

TVS CAPITAL FUNDS LIMITED

ANNUAL REPORT 2009 - 2010

TVS CAPITAL FUNDS LIMITED

Board of Directors

Mr. GOPAL SRINIVASAN
Chairman and Managing Director
Mr. D. SUNDARAM
Vice Chairman and Managing Director
Mr. H LAKSHMANAN
Dr. SRIDHAR MITTA
Mr. R THYAGARAJAN
Mr. N LAKSHMI NARYANAN
Prof. C K PRAHALAD
(upto 16th April, 2010)
Mr. KENNETH TAI

Governance Committee

Mr. N LAKSHMI NARYANAN
Chairman
Mr. GOPAL SRINIVASAN
Mr. H LAKSHMANAN
Dr. SRIDHAR MITTA

Remuneration Committee

Mr. N LAKSHMI NARYANAN
Chairman
Mr. H LAKSHMANAN
Dr. SRIDHAR MITTA
Mr. R THYAGARAJAN

Bankers

State Bank of India
Industrial Finance Branch
Anna Salai
Chennai - 600 002

HDFC Bank Limited
759, ITC Centre
Anna Salai
Chennai - 600 002

Registered Office:

"Jayalakshmi Estates"
29, Haddows Road
CHENNAI 600 006

Auditors

Price Waterhouse
Chartered Accountants
Chennai

DIRECTORS' REPORT

Your Directors present the Third Annual Report together with the audited financial statements of the Company for the year ended 31 March 2010.

FINANCIAL SUMMARY

The financial results of the Company for the year ended 31 March 2010 are presented below:

(Amount in Rs. Lakhs)

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
Gross income	1,195.57	1,063.31
Profit/ (Loss) before taxation	(39.30)	154.96
Less: Taxation	(17.03)	(13.51)
Profit/ (Loss) after taxation carried to balance sheet	(56.33)	141.45

DIVIDEND

In view of the loss the Directors do not recommend any dividend.

MANAGEMENT REVIEW FOR THE YEAR

BUSINESS PHILOSOPHY

The primary objective of the Company is to engage in the business of managing private equity / venture capital funds and to act as the investment manager of such funds for the purposes of making private equity / venture capital investments in unlisted companies engaged in various sectors. As a part of the services, the Company, would aid the Fund/Trust to (a) establish the appropriate fund structure, (b) initiate and execute the fund raising process, (c) initiate the process of identifying investment opportunities, (d) execute investments of various identified transactions (e) monitor and exit from investments and (f) other related advisory services.

PERFORMANCE REVIEW

The Company is the Investment Manager of TVS Shriram Growth Fund I ("Fund"), a scheme of TVS Shriram Growth Fund (Trust). The Trust was formed on February 1, 2008 and has been registered with Securities and Exchange Board of India (SEBI) as a "Venture Capital Fund".

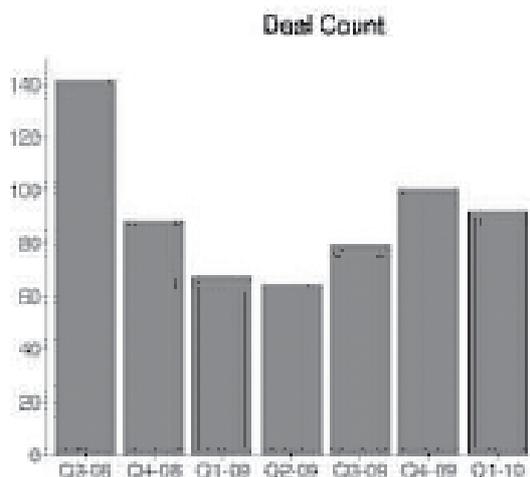
The vision of the Fund is to develop and nurture India's mid-cap businesses into world class companies. Investments will be primarily in unlisted companies that are at the intersection of high growth sectors driven by India's macro-trends and a developmental theme, such as organizing the unorganized/inefficient sectors, entrepreneur development and providing high quality products to consumers. Fund will target to source proprietary investment opportunities especially from emerging, high growth cities across India. The Fund expects to be a strategic partner to the entrepreneur and the enterprise to help expand business beyond their existing roots, professionalize their operations and enhance their management team.

The Fund has received capital commitments aggregating Rs. 591.08 crores from its investors. The Fund has achieved its final closure on April 30, 2009. The fund has made a total of four portfolio investments aggregating Rs. 98 crores.

