21.88
b) Indigenous	56.88%	25.00	49.60%	21.53
	100.00%	43.95	100.00%	43.41
<b>III Imports (CIF VALUE)</b>				
a) Raw materials		56.16		53.53
b) Spares, Stores and Components		2,335.32		2,720.02
c) Capital goods		8.57		103.53
d) Traded goods		1,870.58		1,928.30
<b>Total</b>		4,270.63		4,805.38

## Notes on accounts (Contd.)

		₹ in Lakhs	
		Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
<b>IV</b>	<b>OTHER EXPENDITURE IN FOREIGN CURRENCY</b>		
	Salaries	31.36	31.20
	Staff Welfare	0.42	1.82
	Rent	5.62	6.61
	Rates & Taxes	5.09	-
	Repairs & Maintenance	0.48	0.74
	Travel & Conveyance	10.43	22.45
	Communication expenses	1.56	0.89
	Other selling expenses	0.10	-
	Consultancy, Legal fee & Retainers	1.57	10.87
	Subscriptions	0.04	0.14
	Bank charges	0.11	0.77
	Research and Development	0.01	0.01
<b>V</b>	<b>SALE BY CLASS OF GOODS</b>		
		Quantity Nos.	Quantity Nos.
	(a) Computer Peripherals	6,11,748	6,38,349
	(b) Income on Services rendered	15,298.42	15,948.39
	(c) Service, Spares & others	189.27	298.67
		<u>2,652.67</u>	<u>2,792.72</u>
		<u>18,140.36</u>	<u>19,039.78</u>
<b>VI</b>	<b>EARNINGS IN FOREIGN EXCHANGE</b>		
	Exports (on F.O.B. basis)	-	57.76
		<u>-</u>	<u>57.76</u>
<b>VII</b>	<b>LICENCED AND INSTALLED CAPACITY</b>		
	Information is not furnished in view of the abolition of the Industrial Licensing requirements.		

Notes on accounts (Contd.)

17. 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

Description	Year ended 31st March, 2011				Year ended 31st March, 2010							
	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	428	10.72			34	0.07	894	27.18			428	10.72
b) Computer Peripherals	15,779	123.14	308,077	NA	14,424	120.96	14,674	276.98	2,83,497	NA	15,779	123.14
c) Others		88.47				24.87		135.56				88.47
		<b>222.33</b>		NA		<b>145.90</b>		439.72		NA		222.33
(B) TRADED ITEMS												
a) Uninterruptible Power Supplies	59,245	354.48	2,63,500		20,429	342.40	57,083	267.57	358,119		59,245	354.48
b) Computer Peripherals		190.25				161.97		149.85				190.25
c) Others		<b>544.73</b>		<b>2,489.95</b>		<b>504.37</b>		417.42	-	2,975.01		<b>544.73</b>

₹ in Lakhs

Signature to Schedule I to XIX and notes thereon

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No.004207S

As per our report of even date annexed

Chennai  
May 27, 2011

**A.R.GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

**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

₹ in Lakhs

Particulars	Name of the Parent/ Subsidiary/Associate Company	Amount Outstanding as on 31st March, 2011	Maximum amount due at any one time of the year	Remarks
<b>A. LOANS AND ADVANCES**</b>				
1. Loans and Advances in the nature of Loans made to Parent Company				
2. Loans and Advances in the nature of Loans made to Subsidiary				
3. Loans and Advances in the nature of Loans made to Associates				
4. Loans and Advances in the nature of Loans made to firms/companies in which the Directors of the Company are interested				
<b>B. INVESTMENTS</b>				
1. Investments made in Parent Company				
2. Investments made in Associate Company				
3. Investments made in Subsidiary Company (including application money pending allotment)	Tumkur Property Holdings Limited, Chennai	5.00	5.00	
	Prime Property Holdings Limited, Chennai	5.00	5.00	

(II) Disclosure in respect of Loans and Advances /Investments by Parent/Subsidiary/Associate companies during the year

