



Heart of India Applications

15th
Annual Report
2009-10

► Receipt Printers



RP-45 Shoppe



RP-35



RP-3160



RP-3200

► AIDC Products



LP-44



LP-46



BS-C101 Star



BS-L101 Platina



BS-L104 Platina



BS-L201-2D



BS-L301 Platina

► POS



PT-262
POS Terminal



TP-A570
POS System

► POS Accessories



PD-VFD



MSR-104



POS-60



Cash Drawer



Paper Roll

New
Launches

**TVS-E POS
Product Range**

Heart of India Applications

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Board of Directors

| | |
|------------------|--------------------------|
| Gopal Srinivasan | <i>Chairman</i> |
| H Lakshmanan | |
| S R Vijayakar | |
| R R Nair | |
| Sridhar Mitta | |
| R Ramaraj | |
| D Sundaram | |
| Kenneth Tai | |
| S S Raman | <i>Managing Director</i> |

Committees of the Board

Audit Committee

| | |
|---------------|-----------------|
| D Sundaram | <i>Chairman</i> |
| S R Vijayakar | |
| H Lakshmanan | |
| Sridhar Mitta | |

Investors' Grievance Committee

| | |
|------------------|-----------------|
| Gopal Srinivasan | <i>Chairman</i> |
| H Lakshmanan | |
| R Ramaraj | |

Remuneration/Compensation Committee

| | |
|---------------|-----------------|
| R R Nair | <i>Chairman</i> |
| S R Vijayakar | |
| H Lakshmanan | |
| D Sundaram | |

Auditors

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

Company Secretary

D Srinivasan

Bankers

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

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.tvs-e.in

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@tvs-e.in

Shares Listed at

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

Financial Highlights - Ten Years at a glance

Rs. in Lakhs

| Sl.No | Particulars | 2000 | 2001 | 2002* | 2003 | 2004-2005# | 2005-2006 | 2006-2007 | 2007-2008@ | 2008-2009 | 2009-2010 |
|-------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1. | PROFIT AND LOSS ACCOUNT | | | | | | | | | | |
| | Sales | 22,412 | 21,599 | 2,316 | 26,151 | 31,574 | 25,950 | 27,242 | 20,764 | 19,067 | 19,040 |
| | Other Income | 19 | 15 | 54 | 400 | 166 | 623 | 472 | 765 | 473 | 407 |
| | Total Income | 22,431 | 21,614 | 2,370 | 26,551 | 31,740 | 26,573 | 27,714 | 21,529 | 19,540 | 19,447 |
| | Earnings before Interest | | | | | | | | | | |
| | Depreciation and Tax (EBITDA) | 1,436 | 1,226 | 223 | 1,515 | 1,773 | 1,631 | 1,652 | 2,615 | 439 | 666 |
| | Depreciation | 268 | 348 | 69 | 521 | 754 | 743 | 702 | 522 | 476 | 449 |
| | Profit before Interest and Tax (EBIT) | 1,168 | 878 | 154 | 994 | 1,019 | 888 | 950 | 2,093 | (37) | 217 |
| | Interest | 660 | 695 | 58 | 508 | 470 | 600 | 764 | 603 | 522 | 721 |
| | PBT | 508 | 183 | 96 | 486 | 549 | 288 | 186 | 1,490 | (559) | (504) |
| | Tax Expense | 84 | 21 | 34 | 121 | 121 | (27) | — | 380 | 211 | (161) |
| | PAT | 424 | 162 | 62 | 365 | 428 | 315 | 186 | 1,110 | (770) | (343) |
| 2. | BALANCE SHEET | | | | | | | | | | |
| | Share Capital | 1,703 | 1,703 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 |
| | Reserves & Surplus | 1,828 | 1,862 | 1,696 | 1,935 | 2,196 | 2,354 | 2,371 | 3,296 | 2,523 | 2,176 |
| | Network | 3,531 | 3,565 | 3,463 | 3,702 | 3,963 | 4,121 | 4,138 | 5,063 | 4,290 | 3,943 |
| | Loan Funds | 6,399 | 7,065 | 7,507 | 6,994 | 6,538 | 8,860 | 8,909 | 4,538 | 5,738 | 6,133 |
| | Capital Employed | 9,930 | 10,630 | 10,970 | 10,696 | 10,501 | 12,981 | 13,047 | 9,601 | 10,028 | 10,076 |
| | Deferred Tax Liability | — | — | 355 | 370 | 452 | 298 | 197 | 158 | 202 | 184 |
| | Total | 9,930 | 10,630 | 11,325 | 11,066 | 10,953 | 13,279 | 13,244 | 9,759 | 10,230 | 10,260 |
| | Net Fixed Assets | 2,406 | 2,528 | 4,619 | 5,036 | 5,518 | 3,864 | 3,397 | 2,393 | 2,422 | 2,135 |
| | Investments | 1,138 | 1,438 | 1,687 | 1,636 | 1,637 | 1,642 | 1,692 | 626 | 1,501 | 1,501 |
| | Current Assets | 12,327 | 12,296 | 10,692 | 12,422 | 11,000 | 12,815 | 13,090 | 10,596 | 10,828 | 9,827 |
| | Current Liability & Provision | 5,941 | 5,632 | 5,673 | 8,028 | 7,202 | 5,042 | 4,935 | 3,856 | 4,521 | 3,203 |
| | Net Current Assets | 6,386 | 6,664 | 5,019 | 4,394 | 3,798 | 7,773 | 8,155 | 6,740 | 6,307 | 6,624 |
| | Total | 9,930 | 10,630 | 11,325 | 11,066 | 10,953 | 13,279 | 13,244 | 9,759 | 10,230 | 10,260 |
| 3. | RATIOS | | | | | | | | | | |
| a) | EPS (Rs) | 2.3 | 1.0 | 5.2 | 2.1 | 2.4 | 1.8 | 1.1 | 6.3 | (4.4) | (2.0) |
| b) | Dividend (%) | 10 | 7.5 | 7.5 | 7.5 | 9.0 | 7.5 | 7.5 | 10 | — | — |
| c) | Book Value per Share (Rs) | 21 | 21 | 20 | 21 | 22 | 23 | 23 | 29 | 24 | 22 |
| d) | Return on Capital Employed (ROCE %) | 11.8% | 8.3% | 1.4% | 9.3% | 9.7% | 6.8% | 7.3% | 21.8% | (0.4)% | 2.2% |
| e) | Return on networth (RONW %) | 12.0% | 4.5% | 1.8% | 9.9% | 10.8% | 7.7% | 4.5% | 21.9% | (18)% | (8.7)% |
| f) | Fixed Asset Turnover Ratio | 11.5 | 8.8 | 0.6 | 5.4 | 6.0 | 5.5 | 7.5 | 7.2 | 7.9 | 8.4 |
| g) | Working Capital Turnover Ratio | 3.8 | 3.3 | 0.4 | 5.6 | 7.7 | 4.5 | 3.4 | 2.8 | 2.9 | 2.9 |
| h) | Debt Equity Ratio | 1.8 | 2.0 | 2.2 | 1.9 | 1.6 | 2.1 | 2.2 | 0.9 | 1.3 | 1.6 |
| i) | EBITDA as % of Sales | 6.4% | 5.7% | 9.6% | 5.8% | 5.6% | 6.3% | 6.1% | 12.6% | 2.3% | 3.5% |
| j) | EBIT as % of Sales | 5.2% | 4.1% | 6.6% | 3.8% | 3.2% | 3.4% | 3.5% | 10.1% | (0.2)% | 1.1% |
| k) | Net profit as % of Total Income | 1.9% | 0.7% | 2.6% | 1.4% | 1.3% | 1.2% | 0.7% | 5.2% | (3.9)% | (1.8)% |
| l) | R&D (Revenue and Capital) Expenditure as a % of Total Income | 2.0% | 1.9% | 0.8% | 1.3% | 1.8% | 1.7% | 1.3% | 1.5% | 1.9% | 1.1% |

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

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

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

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

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

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

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

Notice to the Shareholders

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company will be held at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G N Chetty Road, T Nagar, Chennai – 600 017 on Monday, 6th September, 2010 at 10.00 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 31st March, 2010 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. R Ramaraj who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company”.

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

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

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

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

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Kenneth Tai 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.

SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded for the appointment of Mr. S S Raman, as Managing Director of the Company on the following terms:

1. Mr. S S Raman, be and is hereby appointed as Managing Director of the Company from 1st April, 2010 to 30th April, 2012.
2. By way of salary, allowances, commission on profits, performance linked incentive or bonus, (including the annual increments/revisions), medical reimbursement, leave travel concession for self and family, club fees, medical/personal accident insurance premiums and other benefits or amenities hereinafter referred to as remuneration, subject to a ceiling of Rs.30 Lakhs per annum.
3. Such perquisites shall be evaluated at actual cost to the Company and where it is not possible to ascertain the actual cost, such perquisites shall be evaluated as per Income-tax Rules, 1962.
4. Provision for use of Company car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Personal long distance calls on telephone and use of Company car for private purposes shall be recovered by the Company from Mr. S S Raman.
5. Company's contribution to Provident Fund and Superannuation Fund not exceeding such percentage of the salary as may be fixed by the Central Government from time to time and Gratuity as per rules of the Company shall not be included in the computation of the limits for remuneration or perquisites aforesaid.
6. Besides the above, Mr. S S Raman, will be eligible for allotment of the equity shares of the Company as per rules of the Employees Stock Option Scheme (ESOP) or any other similar Scheme, as and when they may be formulated by the Company.

Notice to the Shareholders (Contd.)

RESOLVED FURTHER THAT the Remuneration Committee of Directors be and is hereby authorised for fixing and revising the minimum remuneration payable to Mr. S S Raman, Managing Director in case of no profits or inadequate profits in any particular financial year within the ceiling limits specified under Schedule XIII to the Companies Act, 1956, calculated in accordance with the effective capital of the Company as on the last date of the financial year immediately preceding the financial year in which the remuneration is proposed to be increased".

By Order of the Board

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

29th July, 2010

D Srinivasan
Company Secretary

NOTES

- A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.**
- The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the notice is annexed hereto.
- The Register of Members and the share transfer books of the Company will remain closed from 1st September 2010 to 6th September 2010, both days inclusive.
- Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, dividend declared by the Company which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The particulars of the due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the annual report.

Members who have not encashed their dividend warrants are requested to make their claim to the

Company by surrendering the unencashed warrants immediately.

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

Mr. R RAMARAJ

Born on 16th February, 1950, Mr. R Ramaraj is a B.Tech in Chemical Engineering from the University of Madras and an MBA from the IIM, Calcutta. Beginning his career in Sales and Marketing, Mr Ramaraj went on to pioneer the retail marketing of computers in India by establishing Computer Point in 1984. He was a Founder Director of Microland Ltd before a stint in cellular telephony as Director, Sterling Cellular up to 1996. He has been associated with Sify since inception.

Mr. R Ramaraj is Venture Partner with Sequoia Capital, India. He is currently, the first Indian in the ICAAN Board. Mr. R Ramaraj is the Co-Founder & Advisor and till recently the CEO of Sify Limited, the pioneer and leader in Internet, Networking and e-Commerce Services in India. Mr. R. Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September, 2000. In October 2000, Sify was voted the 'Company of the Year' at the Silicon India Annual Technology and Entrepreneurship Conference in San Jose, California, USA. In 2001, in a CNET.com poll in India, Mr. Ramaraj was voted the IT Person of the Year 2000. He was invited by the UN General Secretary, Mr. Kofi Annan to be a member of UN's Working group on Internet Governance (WGIG). Under his leadership, the company was voted 'ISP of the Year' at the second annual Internet World Asia Industry Awards, 2001 from among nominees such as NTT DoCoMo of Japan and Korea Thrunet. The nominations were for excellence based on strategic vision, innovation, customer service, bandwidth performance and connectivity.

Notice to the Shareholders (Contd.)

Mr. Ramaraj holds 35,000 equity shares in the Company.

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

| S. No. | Name of the Company/Firm | Nature of Interest |
|--------|---|--------------------|
| 1. | Madura Micro Finance Limited | Director |
| 2. | Universal Print System Limited | Director |
| 3. | Executive and Business Coaching Foundation of India Limited | Director |
| 4. | TVS-E Servicetec Limited | Director |
| 5. | Apollo Health Street Limited | Director |
| 6. | R S Software(India) Limited | Director |
| 7. | MAPE Advisory Group Private Ltd | Director |
| 8. | Guruji.com Software Private Limited | Nominee Director |
| 9. | Congruent Solutions Private Limited | Nominee Director |
| 10. | Digital Signage Networks India Private Limited | Nominee Director |
| 11. | Apnapaisa Private Limited | Nominee Director |
| 12. | Ideacts Innovations Private Limited | Nominee Director |
| 13. | Minglebox Communications Pvt Ltd | Nominee Director |
| 14. | 7Strata Inc | Nominee Director |

The membership in Committee of other companies is also listed hereunder:

| S. No. | Name of the Company | Committee Name | Position |
|--------|--------------------------|-----------------|----------|
| 1. | TVS-E Servicetec Limited | Audit Committee | Member |

Mr. H LAKSHMANAN

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

The other Directorship / offices are:

| S. No. | Name of the Company/Firm | Nature of Interest |
|---------------------------------|----------------------------------|---------------------|
| Public Limited Companies | | |
| 1. | TVS Motor Company Limited | Director |
| 2. | Harita Seating Systems Limited | Chairman |
| 3. | Anusha Investments Limited | Whole-time Director |
| 4. | Sundaram Auto Components Limited | Director |
| 5. | TVS Finance and Services Limited | Director |
| 6. | TVS Investments Limited | Director |
| 7. | TVS Capital Funds Limited | Director |
| 8. | Harita-NTI Limited | Director |
| 9. | Harita Techserv Limited | Director |
| 10. | TVS Motor Services Limited | Director |

| S. No. | Name of the Company/Firm | Nature of Interest |
|--------------------------|---|--------------------|
| 11. | Harita Fehrer Limited | Director |
| 12. | TVS Energy Limited | Director |
| Private Companies | | |
| 13. | TVS Motor (Singapore) Pte Limited | Director |
| 14. | TVS Motor Company (Europe)B.V Netherlands | Director |
| 15. | PT TVS Motor Company(Indonesia) | Commissioner |
| 16. | Harita Properties Private Limited | Director |
| 17. | Harita Interiors Private Limited | Director |
| 18. | TVS Motor Harita Employees Welfare Foundation Private Limited | Director |

The membership in Committees of other companies is also listed hereunder:

| S. No. | Name of the Company | Committee Name | Position |
|--------|----------------------------------|-------------------------------|----------|
| 1. | Harita Seating Systems Limited | Investors Grievance Committee | Chairman |
| 2. | TVS Investments Ltd | Audit Committee | Chairman |
| 3. | Sundaram Auto Components Limited | Audit Committee | Chairman |
| 4. | Harita Techserv Limited | Audit Committee | Chairman |
| 5. | Harita Seating Systems Limited | Audit Committee | Chairman |
| 6. | TVS Finance and Services Limited | Audit Committee | Member |
| 7. | Anusha Investments Limited | Audit Committee | Member |
| 8. | Harita Fehrer Limited | Audit Committee | Member |

Mr. Lakshmanan holds 350 equity shares in the Company.

Mr. S S RAMAN

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

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

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

The other directorships held by him are as follows:

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

Notice to the Shareholders (Contd.)

Mr. Kenneth Tai

Born on 24th May, 1950 Mr. Kenneth Tai is a Co-Founder, General Partner and Chairman of InveStar Capital, Inc.

Mr. Kenneth Tai is also on the Boards of several hi-tech companies including Avant! Corp. (NASDAQ: AVNT) and AltiGen Communications, Inc. (NASDAQ: ATGN).

Since April 1998, Mr. Tai has been serving as Chairman of DigiTimes Publication, Inc., a Taiwan daily newspaper that reports on the electronics and related industries throughout Asia and the world. From March 1993 to December 1995, he served as Vice-Chairman of UMAX USA, a manufacturer of computer peripherals.

Mr. Tai was one of the co-founders of the Acer Group, where he held from 1976 to 1993 various positions including Vice President of Sales and Marketing worldwide and then President of the Acer Group. Mr. Tai received a Bachelor of Science degree in Electrical Engineering from

the National Chiao Tung University in Taiwan and a Master of Business Administration degree from Tamkang University in Taiwan.

Mr. Kenneth Tai does not hold any equity shares in the Company.

The other directorships held by him are as follows:

| S. No. | Name of the Company | Nature of Interest |
|--------|-----------------------------------|--------------------|
| 1. | Richtek Technology Corporation | Chairman |
| 2. | InveStar Capital Inc | Chairman |
| 3. | DigiTimes Inc | Chairman |
| 4. | Wafer Works Corporation | Director |
| 5. | GrandTech Systems Inc | Director |
| 6. | Fullerton Technology Inc | Director |
| 7. | Global Testing Corp. of Singapore | Director |
| 8. | TVS Capital Funds 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 business mentioned in the accompanying notice and shall be taken as forming part of the notice.

Item No.5

Mr. Kenneth Tai was co-opted as an Additional Director at the meeting of the Board of Directors held on 29th July, 2010. The appointment of Mr. Kenneth Tai to the Board is considered very valuable to the Company given his wide and rich experience. Pursuant to the provisions of Section 260, an Additional Director appointed by the Board shall hold office upto the ensuing Annual General Meeting. Accordingly, he will be vacating office at the forthcoming Annual General meeting. The company has received a notice from a member signifying his intension to propose the appointment of Mr. Kenneth Tai as a Director of the Company in compliance with Section 257 of the Companies Act, 1956.

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

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

Item No.6

Mr. S S Raman was appointed as the Whole time Director of the Company pursuant to Sections 269, 309 and 314 read with Schedule XIII of the Companies Act, 1956, with

the designation as "Chief Executive Officer" (CEO) for a period of three years without any remuneration effective 1st May, 2009. The Shareholders approved the appointment at their Annual General Meeting held on 4th September, 2009.

At the Board meeting held on 24th April, 2010 the Board changed the terms of appointment of Mr. S S Raman, Whole time Director and decided to pay him remuneration for the remaining term of office i.e from 1st April, 2010 to 30th April, 2012. The remuneration payable to him is governed by Part II of the Schedule XIII of the Companies Act 1956.

The above change in terms of appointment is subject to the approval of the shareholders in a general meeting.

The Directors recommend the Special Resolution for approval of Members.

The relevant documents relating to the above appointment may be inspected at the Registered Office of the Company during working hours between 10 AM and 12 Noon from Monday to Friday.

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

By Order of the Board

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

29th July, 2010

D. SRINIVASAN
Company Secretary

Directors' Report to the Shareholders

The Directors hereby present their fifteenth annual report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

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

(Rs. in lakhs)

| Particulars | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|--|--------------------------------|--------------------------------|
| Sales and other income | 19,447 | 19,540 |
| Earnings Before Interest & Tax (EBIT) | 218 | (26) |
| Profit / (Loss) Before Tax (PBT) before extraordinary items | (504) | (549) |
| Income from Extraordinary Items (Net) | - | (10) |
| Profit / (Loss) Before Tax | (504) | (559) |
| Profit / (Loss) After Tax (PAT) | (486) | (631) |
| Add: Profit brought forward from previous year | 778 | 1,549 |
| Add / (Less): Tax relating to earlier years | 143 | (140) |
| Total available for appropriations | 435 | 778 |
| Surplus in Profit and Loss account | 435 | 778 |

Business results and key highlights of operations:

During the year ended 31st March '10, the Company reported Sales Revenues of Rs.190.4 Cr., at the same level as that of previous year (2008-09). However due to focused cost management exercise, the Earnings Before Interest and Tax (EBIT) for the year improved to Rs.2.18 Cr as against reported loss of Rs.0.26 Cr (Previous year).