DEAL FLOW

INDUSTRY:

The PE activity slowed down considerably in the financial year ending March 2010 compared to last year with deal volumes down 19% and deal values down 26%. However, the deal activity has started to pick up progressively over the last 3 quarters.



The sectors which were among the most PE deals done were financial services, utilities and consumer discretionary sectors. The value of PE deals in listed companies has also declined as the corporate were able to access the public markets through QIP route.

FUND

TSG Fund has received more than 800 deals since April, 2008. Currently, the Fund continues to see a healthy inflow of 8-10 deals per week from its network of more than 200 intermediaries across the country. The fund's deal pipeline continues to be robust with around 50% to 55% of the deals in the focus sectors of the fund. The deal pipeline changes dynamically and at any point in time, the investment team is in active discussion at various stages with 7 to 10 companies. Currently the deals in the pipeline are in sectors such as education, specialty retail, media and entertainment, distributed healthcare and restaurants. We are actively pursuing all of them and hope to conclude at least some of them in the near future. Ideally, we feel that a 3-4 month time frame is required to complete a full deal cycle and to invest the funds into the companies. The fund also works with retired and current commercial bankers, chartered accountants, CII, SME agencies to source deals. The fund has planned to invest around Rs. 100 Crores over the next 6 months. Accordingly, the third call of 30% of the commitment will be initiated after significant deployment of current available funds. TSG Funds is also engaged in proactively sourcing potential market leaders in attractive consumer consumption sectors.

TVS CAPITAL FUNDS LIMITED

PERFORMANCE REVIEW

The current portfolio companies of the Fund are listed below:

S.No	Name of the portfolio Invertee companies	Sector	Amount Committed Invested (Rs. In Crores)	Share Holding (in%)
1	TVS Logistics	Logistics	5	1.2%
2	Nine dot Nine	Media	14	17.6%
3	Land Mark	Retail	65	25.0%
4	Dusters	Facility Management	25	37.0%
		Total	109	

TEAM AND RESOURCES

Your Company believes a robust process-intensive approach is key to successful execution and the team is committed to establishing the same. The core processes and policies fall under the broad categories of deal execution, business development, human resources, risk and compliance and accounts and administration policies, investor reporting and governance. Information technology infrastructure will enable all processes to ensure seamless and transparent working. Your Company will continue to rigorously evaluate and frequently fine tune all processes which will ultimately support the achievement of three guiding principles: instil investor trust, ensure a collaborative way of working and be the preferred partner to investee companies.

FUTURE PLANS

In addition to the Fund, the sponsors are also planning to raise additional capital up to US\$ 150 million equivalent to Rs. 600 crores from either offshore or domestic investors through offshore or domestic funds having similar investment objectives. The offshore or domestic fund(s) may invest in Investee Companies either through the Fund or through a Separate scheme of the Trust or make co-investments along with the Fund in select Investee companies on a proportionate basis.

CAPITAL

During the year under review, the Paid up Capital of the company was increased from Rs. 4.3 Cr to Rs. 4.86 Cr, with the preferential allotment of 5,86,400 Equity shares of Rs 10 each at a premium of Rs 2 per share made to the executive board members.

Consequent to the aforesaid allotment, the shareholding of TVS Investments Ltd was reduced to 88% of the Paid up Capital.

DIRECTORS

Prof. C.K. Prahalad

The Board of Directors with deep sorrow record the sad demise of world acknowledged Management Guru Prof. C.K. Prahalad on 16th April 2010 at 16.40 hours in USA. He has been a champion in guiding organisations with new Corporate Strategy in trying situations. The Board of Directors place on record his invaluable guidance and contributions to the growth of the Company.

Mr. N. Lakshmi Narayanan and Mr. R. Thyagarajan, Directors will retire by rotation at the ensuing Annual General Meeting.

At the meeting held on 13th May 2010, the Board of Directors and the Remuneration Committee have approved the payment of remuneration to Mr Gopal Srinivasan, Chairman & Managing Director, for the remaining term of his office i.e from 1st Sept 2010 to 5th June 2013 and for Mr D Sundaram, Vice Chairman & Managing Director from 1st Sept 2010 to 9th July 2014.

Necessary resolutions will be placed for the approval of the shareholders in the forthcoming Annual General Meeting. Necessary applications will be submitted to the Central Government for approvals.