₹ in Lakhs

<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

₹ in Lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and exceptional items</b>	<b>150.96</b>	<b>(428.32)</b>
Adjustment for :		
Depreciation	396.33	448.61
Employee stock option expense	(6.07)	(3.35)
Profit on sale of assets	(2.40)	(26.11)
Loss on sale of assets	9.90	9.16
Interest	517.03	721.42
	<b>914.79</b>	<b>1,149.73</b>
<b>Operating Profit before Working Capital changes</b>	<b>1,065.75</b>	<b>721.41</b>
Adjustment for:		
Inventories	184.30	126.82
Sundry Debtors	1,046.43	1,606.58
Loans and Advances	202.49	513.58
Current liabilities and provisions	(99.78)	(1,317.80)
	<b>1,333.44</b>	<b>929.18</b>
Cash generated from operations	<b>2,399.19</b>	<b>1,650.59</b>
Direct taxes paid net of provision	<b>(13.00)</b>	<b>142.62</b>
<b>Net cash from operating activities (A)</b>	<b>2,386.19</b>	<b>1,793.21</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Assets	(29.88)	(192.11)
Capital Work-in-Progress	3.15	(3.15)
New Investments made	(1,050.00)	-
Exceptional items of expenditure	(87.25)	(75.25)
Sale of fixed assets	72.99	50.31
<b>Net cash from / (used in ) investing activities (B)</b>	<b>(1,090.99)</b>	<b>(220.20)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment of Loans)/Loans Received (Net)	(1,635.20)	395.50
(Interest paid) (Net)	(517.03)	(721.42)
<b>Net cash used in financing activities (C)</b>	<b>(2,152.23)</b>	<b>(325.92)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(857.03)</b>	<b>1,247.09</b>
<b>Opening Cash and Cash equivalents as at 01.04.2010</b>	<b>1,481.18</b>	<b>234.09</b>
<b>Closing Cash and Cash equivalents as at 31.03.2011</b>	<b>624.15</b>	<b>1,481.18</b>

- Notes**
- The above statements have been prepared in indirect method.
  - Cash and cash equivalent represents Cash and Bank balances.
  - Interest paid net of receipts is treated as arising out of financing activities.
  - Previous year figures have been regrouped wherever necessary to conform to current years classification.

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 0042075

 Chennai  
May 27, 2011

**A.R. GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

**M BALASUBRAMANIAM**  
Partner  
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 ₹ Thousands)

Public Issue       Rights Issue       Bonus Issue       Private Placement       

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

Total Liabilities       Total Assets       

#### Source of Funds

Paid-up Capital       Reserves & Surplus       Secured Loans       Unsecured Loans       Deferred Tax Liability       

#### Application of Funds

Net fixed assets       Investments       Net current assets       Miscellaneous expenditure       Accumulated losses       

### IV Performance of Company (Amount in ₹ Thousands)

Turnover           Total Expenditure       Profit/(Loss) before Tax         Profit/(Loss) after Tax       

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

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

Earning per share in ₹       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

GOPAL SRINIVASAN  
ChairmanH.LAKSHMANAN  
DirectorS.S.RAMAN  
Managing DirectorFor SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No: 004207SChennai  
May 27, 2011A.R. GOWRI  
Company SecretaryS.KANNAN  
Chief Financial OfficerM BALASUBRAMANIAM  
Partner  
Membership No: F 7945