The Dot Matrix Printer (DMP) sales recovered in the second half of the year both in volume and value terms. Within DMP, Small format printer picked up growth during the second half of the year. While some parts of DMP were under pressure due to lower demand and application migration, the Company registered better growth in Enterprise and Government segments gaining in volume and value. The Supplies business of DMP also recorded growth with focus on installed base including key accounts.

The Company's Point of Sale (POS) products business consisting of peripherals, printers and devices achieved a significant growth momentum and grew substantially as compared to previous year. The Company continues to focus on fulfillment of customer needs by continuous and extensive engagement with customers resulting in launch of Scanners and Thermal Mini Printers in the market. New products launch is a key part of the POS growth strategy and as a key enabler, the Company has also prioritized on leveraging its Service and Support infrastructure as key differentiator for driving growth. The Company believes that POS business offers significant growth opportunity for building long term value especially in the context of DMP business having limited scope for growth. Launch of new products will continue to be focused upon.

Overall profitability of the Company in terms of EBIT margins improved from negative 0.3% to 1.1%. This was possible due to aggressive Total Cost Management initiatives and the focus on product mix improvements. The Company continues to drive manufacturing excellence and cost management initiatives to reduce variable and fixed costs. Some of the cost management initiatives like relocation of office facility and consequent reduction in rentals and establishment cost, consolidation of national distribution, energy conservation measures and improved productivity helped the Company to reduce its costs.

Directors' Report to the Shareholders (Contd.)

The Company also continued its focus on reducing working capital by effective receivables management resulting in reduction of over dues. The Company has initiated many measures to reduce the level of inventory holdings spread across components and finished goods.

MANAGEMENT DISCUSSION AND ANALYSIS

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

A. The Industry and Trends:

The first half of the year 2009-10 witnessed depressed sentiment in the desktop PCs (Personal Computer) market resulting in PC sales growing only by 7% in the first half of the year. This is primarily attributable to conservative IT spends in notable sectors like BPO/IT-enabled services and retail. Overall printer sales also registered 12% decline during the first half of 2009-10 of which DMP sales recorded 17% decline due to intense competition and due to migration of applications. Within DMP, consumption by household segment declined sharply by 65% while in the business segment it was at 14%. The only exception has been in Government and Banking Sectors which continue to register growth in consumption due to increased budget allocation for Sectors like Education, Infrastructure, Utilities and Healthcare. In the second half of the year, the overall spends including on DMP increased resulting in recovery in both volumes and values.

It is expected that the Transaction printing 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 2010-11 is expected to be higher than 2009-10. No slow down is expected in IT spending by Government in E-Governance Initiatives, Public Sector Undertakings, Banking, Insurance and Finance 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, Manufacturing and Hospitality 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") 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 the 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 that not only meet the needs of customer but provide cost effective support.

B. Business Risks & Opportunities

Growth potential in DMP category is limited as transaction printing applications are getting migrated to alternative technologies like Laser and Thermal. Our Company intends to counter this through the following strategic initiatives :-

- 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. The Supply chain and Technology teams support this process through many value engineering projects. Continuous quality improvement programs are in place at both manufacturing and supplier locations to reduce Service Incident Rates (SIR) and failure rates. Re-audit and re-certification of manufacturing processes, both in-house and at supplier-end, are regularly carried out to bring out corrective action as well as changes in a proactive way.
- To drive demand generation for the Company's products through effective engagement with its Channel partners, the Company has launched its "Sanskriti" program enabling the Company to connect and communicate with partners effectively.
- Building on successes of cost management in the current year, organization-wide engagement in various Total Cost Management initiatives is being sustained to provide long term cost advantage.
- POS domain has high potential to grow with large stakes and investments taking place in the Indian retail landscape. With the proposed introduction of GST (Goods and Services Tax), the demand for POS billing and printing products and services is set to grow rapidly in the next few years. 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 Taiwan and Korea to offer cutting edge products covering POS printing, 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.

Directors' Report to the Shareholders (Contd.)

- On the Sales and Service organization for both DMP and POS, the Company has initiated steps to revamp its existing Service network and Parts management processes thus improving the service deliverables to customers. The Company is in advanced stage of implementing SAP-CRM (Customer Relationship Management) module to improve warranty service levels and customer satisfaction. The CRM module will also provide better parts management capability to the Company. In the POS business, integrated sales and service architecture is being created to provide differentiation in Service and Customer Support to its customers including enterprise and retail.

C. Internal Control Systems and Risk Management

The Company has appointed M/s. V. Sankar Aiyar & Co. as its internal auditors. The Audit Committee of the Board reviews the findings and recommendations of the internal audit reports periodically. The Company follows the policy of fully hedging forex risk on its imports by taking full cover. During the year, the Company has embarked on the identification of key risks and safe guards as a part of risk assessment and management framework. A Risk management frame work has been prepared covering business, operational and financial risks.

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 corner stones for HR in the Organization. Significant investment year-after-year is made on people through extensive training & development programs. Good amount of resources have been invested to drive and embrace Change management processes across the Organization to create performance and growth focus. The overall performance management processes supported by our talent management programs now cover the entire organization and are constantly being reviewed for their effectiveness. The Company has invested well in SAP IT system covering HR processes with significant benefits. 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 HR and Total Quality Management.

F. Safety

Safety of products to customers and safe manufacturing practices are both critical parts of our 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 is actively engaged in social welfare activities. These include eye camps, health checks for under privileged, blood donation camps and rehabilitation programs in villages. The Company provides scholarships to meritorious students who lack economic means to take care of basic and higher education.

Some of the specific programs carried out during the year were

- Provision of potable water for students in Rampur village near the Company's manufacturing facility at Uttranchal.
- Eye camps for the school children in Tumkur, Karnataka benefiting many.
- Regular Blood donation camps at Company's facilities with very good response from participants/employees.

Subsidiary Companies

Prime Property Holdings Ltd, one of the wholly owned subsidiaries of the Company sold part of its property at Chennai and has paid back the Company Rs.9 Cr towards part consideration.

Tumkur Property Holdings Ltd, the other wholly owned subsidiary did not have any operations during the year.

Dividend

Considering the current financial position of the Company, the Directors regret their inability to recommend any dividend for the financial year ended 31st March, 2010.

Directors

Mr. D Sundaram was appointed as an Additional Director on 30th July, 2009. The shareholders approved his appointment as Director at the Annual General Meeting held on 4th September, 2009.

Mr. Kenneth Tai was appointed as an Additional Director on 29th July 2010. He will be holding office till the conclusion of the ensuing Annual General Meeting. Notice under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director has been received by the Company and suitable resolution will be placed at the Annual General Meeting for appointment.

Mr. S S Raman was appointed as the Whole time Director of the Company pursuant to Sections 269, 309 and 314 read with Schedule XIII of the Companies Act, 1956, for a period of three years without any remuneration effective 1st May, 2009 and the same was approved by

Directors' Report to the Shareholders (Contd.)

the Shareholders at the Annual General Meeting held on 4th September, 2009. At the Board meeting held on 24th April, 2010 Mr. S S Raman, Whole time Director was appointed as Managing Director of the Company from 1st April, 2010 to 30th April, 2012. The appointment and the remuneration payable to him is subject to the approval of the shareholders in a general meeting.

Mr. R Ramaraj and Mr. H Lakshmanan, 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 reappointment.

Employee Stock Option Plan

Out of the total obligation of 2,11,000 options issued to the eligible employees of the Company under the Employees Stock Option Scheme (ESOP) in 2003, 1,85,500 options lapsed. 25,500 stock options are still in force as on March 31, 2010 and these options were issued at the rate of Rs.70 per share and entitles the holder thereof to apply for and be allotted one equity share of the Company of the nominal value of Rs.10/-each on payment of the exercise price during the exercise period. No fresh ESOP options have been issued during the financial year ended 31st March, 2010.

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

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

E-Waste Management

Company has taken up initiatives on E-Waste management for safe recycling of waste generated in manufacturing and further measures are planned 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 Sec. 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of

Directors) Rules 1988 are given in Annexure "C" to the Directors' report.

Corporate Governance

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

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

Directors' Responsibility Statement

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

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year (namely 31st March 2010) and of the loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts for the year ended 31st March 2010 on a "going concern" basis.

GENERAL

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

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

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

For and on behalf of the Board

Chennai
29th July, 2010

GOPAL SRINIVASAN
Chairman

Directors' Report to the Shareholders (Contd.)

Annexure 'A' to the Directors' Report

Statement is as at 31st March, 2010 pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI (ESOP & ESPS) Guidelines, 1999.

Employees Stock Option Scheme 2003 (ESOP -2003)

| | | |
|----|--|---|
| a) | Options Granted | 2,11,000 options granted on 1.1.2003. |
| b) | Pricing Formula | Average of the market price quoted in the National Stock Exchange three months preceding the date of grant, rounded off to the nearest rupee. |
| c) | Options Vested | 2,11,000 |
| d) | Options Exercised | Nil |
| e) | The total no. of ordinary shares arising as a result of exercise of options | Nil |
| f) | Options lapsed | 1,85,500 |
| g) | Variation of terms of options | Nil |
| h) | Money realized by exercise of options | Nil |
| i) | Total no. of options in force | 25,500 |
| 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 Standard (IAS 33) | Not Applicable |

For and on behalf of the Board

Chennai
29th July, 2010

GOPAL SRINIVASAN
Chairman

Annexure 'B' to the Directors' Report

Particulars of employees whose remuneration was equal to or more than Rs.2 Lakhs per month as per Sec.217 (2A) of the Companies Act, 1956 for the year 1.4.2009 to 31.3.2010

| Sl No. | Name | Age (Years) | Designation | Date of Employment | Remuneration (Rs.) | Qualification | Experience (years) | Previous Employment | |
|---------------------------------|-----------------|-------------|--------------------------|--------------------|--------------------|-------------------|--------------------|-----------------------------------|-------------------------|
| | | | | | | | | Designation | Company Name |
| Employed for a part of the year | | | | | | | | | |
| 1. | S.Kannan | 44 | Chief Financial Officer | 1-Sep-09 | 21,27,713 | B.Com, ACA | 21 | VP-Corporate Accounts | TVS Investments Limited |
| 2. | M.Somasundaram* | 47 | Executive Vice President | 21-Feb-05 | 10,64,667 | B.Com, AICWA, ACS | 25 | Commercial Manager - New Ventures | Hindustan Lever Limited |

Notes:

1. Years of experience include experience prior to joining the Company also.
2. Remuneration comprises of Salary, Dearness Allowance, wherever applicable, House Rent Allowance, Special Allowance, Conveyance Allowance, Contribution to Provident Fund, Superannuation Fund, Medical Insurance Premia, Leave Travel Assistance and other benefits, but does not include one time compensation paid under "Voluntary Separation Scheme".
3. Besides, the above employees are entitled to Gratuity as per rules.
4. * Terms of employment of the employee was contractual.
5. None of the Employees is related to any of the Directors.
6. None of the employees either individually or together with spouse or children holds more than two percent of the equity shares of the Company.

For and on behalf of the Board

GOPAL SRINIVASAN
Chairman

Chennai
29th July, 2010

Annexure 'C' to the Directors' Report

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

A. CONSERVATION OF ENERGY

(a) Measures taken :

Eco print feature to save 30% paper in printing.

(b) Proposed measures:

- Product re-certification for latest energy efficiency standards.
- Adaptation and Migration of low power devices on all product platforms.

B. TECHNOLOGY ABSORPTION

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

(a) IT Peripherals

- Development of 80 column Dot-Matrix-Printer with India's first vertical mounting stand
- Concept readiness for Energy Star compliant Dot-Matrix-Printer
- Concept development of Electronic Cash Registers
- Development of compatible bar code scanners (2D, CCD and Wireless) for Indian conditions.
- Concept development of Multi functions Key board with Magnetic-stripe-reader (MSR), Smart-card-reader (SCR) and Finger-print-reader (FPR).

(b) Customization projects

- Release of Pro Series printer for Cheque and DD printing application
- Integrated Printer/Scanner for Utility and ticketing application
- Customization of 4" Mini printer for Railways ticketing application.

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

| | Rs in Lakhs | |
|---|---------------------------------|---------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Capital Expenditure : | 1.02 | 72.10 |
| Revenue Expenditure : | 202.90 | 291.78 |
| Total expenditure as a percentage of total turnover = 1.1% (1.9%) | | |

4. Technology absorption, adoption and Innovations

a) Efforts in brief

- Key research people have been trained in paper transportation for DMP system, Thermal technology, Electronic Cash Registers, plastics part designing and ROHS compliance.
- 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

- ROHS compliant product
- Low cost Thermal Printers
- High speed 24 wire Printers

c) Technology absorption

In addition to the DMP, we have 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. Company will design and develop products with higher standards to compete in the international market. This will encompass developing of innovative products to reduce the power consumption, meet customer needs, meeting all the International standards at an affordable cost to the end customer.

C. EXPORT ACTIVITIES

The Company exported Printers / Printer components.

| | Year ended March 31, 2010 | Rs in Lakhs Year ended March 31, 2009 |
|--------------------------------|---------------------------------|--|
| (a) Total Forex earned (FOB) : | 57.76 | 129.15 |
| (b) Total Forex used (FOB) : | 4,880.88 | 3,666.77 |

For and on behalf of the Board

Chennai
29th July, 2010

GOPAL SRINIVASAN
Chairman

Report on Corporate Governance

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

A. MANDATORY REQUIREMENTS

1. Board of Directors:

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

a. Composition and Category of Directors

There are Nine Directors as on date in the Board comprising a Managing Director and Eight Non-Executive Directors. The Chairman of the Company is a Non-Executive Director.

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

functions vest with the Board, while the Committees oversee operational issues.

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

During the financial year 2009 -10 the Board met 7 times on 27th April, 2009, 15th May, 2009, 13th July, 2009, 30th July, 2009, 20th October, 2009, 28th January, 2010 and on 23rd March, 2010.

The last Annual General Meeting (AGM) was held on 4th September, 2009 and five Directors attended the AGM.

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

| Name of the Director | Category | Attendance Particulars | | Number of other Directorships and Committee Memberships / Chairmanships (As per declaration furnished in Form 24AA) | | |
|---------------------------------|----------|------------------------|----------|--|-------------------------|-------------------------|
| | | Board Meetings | Last AGM | Other Directorships \$ | Committee Memberships # | Committee Chairmanships |
| Mr. Gopal Srinivasan | C-NE-NI | 7 | YES | 17 | 2 | 2 |
| Mr. H. Lakshmanan | NE-NI | 7 | YES | 15 | 10 | 5 |
| Mr. S R Vijayakar | NE-I | 6 | NO | 2 | 2 | - |
| Dr. Sridhar Mitta | NE-I | 6 | YES | 8 | 3 | 1 |
| Mr. R.R. Nair | NE-I | 7 | NO | 5 | 1 | - |
| Mr. R Ramaraj | NE-I | 5 | YES | 13 | 2 | - |
| Mr. S.S. Raman ¹ | E-NI | 7 | YES | 4 | - | - |
| Mr. D Sundaram | NE-I | 4 | NO | 4 | 4 | 4 |
| Mr. Kenneth Tai ² | NE-I | NA | NA | 1 | - | - |
| Mr. Srin Nageshwar ³ | NE-I | 2 | NO | - | - | - |

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

\$ Including Directorships in Private Limited Companies and excludes any Company registered under Section 25 of the Companies Act, 1956 and foreign companies.

Only Audit Committee and Investors' Grievance Committee are considered for the purpose and includes committees where the Director is also the Chairman. None of the Directors is a member in more than 10 Committees and acts as a Chairman in more than 5 committees across all companies in which he is a Director.

¹ Mr. S S Raman has been appointed as Managing Director with effect from 1st April, 2010 at the Board meeting held on 24th April, 2010.

² Mr. Kenneth Tai has been inducted as an Additional Director at the Board meeting held on 29th July, 2010

³ Mr. Srin Nageshwar relinquished his office of director on 11th June, 2009.

Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the code). The Code has been communicated to Directors and the Members of the senior management. The Code has also been displayed on the Company's website www.tvs-e.in. All Board Members and senior management have confirmed compliance with the Code for the year ended 31st March, 2010. The annual report contains a declaration to this effect signed by the Managing Director.

Report on Corporate Governance (Contd.)

2. Audit Committee:

- a. The Board has constituted the Audit Committee on 18th August, 2003. Mr. D Sundaram was inducted as Director on 30th July, 2009. He was also appointed as member of the Committee on 20th October, 2009 and subsequently as Chairman of the Committee with effect from 28th January, 2010. Presently, the Audit Committee consists of four Directors as its members, viz, Mr. D Sundaram, Mr. S R Vijayakar, Mr. H Lakshmanan and Dr. Sridhar Mitta. The Audit Committee Comprises of three non-executive independent Directors and one non-executive non-independent Director.

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

The Audit Committee met five times during the financial year 2009-10 i.e., on 27th April, 2009, 13th July, 2009, 30th July, 2009, 20th October, 2009 and on 28th January, 2010.

- b. Brief descriptions of the terms of reference to the Audit Committee
 1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 2. Recommending the appointment of and removal of external auditor, fixation of audit fee and approval for payment for any other services.
 3. 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 company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of company at large.
4. Reviewing with the management, external and internal Auditors and the adequacy of internal control systems.
5. 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.
6. Discussion with internal auditors on any significant findings and follow up thereon.
7. 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.
8. Discussion with external auditors before the audit commences, nature and scope of audit, as well as, post audit discussion to ascertain any area of concern.
9. Reviewing the company's financial and risk management policies.
10. 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.
11. To review the quarterly/half-yearly and annual financial statements before submission to the board and ensure compliance of internal control systems.
12. Authority to investigate into any matter referred to it by the board.

Report on Corporate Governance (Contd.)

The composition of Audit Committee of the Board and the details of their attendance in the meetings of the Audit Committee held for the financial year 2009-10 are given below:

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

* Mr. D Sundaram was inducted as member with effect from 20th October, 2009

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

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

3. Remuneration/Compensation Committee:

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

The Remuneration Committee met on 24th 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 did not meet during the year 2009-10 in the absence of any specific agenda. A total of 2,11,000 stock options have so far been recommended and issued by the Compensation Committee to the eligible employees in 2003. Out of this 1,85,500 options have lapsed on account of the resignation.