Directors' responsibility statement as required under Section 217(2AA) of the Companies Act, 1956.

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year 2008-2009, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such appropriate accounting policies and applied them consistently and made judgements and estimates made were 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 and of the profit of the Company for the said period under review;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a "going concern basis".

In view of the nature of business, the requirement of reporting on Conservation of energy, Technology absorption under Sec 217 (1) (e) of the Companies Act 1956 is not applicable.

The Company has incurred an expense in foreign currency an amount equivalent to Rs.18.50 lakhs on account of travel and recruitment charges.

AUDITORS

The Company's auditors, M/s PriceWaterhouse, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Secretarial Compliance Report presented by M/s Krishnamurthy & Co., Company Secretaries is also attached as required under Sec 383 A of the Companies Act 1956.

PERSONNEL

Your Company will bring global and India specific experience with highly complementary skills from investing to operations to transaction experience.

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 name and other particulars of the employees is set out in Annexure to the Directors' Report.

GENERAL

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

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

For and on behalf of the Board

Chennai
May 13, 2010

GOPAL SRINIVASAN
Chairman and Managing Director

Annexure to the Directors' Report
Particulars of employees as per Sec 217(2A) of the Companies Act, 1956

Sl No.	Name	Age (years)	Designation	Date of employment	Remuneration (Rs.)	Qualification	Experience (years)	Previous Employment - Designation & Company name
Employed throughout the year								
1	Suresh Raju	38	Executive Director	15-Oct-07	14,611,874	B.Tech., MS, MBA	15	Vice President, Deutsche Bank Securities, Inc
2	Gopal Srinivasan*	51	Chairman and Managing Director	06-Jun-08	10,597,447	B.Com, MBA	25	Joint Managing Director Sundaram Clayton Limited
3	Pushkar Jauhari*	34	Associate Director	5-Jan-09	3,458,425	ACA, CFA	9	Equity Research Analyst Fidelity Investments
4	Sharad Bhojagarwala	31	Associate Director	25-Jun-09	2,763,775	BSC, MBA	10	Project Lead, EMC Corporation
Employed for a part of the year								
5	Murli Ramachandaran	49	Executive Director	15-Apr-09	15,615,381	MS, B.E	24	MD-Sanmar Speciality Chemicals Ltd.
6	Amit Kumar Rathi	33	Associate Director	3-Apr-08	3,487,902	ACA	10	Manager, KPMG India Private Limited
7	Venkat Kailasam	40	Director - Finance and Risk Management	10-Nov-08	982,313	ACA	16	CFO, Samba Capital and Investment Management Company, Saudi Arabia
8	D.Sundaram*	56	Vice Chairman Managing Director	10-Jul-09	6,310,096	B.Com, MMS, ICWA, AMP	33	VC & CFO Hindustan Unilever Limited
9	Suresh Ramaswami	45	Director - Finance and Risk Management	18-Jan-10	797,019	B.Com, ACA	20	Alghanim Industries, Finance Director

Notes

- Years of experience include experience prior to joining the company also.
- Remuneration comprises of salary, house rent allowance, special allowance, conveyance allowance, Medical Insurance Premia, Leave Travel Assistance and other benefits.
- Besides, the above employees are entitled to Gratuity as per Rules
- *Terms of employment of all the employees mentioned above are contractual.
- None of the above employees is related to any of the directors.
- None of the employees (other than Mr. Gopal Srinivasan and Mr. D. Sundaram) 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 and Managing Director

Chennai
 May 13, 2010

AUDITORS' REPORT TO THE MEMBERS OF TVS CAPITAL FUNDS LIMITED

1. We have audited the attached Balance Sheet of TVS Capital Funds Limited (the "Company") as at 31st March 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in paragraph 3 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 those books;

Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of TVS Capital Funds Limited on the financial statements for the year ended 31st March 2010.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 2. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
 4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
 6. *The company did not have an internal audit system during the year.*
 7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
 8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, sales tax, value added tax, wealth tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number:007568S
Chartered Accountants

A J Shaikh
Partner

Place: Chennai
Date: June 10, 2010

Membership No. 203637

9. As the Company is registered for a period of less than five years, clause (X) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.
10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. The Company has not obtained any term loans.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not raised any money by public issues during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
20. The other clauses (ii), (ix) of paragraph 4 of the Companies (Auditor's Report) Order 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For Price Waterhouse
Firm Registration Number:007568S
Chartered Accountants