**Statement relating to Subsidiaries**

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

Particulars	Name of the Subsidiaries	
	Tumkur Property Holdings Limited, Chennai	Prime Property Holdings Limited, Chennai
1. Financial year of the Subsidiary ended on	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2011
2. Shares of Subsidiary held by the Company on 31.03.2011		
a. Number and face value of Equity	50,000 Equity Shares of ₹10/- each fully paid up	50,000 Equity Shares of ₹10/- each fully paid up
b. Extent of holding	100%	100%
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 ₹	Amount in ₹
a. For the financial year of the Subsidiaries - Profit / (Loss)	(58,441)	(4,89,460)
b. For the previous financial years since they became Subsidiaries - Profit / (Loss)	(69,744)	3,09,99,779
4. Net aggregate amount of Profit / (Loss) of the Subsidiaries for the above financial year of the Subsidiaries dealt with in the Company's accounts so far as it concerns the members of the Holding Company		
a. For the financial year of the Subsidiaries - Profit / (Loss)	Nil	Nil
b. For the previous financial years since they became Subsidiaries. - Profit / (Loss)	Nil	Nil
5. Change of interest of the Company in the Subsidiaries between the end of the financial year of the Subsidiaries and the financial year of the Company.	Not Applicable	Not Applicable
6. Material changes between the end of the financial year of the Subsidiaries and the end of the financial year of the Company.	Not Applicable	Not Applicable
i) Fixed Assets		
ii) Investments		
iii) Money Lent		
iv) Borrowings other than for meeting current liabilities		

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

Chennai  
May 27, 2011

**A.R.GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

# Consolidated Financial Statements



## AUDITORS REPORT ON CONSOLIDATED ACCOUNTS

We have audited the attached Consolidated Balance Sheet of M/s. TVS Electronics Limited, "Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006 and its two subsidiaries as at 31<sup>st</sup> March, 2011 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 subsidiary companies namely Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai for the year ended 31<sup>st</sup> March, 2011. These statements were audited by other firm of Chartered Accountants whose reports have been furnished to us, and our opinion, so far as it relates to this Company is based solely on the reports 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 provides a reasonable basis for our opinion.

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

In our opinion and based on our audit, the Consolidated Financial Statements referred to above give a true and fair view of the financial position of TVS Electronics Limited and its subsidiaries as at 31<sup>st</sup> March, 2011 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  
Firm Registration No: 004207S

Chennai  
May 27, 2011

**M BALASUBRAMANIAM**  
Partner  
Membership No: F7945



Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

₹ in Lakhs

	Schedule Number	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	I	1,767.28	1,767.28
Reserves and Surplus	II	1,982.61	1,839.71
		<b>3,749.89</b>	3,606.99
<b>Loan Funds</b>			
Secured Loans	III	2,387.49	1,704.33
Unsecured Loans	IV	2,110.42	4,428.78
		<b>4,497.91</b>	6,133.11
<b>Deferred Tax Liability (Net)</b>	V	<b>80.56</b>	184.29
<b>Total</b>		<b>8,328.36</b>	<b>9,924.39</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI(a)	7,824.65	8,174.52
Less: Depreciation		6,028.05	5,930.98
Net Block		1,796.60	2,243.54
Capital Work-in-progress	VI(b)	-	3.15
		<b>1,796.60</b>	2,246.69
<b>Investments</b>	VII	<b>2,540.82</b>	1,490.82
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	VIII	1,339.17	1,523.47
Sundry Debtors	IX	1,574.92	2,621.35
Cash and Bank Balances	X	780.85	1,989.17
Loans & Advances	XI	3,540.27	3,536.48
	(a)	<b>7,235.21</b>	9,670.47
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	2,858.75	3,234.76
Provisions	XIII	385.52	249.64
	(b)	<b>3,244.27</b>	3,484.40
<b>Net Current Assets</b>	(a)-(b)	<b>3,990.94</b>	6,186.07
<b>Preliminary Expenses</b>		-	0.81
<b>Total</b>		<b>8,328.36</b>	<b>9,924.39</b>
<b>Notes on Accounts</b>	XX		