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

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

| Sl. No. | Name of the Member | Status |
|---------|----------------------------------|--|
| 1. | Mr. R.R. Nair, Chairman | Non-Executive Director – Independent |
| 2. | Mr. S.R. Vijayakar | Non-Executive Director – Independent |
| 3. | Mr. H. Lakshmanan | Non-Executive Director – Non-Independent |
| 4. | Mr. D. Sundaram ¹ | Non-Executive Director – Independent |
| 5. | Mr. Srini Nageshwar ² | Non-Executive Director – Independent |

¹Mr. D Sundaram was inducted as a member with effect from 24th April, 2010

²Mr. Srini Nageshwar relinquished his office of Director on 11th June, 2009

Non-Executive Directors:

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

Particulars of sitting fees paid to Non-Executive Directors during the financial year 2009-10 are as follows:

| Name of the Director | Sitting fees paid (Rs.) |
|----------------------|-------------------------|
| Mr. Gopal Srinivasan | 27,500 |
| Mr. H Lakshmanan | 40,000 |
| Mr. S R Vijayakar | 27,500 |
| Mr. Srini Nageshwar | 7,500 |
| Mr. R R Nair | 17,500 |
| Mr. R.Ramraj | 20,000 |
| Dr. Sridhar Mitta | 25,000 |
| Mr. D Sundaram | 15,000 |

4. Investors' Grievance Committee:

The Board constituted the Investors' Grievance Committee on 18th August, 2003. The Investors' Grievance Committee has three members with Mr. Gopal Srinivasan as Chairman. The composition of Investors' Grievance Committee and the attendance of the members in the meetings are given below:

| Sl. No. | Name of the Member | Status | No. of meetings attended |
|---------|----------------------|------------------------|--------------------------|
| 1. | Mr. Gopal Srinivasan | Non-Executive Director | 4 |
| 2. | Mr. H Lakshmanan | Non-Executive Director | 4 |
| 3. | Mr. R Ramaraj | Non-Executive Director | 3 |

Report on Corporate Governance (Contd.)

Brief descriptions of the terms of reference to the Investors' Grievance Committee

1. To approve transfers, transmissions etc.
2. To authorise necessary endorsements on the share certificates,
3. To issue fresh certificates
4. To consider investor/shareholder grievances relating to non receipt of dividends, balance sheet and share certificates
5. To consider the report of the secretarial department in respect of complaints received from the investor/shareholder on the above matters and the action taken by the department which shall be placed before the committee on a quarterly basis.
6. To give appropriate directions in respect of any specific issue or dispute raised by the investors/shareholders.

Complaints received and redressed during the financial year 2009-10:

| Sl. No. | Nature of Complaint | No. of Complaints |
|---------|-----------------------------------|-------------------|
| 1. | Non receipt of share certificates | – |
| 2. | Non receipt of dividend warrants | 5 |
| 3. | Non receipt of annual report | – |
| 4. | Other Complaints | 4 |
| | Total | 9 |

As on 31st March, 2010 all the complaints received from the investors were redressed and no complaints were pending for redressal as on that date. The dematerialisation requests from the shareholders were also carried out within the stipulated time period and no certificates were pending for dematerialisation as at the end of the financial year 31st March, 2010.

5. Secretarial audit report regarding reconciliation of Capital

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

and the aggregate of shares held by investors in both physical form and in electronic form with the depositories for the financial year 2009-10.

Trading of shares in Dematerialised form:

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

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

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

Annual General Meetings:

The last three Annual General Meetings were held as under:

| Year | Location | Date | Time |
|------|--|-----------|------------|
| 2007 | The Music Academy No.168, TTK Road, Chennai – 600 014 | 24.9.2007 | 10.00 a.m. |
| 2008 | The Music Academy No.168, TTK Road, Chennai – 600 014 | 5.9.2008 | 10.00 a.m. |
| 2009 | Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road T. Nagar, Chennai – 600 017 | 4.9.2009 | 2.45 p.m. |

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 imposed on the Company by Stock Exchanges

Report on Corporate Governance (Contd.)

or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

Means of Communication:

The quarterly audited/unaudited results of the Company were published in Business Line and the Tamil version was published in Makkal Kural. The Company has opted to publish the unaudited annual results for the year ended 31st March, 2010.

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 and at www.bseindia.com.

The quarterly/annual financial results are uploaded in the Company's website: www.tvs-e.in

General Information for Shareholders:

a. Annual General Meeting -

Date : 6th September, 2010
Time : 10.00 a.m.
Venue : "Sri Thyaga Brahma Gana Sabha" (Vani Mahal), 103, G N Chetty Road, T Nagar, Chennai - 600017

b. Financial reporting for the Quarter ending for financial year ending 31st March, 2011 (Tentative)

| | | |
|----------------------------------|---------|--|
| 30 th June, 2010 | UA/A | On or before 15 th August, 2010 |
| 30 th September, 2010 | UA/A | On or before 15 th November, 2010 |
| 31 st December, 2010 | UA/A | On or before 15 th February, 2011 |
| 31 st March, 2011 | UA A | On or before 15 th May, 2011 On or before 30 th May, 2011 |

UA - Unaudited; A - Audited

c. Period of Book Closure: 1st September, 2010 to 6th September 2010 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 Ltd | 532513 |
| 2 | National Stock Exchange of India Ltd | TVSELECT |

Demat ISIN in NSDL and CDSL : INE236G01019

Annual listing fees for the year 2009-10 have been duly paid to the above Stock Exchanges.

7. Market Price Data :

| Month | | Bombay Stock Exchange Ltd. (BSE) in Rs. | | National Stock Exchange of India Ltd. (NSE) in Rs. | |
|-----------|------|--|-------|---|-------|
| | | High | Low | High | Low |
| April | 2009 | 18.50 | 13.60 | 18.40 | 13.25 |
| May | 2009 | 25.70 | 15.55 | 25.00 | 14.80 |
| June | 2009 | 29.50 | 20.00 | 30.80 | 20.05 |
| July | 2009 | 25.90 | 17.00 | 25.60 | 16.00 |
| August | 2009 | 29.10 | 22.00 | 29.15 | 21.25 |
| September | 2009 | 27.50 | 23.15 | 27.25 | 23.60 |
| October | 2009 | 25.95 | 20.00 | 26.10 | 20.10 |
| November | 2009 | 23.70 | 19.60 | 23.75 | 19.50 |
| December | 2009 | 24.65 | 22.10 | 24.40 | 22.10 |
| January | 2010 | 31.90 | 23.25 | 32.90 | 22.90 |
| February | 2010 | 26.00 | 22.10 | 25.95 | 22.00 |
| March | 2010 | 27.70 | 22.20 | 28.10 | 22.25 |

Share Price performance in comparison to broad based indices BSE Sensex

The Company's share price performance in comparison to BSE Sensex based on share price as on 31st March, 2010.

| Financial year | Percentage change in | |
|----------------|---------------------------|-----------|
| | Company's share price (%) | Sensex(%) |
| 2009-10 | 90.33 | 80.54 |
| 2008-09 | (56.40) | (37.95) |
| 2007-08 | (23.36) | 19.68 |
| 2007-07 | (31.46) | 15.89 |

8. Share Transfer System:

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

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

Report on Corporate Governance (Contd.)

approach their concerned depository participants to dematerialize their shareholding.

9. a. Distribution of equity shareholding as on 31st March, 2010:

| No. of shares held | No. of share holders | % of share holders | No. of shares held | % of share holding |
|--------------------|----------------------|--------------------|--------------------|--------------------|
| Up to 500 | 22521 | 91.85 | 3045249 | 17.23 |
| 501 to 1000 | 1190 | 4.85 | 980058 | 5.55 |
| 1001 to 2000 | 428 | 1.75 | 643624 | 3.64 |
| 2001 to 3000 | 114 | 0.47 | 288844 | 1.63 |
| 3001 to 4000 | 76 | 0.31 | 268138 | 1.52 |
| 4001 to 5000 | 50 | 0.20 | 235147 | 1.33 |
| 5001 to 10000 | 93 | 0.38 | 710016 | 4.02 |
| 10001 and above | 47 | 0.19 | 11501742 | 65.08 |
| TOTAL | 24519 | 100 | 17672818 | 100 |

b. Pattern of equity shareholding as on 31st March, 2010:

| Shareholders | No. of shares held | % of total shares held |
|----------------------------|--------------------|------------------------|
| Promoter Companies | 1,05,53,449 | 59.72 |
| Directors & Relatives | 41,150 | 0.23 |
| Corporate Bodies | 7,02,499 | 3.97 |
| Nationalised Banks/MF/ UTI | 67,450 | 0.38 |
| Resident Individuals | 59,23,704 | 33.52 |
| Non-resident Indians | 3,84,566 | 2.18 |
| TOTAL | 1,76,72,818 | 100.00 |

10. Dematerialisation of Shares and Liquidity:

The Shares of the company has been declared for trading in mandatory demat mode. Total numbers of shares held in demat form as on 31st March, 2010 is 16750838 representing 94.78%.

11. Plant Locations:

Uttarkhand : No. E-12, F-92 & F-93,
Selaqui Industrial Estate
Selaqui, Dehradun,
Uttarkhand
Tel : 0135-269 8662/63

12. Address for Investors' Correspondence :

Sundaram-Clayton Limited, Share Transfer Agent

Unit: TVS Electronics Limited,
Sundaram-Clayton Limited,
22, Railway Colony III Street,
Mehta Nagar, Chennai-600 029
Tel: +91-44-23741889/2939

Fax No: 91-44-23741889

E-mail: sclshares@gmail.com; Kr.raman@scl.co.in;
investorscomplaintssta@scl.co.in

Compliance Officer :

Mr. D. Srinivasan, Company Secretary
E-mail ID: d.srinivasan@tvs-e.in

NON-MANDATORY REQUIREMENTS

a. Remuneration Committee

A Remuneration/Compensation Committee has been formed by the company. The Committee decides on the remuneration of Executive Directors and also approves the remuneration payable as per the provisions of Schedule XIII of the Companies Act, 1956. The Committee also functions as Compensation Committee.

b. Publication of quarterly results

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

c. Postal Ballot

There was no subject required to be transacted by Postal Ballot during the financial year ended 31st March, 2010.

d. Request to Investors

Investors are requested to kindly note the following procedure:

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

Report on Corporate Governance (Contd.)

- Investors who have not availed nomination facility are requested to kindly fill in the nomination form and submit the same to the Company/Share Transfer Agent or the Depository Participant along with the requisite proof of nomination.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will be transferred to "Investor Education and Protection Fund" (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 | Amount outstanding (in Rs.) | Due date for transfer to | | Status |
|------------------------------------|---------------------|------------------------------|--------------------------|--------------|---------------------------------|
| | | 31 st March, 2010 | Special account | IEPF account | |
| YE 31.12.2002 | 29.09.2003 | 1,76,163 | 04.11.2003 | 04.11.2010 | Will be transferred on due date |
| YE 31.12.2003 | 16.06.2004 | 1,79,595 | 22.07.2004 | 22.07.2011 | Will be transferred on due date |
| Period ended 31.3.2005 (15 months) | 08.08.2005 | 2,35,339 | 13.09.2005 | 13.09.2012 | Will be transferred on due date |
| YE 31.3.2006 | 28.09.2006 | 2,20,655 | 03.10.2006 | 03.10.2013 | Will be transferred on due date |
| YE 31.3 2007 | 24.09.2007 | 2,45,121 | 30.10.2007 | 30.11.2014 | Will be transferred on due date |
| YE 31.3 2008 | 05.09.2008 | 4,08,582 | 11.10.2008 | 11.10.2015 | Will be transferred on due date |

Auditors' Certificate

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

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

We have examined the compliance of the conditions of corporate governance by **TVS Electronics Limited, Chennai** for the year ended 31st March 2010 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implications thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

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

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

M. BALASUBRAMANIAM
Partner
Membership No.F7945

Chennai
29th July, 2010

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

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

We hereby declare that all Members of the Board and the Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Conduct of the Company formulated by the Board of Directors for the financial year ended 31st March, 2010.

Chennai
29th July, 2010

S.S. RAMAN
Managing Director

Auditors' Report

Auditors Report to the Members of TVS Electronics Limited, Chennai for the year ended 31st March, 2010

We have audited the attached Balance Sheet of M/s. TVS Electronics Limited, "Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006 as at 31st March, 2010, the Profit & Loss Account for the year ended 31st March, 2010 annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we state that -
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards, referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors of the company, as on March 31, 2010 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 31st March, 2010;
 - (ii) in so far as it relates to the Profit and Loss Account, of the loss of the company for the year ended 31st March, 2010; 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
29th July, 2010

Annexure to the Auditors' Report

Annexure referred to in our report of even date on the accounts for the year ended 31st March, 2010.

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b) The assets are physically verified, in phases, by the Management during the year as per the regular programme of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification. The discrepancies noticed on such verification have been appropriately dealt with in the books of account of the company.
- c) The assets disposed off during the year are not substantial and therefore does not affect the going concern status of the company.
2. a) The stock of raw materials, stores, spare parts and finished goods other than in transit were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion, the company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. a) During the year, the company has not granted any unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence reporting on rate of interest charged and other conditions does not arise. However, in respect of unsecured loans in the nature of Inter Corporate Deposits made in an earlier year outstanding at the commencement of year under report, the company is regularly receiving the interest at contracted rate. Principal amount received back during the year is Rs. 19 lakhs and Principal outstanding is Rs. 164.29 lakhs. The terms and other conditions of the loan are not prima facie prejudicial to interest of the company.
- b) During the year the company has taken unsecured loan of Rs 28 lakhs from the holding company covered in the register maintained under section 301 of the Companies Act, 1956. The terms and other conditions of the loan are not prima facie prejudicial to interest of the company. Principal outstanding is Rs Nil at the end of the financial year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.
- b. In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding during the financial year by Rs.5.00 lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public. (Please refer note below Schedule XII).
7. The company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business.
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.

Annexure to the Auditors' Report (Contd.)

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, a solitary instance of delay of six days was noticed in respect of ESI remittance.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities.

| Name of the Statute | Nature of dues | Amount (Rs. in lakhs) | Forum where dispute is pending |
|---------------------------------|--|--------------------------|--|
| Sales Tax Act of various states | Statutory Forms / Entry Tax/ Warranty replacement stock related / Turnover dispute | 134.19 | Assistant Commissioner / Deputy Commissioner / Appellate authorities-Commercial Taxes of various states |
| Income Tax Act, 1961 | Disallowance of expenditure relating to payments to foreign consultants, cost of acquisition of an asset as regards compu- tation of capital gain and time of taxing of income received in advance | 225.85 | Income tax Appellate Tribunal |

10. The company has no accumulated losses as at the end of the financial year. It has incurred cash loss during the financial year. There is 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
29th July, 2010

Balance Sheet as at 31st March 2010

Rupees in Lakhs

| | Schedule Number | As at 31.03.2010 | As at 31.03.2009 |
|---|-----------------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| Shareholder's Funds | | | |
| Share Capital | I | 1,767.28 | 1,767.28 |
| Reserves and Surplus | II | 2,175.91 | 2,522.62 |
| | | 3,943.19 | 4,289.90 |
| Loan Funds | | | |
| Secured Loans | III | 1,704.33 | 3,759.77 |
| Unsecured Loans | IV | 4,428.78 | 1,977.84 |
| | | 6,133.11 | 5,737.61 |
| Deferred Tax Liability (Net) | V | 184.29 | 201.88 |
| Total | | 10,260.59 | 10,229.39 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | VI (a) | 8,062.88 | 8,083.92 |
| Less: Depreciation | | 5,930.98 | 5,662.16 |
| Net Block | | 2,131.90 | 2,421.76 |
| Capital Work-in-progress | VI (b) | 3.15 | - |
| | | 2,135.05 | 2,421.76 |
| Investments | VII | 1,500.73 | 1,500.73 |
| Current Assets, Loans & Advances | | | |
| Inventories | VIII | 1,523.47 | 1,650.29 |
| Sundry Debtors | IX | 2,951.52 | 4,558.10 |
| Cash and Bank Balances | X | 1,481.18 | 234.09 |
| Loans & Advances | XI | 3,871.48 | 4,385.06 |
| | (a) | 9,827.65 | 10,827.54 |
| Less: Current Liabilities & Provisions | | | |
| Current Liabilities | XII | 2,987.20 | 4,360.47 |
| Provisions | XIII | 215.64 | 160.17 |
| | (b) | 3,202.84 | 4,520.64 |
| Net Current Assets | (a) - (b) | 6,624.81 | 6,306.90 |
| Total | | 10,260.59 | 10,229.39 |
| Notes on Accounts | XIX | | |

For and on behalf of the board

As per our report of even date annexed

GOPAL SRINIVASAN
Chairman

H. LAKSHMANAN
Director

S.S. RAMAN
Managing Director

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

Chennai
July 29, 2010

D. SRINIVASAN
Company Secretary

S. KANNAN
Chief Financial Officer

M BALASUBRAMANIAM
Partner
Membership No: F 7945

Profit and Loss account for the year ended 31st March 2010

Rupees in Lakhs

| | Schedule Number | Year ended 31.03.2010 | Year ended 31.03.2009 |
|--|-----------------|-----------------------|-----------------------|
| INCOME | | | |
| Turnover (Gross) | | 19,150.68 | 19,266.31 |
| Less : Excise duty collected | | 110.90 | 199.51 |
| Turnover (Net) | | 19,039.78 | 19,066.80 |
| Add : Other Income | XIV | 407.09 | 473.43 |
| Total - (A) | | 19,446.87 | 19,540.23 |
| EXPENSES | | | |
| Raw materials and components consumed, work-in-process & finished goods | XV | 9,822.48 | 9,839.70 |
| Consumption of traded Items | XVI | 2,847.70 | 2,679.32 |
| Salaries & Wages, stores consumed and other expenses | XVII | 6,110.23 | 6,571.73 |
| Interest | XVIII | 721.42 | 522.32 |
| Depreciation | | 448.61 | 475.88 |
| Total - (B) | | 19,950.44 | 20,088.95 |
| Profit/(Loss) before Extraordinary Items & Tax | A - B | (503.57) | (548.72) |
| Add : (Expense)/Income from Extraordinary Items (Net) | | - | (10.49) |
| Profit/(Loss) before tax | | (503.57) | (559.21) |
| Less : Provision for fringe benefit tax | | - | 28.37 |
| | | (503.57) | (587.58) |
| Add/(Less) : Provision for deferred tax written back | | 17.59 | (43.49) |
| Profit/(Loss) after tax | | (485.98) | (631.07) |
| Add : Balance brought forward from previous year | | 778.39 | 1,548.85 |
| Add / (Less) : Tax relating to earlier years | | 142.62 | (139.39) |
| Balance available for appropriation | | 435.03 | 778.39 |
| Proposed Dividend | | - | - |
| Tax on Dividend including surcharge | | - | - |
| Balance carried to Balance Sheet | | 435.03 | 778.39 |
| Total | | 435.03 | 778.39 |
| Notes on Accounts | | | |
| | XIX | | |
| Nominal value of each share in Rupees | | 10.00 | 10.00 |
| Basic and Diluted Earnings per share in Rupees before Extraordinary item | | (1.94) | (4.29) |
| Basic and Diluted Earnings per share in Rupees after Extraordinary item | | (1.94) | (4.36) |

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
July 29, 2010

D. SRINIVASAN
Company Secretary

S. KANNAN
Chief Financial Officer

M BALASUBRAMANIAM
Partner
Membership No: 7945

Schedules

| | Rupees in Lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| I CAPITAL | | |
| Authorised | | |
| 2,50,00,000 (last year 2,50,00,000) Equity shares of Rs.10 each | 2,500.00 | 2,500.00 |
| Issued, subscribed and paid-up | | |
| 1,76,72,818 (last year 1,76,72,818) Equity shares of Rs.10 each | 1,767.28 | 1,767.28 |
| Of the above, 1,05,53,449 Equity shares are held by M/s TVS Investments Ltd., Chennai, the Holding company (last year 1,05,53,449 Equity shares) | 1,767.28 | 1,767.28 |
| II RESERVES AND SURPLUS | | |
| Capital Reserve | 60.60 | 60.60 |
| Share Premium | 1,281.92 | 1,281.92 |
| Investment subsidy | 15.00 | 15.00 |
| General Reserve | | |
| As per last balance sheet | 349.58 | 349.58 |
| Investment Allowance Reserve | | |
| As per last balance sheet | 27.46 | 27.46 |
| Employee Stock Options (vide note No.14) | | |
| Total cost of Employee Stock Options viz., "Grants" | 50.10 | 50.10 |
| Less: Cost of Pending options lapsed | 43.78 | 40.43 |
| Net cost of options | 6.32 | 9.67 |
| Surplus - i.e., Balance in Profit & Loss Account | 435.03 | 778.39 |
| | 2,175.91 | 2,522.62 |

Schedules (Contd.)

| | Rupees in Lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| III SECURED LOANS | | |
| From Banks | 1,704.33 | 3,759.77 |
| 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. | 1,704.33 | 3,759.77 |
| IV UNSECURED LOANS | | |
| From Banks - Short term | 4,428.78 | 1,977.84 |
| | 4,428.78 | 1,977.84 |
| V DEFERRED TAX LIABILITY (NET) | | |
| As per last balance sheet | 201.88 | 158.39 |
| Add: Transfer from / (to) Profit & Loss Account towards current year deferred taxation | (17.59) | 43.49 |
| | 184.29 | 201.88 |
| Deferred tax liability (Net) consists of : | | |
| a) Liabilities :- | | |
| Tax on depreciation | 222.05 | 234.24 |
| Less : | | |
| b) Assets :- | | |
| Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis | 37.76 | 32.36 |
| | 184.29 | 201.88 |

Schedules (Contd.)

| VI (a) FIXED ASSETS | | Rupees in Lakhs | | | | | | | | |
|---------------------------|--|-----------------|--------|-----------|---------------------|------------------------------|----------------------------------|----------|------------------|------------------|
| | | Description | Land | Buildings | Plant and machinery | Intellectual property rights | Furniture, Fixtures & equipments | Vehicles | As at 31-03-2010 | As at 31-03-2009 |
| COST OF ASSETS | | | | | | | | | | |
| As at 01-04-2009 | | 222.94 | 951.16 | 3,969.97 | 800.00 | 2,052.65 | 87.20 | 8,083.92 | 7,502.81 | |
| Additions | | 0.64 | 13.18 | 149.20 | - | 29.09 | - | 192.11 | 668.95 | |
| Sales / Transfers | | 223.58 | 964.34 | 4,119.17 | 800.00 | 2,081.74 | 87.20 | 8,276.03 | 8,171.76 | |
| Total | | - | 2.20 | 51.17 | - | 129.02 | 30.76 | 213.15 | 87.84 | |
| Total | | 223.58 | 962.14 | 4,068.00 | 800.00 | 1,952.72 | 56.44 | 8,062.88 | 8,083.92 | |
| DEPRECIATION | | | | | | | | | | |
| Upto 31-03-2009 | | - | 587.80 | 2,852.22 | 487.67 | 1,671.05 | 63.42 | 5,662.16 | 5,254.98 | |
| For the year | | - | 35.46 | 227.10 | 76.00 | 100.40 | 9.65 | 448.61 | 475.88 | |
| Sales / Transfers | | - | 623.26 | 3,079.32 | 563.67 | 1,771.45 | 73.07 | 6,110.77 | 5,730.86 | |
| Total | | - | 2.20 | 29.87 | - | 118.71 | 29.01 | 179.79 | 68.70 | |
| Total | | - | 621.06 | 3,049.45 | 563.67 | 1,652.74 | 44.06 | 5,930.98 | 5,662.16 | |
| WRITTEN DOWN VALUE | | | | | | | | | | |
| As at 31-03-2010 | | 223.58 | 341.08 | 1,018.55 | 236.33 | 299.98 | 12.38 | 2,131.90 | - | |
| As at 31-03-2009 | | 222.94 | 363.36 | 1,117.75 | 312.33 | 381.60 | 23.78 | - | 2,421.76 | |

Schedules (Contd.)

| | Rupees in Lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| VI (b) CAPITAL WORK-IN-PROGRESS (at cost) | | |
| Plant and Machinery | 3.15 | — |
| | <u>3.15</u> | <u>—</u> |
| VII INVESTMENTS (at cost) | | |
| A) Trade - unquoted (fully paid up) - Long Term | | |
| (i) Subsidiaries | | |
| (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 |
| (ii) Others | | |
| (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 Ltd, Chennai) | 1,400.00 | 1,400.00 |
| | <u>1,500.73</u> | <u>1,500.73</u> |
| VIII INVENTORIES * | | |
| a) Raw Materials and components at cost | 743.01 | 765.91 |
| b) Finished goods (at cost or market value whichever is lower) | 222.33 | 439.72 |
| c) Traded items at cost | 544.73 | 417.42 |
| d) Goods-in-transit at cost | 13.40 | 27.24 |
| | <u>1,523.47</u> | <u>1,650.29</u> |

Ref. Note No. 1-AS 2

* As certified by Managing Director

Schedules (Contd.)

Rupees in Lakhs

| | As at 31.03.2010 | As at 31.03.2009 |
|--|---------------------|---------------------|
| IX SUNDRY DEBTORS - UNSECURED CONSIDERED GOOD | | |
| a) Debts outstanding for a period exceeding six months | | |
| - Considered Good | 339.65 | 1,821.62 |
| - Considered Doubtful | 49.00 | 26.00 |
| | 388.65 | 1,847.62 |
| b) Other debts | | |
| - Considered Good | 2,611.87 | 2,736.48 |
| - Considered Doubtful | 20.72 | 23.00 |
| | 2,632.59 | 2,759.48 |
| | 3,021.24 | 4,607.10 |
| Less : Provision made for Doubtful debts | 69.72 | 49.00 |
| | 2,951.52 | 4,558.10 |
| X CASH AND BANK BALANCES | | |
| a) Cash and cheques on hand | 900.35 | 89.89 |
| b) Balances with Scheduled Banks in | | |
| i. Deposit accounts | 8.75 | 21.04 |
| ii. Current accounts | 556.40 | 104.22 |
| iii. Dividend accounts | 14.65 | 17.28 |
| c) Balances with Non-Scheduled Banks in | | |
| Current accounts * | 1.03 | 1.66 |
| * Vide Note No. 4 | 1,481.18 | 234.09 |
| XI LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD | | |
| A. LOANS - Intercompany Deposits | 164.29 | 183.28 |
| B. ADVANCES | | |
| i) Advances recoverable in cash or in kind or for value to be received | 812.69 | 1,498.70 |
| ii) Deposits | 2,597.45 | 2,651.67 |
| iii) Advance income tax paid and tax deducted at source (net of provisions) | 297.05 | 51.41 |
| | 3,871.48 | 4,385.06 |
| XII CURRENT LIABILITIES | | |
| a) Sundry Creditors * | 2,953.98 | 4,273.38 |
| b) Unexpired Service Contracts | 18.57 | 69.75 |
| c) Unclaimed Dividend # | 14.65 | 17.28 |
| d) Unclaimed Fixed deposits & interest thereon | - | # 0.06 |
| | 2,987.20 | 4,360.47 |
| * Ref. Note No. 6 | | |
| # Amount to be credited to Investor Education and Protection fund as and when due | | |

Schedules (Contd.)

| | Rupees in Lakhs | |
|---|----------------------------------|----------------------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| XIII PROVISIONS | | |
| a) Warranty | 148.45 | 91.02 |
| b) Staff benefit schemes | 40.34 | 42.30 |
| c) Others | 26.85 | 26.85 |
| | <u>215.64</u> | <u>160.17</u> |
| | Year ended 31.03.2010 | Year ended 31.03.2009 |
| XIV OTHER INCOME | | |
| a) Sale of scrap | 27.32 | 35.40 |
| b) Profit on sale of assets | 26.11 | 3.43 |
| c) Miscellaneous income | 353.66 | 434.60 |
| | <u>407.09</u> | <u>473.43</u> |
| XV RAW MATERIALS AND COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS | | |
| A) RAW MATERIALS AND COMPONENTS CONSUMED | | |
| a) Opening stock | 765.91 | 730.69 |
| b) Add: Purchases | 9,582.19 | 9,979.46 |
| | <u>10,348.10</u> | <u>10,710.15</u> |
| c) Less: Closing stock | 743.01 | 765.91 |
| Total (A) | <u>9,605.09</u> | <u>9,944.24</u> |
| B) (INCREASE) / DECREASE IN STOCKS | | |
| a) Opening Stock | | |
| Finished Goods | 439.72 | 335.18 |
| | <u>439.72</u> | <u>335.18</u> |
| b) Closing stock | | |
| Finished Goods | 222.33 | 439.72 |
| | <u>222.33</u> | <u>439.72</u> |
| Total (B) | <u>217.39</u> | <u>(104.54)</u> |
| Raw materials and components consumed, Work-in-process and Finished goods | [(i) - (ii)] | |
| | <u>9,822.48</u> | <u>9,839.70</u> |
| XVI CONSUMPTION OF TRADED ITEMS | | |
| a) Opening stock | 417.42 | 322.19 |
| b) Add: Purchases | 2,975.01 | 2,774.55 |
| | <u>3,392.43</u> | <u>3,096.74</u> |
| c) Less: Closing stock | 544.73 | 417.42 |
| Consumption of Traded Items | <u>2,847.70</u> | <u>2,679.32</u> |

Schedules (Contd.)

| | Rupees in Lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2010 | Year ended 31.03.2009 |
| XVII SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES | | |
| a) Salaries, Wages, Bonus and Allowances | 1,064.36 | 1,231.03 |
| b) Contribution to provident and other funds | 63.00 | 76.32 |
| c) Staff welfare expenses | 132.73 | 176.92 |
| d) Stores, spares and tools consumed | 48.53 | 36.65 |
| e) Power & fuel | 71.83 | 75.49 |
| f) Rent (Includes Rs. 0.50 lakhs paid to Director Last Year Rs. 0.50 lakhs) | 382.20 | 350.70 |
| g) Rates and taxes | 35.22 | 44.04 |
| h) Repairs & Maintenance | | |
| Buildings | 102.93 | 66.41 |
| Machinery | 12.97 | 13.04 |
| Office Equipments | 165.31 | 140.05 |
| Vehicles | 6.04 | 2.59 |
| i) Insurance | 36.53 | 41.40 |
| j) Directors sitting fees | 1.83 | 1.60 |
| k) Loss on sale of assets | 9.16 | 1.99 |
| l) Audit fees | 10.90 | 10.74 |
| m) Other expenses | 3,966.69 | 4,302.76 |
| | 6,110.23 | 6,571.73 |
| XVIII INTEREST | | |
| a) Fixed Loans | 259.61 | 73.80 |
| b) Other Loans (Net of recoveries) | 461.81 | 448.52 |
| | 721.42 | 522.32 |

Notes on accounts

| | | <i>Rupees in Lakhs</i> |
|--|---|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |

XIX NOTES ON ACCOUNTS

1 ACCOUNTING STANDARDS COMPLIANCE

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

AS - 1 Disclosure of accounting policies

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

AS - 2 Valuation of inventories

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

AS - 3 Cash flow statements

Cash flow statement has been prepared under " Indirect Method".

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

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

Notes on accounts (Contd.)

| | <i>Rupees in Lakhs</i> | |
|--|---|---|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| AS - 5 Net profit or loss for the Year, prior period items and changes in accounting policies | | |
| a) Details of prior period items in Profit and Loss account | | |
| 1. Expenses | | |
| Power and fuel | 0.97 | 3.62 |
| Share transfer Folio Charges | 2.04 | – |
| 2. Income | | |
| Data Processing | – | 3.51 |
| Welfare | – | 4.22 |
| b) Details of Extraordinary Items: | | |
| 1. Extra Ordinary Income: Profit on transfer of Business (net of expenses) | – | (10.49) |
| 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 Rs. 5,000 individually, depreciation has been provided at 100%. | | |
| vi) From financial year 2005-06, tools and moulds which are three years old have been subject to depreciation @ 31.67% as against normal rate of 16.21%, so as to bring the written down value of such assets to 5% original cost. | | |

Notes on accounts (Contd.)

| | | <i>Rupees in Lakhs</i> |
|--|---|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| <p>vii) On certain class of office equipments depreciation has been charged at 99% of its original cost on prorata basis, considering the useful life of asset as one year as against Schedule XIV rates.</p> <p>b In respect of assets depreciated on straight line method which have been acquired on amalgamation / business transfer, depreciation is provided on the original cost of acquisition as appearing in the books of transferor companies.</p> <p>AS - 7 Accounting for Construction contracts The company is not engaged in any Construction business covered by this Standard.</p> <p>AS - 8 Accounting for Research and Development This standard stands withdrawn as Accounting Standard 26 - Intangible Assets has become mandatory.</p> <p>AS - 9 Revenue recognition</p> <p>a Income and expenditure are accounted on a going concern basis.</p> <p>b The company's income consists of income from sale of manufactured equipments, traded goods and after sales service and income from Information technology (IT) related consultancy and services.</p> <p>c Sales is accounted net of excise duty, service tax and sales tax / Value Added Tax. Income from consultancy services and annual maintenance contracts are considered on accrual basis. Income from IT solutions are recognised depending upon the stage of completion of the project.</p> <p>d Sale of products, income from services and other income include realised exchange fluctuations on exports of Rs 42.26 Lakhs (Previous year Rs 130.76 Lakhs).</p> <p>e Interest income is recognised on a time proportion basis taking into account the amount of outstanding and the rate applicable.</p> <p>f The company has not derived any income during the current year out of its investments.</p> <p>g In respect of domestic sales, the recognition is on the basis of delivery of goods to customers while in respect of export sales the recognition is on the basis of "LET Export" certification issued by customs authorities.</p> | | |

Notes on accounts (Contd.)

| | Rupees in Lakhs | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| AS - 10 Accounting for fixed assets | | |
| Fixed Assets are stated at cost of acquisition or construction cost net of cenvat and includes expenditure incurred upto the date the asset is put to use, less accumulated depreciation. Technical know-how fees paid is capitalised under plant and machinery. Temporary constructions / alteration costs are charged off in the same year. | | |
| Lease hold land represents Rs 198.51 lakhs paid to State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT), Chennai for 6.16 acres of land in their Oragadam SEZ, Tamil Nadu for which the registration of lease deed has been completed in June 2009. The unit has been approved by the Development Commissioner, MEPZ in March 2009. | | |
| AS - 11 Accounting for effects in foreign exchange rates | | |
| a Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the market exchange rate prevailing on the date of the balance sheet. | | |
| b Year end foreign currency denominated liabilities and receivables are translated at exchange rates prevailing as at Balance Sheet date, the difference being charged/ credited to respective revenue or capital account. Any difference between the forward rate and the exchange rate on the date of inception of forward contract is recognised as discount or premium over the period of the contract. | | |
| c Derivative transactions : The Company uses forward exchange contracts to hedge its exposure in foreign currency : - | | |
| a) Forward exchange contracts outstanding as at 31st March 2010 | | |
| - Euro 3,25,217 EURO equivalent to Rs 196.63 lakhs (Last year 78.35 lakhs) | 196.63 | 78.35 |
| - Japanese Yen 1,38,05,875 JPY equivalent to Rs 66.68 lakhs (Last year 457.25 lakhs) | 66.68 | 457.25 |
| - USD 13,59,200 USD equivalent to Rs 613.54 lakhs (Last year 226.31 lakhs) | 613.54 | 226.31 |

Notes on accounts (Contd.)

| | | Rupees in Lakhs | |
|--|---------------------------------|---------------------------------|--|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 | |
| b) Foreign currency exposures not covered by Forward exchange contracts as at 31st March 2010 | | | |
| - Euro NIL | - | 70.79 | |
| - Japanese Yen NIL | - | 45.96 | |
| - USD NIL | - | 78.69 | |
| <p>The amendment introduced to AS 11 by Government of India on 31st March 2009 allowing the loss/profit on restatement of External Commercial Borrowings made for acquisition of capital assets to be deducted from or added to cost of capital asset is not applicable to the company as it has no External Commercial Borrowings.</p> <p>Similarly, the company has not availed External Commercial Borrowings for purposes other than acquisition of capital assets also.</p> | | | |
| AS - 12 Accounting for Government Grants | | | |
| The company has not received any government grants during the current accounting year. | | | |
| AS - 13 Accounting for Investments | | | |
| Investments are stated at cost. Provision for diminution in value is made only if such a decline is other than temporary in the opinion of the management. | | | |
| AS - 14 Accounting for amalgamation | | | |
| This standard is not applicable to the company for the year under review. | | | |
| AS - 15 Accounting for Retirement benefits | | | |
| As per Accounting Standard 15 on "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below: | | | |
| (a) Short term Employee Benefits: | | | |
| Short term employee benefits payable within twelve months of rendering the service including accumulated leave encashment, at the balance sheet date, are recognized as an expense as per the company's scheme based on expected obligations on undiscounted basis. | | | |
| (b) Long term Employee Benefits: | | | |
| In case of long term compensated absences i.e. long term leave encashment, the same is provided for based on actuarial | | | |

Notes on accounts (Contd.)

| | Rupees in Lakhs | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| valuation as at the balance sheet date, using the Projected Unit Credit Method | | |
| Post retirement benefits comprising of employees provident fund, gratuity fund and super annuation funds are accounted for as follows: | | |
| (a) Provident Fund : This is a defined contribution plan and contributions paid to the fund are charged to revenue during the period in which the employee renders the related service. The company has no further obligations for future provident fund benefits other than regular contributions. | | |
| (b) Gratuity: This is a defined contribution plan and the company's scheme is administered by Trustees and funds managed by the Life Insurance Corporation of India (LIC). The liability for Gratuity to employees as at the Balance Sheet date is determined based on the actuarial valuation using the Projected unit credit method. The contribution paid thereof is charged in the books of accounts. Actuarial gains or losses arising out of actuarial valuation, if any, are recognized in the Profit and Loss as income or expense. | | |
| c) Superannuation : Fixed contributions are made to the Superannuation Fund, which is administered by Trustees and managed by LIC, are charged to the Profit and Loss Account. The Company has no liability for future Superannuation Fund benefits other than its annual contribution, which is recognized as an expense in the year incurred. | | |
| Disclosure as per AS15 revised – Defined benefit Plans | | |
| Past Service benefit | 80.67 | 86.38 |
| Present Value of the obligation as at Beginning of the year | 86.38 | 88.04 |
| Interest Cost | 6.68 | 7.85 |
| Current Service Cost | 11.14 | 13.67 |
| Benefits Paid | (26.92) | (35.75) |
| Actuarial Gain/(Loss) on obligation | 3.39 | 12.57 |
| Present Value of the obligation as at Balance Sheet date | 80.67 | 86.38 |
| Fair value of planned assets as at Beginning of the year | 91.81 | 99.25 |
| Expected Return on planned assets | 6.95 | 6.83 |
| Contributions | 13.58 | 20.06 |
| Benefits paid | (26.92) | (35.75) |

Notes on accounts (Contd.)