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

Chennai  
May 27, 2011

**A.R. GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

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

Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

₹ in Lakhs

	Schedule Number	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME</b>			
Turnover (Gross)		18,249.70	19,150.68
Less : Excise duty collected		109.34	110.90
Turnover (Net)		18,140.36	19,039.78
Add : Other Income	XIV	168.73	975.55
<b>Total - ( A )</b>		<b>18,309.09</b>	<b>20,015.33</b>
<b>EXPENSES</b>			
Raw materials and components consumed,			
Work-in-Process & Finished Goods	XV	9,429.14	9,749.78
Consumption of traded Items	XVI	2,530.31	2,847.70
Salaries & Wages, stores consumed and other expenses	XVII	5,284.24	6,108.98
Interest	XVIII	517.03	721.42
Depreciation		396.33	448.61
<b>Total - ( B )</b>		<b>18,157.05</b>	<b>19,876.49</b>
Profit/(Loss) before Exceptional items & Tax	A - B	152.04	138.84
Less : Exceptional items of expenditure	XIX	87.25	75.25
<b>Profit / (Loss) before tax</b>		<b>64.79</b>	<b>63.59</b>
Less : Provision for current taxation		19.55	235.00
		45.24	(171.41)
Add/(Less)Provision for deferred tax written back		103.73	17.59
<b>Profit / (Loss) after tax</b>		<b>148.97</b>	<b>(153.82)</b>
Add : Balance brought forward from previous year		99.26	110.46
Add / (Less):Tax relating to earlier years		-	142.62
<b>Balance available for appropriation</b>		<b>248.23</b>	<b>99.26</b>
Balance carried to Balance Sheet		248.23	99.26
<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 Exceptional item		1.34	0.36
Basic and Diluted Earnings per Share in Rupees after Exceptional item referred to in schedule XIX		0.84	(0.06)

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

Chennai  
May 27, 2011

**A.R. GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

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

## Consolidated Schedules

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>I. CAPITAL- PARENT COMPANY</b>		
<b>Authorised</b>		
2,50,00,000 (last year 2,50,00,000) Equity Shares of Rs.10 each	<b>2,500.00</b>	2,500.00
<b>Issued, subscribed and paid-up</b>		
1,76,72,818 (last year 1,76,72,818) Equity Shares of Rs.10 each	<b>1,767.28</b>	1,767.28
Of the above, 1,05,53,449 Equity Shares are held by M/s TVS Investments Limited, Chennai, the Holding Company (Last year 1,05,53,449 Equity Shares )	<b>1,767.28</b>	1,767.28
<b>II. RESERVES AND SURPLUS</b>		
<b>Capital Reserve - Parent Company</b>	<b>60.60</b>	60.60
<b>Capital Reserve on Consolidation</b>	<b>0.04</b>	0.04
<b>Share Premium</b>	<b>1,281.92</b>	1,281.92
<b>Investment Subsidy</b>	<b>15.00</b>	15.00
<b>General Reserve</b>		
As per last Balance Sheet	<b>349.58</b>	349.58
<b>Investment Allowance Reserve</b>		
As per last Balance Sheet	<b>27.46</b>	27.46
<b>Employee Stock Options (vide note No.14)</b>		
Total cost of Employee Stock Options viz., "Grants" 50.10	50.10	50.10
Less : Cost of Pending options lapsed 49.85	49.85	43.78
Net cost of options	<b>0.25</b>	6.32
<b>Share of Loss in erstwhile associate companies</b>	<b>(0.47)</b>	(0.47)
<b>Surplus - i.e., Balance in Profit &amp; Loss Account</b>	<b>248.23</b>	99.26
	<b>1,982.61</b>	1,839.71

## Consolidated Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>III SECURED LOANS</b>		
From Banks	2,387.49	1,704.33
Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods book debts, stores and spares and further secured by a second charge on immovable properties on a pari passu basis to the consortium of Banks.		
	<b>2,387.49</b>	<b>1,704.33</b>
<b>IV UNSECURED LOANS</b>		
From Banks - Short term	2,110.42	4,428.78
	<b>2,110.42</b>	<b>4,428.78</b>
<b>V DEFERRED TAX LIABILITY ( NET )</b>		
As per last Balance Sheet	184.29	201.88
Add: Transfer from / (to) Profit & Loss Account towards current year deferred taxation	(103.73)	(17.59)
	<b>80.56</b>	<b>184.29</b>
Deferred tax liability (Net) consists of :		
a) Liabilities :-		
Tax on Depreciation	80.56	222.05
Less :		
b) Assets :-		
Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis	0.00	37.76
	<b>80.56</b>	<b>184.29</b>

## Consolidated Schedules (Contd.)

Description	₹ in Lakhs									
	Land	Buildings	Plant and Machinery	Intellectual Property Rights	Furniture, Fixtures & Equipments	Vehicles	As at 31.03.2011	As at 31.03.2010		
<b>COST OF ASSETS</b>										
As at 01.04.2010	* 335.22	962.14	4,068.00	800.00	1,952.72	56.44	8,174.52	8,880.90		
Additions	-	0.44	17.02	-	12.39	0.03	29.88	207.13		
Sales / Transfers	335.22	962.58	4,085.02	800.00	1,965.11	56.47	8,204.40	9,088.03		
	-	64.87	36.21	-	263.97	14.70	379.75	913.51		
Total	335.22	897.71	4,048.81	800.00	1,701.14	41.77	7,824.65	8,174.52		
<b>DEPRECIATION</b>										
Upto 31.03.2010	-	621.06	3,049.45	563.67	1,652.74	44.06	5,930.98	5,662.16		
For the year	-	28.00	208.06	76.00	77.07	7.20	396.33	448.61		
Sales / Transfers	-	649.06	3,257.51	639.67	1,729.81	51.26	6,327.31	6,110.77		
	-	64.87	15.54	-	206.88	11.97	299.26	179.79		
Total	-	584.19	3,241.97	639.67	1,522.93	39.29	6,028.05	5,930.98		
<b>WRITTEN DOWN VALUE</b>										
As at 31.03.2011	335.22	313.52	806.84	160.33	178.21	2.48	1,796.60	-		
As at 31.03.2010	335.22	341.08	1,018.55	236.33	299.98	12.38	-	2,243.54		

\* Vide Note under AS10

## Consolidated Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>VI (b) CAPITAL WORK-IN-PROGRESS (At Cost)</b>		
Plant and Machinery	-	3.15
	-	3.15
<b>VII INVESTMENTS [At Cost] (Long Term)</b>		
<b>Trade - Unquoted Investment (fully paid up)</b>		
a) 9,07,255 Equity Shares of Rs.10 each in Modular Infotech Private Limited, Pune	90.73	90.73
b) Pro-rata share in the profit of erstwhile associate company	0.09	0.09
c) Capital contribution to TVS Shriram Growth Fund, Chennai (Asset Management Company-TVS Capital Funds Limited, Chennai) (Vide Note no. 7(g))	2,450.00	1,400.00
	2,540.82	1,490.82
<b>VIII INVENTORIES *</b>		
a) Raw Materials and components at cost	653.38	743.01
b) Work-in-process at cost	2.43	-
c) Finished goods (at cost or net realisable value whichever is lower)	145.90	222.33
d) Traded items at cost	504.37	544.73
e) Goods-in-transit at cost - Raw Materials	33.09	13.40
	1,339.17	1,523.47

Ref Note 1-AS 2

\* As certified by Managing Director

## Consolidated Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>IX SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD</b>		
a) Debts outstanding for a period exceeding six months		
- Considered Good	151.56	1,053.50
- Considered Doubtful	69.72	49.00
	221.28	1,102.50
b) Other debts		
- Considered Good	1,423.36	1,567.85
- Considered Doubtful	-	20.72
	1,423.36	1,588.57
	1,644.64	2,691.07
Less : Provision made for Doubtful debts	69.72	69.72
	1,574.92	2,621.35
<b>X CASH AND BANK BALANCES</b>		
a) Cash and cheques on hand	6.03	900.35
b) Balances with Scheduled Banks in		
i. Deposit accounts	627.00	8.75
ii. Current accounts	134.13	1,064.39
iii. Dividend accounts	11.86	14.65
c) Balances with Non-Scheduled Banks in **		
Current accounts	1.83	1.03
** Vide Note No. 4		
	780.85	1,989.17
<b>XI LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD</b>		
A. LOANS - Intercorporate Deposits	-	164.29
B. ADVANCES		
i) Advances recoverable in cash or in kind or for value to be received	579.69	700.69
ii) Deposits	2,625.65	2,597.45
iii) Advance Income Tax paid and tax deducted at source (net of provisions)	334.93	74.05
	3,540.27	3,536.48
<b>XII CURRENT LIABILITIES</b>		
a) Sundry Creditors <sup>*</sup>	2,821.53	3,201.54
b) Unexpired Service Contracts	25.36	18.57
c) Unclaimed Dividend <sup>#</sup>	11.86	14.65
	2,858.75	3,234.76