| | <i>Rupees in Lakhs</i> | |
|--|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| Actuarial Gain/(Loss) on plan assets | - | 1.41 |
| Fair value of planned assets as at Balance Sheet date | 85.42 | 91.80 |
| Amounts recognized in the Balance Sheet | | |
| Present Value of the obligation as at Balance Sheet date | 80.67 | 86.38 |
| Fair value of planned assets as at Balance Sheet date | 85.42 | 91.80 |
| Funded status of the plan - (assets) / Liability | (4.75) | (5.42) |
| Amounts recognized in the statement of profit and loss | | |
| Current Service cost | 11.15 | 13.67 |
| Interest cost | 6.68 | 7.85 |
| Expected Return on planned assets | (6.95) | (6.83) |
| Net actuarial gain or loss recognized in the year | 3.39 | 11.16 |
| Expenses recognized in the statement of profit and loss | 14.27 | 25.85 |
| Principal actuarial assumptions | | |
| Discount Rate | 8.00% | 8.00% |
| Salary escalation | 5.00% | 5.00% |
| Expected return on planned assets | 8.00% | 8.00% |
| AS - 16 Borrowing cost | | |
| All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalised. During the year under review there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalised. | | |
| AS - 17 Segment reporting | | |
| Since the group of products sold and services rendered by the company pertains to Information Technology related products and services, the operations of the company relate to a single reportable segment. | | |
| AS - 18 Related party disclosure | | |
| Disclosure is made as per the requirements of the standard and as per the clarifications issued by the Institute of Chartered Accountants of India. | | |
| AS - 19 Leases | | |
| This standard is not applicable as the company does not have any finance lease agreement in force. | | |
| AS - 20 Earnings per share | | |
| Disclosure is made in the Profit and Loss account as per the requirement of the standard. | | |

Notes on accounts (Contd.)

| | Rupees in Lakhs | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| AS - 21 Consolidated financial statements | | |
| Consolidated Financial Statements of the company and its wholly owned subsidiaries viz., Tumkur Property Holdings Limited, Chennai and Prime Property Holdings Limited, Chennai are enclosed. | | |
| AS - 22 Accounting for taxes on income | | |
| In view of loss incurred during the year, no provision for tax is required to be made both under normal computation and under Section 115 JB (Minimum Alternate Tax). | | |
| Deferred tax liability resulting from timing differences between book and taxable profit is accounted for, using the tax rates in force as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future. | | |
| Details of deferred taxation are furnished in Schedule V. | | |
| AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements | | |
| This standard is not applicable to the company for the year under review. | | |
| AS - 24 Discontinuing Operations: | | |
| In respect of 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 on 01.04.2009 | 248.81 | 784.81 |
| Less: Discharged during the current year | 209.83 | 536.00 |
| Closing balance as on 31.03.2010 | 38.98 | 248.81 |
| No expenditure has been incurred during the current year relating to the above discontinued business. (Previous year Rs 10.49 Lakhs). | | |
| 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.)

| | As at /Year ended 31.03.2010 | Rupees in Lakhs As at /Year ended 31.03.2009 |
|--|---------------------------------|--|
| AS - 26 Intangible Assets | | |
| The company owns Intellectual Property Right relating to its service business and the carrying amount thereof is disclosed in the schedule of Fixed assets. This would be amortised over the remaining period of 2 years 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 Rs 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 DTA from its Tumkur Unit. The Karnataka High court has held vide order dated 4th 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. Accordingly this is considered as contingent asset. The effect of this High Court order will be reflected in next financial year. | | |
| Warranty cost on sale of products has been determined based on management estimates/historical data and provided for - Rs. 148.46 lakhs (Previous Year - Rs. 91.01 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.)

| | | <i>Rupees in Lakhs</i> | |
|---|---------------------------------|---------------------------------|--|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 | |
| AS - 31 Financial Instruments: Presentation | | | |
| This standard is not applicable to the company for the year under review. | | | |
| AS - 32 Financial Instruments: Disclosures | | | |
| This standard is not applicable to the company for the year under review. | | | |
| 2 Previous year figures have been regrouped wherever necessary to confirm to current year's classification. | | | |
| 3 Sundry debtors include | | | |
| Dues from companies under the same management within the meaning of Section 370 (1-B) | | | |
| TVS-E Access India Limited, Chennai | 30.47 | 33.70 | |
| TVS-E Servicetec Limited, Chennai | 50.19 | 300.45 | |
| Sravanaa Properties Limited, Chennai | 1.08 | 1.08 | |
| 4 Bank Balances Include | | | |
| Amounts held with a non-scheduled bank viz., Industrial and Commercial Bank of China, Shanghai | 1.03 | 1.66 | |
| Maximum balance held in the above bank account at any time during the year | 7.08 | 7.71 | |
| 5 Deposits include | | | |
| Deposits with | | | |
| a) Central excise | 0.35 | 20.02 | |
| b) Post Office & Telephones | 2.62 | 3.06 | |
| c) Sales tax | 60.78 | 47.09 | |
| 6 Current Liabilities | | | |
| There are three Micro and Small Enterprises, to whom the company owes dues (Previous year Nil), which are outstanding for more than 45 days as at 31st March 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. | | | |
| i) Principal amount due to suppliers under MSMED Act, 2006. | 1.68 | - | |
| ii) Interest paid to suppliers under MSMED Act, 2006. | - | - | |
| iii) Interest due and payable to suppliers under MSMED Act, 2006 for payments already made | 0.81 | - | |
| iv) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006. | 0.81 | - | |

Notes on accounts (Contd.)

| | <i>Rupees in Lakhs</i> | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| 7 Contingent liability not provided for: | | |
| a) On letters of credit opened with banks | 1,525.27 | 1,158.83 |
| b) Bank Guarantees | 498.71 | 479.13 |
| c) Estimated amount of contracts remaining to be executed on capital account | 5.68 | 89.18 |
| d) Central Excise Duty | 42.22 | 42.22 |
| e) Customs Duty | 50.53 | 172.53 |
| f) Service Tax | 123.92 | 123.92 |
| g) Capital commitment made to TVS Shriram Growth Fund, Chennai (Formerly known as TVS Private Equity Trust) | 2,100.00 | 2,100.00 |
| j) Claims against the company not acknowledged as debt | 142.85 | 100.02 |
| 8 Liability disputed not provided for | | |
| a) Sales Tax | 164.83 | 127.50 |
| b) Income Tax | 225.85 | 426.52 |
| 9 Audit fees consists of | | |
| a) Audit fees - As Auditors | 7.50 | 7.13 |
| b) Taxation matters | 0.75 | 0.75 |
| c) Certification fees | 0.75 | 0.75 |
| d) Other Services | 0.66 | 0.25 |
| e) Expenses | 1.19 | 1.86 |
| Total | 10.85 | 10.74 |
| 10 Other expenses include | | |
| a) Travelling & conveyance | 281.37 | 387.33 |
| b) Communication expenses | 108.85 | 112.46 |
| c) Carriage outwards | 354.92 | 504.03 |
| d) Sales commission, discounts and warranty expenses | 1,327.60 | 1,215.72 |
| e) Other selling expenses | 904.16 | 1,201.65 |
| f) Management service fees | 352.23 | 393.23 |
| g) Software & Data processing charges | 131.91 | 56.57 |
| h) Donations | 42.34 | 60.92 |
| 11 Miscellaneous Income Includes | | |
| Business Auxillary Services / Management Services TDS Rs 18.73 Lakhs (Previous year - Rs 33.94 Lakhs) | 276.93 | 300.57 |

Notes on accounts (Contd.)

| | Rupees in Lakhs | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| 12 Details of Revenue/Capital Expenditure incurred for "In house" R & D Unit:- | | |
| a) Revenue Expenditure incurred under the following heads of account | | |
| Salaries, Wages & Allowances | 128.91 | 183.58 |
| Stores,spares & tools consumed | - | 21.20 |
| Repairs & Maintenance - Machinery | - | 0.33 |
| Travelling & Conveyance | 11.99 | 12.31 |
| Product Development | 35.78 | 14.66 |
| Tools & Accessories | 2.82 | 7.84 |
| Stores Consumables | - | 0.56 |
| Consultancy & Technology | 16.06 | 19.78 |
| Reliability Testing, Field Tests & Trials | 7.11 | 27.94 |
| Miscellaneous Expenses | 0.23 | 3.58 |
| | <u>202.90</u> | <u>291.78</u> |
| b) Capital Expenditure | | |
| Addition to Fixed assets :- | | |
| Plant & Machinery | 0.86 | 52.64 |
| Office equipments and Fixtures | 0.16 | 19.46 |
| | <u>1.02</u> | <u>72.10</u> |
| 13 Interest received on advances and deposits (Gross) netted against interest paid on loans (Others) | | |
| On Advances | 15.05 | 20.83 |
| On Deposits | 2.29 | 6.35 |
| From suppliers on early payment of invoices | - | 7.03 |
| Others | - | 0.38 |
| Total | <u>17.34</u> | <u>34.59</u> |
| { (TDS Rs.0.11 lakhs - (Last year Rs.6.17 lakhs) } | | |
| 14 In accordance with the Board resolution dated 31st January 2003 and shareholders' special resolution dated 9th August 2000 the Employee Stock Option Scheme 2003 (ESOP - 2003) was instituted during year ended 31/12/2003. | | |
| As per the above scheme, the company issued 2,11,000 numbers of options to 22 eligible employees. Of this 9000 options have lapsed consequent to the resignation of an employee during year ended 31/12/2003 and the total cost of the vesting of live options in respect of the remaining 2,02,000 options was Rs.50.10 lakhs. This represented the excess of the market price viz., Rs. 94.80 per equity share over the issue price of Rs.70/- per equity share as on the "Grant Date". | | |

Notes on accounts (Contd.)

| | Rupees in Lakhs | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| On account of resignation of two employees during the period ended 31st March 2005, six employees during the year ended 31st March 2006, an employee during the year ended 31st March 2007, three employees during the year ended 31st March 2008, and two employees during the year ended 31st March 2009, and two employees during the year ended 31st March 2010, Rs 3.97 lakhs, Rs 13.39 lakhs, Rs. 14.88 lakhs, Rs 5.17 lakhs, Rs. 2.98 lakhs and Rs 3.35 lakhs respectively have been reversed. | | |
| During the year, there is a credit to the profit and loss account amounting to Rs. 3.35 lakhs on account of resignation of two employees. The revised total cost of vesting of remaining 25,500 live options as on 31.03.2010 is Rs 6.32 lakhs. | | |
| 15 Remuneration to Manager | | |
| Salaries | 1.97 | 32.29 |
| Contribution to Provident and Superannuation Funds | 0.10 | 3.32 |
| Value of Perquisites & Allowances | 0.02 | 0.35 |
| (Remuneration paid is within the limits stipulated under Schedule XIII to the Companies Act, 1956.) | | |
| | 2.09 | 35.96 |
| Mr M.Somasundaram who was appointed as manager, relinquished his office as manager on 1st May' 09. With effect from 01.05.2009, Mr S.S.Raman has been appointed as Whole Time Director for a period of 3 years without remuneration. | | |
| 16 Due from Directors/Officers of the company | | |
| i) Debts due by Directors or other officers of the company as at 31st March 2010. | | |
| Director - Rs Nil (Previous year Rs 0.025 lakhs), Manager - Rs Nil (Previous year Rs 1.485 Lakhs). | - | 1.51 |
| ii) Maximum amount due by Directors or other officers of the company at any time during the year. | | |
| Director - Rs Nil (Previous year Rs 0.025 lakhs), Manager - Rs Nil (Previous year Rs 5.055 Lakhs). | - | 5.08 |

Notes on accounts (Contd.)

Rupees in Lakhs

| As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
|---------------------------------|---------------------------------|
|---------------------------------|---------------------------------|

17 Related Party Disclosures as per Accounting Standard - 18

(a) LIST OF RELATED PARTIES

| Reporting Entity Clause 3 (a) | : | TVS Electronics Limited, Chennai | | |
|---|---|----------------------------------|----|------------|
| Ultimate Holding Company | | Period From | To | |
| Sundaram - Clayton Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| Holding Company | | | | |
| TVS Investments Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| Wholly owned Subsidiaries | | | | |
| Tumkur Property Holdings Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| Prime Property Holdings Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| Fellow Subsidiaries | | | | |
| Anusha Investments Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| TVS Motor Company Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| TVS Motor Company (Singapore) pte. Ltd, Singapore (Subsidiary of TVS Motor Company Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| TVS Motor Company (Europe) BV, Amsterdam (Subsidiary of TVS Motor Company Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| PT TVS Motor Company Indonesia, Jakarta (Subsidiary of TVS Motor Company Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| TVS Energy Ltd, Chennai (Subsidiary of TVS Motor Company Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| Sundaram Auto Components Limited, Chennai | | 01.04.2009 | to | 31.03.2010 |
| TVS Capital Funds Limited, Chennai (Subsidiary of TVS Investments Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| TVS-E Access India Limited, Chennai (Subsidiary of TVS Investments Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| TVS-E Servicetec Limited, Chennai (Subsidiary of TVS Investments Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| Sravanaa Properties Limited, Chennai (Subsidiary of TVS Investments Limited, Chennai) | | 01.04.2009 | to | 31.03.2010 |
| Clause 3 (c) | | | | |
| Key Management Personnel | | | | |
| Mr.M.Somasundaram - Manager under the provisions of the Companies Act, 1956 | | 01.04.2009 | to | 30.04.2009 |
| Mr.S.S.Raman - Whole Time Director under the provisions of the Companies Act, 1956 (Managing Director from 1st April 2010.) | | 01.05.2009 | to | 31.03.2010 |

Notes on accounts (Contd.)

| | Rupees in Lakhs | |
|---|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| (b) Particulars of transactions with related parties | | |
| (i) Purchases made | | |
| Ultimate holding company | | |
| Sundaram-Clayton Ltd, Chennai | 456.93 | 1,152.78 |
| Fellow Subsidiary | | |
| TVS Motor Company Limited, Chennai | 12.20 | - |
| (ii) Services availed | | |
| Holding Company | | |
| TVS Investments Limited, Chennai | 214.96 | 351.37 |
| Ultimate Holding company | | |
| Sundaram-Clayton Ltd, Chennai | 11.17 | - |
| Fellow Subsidiary | | |
| TVS-E Servicetec Limited, Chennai | 729.42 | 861.02 |
| TVS Motor Company Limited, Chennai | - | 3.79 |
| Sravanaa Properties Ltd , Chennai | 0.02 | - |
| (iii) Sale of Materials / Fixed asset | | |
| Fellow Subsidiary | | |
| TVS-E Servicetec Limited, Chennai | 22.50 | - |
| Holding Company | | |
| TVS Investments Limited, Chennai | 0.04 | - |
| (iv) Sale of Capital Assets | | |
| Holding Company | | |
| TVS Investments Limited, Chennai | - | 3.90 |
| (v) Purchase of Fixed Assets | | |
| Fellow Subsidiary | | |
| TVS-E Servicetec Limited, Chennai | 12.50 | - |
| (vi) Services rendered | | |
| Fellow Subsidiary | | |
| TVS Motor Company Limited, Chennai | 1.03 | 2.91 |
| Sundaram Auto Components Limited, Chennai | 0.07 | 0.25 |
| TVS-E Servicetec Limited, Chennai | 265.03 | 334.92 |
| TVS Capital Funds Ltd, Chennai | 3.69 | 3.50 |
| Ultimate Holding company | | |
| Sundaram-Clayton Ltd, Chennai | 0.14 | - |

Notes on accounts (Contd.)

| | <i>Rupees in Lakhs</i> | |
|---|---|---|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| (vii) Rent paid | | |
| Fellow Subsidiary | | |
| TVS Motor Company Limited, Chennai | - | 4.06 |
| Sravanaa Properties Ltd, Chennai | 2.49 | - |
| (viii) Rent Received | | |
| Ultimate Holding company | | |
| Sundaram-Clayton Ltd, Chennai | 3.31 | - |
| (ix) Interest paid /payable on Inter Corporate Deposits received during the current year | | |
| Holding company | | |
| TVS Investments Limited, Chennai | 0.99 | - |
| (x) Inter Corporate Deposits received and paid back by the company during the current year | | |
| Holding company | | |
| TVS Investments Limited, Chennai | 28.00 | - |
| (xi) Advances given during the current year | | |
| Wholly owned subsidiary | | |
| Prime Property Holdings Limited, Chennai | - | 112.00 |
| (xii) Advances received back during the current year | | |
| Wholly owned subsidiary | | |
| Prime Property Holdings Limited, Chennai (Part Payment) | 900.00 | - |
| (xiii) Contribution to TVS Shriram Growth Fund | | |
| TVS Shriram Growth Fund, Chennai | - | 875.00 |
| (xiv) Amount outstanding as at Balance Sheet date | | |
| a) Sundry Debtors | | |
| Ultimate Holding company | | |
| Sundaram-Clayton Ltd, Chennai (more than 6 months - Rs 1.00 Lakh) | 1.02 | 1.06 |
| Holding company | | |
| TVS Investments Limited, Chennai (more than 6 months - Rs 77.49 Lakhs) | 77.49 | 77.59 |

Notes on accounts (Contd.)

| | <i>Rupees in Lakhs</i> | |
|--|---------------------------------|---------------------------------|
| | As at /Year ended 31.03.2010 | As at /Year ended 31.03.2009 |
| Fellow Subsidiary | | |
| TVS Motor Company Limited, Chennai (more than 6 months - Rs 1.00 Lakh) | 1.46 | 3.46 |
| TVS Finance and Services Limited, Chennai (more than 6 months - Rs 16.83 Lakhs) | 17.32 | 18.73 |
| TVS-E Access India Limited, Chennai (more than 6 months - Rs 30.47 Lakhs) | 30.47 | 33.70 |
| Sundaram Auto Components Limited, Chennai (more than 6 months - Rs 0.19 Lakhs) | 0.19 | 0.19 |
| TVS Capital Funds Ltd, Chennai (more than 6 months - Rs 3.70 Lakhs) | 4.04 | - |
| Fellow Subsidiary | | |
| Sravanaa Properties Ltd, Chennai (more than 6 months - Rs 1.08 Lakhs) | 1.08 | 1.08 |
| TVS-E Servicetec Limited, Chennai | 193.09 | - |
| Wholly owned subsidiary | | |
| Prime Property Holdings Limited, Chennai | 442.00 | 1,342.00 |
| Tumkur Property Holdings Limited, Chennai (more than 6 months - Rs 0.17 Lakhs) | 0.17 | 0.17 |
| b) Sundry Creditors | | |
| Ultimate Holding company | | |
| Sundaram-Clayton Ltd, Chennai | 18.65 | 196.30 |
| Holding company | | |
| TVS Investments Limited, Chennai | 87.67 | 211.82 |
| Fellow subsidiary | | |
| TVS-E Servicetec Limited, Chennai | 142.90 | 399.36 |
| Sravanaa Properties Ltd, Chennai | - | 0.19 |

Notes on accounts (Contd.)

18 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.)

Rupees in Lakhs

| Particulars | Year ended 31st March 2010 | | Year ended 31st March 2009 | |
|--|-------------------------------|----------|-------------------------------|----------|
| | Quantity | Value | Quantity | Value |
| I RAW MATERIALS & COMPONENTS CONSUMED | | | | |
| 1 Raw Material & Intermediates & Components consumed | | | | |
| i) Integrated Circuits (Nos) | 2,61,221 | 67.25 | 3,16,030 | 84.35 |
| ii) Miscellaneous Items (which do not individually account for more than 10% of the value of the consumption) | | 9,755.23 | | 9,755.35 |
| | | 9,822.48 | | 9,839.70 |

| Particulars | % of total consumption | Amount | % of total consumption | Amount |
|--|---------------------------|-----------------|---------------------------|-----------------|
| 2 Consumption of Raw materials & Components | | | | |
| a) Imported | 43.04% | 4,227.60 | 30.19% | 2,970.61 |
| b) Indigenous | 56.96% | 5,594.88 | 69.81% | 6,869.09 |
| Total | 100.00% | 9,822.48 | 100.00% | 9,839.70 |
| II CONSUMPTION OF MACHINERY SPARES | | | | |
| a) Imported | 50.40% | 21.88 | 9.62% | 3.54 |
| b) Indigenous | 49.60% | 21.53 | 90.38% | 33.20 |
| | 100.00% | 43.41 | 100.00% | 36.74 |
| III IMPORTS (CIF VALUE) | | | | |
| a) Raw materials | | 53.53 | | 89.65 |
| b) Spares, Stores and Components | | 2,720.02 | | 2,102.90 |
| c) Capital goods | | 103.53 | | 55.92 |
| d) Traded goods | | 1,928.30 | | 1,288.65 |
| Total | | 4,805.38 | | 3,537.12 |

Notes on accounts (Contd.)

Information pursuant to the provisions of Part II of Schedule VI of The Companies Act, 1956

Rupees in Lakhs

| | Year ended 31.03.2010 | Year ended 31.03.2009 |
|---|--------------------------|--------------------------|
| IV OTHER EXPENDITURE IN FOREIGN CURRENCY | | |
| Salaries | 31.20 | 30.86 |
| Staff Welfare | 1.82 | 1.23 |
| Rent | 6.61 | 7.53 |
| Rates & Taxes | - | 0.05 |
| Repairs & Maintenance | 0.74 | 0.98 |
| Travel & Conveyance | 22.45 | 29.13 |
| Communication expenses | 0.89 | 1.43 |
| Other selling expenses | - | 0.47 |
| Training expenses | - | 1.72 |
| Consultancy, Legal fee & Retainers | 10.87 | 55.80 |
| Subscriptions | 0.14 | 0.03 |
| Bank charges | 0.77 | 0.34 |
| Research and Development | 0.01 | 0.08 |
| V SALE BY CLASS OF GOODS | Quantity Nos. | Quantity Nos. |
| (a) Computer Peripherals | 6,38,349 | 15,948.39 |
| (b) Income on Services rendered | | 298.68 |
| (c) Service, Spares & others | | 2,792.73 |
| | | <u>19,039.80</u> |
| VI EARNINGS IN FOREIGN EXCHANGE | | |
| Exports (on f.o.b. basis) | 57.76 | 129.15 |
| | <u>57.76</u> | <u>129.15</u> |
| VII LICENSED AND INSTALLED CAPACITY | | |

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

Notes on accounts (Contd.)

Information pursuant to the provisions of Part II of Schedule VI of The Companies Act, 1956 (Contd.) VIII. OPENING AND CLOSING STOCK OF GOODS PRODUCED AND QUANTITY PURCHASED DURING THE YEAR

Rupees in Lakhs

| Description | Year ended 31.03.2010 | | | | | | Year ended 31.03.2009 | | | | | |
|-----------------------------------|-----------------------|--------|---------------------------------------|----------|-----------------|--------|-----------------------|--------|---------------------------------------|----------|-----------------|--------|
| | 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 | 894 | 27.18 | | | 428 | 10.72 | 2,083 | 51.15 | | | 894 | 27.18 |
| b) Computer Peripherals | 14,674 | 276.98 | 2,83,497 | | 15,779 | 123.14 | 12,985 | 261.73 | 3,05,885 | | 14,674 | 276.98 |
| c) Others | | 135.56 | | | | 88.47 | | 22.30 | | | | 135.56 |
| | | 439.72 | | - | | 222.33 | | 335.18 | | | | 439.72 |
| (B) TRADED ITEMS | | | | | | | | | | | | |
| a) Uninterruptible power supplies | | | | | | | 2 | 0.03 | | | | |
| b) Computer Peripherals | 57,083 | 267.57 | 3,58,119 | | 59,245 | 354.48 | 13,953 | 125.24 | 495,799 | | 57,083 | 267.57 |
| c) Others | | 149.85 | | | | 190.25 | | 196.92 | | | | 149.85 |
| | | 417.42 | | 2,975.02 | | 544.73 | | 322.19 | - | 2,774.55 | | 417.42 |

Signatures to Schedule I to XVIII and notes there on.

For and on behalf of the board

As per our report of even date annexed

GOPAL SRINIVASAN
Chairman

H. LAKSHMANAN
Director

S.S. RAMAN
Managing Director

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

Chennai
July 29, 2010

D. SRINIVASAN
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

Rupees in Lakhs

| Particulars | Name of the Parent / Subsidiary / Associate Company | Amount outstanding as on 31/03/2010 | Maximum amount due at any one time of the year | Remarks |
|---|---|-------------------------------------|--|---------|
| A. LOANS AND ADVANCES** | | | | |
| 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. INVESTMENTS | | | | |
| 1. Investments made in Parent company | | | | |
| 2. Investments made in Associate company | | | | |
| 3. Investments made in Subsidiary company (including application money pending allotment) | Prime Property Holdings Limited, Chennai | 5.00 | 5.00 | |
| | Tumkur Property Holdings Limited, Chennai | 5.00 | 5.00 | |

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

| | | | | |
|---|---|----------|----------|--|
| A. LOANS AND ADVANCES** | | | | |
| 1. Loans and advances in the nature of loans made to parent company | | | | |
| 2. Loans and advances in the nature of loans made to subsidiary | Prime Property Holdings Limited, Chennai (subsidiary) | 112.00 | 112.00 | |
| 3. Loans and advances in the nature of loans made to associates | | | | |
| B. INVESTMENTS | | | | |
| 1. Investments made by Parent company | TVS Investments Limited, Chennai | 1,055.34 | 1,055.34 | |
| 2. Investments made in Associate company | | – | – | |

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

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

Cash Flow Statement

Rupees in Lakhs

| | | Year ended 31.03.2010 | Year ended 31.03.2009 |
|--|-------------------|----------------------------------|----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit/(Loss) before Tax and extraordinary items | | (503.57) | (548.72) |
| Adjustment for : | | | |
| Depreciation | 448.61 | | 475.88 |
| Employee stock option expense | (3.35) | | (2.98) |
| Profit on sale of assets | (26.11) | | (3.43) |
| Loss on sale of assets | 9.16 | | 2.00 |
| Interest | 721.42 | 1,149.73 | 522.32 |
| Operating Profit before Working Capital changes | | 646.16 | 993.79 |
| Adjustment for : | | | 445.07 |
| Inventories | 126.82 | | (257.28) |
| Sundry Debtors | 1,606.58 | | (30.26) |
| Loans and Advances | 513.58 | | (487.90) |
| Current liabilities and provisions | (1,317.80) | | 687.87 |
| | | 929.18 | (87.57) |
| Cash generated from operations | | 1,575.34 | 357.50 |
| Direct taxes paid net of provision | | 142.62 | (167.77) |
| Net cash from Operating activities | (A) | 1,717.96 | 189.73 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Fixed assets | | (192.11) | (668.95) |
| Capital Work-in-Progress | | (3.15) | 145.40 |
| New Investments made | | - | (875.00) |
| Extra Ordinary Income | | - | (10.49) |
| Sale of fixed assets | | 50.31 | 20.57 |
| Net cash from / (used in) investing activities | (B) | (144.95) | (1,388.47) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| (Repayment of Loans) / Loans Received (Net) | | 395.50 | 1,199.64 |
| Interest paid (Net) | | (721.42) | (522.32) |
| Net cash used in financing activities | (C) | (325.92) | 677.32 |
| D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C) | | 1,247.09 | (521.42) |
| Opening cash and cash equivalents as at 01.04.2009 | | 234.09 | 755.51 |
| Closing cash and cash equivalents as at 31.03.2010 | | 1,481.18 | 234.09 |

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

2 Cash and cash equivalent represents cash and bank balances.

3 Interest paid net of receipts is treated as arising out of financing activities.

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
July 29, 2010

D. SRINIVASAN
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 Rs. Thousands)

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Source of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure

+ - Profit / (Loss) before Tax ☐ ☒ Profit/(Loss) after Tax ☐ ☒

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

Earning per Share in Rs. Divident Rate %

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

Item Code No.

(ITC Code)

Product Description

For and on behalf of the board

As per our report of even date annexed

GOPAL SRINIVASAN
Chairman

H. LAKSHMANAN
Director

S.S. RAMAN
Managing Director

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

Chennai
July 29, 2010

D. SRINIVASAN
Company Secretary

S. KANNAN
Chief Financial Officer

M BALASUBRAMANIAM
Partner
Membership No: F 7945

Statement relating to Subsidiary

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

| Name of the Subsidiaries | Tumkur Property Holdings Limited, Chennai | Prime Property Holdings Limited, Chennai |
|---|---|---|
| 1. Financial year of the Subsidiary ended on | 31st March, 2010 | 31st March, 2010 |
| 2. Shares of subsidiary held by the company on 31.03.2010 | | |
| a. Number and face value of equity | 50,000 equity shares of Rs. 10/- each fully paid up | 50,000 equity shares of Rs. 10/- each fully paid up |
| b. Extent of holding | 100.00% | 100.00% |
| 3. Net aggregate amount of Profit / (Loss) of the subsidiaries for the above financial year of the subsidiaries not dealt with in the company's accounts so far as it concerns the members of the holding company | Amount in Rupees | Amount in Rupees |
| a. For the financial year of the subsidiaries - Profit / (Loss) | (28,274) | 3,32,43,757 |
| b. For the previous financial years since they became subsidiaries - Profit / (Loss) | (41,470) | (22,43,978) |
| 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

Chennai

July 29, 2010

H. LAKSHMANAN

Director

D. SRINIVASAN

Company Secretary

S.S. RAMAN

Managing Director

S. KANNAN

Chief Financial Officer

Consolidated Financial Statements

Auditors' Report on Consolidated Accounts

We have audited the attached Balance Sheet of M/s. TVS Electronics Limited, "Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006 and its subsidiaries as at 31st March, 2010 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Prime Property Holdings Limited, Chennai and Tumkur Property Holdings Limited, Chennai subsidiary companies for the year ended 31st March 2010. These statements were audited by other firm of Chartered Accountants whose report has been furnished to us, and our opinion, so far as it relates to this company is based solely on the report of the other auditor.

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

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

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

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of TVS Electronics Limited and its subsidiaries as at 31st March 2010 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

M BALASUBRAMANIAM

Chennai
July 29, 2010

Partner
Membership No. F7945

Consolidated Balance Sheet as at 31st March 2010

| | Schedule Number | As at 31.03.2010 | As at 31.03.2009 |
|---|-----------------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| Shareholder's Funds | | | |
| Share Capital | I | 1,767.28 | 1,767.28 |
| Reserves and Surplus | II | 1,839.71 | 1,854.26 |
| | | 3,606.99 | 3,621.54 |
| Loan Funds | | | |
| Secured Loans | III | 1,704.33 | 3,759.77 |
| Unsecured Loans | IV | 4,428.78 | 1,977.84 |
| | | 6,133.11 | 5,737.61 |
| Deferred Tax Liability (Net) | V | 184.29 | 201.88 |
| Total | | 9,924.39 | 9,561.03 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | VI(a) | | |
| Gross Block | | 8,174.52 | 8,880.90 |
| Less: Depreciation | | 5,930.98 | 5,662.16 |
| Net Block | | 2,243.54 | 3,218.74 |
| Capital Work-in-progress | VI(b) | 3.15 | — |
| | | 2,246.69 | 3,218.74 |
| Investments | VII | 1,490.82 | 1,490.82 |
| Current Assets, Loans & Advances | | | |
| Inventories | VIII | 1,523.47 | 1,650.29 |
| Sundry Debtors | IX | 2,621.35 | 3,328.10 |
| Cash and Bank Balances | X | 1,989.17 | 244.03 |
| Loans & Advances | XI | 3,759.48 | 4,251.06 |
| | (a) | 9,893.47 | 9,473.48 |
| Less: Current Liabilities & Provisions | | | |
| Current Liabilities | XII | 3,234.76 | 4,462.65 |
| Provisions | XIII | 472.64 | 160.17 |
| | (b) | 3,707.40 | 4,622.82 |
| Net Current Assets | (a) - (b) | 6,186.07 | 4,850.66 |
| Preliminary Expenses | | 0.81 | 0.81 |
| Total | | 9,924.39 | 9,561.03 |
| Notes on Accounts | XIX | | |

For and on behalf of the board

As per our report of even date annexed

GOPAL SRINIVASAN
Chairman

H. LAKSHMANAN
Director

S.S. RAMAN
Managing Director

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

Chennai
July 29, 2010

D. SRINIVASAN
Company Secretary

S. KANNAN
Chief Financial Officer

M BALASUBRAMANIAM
Partner
Membership No: F 7945

Consolidated Profit and Loss account for the year ended 31st March 2010

Rupees in Lakhs

| | Schedule Number | Year ended 31.03.2010 | Year ended 31.03.2009 |
|--|--------------------|--------------------------|--------------------------|
| INCOME | | | |
| Turnover (Gross) | | 19,150.68 | 19,266.31 |
| Less : Excise duty collected | | 110.90 | 199.51 |
| Turnover (Net) | | 19,039.78 | 19,066.80 |
| Add : Other Income | XIV | 975.55 | 473.43 |
| Total - (A) | | 20,015.33 | 19,540.23 |
| EXPENSES | | | |
| Raw materials and components consumed, work-in-process & finished goods | XV | 9,822.48 | 9,839.70 |
| Consumption of traded Items | XVI | 2,847.70 | 2,679.32 |
| Salaries & Wages, stores consumed and other expenses | XVII | 6,111.53 | 6,572.23 |
| Interest | XVIII | 721.42 | 522.32 |
| Depreciation | | 448.61 | 475.88 |
| Total - (B) | | 19,951.74 | 20,089.45 |
| Profit/(Loss) before Extraordinary Items & Tax | A - B | 63.59 | (549.22) |
| Add: (Expense)/ Income from Extraordinary Items (Net) | | - | (10.49) |
| Profit / (Loss) before tax | | 63.59 | (559.71) |
| Less : Provision for current taxation | | 235.00 | 10.00 |
| Less : Provision for fringe benefit tax | | - | 28.37 |
| | | (171.41) | (598.08) |
| Add / (Less) Provision for deferred tax written back | | 17.59 | (43.49) |
| Profit / (Loss) after tax | | (153.82) | (641.57) |
| Add: Balance brought forward from previous year | | 110.46 | 891.42 |
| Add / (Less) : Tax relating to earlier years | | 142.62 | (139.39) |
| Balance available for appropriation | | 99.26 | 110.46 |
| Proposed Dividend | | - | - |
| Tax on Dividend including surcharge | | - | - |
| Balance carried to Balance Sheet | | 99.26 | 110.46 |
| Total | | 99.26 | 110.46 |
| Notes on Accounts | XIX | | |
| Nominal value of each share in Rupees | | 10.00 | 10.00 |
| Basic and Diluted Earnings per share in Rupees before Extraordinary item | | (0.06) | (4.36) |
| Basic and Diluted Earnings per share in Rupees after Extraordinary item | | (0.06) | (4.42) |

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
 July 29, 2010

D. SRINIVASAN
Company Secretary
S. KANNAN
Chief Financial Officer
M BALASUBRAMANIAM
Partner
 Membership No: F 7945

Consolidated Schedules

| | Rupees in Lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| I CAPITAL - PARENT COMPANY | | |
| Authorised | | |
| 2,50,00,000 (last year 2,50,00,000) Equity shares of Rs.10 each | 2,500.00 | 2,500.00 |
| Issued, subscribed and paid-up | | |
| 1,76,72,818 (last year 1,76,72,818) Equity shares of Rs.10 each | 1,767.28 | 1,767.28 |
| Of the above, 1,05,53,449 Equity shares are held by M/s TVS Investments Ltd., Chennai, the Holding company (last year 1,05,53,449 Equity shares) | | |
| | 1,767.28 | 1,767.28 |
| II RESERVES AND SURPLUS | | |
| Capital Reserve | 60.60 | 60.60 |
| Capital Reserve - on Consolidation | 0.04 | 0.04 |
| Share Premium | 1,281.92 | 1,281.92 |
| Investment subsidy | 15.00 | 15.00 |
| General Reserve | | |
| As per last balance sheet | 349.58 | 349.58 |
| Investment Allowance Reserve | | |
| As per last balance sheet | 27.46 | 27.46 |
| Employee Stock Options (vide note No. 14) | | |
| Total cost of Employee Stock Options viz., "Grants" | 50.10 | 50.10 |
| Less: Cost of Pending options lapsed | 43.78 | 40.43 |
| Net cost of options | 6.32 | 9.67 |
| Share of loss in erstwhile associate companies | (0.47) | (0.47) |
| Surplus - i.e., Balance in Profit & Loss account | 99.26 | 110.46 |
| | 1,839.71 | 1,854.26 |

Consolidated Schedules (Contd.)

| | Rupees in Lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| III SECURED LOANS | | |
| From Banks | 1,704.33 | 3,759.77 |
| 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 | 1,704.33 | 3,759.77 |
| IV UNSECURED LOANS | | |
| From Banks - Short term | 4,428.78 | 1,977.84 |
| | 4,428.78 | 1,977.84 |
| V DEFERRED TAX LIABILITY (NET) | | |
| As per last balance sheet | 201.88 | 158.39 |
| Add: Transfer from / (to) Profit & Loss Account towards current year deferred taxation | (17.59) | 43.49 |
| | 184.29 | 201.88 |
| Deferred tax liability (Net) consists of : | | |
| a) Liabilities :- | | |
| Tax on depreciation | 222.05 | 234.24 |
| Less : | | |
| b) Assets :- | | |
| Tax on provisions in respect of expenditure which will be allowed under Income Tax Act, 1961 only on payment basis | 37.76 | 32.36 |
| | 184.29 | 201.88 |

Consolidated Schedules (Contd.)

| VI (a) FIXED ASSETS | | | | | | | | | |
|---------------------------|----------|-----------|---------------------|------------------------------|----------------------------------|----------|-----------------|-----------------|--|
| Description | Land | Buildings | Plant and machinery | Intellectual property rights | Furniture, fixtures & equipments | Vehicles | Rupees in Lakhs | | |
| | | | | | | | As at 31-Mar-10 | As at 31-Mar-09 | |
| COST OF ASSETS | | | | | | | | | |
| As at 01-04-2009 | 1,019.22 | 951.16 | 3,969.97 | 800.00 | 2,052.65 | 87.20 | 8,880.90 | 8,087.22 | |
| Additions | 15.66 | 13.18 | 149.20 | - | 29.09 | - | 207.13 | 881.52 | |
| Sales / Transfers | 1,035.58 | 964.34 | 4,119.17 | 800.00 | 2,081.74 | 87.20 | 9,088.03 | 8,968.74 | |
| | 700.36 | 2.20 | 51.17 | - | 129.02 | 30.76 | 913.51 | 87.84 | |
| Total | 335.22 | 962.14 | 4,068.00 | 800.00 | 1,952.72 | 56.44 | 8,174.52 | 8,880.90 | |
| DEPRECIATION | | | | | | | | | |
| Upto 31-03-2009 | - | 587.80 | 2,852.22 | 487.67 | 1,671.05 | 63.42 | 5,662.16 | 5,254.98 | |
| For the year | - | 35.46 | 227.10 | 76.00 | 100.40 | 9.65 | 448.61 | 475.88 | |
| Sales / Transfers | - | 623.26 | 3,079.32 | 563.67 | 1,771.45 | 73.07 | 6,110.77 | 5,730.86 | |
| | - | 2.20 | 29.87 | - | 118.71 | 29.01 | 179.79 | 68.70 | |
| Total | - | 621.06 | 3,049.45 | 563.67 | 1,652.74 | 44.06 | 5,930.98 | 5,662.16 | |
| WRITTEN DOWN VALUE | | | | | | | | | |
| As at 31-03-2010 | 335.22 | 341.08 | 1,018.55 | 236.33 | 299.98 | 12.38 | 2,243.54 | - | |
| As at 31-03-2009 | 1,019.92 | 363.36 | 1,117.75 | 312.33 | 381.60 | 23.78 | - | 3,218.74 | |