\* Ref. Note No :6

# Amount to be credited to Investor Education and Protection Fund as and when due

## Consolidated Schedules (Contd.)

₹ in Lakhs

	As at 31.03.2011	As at 31.03.2010
<b>XIII PROVISIONS</b>		
a) Provision for Wealth Tax	36.12	34.00
b) Warranty	275.44	148.45
c) Staff benefit schemes	25.84	40.34
d) Others	48.12	26.85
	<b>385.52</b>	<b>249.64</b>
	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2010</b>
<b>XIV OTHER INCOME</b>		
a) Sale of scrap	21.54	27.32
b) Profit on sale of assets	2.40	26.11
c) Miscellaneous income	144.79	922.12
	<b>168.73</b>	<b>975.55</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	743.01	765.91
b) Add: Purchases	9,265.51	9,509.49
	<b>10,008.52</b>	<b>10,275.40</b>
c) Less: Closing stock	653.38	743.01
Total (A)	<b>9,355.14</b>	<b>9,532.39</b>
<b>B) (INCREASE) / DECREASE IN STOCKS</b>		
a) Opening stock:		
Finished Goods	222.33	439.72
	<b>( i ) 222.33</b>	<b>439.72</b>
b) Closing stock:		
Work-in-process	2.43	-
Finished Goods	145.90	222.33
	<b>( ii ) 148.33</b>	<b>222.33</b>
Total (B)	<b>[( i ) - ( ii )] 74.00</b>	<b>217.39</b>
<b>Raw materials and components consumed, Work-in-process and Finished goods</b>	<b>[ A + B ] 9,429.14</b>	<b>9,749.78</b>

## Consolidated Schedules (Contd.)

₹ in Lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
<b>XVI CONSUMPTION OF TRADED ITEMS</b>		
a) Opening stock	544.73	417.42
b) Add: Purchases	2,489.95	2,975.01
	<u>3,034.68</u>	<u>3,392.43</u>
c) Less: Closing stock	504.37	544.73
Consumption of Traded Items	<u>2,530.31</u>	<u>2,847.70</u>
<b>XVII SALARIES, WAGES &amp; BONUS, STORES CONSUMED AND OTHER EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	980.58	1,064.36
b) Contribution to Provident and other Funds	58.76	63.00
c) Staff welfare expenses	84.05	132.73
d) Stores, spares and tools consumed	47.54	48.53
e) Power & fuel	52.47	71.83
f) Rent	201.29	382.20
(Includes ₹ 0.50 Lakhs paid to Director - Previous year ₹ 0.50 Lakhs)		
g) Rates and taxes	40.39	35.35
h) Repairs & Maintenance		
Buildings	86.54	102.93
Machinery	13.88	12.97
Office Equipments	139.56	165.31
Vehicles	1.78	6.36
i) Insurance	31.62	36.53
j) Directors sitting fees	1.50	1.83
k) Loss on sale of assets	9.90	9.16
l) Audit fees	14.64	11.26
m) Other expenses	3,519.74	3,964.63
	<u>5,284.24</u>	<u>6,108.98</u>
<b>XVIII INTEREST</b>		
a) Fixed loans	139.00	259.61
b) Other loans (Net of recoveries)	378.03	461.81
	<u>517.03</u>	<u>721.42</u>
<b>XIX EXCEPTIONAL ITEMS OF EXPENDITURE</b>		
a) Loss on sale of unused assets	62.25	-
b) Warranty relating to discontinued business	25.00	75.25
	<u>87.25</u>	<u>75.25</u>