Consolidated Schedules (Contd.)

| | Rupees in Lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2010 | As at 31.03.2009 |
| VI (b) CAPITAL WORK-IN-PROGRESS (AT COST) | | |
| Plant and Machinery | 3.15 | - |
| | <u>3.15</u> | <u>-</u> |
| VII INVESTMENTS [AT COST] (LONG TERM) | | |
| Trade – Unquoted Investment (fully paid up) | | |
| a) 9,07,255 equity shares of Rs. 10 each in Modular Infotech Private Limited, Pune | 90.73 | 90.73 |
| b) Pro-rata equity interest thereon | 0.09 | 0.09 |
| c) Capital Contribution to TVS Shriram Growth Fund, Chennai (Asset Mangement Company - TVS Capital Funds Limited, Chennai) | 1,400.00 | 1,400.00 |
| | <u>1,490.82</u> | <u>1,490.82</u> |
| VIII INVENTORIES * | | |
| a) Raw Materials and components at cost | 743.01 | 765.91 |
| b) Finished goods (at cost or market value whichever is lower) | 222.33 | 439.72 |
| c) Traded items at cost | 544.73 | 417.42 |
| d) Goods-in-transit at cost | 13.40 | 27.24 |
| | <u>1,523.47</u> | <u>1,650.29</u> |
| Ref Note No. 1-AS 2 | | |
| * As certified by Managing Director | | |

Consolidated Schedules (Contd.)

| | | Rupees in Lakhs | |
|------------|--|---------------------|---------------------|
| | | As at 31.03.2010 | As at 31.03.2009 |
| IX | SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD | | |
| a) | Debts outstanding for a period exceeding six months | | |
| | - Considered Good | 339.65 | 1,821.62 |
| | - Considered Doubtful | 49.00 | 26.00 |
| | | 388.65 | 1,847.62 |
| b) | Other debts | | |
| | - Considered Good | 2,281.70 | 1,506.48 |
| | - Considered Doubtful | 20.72 | 23.00 |
| | | 2,302.42 | 1,529.48 |
| | | 2,691.07 | 3,377.10 |
| | Less : Provision made for Doubtful debts | 69.72 | 49.00 |
| | | 2,621.35 | 3,328.10 |
| X | CASH AND BANK BALANCES | | |
| a) | Cash and cheques on hand | 900.35 | 89.89 |
| b) | Balances with Scheduled Banks in | | |
| | i. Deposit accounts | 8.75 | 21.04 |
| | ii. Current accounts | 1,064.39 | 114.16 |
| | iii. Dividend accounts | 14.65 | 17.28 |
| c) | Balances with Non-Scheduled Banks in ** | | |
| | Current accounts | 1.03 | 1.66 |
| | | 1,989.17 | 244.03 |
| | ** Vide Note No.4 | | |
| XI | LOANS AND ADVANCES - UNSECURED | | |
| | CONSIDERED GOOD | | |
| A. | LOANS - Intercompany Deposits | 164.29 | 183.28 |
| B. | ADVANCES | | |
| | i) Advances recoverable in cash or in kind or for value to be received | 700.69 | 1,386.70 |
| | ii) Deposits | 2,597.45 | 2,651.67 |
| | iii) Advance income tax paid and tax deducted at source (net of provisions) | 297.05 | 29.41 |
| | | 3,759.48 | 4,251.06 |
| XII | CURRENT LIABILITIES | | |
| a) | Sundry Creditors * | 3,201.54 | 4,375.56 |
| b) | Unexpired Service Contracts | 18.57 | 69.75 |
| c) | Unclaimed Dividend # | 14.65 | 17.28 |
| d) | Unclaimed Fixed deposits & interest thereon | - | # 0.06 |
| | | 3,234.76 | 4,462.65 |
| | # Amount to be credited to Investor Education and Protection fund as and when due | | |
| | * Ref. Note No. 6 | | |

Consolidated Schedules (Contd.)

| | | Rupees in Lakhs | |
|---|--------------------|----------------------------------|----------------------------------|
| | | As at 31.03.2010 | As at 31.03.2009 |
| XIII PROVISIONS | | | |
| a) Provision for Income tax | | 223.00 | - |
| b) Provision for Wealth tax | | 34.00 | - |
| c) Warranty | | 148.45 | 91.02 |
| d) Staff benefit schemes | | 40.34 | 42.30 |
| e) Others | | 26.85 | 26.85 |
| | | <u>472.64</u> | <u>160.17</u> |
| | | Year ended 31.03.2010 | Year ended 31.03.2009 |
| XIV OTHER INCOME | | | |
| a) Sale of scrap | | 27.32 | 35.40 |
| b) Profit on sale of assets | | 26.11 | 3.43 |
| c) Miscellaneous income | | 922.12 | 434.60 |
| | | <u>975.55</u> | <u>473.43</u> |
| XV RAW MATERIALS AND COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS | | | |
| A) RAW MATERIALS AND COMPONENTS CONSUMED | | | |
| a) Opening stock | | 765.91 | 730.69 |
| b) Add: Purchases | | 9,582.19 | 9,979.46 |
| | | <u>10,348.10</u> | <u>10,710.15</u> |
| c) Less: Closing stock | | 743.01 | 765.91 |
| Total | (A) | <u>9,605.09</u> | <u>9,944.24</u> |
| B) (INCREASE)/ DECREASE IN STOCKS | | | |
| a) Opening Stock | | | |
| Finished Goods | | 439.72 | 335.18 |
| | (i) | <u>439.72</u> | <u>335.18</u> |
| b) Closing stock: | | | |
| Finished Goods | | 222.33 | 439.72 |
| | (ii) | <u>222.33</u> | <u>439.72</u> |
| Total | (B) [(i) - (ii)] | <u>217.39</u> | <u>(104.54)</u> |
| Raw materials and components consumed, | | | |
| Work-in-process and Finished goods | [A + B] | <u>9,822.48</u> | <u>9,839.70</u> |

Consolidated Schedules (Contd.)

| | Rupees in Lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2010 | Year ended 31.03.2009 |
| XVI CONSUMPTION OF TRADED ITEMS | | |
| a) Opening stock | 417.42 | 322.19 |
| b) Add: Purchases | 2,975.01 | 2,774.55 |
| | 3,392.43 | 3,096.74 |
| c) Less: Closing stock | 544.73 | 417.42 |
| Consumption of Traded Items | 2,847.70 | 2,679.32 |
| XVII SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES | | |
| a) Salaries, Wages, Bonus and Allowances | 1,064.36 | 1,231.03 |
| b) Contribution to provident and other funds | 63.00 | 76.32 |
| c) Staff welfare expenses | 132.73 | 176.92 |
| d) Stores, spares and tools consumed | 48.53 | 36.65 |
| e) Power & fuel | 71.83 | 75.49 |
| f) Rent (Includes Rs.0.50 lakhs paid to Director - last year Rs.0.50 lakhs) | 382.20 | 350.70 |
| g) Rates and taxes | 35.35 | 44.15 |
| h) Repairs & Maintenance | | |
| Buildings | 102.93 | 66.41 |
| Machinery | 12.97 | 13.04 |
| Office Equipments | 165.31 | 140.05 |
| Vehicles | 6.36 | 2.59 |
| i) Insurance | 36.53 | 41.40 |
| j) Directors sitting fees | 1.83 | 1.60 |
| k) Loss on sale of assets | 9.16 | 1.99 |
| l) Audit fees | 11.26 | 11.07 |
| m) Other expenses | 3,967.18 | 4,302.82 |
| | 6,111.53 | 6,572.23 |
| XVIII INTEREST | | |
| a) Fixed loans | 259.61 | 73.80 |
| b) Other loans (Net of recoveries) | 461.81 | 448.52 |
| | 721.42 | 522.32 |

Cash Flow Statement

Rupees in Lakhs

| | Year ended 31.03.2010 | Year ended 31.03.2009 |
|--|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before Tax and extraordinary items | 63.59 | (549.22) |
| Adjustment for : | | |
| Depreciation | 448.61 | 475.88 |
| Employee stock option expense | (3.35) | (2.98) |
| Profit on sale of asset | (26.11) | (3.43) |
| Loss on sale of asset | 9.16 | 2.00 |
| Interest | 721.42 | 522.32 |
| | 1,149.73 | 993.79 |
| Operating Profit before Working Capital changes | 1,213.32 | 444.57 |
| Adjustment for : | | |
| Inventories | 126.82 | (257.28) |
| Sundry Debtors | 706.75 | (30.26) |
| Loans and Advances | 491.58 | (343.32) |
| Current liabilities and provisions | (915.42) | 767.00 |
| Cash generated from operations | 1,623.05 | 580.71 |
| Direct taxes paid net of provision | (92.38) | (177.77) |
| Net cash from Operating activities (A) | 1,530.67 | 402.94 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Fixed assets | (207.13) | (881.52) |
| Capital Work-in-Progress | (3.15) | 145.40 |
| New Investments made | - | (875.00) |
| Extra Ordinary Income | - | (10.49) |
| Sale of fixed assets | 750.67 | 20.57 |
| Net cash from / (used in) investing activities (B) | 540.39 | 1,601.04 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayment of Loans) / Loans Received (Net) | 395.50 | 1,199.64 |
| Interest paid (Net) | (721.42) | (522.32) |
| Net cash used in financing activities (C) | (325.92) | 677.32 |
| D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C) | 1,745.14 | (520.78) |
| Opening cash and cash equivalents as at 01.04.2009 | 244.03 | 764.81 |
| Closing cash and cash equivalents as at 31.03.2010 | 1,989.17 | 244.03 |

Notes

- 1 The above statements have been prepared in indirect method.
- 2 Cash and cash equivalent represents cash and bank balances.
- 3 Interest paid net of receipts is treated as arising out of financing activities.

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
July 29, 2010

D. SRINIVASAN
Company Secretary

S. KANNAN
Chief Financial Officer

M BALASUBRAMANIAM
Partner
Membership No: F 7945

XIX Accounting Policies adopted in the preparation of Consolidated Accounts

A. Principles of Consolidation

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

The consolidated accounts have been prepared based on line by line consolidation by adding together the book values of like items of assets, liabilities, income

and expenses as per the accounts of the parent company and its subsidiary company (duly certified by its auditor) and Intra Group balances/Intra Group transactions have been eliminated.

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

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

B. Details of subsidiary 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 | 31.03.2010 | 100% |
| Tumkur Property Holdings Limited, Chennai | India | 31.03.2010 | 100% |

C. Other significant accounting policies:

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

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

TUMKUR PROPERTY HOLDINGS LIMITED

Board of Directors

R S Raghavan
R Jagannathan
S S Raman

Bankers

Central Bank of India
Nungambakkam Branch
Chennai - 600 006.

Auditors

Raghu & Gopal
Chartered Accountants,
(Firm Regn. No. 003335S)
48, Luz Church Road,
Mylapore,
Chennai - 600 004.

Registered Office

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

Directors' Report to the Shareholders

The Directors present the Third Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2010.

FINANCIALS

The financial results of Tumkur Property Holdings Limited for the financial year ended 31st March, 2010 are as follows:

(Amount in Rs.)

| Particulars | For the year ended 31st March 2010 | For the period ended 31st March 2009 |
|---|---------------------------------------|---|
| Income | - | - |
| Administrative and other expenses | 28,274 | 23,900 |
| Profit / (Loss) before Tax | (28,274) | (23,900) |
| Profit / (Loss) after Tax | (28,274) | (23,900) |
| Loss brought forward from pervious year | (41,470) | (17,570) |
| Profit /(Loss) Carried to Balance Sheet | (69,744) | (41,470) |
| Earnings per share in Rs. | (0.57) | (0.48) |

PERFORMANCE REVIEW

The Company has not commenced any activities and hence there is no income.

DIRECTORS

During the year, Mr. V A Raghu resigned as Director of the Company effective 31st October, 2009. The Board of Directors of the Company placed on record their appreciation for the valuable service rendered by him during his tenure as Director.

Mr. R S Raghavan was co-opted as an Additional Director on 31st October, 2009, who will hold office up to the date of the forthcoming Annual General Meeting. A notice has been received from one of the members of the Company under Section 257 of the Companies Act, 1956 along with requisite deposit signifying his intention to propose the candidature of Mr. R S Raghavan for appointment as Director.

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

AUDITORS

M/s. Raghu & Gopal, Chartered Accountants (Firm Regn. No. 003335S), Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

STATUTORY REQUIREMENTS

INFORMATION AS PER SECTION 217(1)(e)

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo.

INFORMATION AS PER SECTION 217(2A)

Since there is no employee in the Company during the year under review, statement pursuant to section 217(2A) of the Companies Act, 1956 is not applicable.

INFORMATION AS PER SECTION 217(2AA)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed;

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2010) and of the loss of the Company for that year;

Directors' Report to the Shareholders (Contd.)

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and 'for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts for the year ended 31st March 2010 on a "going concern" basis.

and co-operation and also would like to record their appreciation of the services and assistance rendered by the banker to the Company.

For and on behalf of the Board

ACKNOWLEDGEMENT

The Directors wish to thank the TVS Electronics Limited, the holding Company for their support, advice

Chennai
23rd July, 2010

R S Raghavan
Director

R Jagannathan
Director

Auditors' Report

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

We have audited the attached Balance Sheet of M/s. Tumkur Property Holdings Limited, Chennai - 600 006 as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also include. Assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A), of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;

- (d) The Balance Sheet and the Profit and Loss account dealt with by this report comply with the Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors of the company as on March 31, 2010 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010.
 - (ii) In the case of Profit and Loss Account, of the loss of the company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For RAGHU & GOPAL
Chartered Accountants
Firm Registration No: 003335S

Chennai
July 23, 2010

A GOPAL
Partner
Membership No. 9035

Annexure to the Auditors' Report

Annexure referred to in our report of even date on the accounts for the year ended March 31, 2010

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

1. The company has no fixed assets.
2. Being a Property development Company, the matters in connection with verification, reporting and all other related matters on inventory are not applicable.
3. During the year, the company has not granted any loans to a company listed in the register maintained under Section 301 of the Companies Act, 1956.
4. During the year, the company has not taken loans from a company listed in the register maintained under Section 301 of the Companies Act, 1956.
5. There are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for its business activities. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
6. In our opinion and according to the information and explanations given to us, there are no transactions of the nature referred to and required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
7. The company has not accepted deposits from the public for the year ended 31.03.2010.
8. We are informed that the company will be having an in house internal audit system as and when the company commences business.
9. Maintenance of cost records as is not applicable to the company.
10. The Company has no employees. The Company also has no undisputed statutory dues remaining unpaid.
11. The Company was incorporated only on 24.10.2007 and therefore Clause (x) of para 4 is not applicable.
12. The company has not availed any borrowings from any financial institutions or banks.
13. In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, during the year under audit, the company did not engage in trading in shares, securities and debentures.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the company has not availed any term loans.
17. The company has not availed any borrowings including short term borrowings. Therefore, our comment on usage of short term borrowings, if any, does not arise.
18. The Company has not issued any debentures.
19. To the best of our knowledge and according to the information and explanations given to us during the course of checks carried out by us and according to the nature of Company's business, no fraud on or by the company has been noticed by us or reported to us during the year under report.

For RAGHU & GOPAL
Chartered Accountants
Firm Registration No: 003335S

A GOPAL
Partner
Membership No. 9035
Chennai
July 23, 2010

Balance Sheet as at 31st March 2010

| | | | Rupees |
|---|--------------------|---------------------|---------------------|
| | Schedule Number | As at 31.03.2010 | As at 31.03.2009 |
| SOURCES OF FUNDS | | | |
| 1 Shareholders' Funds | | | |
| Capital | 1 | 5,00,000 | 5,00,000 |
| | | <u>5,00,000</u> | <u>5,00,000</u> |
| APPLICATION OF FUNDS | | | |
| 2. Current Assets, loans and advances | | | |
| Current Assets | 2 | 4,28,341 | 4,52,170 |
| Less : Current Liabilities and Provisions | | | |
| Current Liabilities | 3 | <u>36,645</u> | <u>32,200</u> |
| Net Current Assets | | 3,91,696 | 4,19,970 |
| 3. Miscellaneous expenditure to the extent not written off or adjusted | | | |
| Preliminary expenses | | 38,560 | 38,560 |
| 4. Profit and Loss account | | <u>69,744</u> | <u>41,470</u> |
| | | <u>5,00,000</u> | <u>5,00,000</u> |
| Notes on Accounts | 4 | | |

For and on behalf of the board

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

Chennai
July 23, 2010

R S Raghavan
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Profit & Loss account for the year ended 31st March 2010

| Particulars | Schedule Number | Rupees | |
|--|-----------------|-------------------------------|-------------------------------|
| | | For the year ended 31.03.2010 | For the year ended 31.03.2009 |
| Income | | Nil | Nil |
| Administrative and Other Expenses | | | |
| Rates and taxes | | 4,884 | 4,832 |
| Audit Fees (Includes service tax reimbursed 3,090) | | 18,090 | 16,500 |
| Professional Fees | | 4,750 | 2,000 |
| Bank and Other Charges | | 550 | 568 |
| | | 28,274 | 23,900 |
| Loss for the year | | (28,274) | (23,900) |
| Loss brought Forward | | (41,470) | (17,570) |
| Loss carried to Balance Sheet | | <u>(69,744)</u> | <u>(41,470)</u> |
| Earnings per share in Rs | | (0.57) | (0.48) |

Notes on Accounts

4

For and on behalf of the board

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

Chennai
July 23, 2010

R S Raghavan
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Schedules

| | As at 31.03.2010 | Rupees As at 31.03. 2009 |
|---|---------------------|--------------------------------|
| 1. SHARE CAPITAL | | |
| Authorised | | |
| 50,000 Equity shares of Rs.10 each | 5,00,000 | 5,00,000 |
| Issued, subscribed and paid-up | | |
| 50,000 equity shares of Rs.10 each fully paid (All the shares are held by the holding company TVS Electronics Limited and its nominees) | 5,00,000 | 5,00,000 |
| | 5,00,000 | 5,00,000 |
| 2. CURRENT ASSETS | | |
| Balance with Bank | | |
| With Scheduled bank in Current Account | 4,28,341 | 4,52,170 |
| | 4,28,341 | 4,52,170 |
| 3. CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Sundry Creditors For Expenses | 36,645 | 32,200 |
| | 36,645 | 32,200 |

Notes on Accounts

4. Notes forming part of accounts for the year ended 31st March 2010

- a. 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.
- b. The company is following accrual basis of accounting on a going concern concept.
- c. The Directors have waived their sitting fees payable to them for attending Board Meetings.
- d. The Company adopts completed contract basis for the purpose of recognition of income from property development. There was no income from property development during the year.

| | 31.03.2010 (Rs.) | 31.03.2009 (Rs.) |
|-------------------------|---------------------|---------------------|
| e. Audit Fees | | |
| Towards statutory audit | 10,000 | 10,000 |
| Certification fees | 5,000 | 6,500 |
| Service tax reimbursed | 3,090 | - |

- f. The Company has no tax liability either under normal provisions or under Section 115 JB of the Income Tax Act , 1961.
- g. There are no timing differences in the computation of Income for Tax purposes and book. Therefore there are no deferred tax liability or asset to be recognised.
- h. The Accounting Standards, to the extent they are applicable, have been complied with.
- i. There are no dues payable to Micro, Small and Medium Enterprises.
- j. Sundry creditors includes amount due to the Holding Company TVS Electronics Ltd-Rs. 17,200/- (31.03.2009 : Rs. 17,200/-).

k. Related Party Transaction

- i. Name of the related party TVS Electronics Limited, Chennai
- ii. Relationship Holding Company

| | 31.03.2010 | 31.03.2009 |
|--|------------|------------|
| iii. Transaction during the year | - | - |
| iv. Outstanding as on Balance Sheet date | 17,200 | 17,200 |

For and on behalf of the board

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

Chennai
July 23, 2010

R S Raghavan
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Cash Flow Statement for the year ended 31st March 2010

| | | <i>Rupees</i> |
|---|----------------------------------|--------------------------|
| | Year ended 31.03.2010 | Year ended 31.03.2009 |
| Cash Flow From Operating Activities | | |
| Loss before Tax | (28,274) | (23,900) |
| Operating Cash Flow before working Capital changes | (28,274) | (23,900) |
| Increase in Sundry Creditors | 4,445 | - |
| Cash deficit from Operating Activities | (A) 23,829 | 23,900 |
| Net cash used in investing activities | (B) - | - |
| Decrease in Cash and Cash Equivalent (A-B) | (23,829) | (23,900) |
| Opening Cash Balance as at 01.04.2009 | 4,52,170 | 4,76,070 |
| Closing Cash and cash equivalents as at 31.03.2010 | 4,28,341 | 4,52,170 |
| The above Statements have been prepared in Indirect method. | | |
| Cash and Cash equivalent represents bank balance. | | |

For and on behalf of the board

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

Chennai
July 23, 2010

R S Raghavan
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

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

State Code

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

Balance Sheet Date

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

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

| | | | | | | |
|--|--|--|--|---|---|---|
| | | | | 5 | 0 | 0 |
|--|--|--|--|---|---|---|

Total Assets

| | | | | | | |
|--|--|--|--|---|---|---|
| | | | | 5 | 0 | 0 |
|--|--|--|--|---|---|---|

Source of Funds

Paid-up Capital

| | | | | | | |
|--|--|--|--|---|---|---|
| | | | | 5 | 0 | 0 |
|--|--|--|--|---|---|---|

Reserves & Surplus

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

Secured Loans

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

Unsecured Loans

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

Application of Funds

Net Fixed Assets

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

Investments

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

Net Current Assets

| | | | | | | |
|--|--|--|--|---|---|---|
| | | | | 3 | 9 | 1 |
|--|--|--|--|---|---|---|

Miscellaneous Expenditure

| | | | | | | |
|--|--|--|--|--|---|---|
| | | | | | 3 | 9 |
|--|--|--|--|--|---|---|

Accumulated Losses

| | | | | | | |
|--|--|--|--|--|---|---|
| | | | | | 7 | 0 |
|--|--|--|--|--|---|---|

IV Performance of Company (Amount in Rs. Thousands)

Turn over

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

Total Expenditure

| | | | | | | |
|--|--|--|--|--|---|---|
| | | | | | 2 | 8 |
|--|--|--|--|--|---|---|

Profit/-Loss before Tax

| | | | | | | |
|--|--|--|--|---|---|---|
| | | | | - | 2 | 8 |
|--|--|--|--|---|---|---|

Profit/-Loss after Tax

| | | | | | | |
|--|--|--|--|---|---|---|
| | | | | - | 2 | 8 |
|--|--|--|--|---|---|---|

Earning/Loss per Share in Rs.

| | | | | | | |
|--|--|---|---|---|---|---|
| | | - | 0 | . | 5 | 7 |
|--|--|---|---|---|---|---|

Dividend Rate %

| | | | | | | |
|--|--|--|--|--|--|---|
| | | | | | | 0 |
|--|--|--|--|--|--|---|

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

Not Applicable

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

Chennai
July 23, 2010**R S Raghavan**
Director**R JAGANNATHAN**
Director**A GOPAL**
Partner
Membership No. 9035

PRIME PROPERTY HOLDINGS LIMITED

Board of Directors

R S Raghavan
R Jagannathan
T A Prasanna

Auditors

Raghu & Gopal
Chartered Accountants,
(Firm Regn. No. 003335S)
48, Luz Church Road,
Mylapore,
Chennai - 600 004.

Bankers

Central Bank of India
Nungambakkam Branch
Chennai - 600 006.

Registered Office

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

Directors' Report to the Shareholders

The Directors present the Third Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2010.

FINANCIALS

The Financial results of Prime Property Holdings Limited for the financial year ended 31st March, 2010 are as follows:

(Amount in Rupees)

| Particulars | For the year ended 31st March 2010 | For the year ended 31st March 2009 |
|--|---------------------------------------|---------------------------------------|
| Income | 5,68,45,670 | – |
| Administrative and other Expenses | 1,01,913 | 26,408 |
| Profit / (Loss) before tax | 5,67,43,757 | 26,408 |
| Provision for Tax | 2,35,00,000 | 10,00,000 |
| Profit / (Loss) after tax | 3,32,43,757 | (10,26,408) |
| Loss brought forward from previous year | (22,43,978) | (12,17,570) |
| Profit / (Loss) Carried to Balance Sheet | 3,09,99,779 | (22,43,978) |
| Earnings Per Share in Rs. | 664.88 | (20.53) |

Performance REVIEW

During the year the Company sold 2.91 grounds of land out of 6.05 grounds it owns at a prime location in Chennai (Property) and made a profit of Rs.5.68 Cr during the year. The post tax profit was Rs.3.32 Cr.

The Company settled Rs.9.00 Cr of its liability to TVS Electronics Limited from whom the above Property was purchased and settled Rs.2.00 Cr to TVS Investments Limited during the first quarter of the current financial year of 2010-11.

DIRECTORS

During the year, Mr. V A Raghu resigned as Director of the Company effective 31st October, 2009. The Board of Directors of the Company placed on record their appreciation of the valuable service rendered by him during his tenure as Director.

Mr. T A Prasanna was co-opted as an Additional Director on 31st October, 2009 and he will hold office up to the date of the forthcoming Annual General Meeting. A notice has been received from one of the members of the Company under Section 257 of the Companies Act, 1956 along with requisite deposit signifying his intention to

propose the candidature of Mr. T A Prasanna for appointment as Director.

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

Necessary resolutions will be placed before the Annual General Meeting.

AUDITORS

M/s. Raghu & Gopal, Chartered Accountants (Firm Regn. No. 003335S), Chennai, the auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

STATUTORY REQUIREMENT

INFORMATION AS PER SECTION 217(1)(e)

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo.

INFORMATION AS PER SECTION 217(2A)

Since there is no employee in the Company during the year under review, statement pursuant to section 217(2A) of the Companies Act, 1956 is not applicable.

Directors' Report to the Shareholders (Contd.)

INFORMATION AS PER SECTION 217(2AA)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed;

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year (namely 31st March, 2010) and of the profit of the Company for that year;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records

in accordance with the provisions of this Act for safeguarding the assets of the Company and 'for preventing and detecting fraud and other irregularities;

- (iv) The Directors have prepared the annual accounts for the year ended 31st March 2010 on a "going concern" basis.

ACKNOWLEDGEMENT

The Directors wish to thank the TVS Electronics Limited, the holding Company and TVS Investments Limited for their support, advice and co-operation and also would like to record their appreciation of the services and assistance rendered by the banker to the Company.

For and on behalf of the Board

Chennai
23rd July, 2010

R S Raghavan
Director

R Jagannathan
Director

Auditors' Report

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

We have audited the attached Balance Sheet of M/s.Prime Property Holdings Limited, Chennai - 600 006 as at March 31, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
2. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A), of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;

- (d) The Balance Sheet and the Profit and Loss account dealt with by this report comply with the Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors of the company as on March 31, 2010 and taken on record by the Board of Directors, we report that no director is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010.
 - (ii) In the case of Profit and Loss Account, of the profit of the company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Raghu & Gopal
Chartered Accountants
Firm Registration No: 003335S

(A.GOPAL)

Partner

Membership No. 9035

Chennai
July 23, 2010

Annexure to the Auditors' Report

Annexure referred to in our report of even date on the accounts for the year ended March 31, 2010

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

1. The company has no fixed assets other than its investment in land.
2. Being a Property development Company, the matters in connection with verification, reporting and all other related matters on inventory are not applicable.
3. During the year, the company has not granted any loans to a company listed in the register maintained under Section 301 of the Companies Act, 1956.
4. During the year, the company has not taken loans from a company listed in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for its business activities. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
6. In our opinion and according to the information and explanations given to us, there are no transactions of the nature referred to and required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
7. The company has not accepted deposits from the public for the year ended 31-03-2010.
8. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
9. Maintenance of cost records as is not applicable to the company.
10. The Company has no employees. The Company also has no undisputed statutory dues remaining unpaid.
11. The Company was incorporated only on 09/11/2007 and therefore Clause (x) of para 4 is not applicable.
12. The company has not availed any borrowings from any financial institutions or banks.
13. In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, during the year under audit, the company did not engage in trading in shares, securities and debentures.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the company has not availed any term loans.
17. The company has not availed any borrowings including short term borrowings. Therefore, our comment on usage of short term borrowings, if any, does not arise.
18. The Company has not issued any debentures.
19. To the best of our knowledge and according to the information and explanations given to us during the course of checks carried out by us and according to the nature of Company's business, no fraud on or by the company has been noticed by us or reported to us during the year under report.

For Raghu & Gopal
Chartered Accountants
Firm Registration No: 003335S

(A.GOPAL)

Chennai
July 23, 2010

Partner
Membership No. 9035

Balance Sheet as at 31st March 2010

| | | | Rupees | |
|--|-----------------|-----------------------|-----------------------|--------------|
| | Schedule Number | As at 31st March 2010 | As at 31st March 2009 | |
| SOURCES OF FUNDS | | | | |
| 1. Shareholders' Funds | | | | |
| Capital | 1 | 5,00,000 | 5,00,000 | |
| Reserves and Surplus | | | | |
| Profit and Loss Account | | 3,09,99,779 | | |
| | | <u>3,14,99,779</u> | <u>5,00,000</u> | |
| APPLICATION OF FUNDS | | | | |
| 1. Fixed Assets | | | | |
| Land at cost | | 14,42,57,035 | 12,30,00,000 | |
| Additions during the year | | <u>15,01,961</u> | <u>2,12,57,035</u> | 14,42,57,035 |
| | | 14,57,58,996 | | |
| Sale during the year | | <u>7,00,35,503</u> | 7,57,23,493 | |
| 2. Current Assets, loans and advances | | | | |
| Current Assets | 2 | 5,03,70,513 | 5,42,302 | |
| | | <u>5,03,70,513</u> | <u>5,42,302</u> | |
| Less : Current Liabilities and Provisions | | | | |
| Current Liabilities | 3 | 6,89,37,372 | 14,43,86,460 | |
| Provisions | 4 | <u>2,57,00,000</u> | <u>22,00,000</u> | |
| Net Current Assets | | (4,42,66,859) | (14,60,44,158) | |
| 3. Miscellaneous expenditure (to the extent not written off or adjusted) | | | | |
| Preliminary expenses | | 43,145 | 43,145 | |
| 4. Profit and Loss account | | - | 22,43,978 | |
| | | <u>3,14,99,779</u> | <u>5,00,000</u> | |
| Notes on Accounts | 5 | | | |

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

A GOPAL

Partner

Membership No. 9035

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

Profit & Loss account for the year ended 31st March 2010

| | | <i>Rupees</i> | |
|--|-----------------|------------------------------------|------------------------------------|
| Particulars | Schedule Number | For the year ended 31st March 2010 | For the year ended 31st March 2009 |
| Income - Profit on sale of assets | | 5,68,45,670 | Nil |
| Administrative and Other Expenses | | | |
| Audit Fees | | 18,090 | 16,500 |
| Rates & Taxes | | 7,986 | 7,340 |
| Administrative Expenses | | 662 | 568 |
| Repair & Maintenance | | 31,820 | - |
| Professional Fees | | 43,355 | 2,000 |
| | | <u>1,01,913</u> | <u>26,408</u> |
| Profit before tax | | 5,67,43,757 | (26,408) |
| Provision for Tax | | 2,35,00,000 | 10,00,000 |
| Profit after tax | | <u>3,32,43,757</u> | <u>(10,26,408)</u> |
| Loss brought Forward | | (22,43,978) | (12,17,570) |
| Profit carried to Balance Sheet | | <u>3,09,99,779</u> | <u>(22,43,978)</u> |
| Earnings per share in Rs. | | 664.88 | (20.53) |
| Notes on Accounts | 5 | | |

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Schedules

| | As at 31st March, 2010 | Rupees As at 31st March, 2009 |
|---|---------------------------|-------------------------------------|
| 1. Share Capital | | |
| Authorised | | |
| 50,000 Equity shares of Rs.10 each | 5,00,000 | 5,00,000 |
| Issued, Subscribed and paid-up | | |
| 50,000 equity shares of Rs.10 each fully paid (All the shares are held by the holding company TVS Electronics Limited and its nominees) | 5,00,000 | 5,00,000 |
| | 5,00,000 | 5,00,000 |
| 2. Current Assets | | |
| Balance with Bank | | |
| With Schedule bank in Current Account | 5,03,70,513 | 5,42,302 |
| | 5,03,70,513 | 5,42,302 |
| 3. Current liabilities and Provisions | | |
| Current Liabilities | | |
| Sundry Creditors For Expenses | | |
| Due to Holding Company-TVS Electronics Ltd | 4,42,00,000 | 13,42,00,000 |
| Others | 2,47,37,372 | 1,01,86,460 |
| | 6,89,37,372 | 14,43,86,460 |
| 4. Provisions | | |
| Provision for Tax | 2,57,00,000 | 22,00,000 |
| | 2,57,00,000 | 22,00,000 |

Schedules (Contd.)

5. Notes forming part of accounts for the year ended 31st March 2010

- a. 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.
- b. The company is following accrual basis of accounting on a going concern concept.
- c. The directors have waived their sitting fees payable to them for attending board meetings.
- d. The company adopts completed contract basis for the purpose of recognition of income from property development. There was no income from property development during the year.

| | | |
|-------------------------|-------------------|------------|
| e. Audit Fees | 31.03.2010 | 31.03.2009 |
| Towards statutory audit | 10,000 | 10,000 |
| Certification Fees | 5,000 | 6,500 |
| Service tax reimbursed | 3,090 | - |

- f. The company has made provision for income tax under normal provisions of the Income Tax Act, 1961.
- g. There are no timing differences in the computation of income for tax purposes and book. Therefore, there are no deferred tax liability or asset to be recognised.
- h. Additions to fixed assets include stamp duty and registration charges Rs, 12,72,972/- (31.03.2009 - Rs.1,01,71,460)
- i. The accounting standards, to the extent they are applicable, have been complied with.
- j. There are no dues payable to Micro, Small and Medium Enterprises.
- k. Related Party Transaction

| | | |
|--|---------------------|--------------|
| i. Name of the related party | TVS Electronics Ltd | |
| ii. Relationship | Holding Company | |
| | 31.03.2010 | 31.03.2009 |
| iii. Nature of Transaction | Rs. | Rs. |
| Stamp Duty and Registration Charges | - | 1,12,00,000 |
| Repayment of dues | 9,00,00,000 | |
| iv. Outstanding as on Balance Sheet date | 4,42,00,000 | 13,42,00,000 |

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

Chennai
July 23, 2010**R S RAGHAVAN**
Director**R JAGANNATHAN**
Director**A GOPAL**
Partner
Membership No. 9035

Cash Flow Statement for the year ended 31st March 2010

| | Year ended 31.03.2010 | Rupees Year ended 31.03.2009 |
|--|--------------------------|------------------------------------|
| Cash Flow From Operating Activities | | |
| Profit/(Loss) before Tax | 5,67,43,757 | (26,408) |
| Less: Profit on sale of assets | 5,68,45,670 | - |
| Operating Cash Flow before working Capital changes | (1,01,913) | (26,408) |
| Increase/(Decrease) in Sundry Creditors | (7,54,49,088) | 2,13,71,460 |
| Net Cash Inflow from /(Outflow in) Operating activities (A) | (7,55,51,001) | 2,13,45,052 |
| Cash flow from Investing Activities | | |
| Additions to Fixed Assets | (15,01,961) | 2,12,57,035 |
| Sale of fixed assets | 12,68,81,173 | - |
| Net cash used in investing activities (B) | 12,53,79,212 | 2,12,57,035 |
| Increase in Cash and Cash Equivalent (A+B) | 4,98,28,211 | 88,017 |
| Opening Cash and cash equivalents as at 01.04.2009 | 5,42,302 | 4,54,285 |
| Closing Cash and cash equivalents as at 31.03.2010 | 5,03,70,513 | 5,42,302 |

The above Statements have been prepared in Indirect method.

Cash and Cash equivalent represents bank balance.

For and on behalf of the board

As per our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No: 003335S

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

A GOPAL
Partner
Membership No. 9035

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. 6 5 3 3 0 O F 2 0 0 7

State Code 1 8

Balance Sheet Date 3 1 0 3 1 0

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

Public Issue NIL

Rights Issue NIL

Bonus Issue NIL

Private Placement NIL

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

Total Liabilities 3 1 5 0 0

Total Assets 3 1 5 0 0

Source of Funds

Paid-up Capital 5 0 0

Reserves & Surplus 3 1 0 0 0

Secured Loans NIL

Unsecured Loans NIL

Application of Funds

Net Fixed Assets 7 5 7 2 3

Investments NIL

Net Current Assets (-) 4 4 2 6 7

Miscellaneous Expenditure 4 3

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turn over 5 6 8 4 6

Total Expenditure 1 0 2

Profit/-Loss before Tax + 5 6 7 4 4

Profit/-Loss after Tax + 3 3 2 4 4

Earning/Loss per Share in Rs. 6 6 4 . 9

Dividend Rate % 0

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

Not Applicable

For and on behalf of the board

Vide our report of even date

For **RAGHU & GOPAL**

Chartered Accountants

Firm Registration No. 003335S

A GOPAL

Partner

Membership No. 9035

Chennai
July 23, 2010

R S RAGHAVAN
Director

R JAGANNATHAN
Director

Notes

► STAR Range Printers



MSP 140 STAR



MSP 240 STAR



MSP 245 STAR



MSP 250 STAR



MSP 345 STAR

**New
Launches**

**TVS-E DMP
Product Range**

Heart of India Applications

TVS-E RP 45 Shoppe is the
**Best POS Printer
of the Year!**



*Made in India,
Made for India.*

**RP45
Shoppe**

**Dot Matrix
Bill Printer**

Courtesy:

NATIONAL COMPETENCE NETWORK
NCN
THE INDIAN COUNCIL OF NATIONAL COMPETENCE NETWORK

TVS Electronics Limited

South Phase - 7A, Second Floor, Industrial Estate,
Guindy, Chennai - 600 032.

Ph: +91 - 44 - 4200 5200 Fax: +91 - 44 - 2225 7577

Registered Office:

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Chennai - 600 006. INDIA