## Consolidated Cash Flow Statement

₹ in Lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and exceptional items</b>	<b>152.04</b>	<b>138.84</b>
Adjustment for :		
Depreciation	396.33	448.61
Employee stock option expense	(6.07)	(3.35)
Profit on sale of assets	(2.40)	(26.11)
Loss on sale of assets	9.90	9.16
Interest	517.03	721.42
	<b>914.79</b>	<b>1,149.73</b>
<b>Operating Profit before Working Capital changes</b>	<b>1,066.83</b>	<b>1,288.57</b>
Adjustment for :		
Inventories	184.30	126.82
Sundry Debtors	1,046.43	706.75
Loans and Advances	(3.79)	491.58
Current liabilities and provisions	(240.13)	(915.42)
Preliminary Expenses	0.81	-
	<b>987.62</b>	<b>409.73</b>
Cash generated from operations	<b>2,054.45</b>	<b>1,698.30</b>
Direct taxes paid net of provision	(19.55)	(92.38)
<b>Net cash from operating activities (A)</b>	<b>2,034.90</b>	<b>1,605.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Assets	(29.88)	(207.13)
Capital Work-in-Progress	3.15	(3.15)
New Investments made	(1,050.00)	-
Exceptional items of expenditure	(87.25)	(75.25)
Sale of fixed assets	72.99	750.67
<b>Net cash from / (used in) investing activities (B)</b>	<b>(1,090.99)</b>	<b>465.14</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment of Loans) / Loans Received (Net)	(1,635.20)	395.50
(Interest paid) (Net)	(517.03)	(721.42)
<b>Net cash used in financing activities (C)</b>	<b>(2,152.23)</b>	<b>(325.92)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(1,208.32)</b>	<b>1,745.14</b>
<b>Opening Cash and Cash equivalents as at 01.04.2010</b>	<b>1,989.17</b>	<b>244.03</b>
<b>Closing Cash and Cash equivalents as at 31.03.2011</b>	<b>780.85</b>	<b>1,989.17</b>

- Notes
- The above statements have been prepared in indirect method.
  - Cash and cash equivalent represents Cash and Bank balances.
  - Interest paid net of receipts is treated as arising out of financing activities and accordingly last year's figures are regrouped.
  - Previous year figures have been regrouped wherever necessary to conform to current years classification.

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

**S.S.RAMAN**  
Managing Director

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 0042075

Chennai  
May 27, 2011

**A.R. GOWRI**  
Company Secretary

**S.KANNAN**  
Chief Financial Officer

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

## XX 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 its 100% Subsidiaries - Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The Consolidated Accounts have been prepared based on line by line consolidation by adding together the book values of like

items of assets, liabilities, income and expenses as per the accounts of the Parent Company and its Subsidiary Company (duly certified by its auditor) and Intra Group balances/Intra Group transactions have been eliminated.

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

### B. Details of Subsidiary Companies 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	31.03.2011	100%
Tumkur Property Holdings Limited, Chennai	India	31.03.2011	100%

### C. Other significant accounting policies:

Accounting Standards 1 to 32 (to the extent applicable) issued by the Institute of Chartered Accountants of India have been duly considered while preparing the accounts of both Holding and Subsidiary Company and the same have been explained in detail in the notes on accounts of the respective

companies which may be referred to. Notes to Accounts annexed to respective financial statements form part of the Consolidated Financial Statements.

### D. Previous year figures have been regrouped wherever necessary to conform to current year's classification.

## DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES

The Ministry of Corporate Affairs, Government of India, vide general circular No.2 and 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of certain conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular including the disclosure of information of Subsidiaries in the consolidated financial statements of the Company.

₹ in Lakhs

Particulars	Prime Property Holdings Limited		Tumkur Property Holdings Limited	
	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
1. Share Capital - Equity	5.00	5.00	5.00	5.00
2. Reserves and Surplus #	305.10	309.99	(1.28)	(0.70)
3. Total Liabilities *	608.05	946.37	0.33	0.36
4. Total Assets +	918.15	1260.94	4.05	4.66
5. Investments	-	-	-	-
6. Gross Income	8.28	568.45	-	-
7. Profit/(Loss) before Tax	1.65	567.43	(0.58)	(0.28)
8. Provision for taxation - Current	6.55	235.00	-	-
9. Profit/(Loss) after Tax	(4.89)	332.43	(0.58)	(0.28)
10. Dividend/Proposed Dividend including dividend tax	-	-	-	-

# Reserves and Surplus is net of debit balance in Profit and Loss Account.

\* Total Liabilities includes Current Liabilities & Provisions.

+ Total Assets includes Net Fixed Assets, Current Assets and Miscellaneous Expenditure.



# TVS Electronics Limited

Registered 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

Number of Shares held

Client ID      Folio No.

(Strike whichever not applicable)

NAME OF THE PROXY (IN CAPITAL LETTERS)

16<sup>TH</sup> ANNUAL GENERAL MEETING  
21<sup>st</sup> September, 2011 at 10.30 AM  
Sri Thyaga Brahma Gana Sabha (Vani Mahal)  
No.103, G N Chetty Road, T. Nagar  
Chennai - 600 017

Member       Proxy

I hereby record my presence at the Meeting

Signature of the Member or Proxy



# TVS Electronics Limited

Registered 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 16<sup>th</sup> Annual General Meeting of the Company to be  
held on Wednesday, the 21<sup>st</sup> day of September, 2011 at 10.30 AM and/or at any adjournment  
thereof. Signed this.....day of .....2011.

Client ID	Folio No.	Number of Shares held

(Strike whichever not applicable)

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

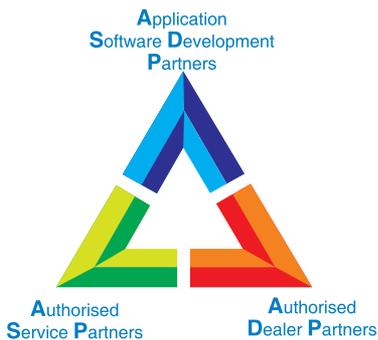
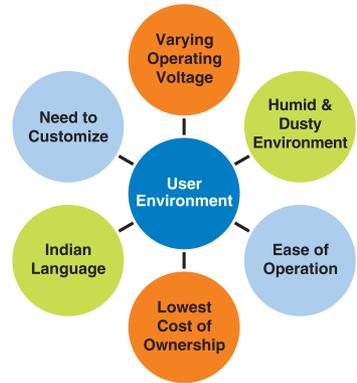
FOR OFFICE USE ONLY	
Proxy No.	Date of Receipt

Re. 1/-  
Revenue  
Stamp  
Signature



## Heart of India applications

TVS-E products are well known for their reliability and versatility and have been engineered to withstand challenging and demanding Indian environmental conditions like dust and voltage fluctuations.



## Sales & Service Reach

More than 3500 Authorised Dealer Partners, 400 Authorised Service Partners and 150 Authorised Software Development Partners spread across 450 towns exemplify our philosophy: "Relationships built to maximise Customer Satisfaction"

## Vertical focus

A loyal customer base of over 5 million across banking, insurance, financial services, retail, manufacturing, logistics, hospitality, healthcare, education, eGovernance - the State and Central Governments of India and other SMEs and SMBs, is standing testimony to our touch across India.



## Raising the bar again



NCN Award  
Best POS Solution 2010



VAR India Award  
Best Indian Company  
in Hardware Manufacturing



VAR India Award  
Best Key Board  
(Mechanical) 2010



VAR India Award  
Best POS - Indian Brand  
2010



### TVS Electronics Limited

South Phase - 7A, Second Floor, Industrial Estate  
Guindy, Chennai 600 032. Email: sales-support@tvs-e.in  
Call: Sales - 1800 200 5123  
Service - 1800 425 4566 / 3030 9797 (prefix city STD code)

Registered Office:  
Jayalakshmi Estates  
29, Haddows Road  
Chennai 600 006

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