A J Shaikh
Partner

Place : Chennai
Date: June 10, 2010

Membership No. 203637

TVS CAPITAL FUNDS LIMITED

Balance Sheet as at 31st March 2010

Particulars	Schedule	As at March 31, 2010 Amount in Rupees	As at March 31, 2009 Amount in Rupees
I SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	4,88,64,000	4,30,00,000
Reserves and surplus	2	11,72,800	11,35,575
DEFERRED TAX LIABILITY		19,90,485	3,07,741
TOTAL		5,20,27,285	4,44,43,316
II APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	4,06,23,795	2,06,40,674
Less: Depreciation		43,53,343	10,31,301
Net Block		3,62,70,452	1,96,09,373
Capital Work In Progress		27,00,715	23,40,054
		3,89,71,167	2,19,49,427
3. Current assets, loans and advances			
Sundry Debtors	4	–	4,78,27,684
Cash and Bank Balances	5	3,58,20,390	14,77,763
Other Current Assets-Interest income accrued		2,52,986	–
Loans and Advances	6	1,11,08,585	1,25,27,310
		4,71,81,961	6,18,32,757
Less: Current liabilities and provisions			
Liabilities	7	3,74,04,414	3,58,83,805
Provisions	8	12,18,723	34,55,063
		38,623,137	39,338,868
Net current assets		8,558,824	22,493,889
Profit and Loss Account		4,497,294	–
Total		52,027,285	44,443,316
Notes to the Financial Statements	14		

Schedules referred to above form an integral part of this balance sheet.

This is the Balance Sheet referred to in our report of even date.

On behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number:007568S
CharteredAccountants

Gopal Srinivasan
Chairman and Managing Director

D.Sundaram
Vice Chairman and
Managing Director

A J Shaikh
Partner
Membership No. 203637

Place: Chennai
Date: May13 2010

H. Lakshmanan
Director

Suresh Ramasami
Vice President-Finance
and Risk

Place: Chennai
Date: June 10 2010

Profit and Loss Account for the Year Ended March 31, 2010

Particulars	Schedule	Year ended March 31, 2010 Amount in Rupees	Period ended March 31, 2009 Amount in Rupees
INCOME			
Management fees	9	11,82,15,405	10,63,31,223
Other Income	10	13,41,920	–
Total		11,95,57,325	10,63,31,223
EXPENDITURE			
Salary and Welfare Expenses	11	7,71,81,473	4,28,20,650
Administrative and Operating Expenses	12	2,92,74,426	4,06,35,673
Establishment Expenses	13	1,37,09,509	63,68,518
Depreciation		33,22,042	10,10,382
Total		12,34,87,450	9,08,35,223
(LOSS) / PROFIT BEFORE TAXATION		(39,30,125)	1,54,96,000
Less: Taxation			
Current tax		–	18,74,124
MAT credit entitlement		–	(11,57,908)
		–	7,16,216
Deferred tax		16,82,744	3,07,741
Fringe Benefit Tax		20,000	3,27,500
(LOSS) / PROFIT AFTER TAXATION		(56,32,869)	1,41,44,543
Balance Brought Forward from Previous Year		11,35,575	(1,30,08,968)
Balance Carried Forward to Balance Sheet		(44,97,294)	11,35,575
Weighted average number of equity shares (Loss) / Earnings Per Share on Equity Shares of Rs. 10/- each Basic (Refer note 9 of Schedule 14)		46,74,625	35,27,397
		(1.21)	4.01
Notes to the Financial Statements	14		

Schedules referred to above form an integral part of this Profit and Loss account.

This is the Profit and Loss account referred to in our report of even date.

On behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number:007568S
CharteredAccountants

Gopal Srinivasan
Chairman and Managing Director

D.Sundaram
Vice Chairman and
Managing Director

A J Shaikh
Partner
Membership No. 203637

Place: Chennai
Date: May13 2010

H. Lakshmanan
Director

Suresh Ramasami
Vice President-Finance
and Risk

Place: Chennai
Date: June 10 2010

TVS CAPITAL FUNDS LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2010

Particulars	As at March 31, 2010 Amount in Rs.	As at March 31, 2009 Amount in Rs.
SCHEDULE 1 SHARE CAPITAL		
Authorised		
50,00,000 Equity shares of Rs 10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, subscribed and paid-up		
48,86,400 equity shares of Rs.10/- each fully paid up (Previous year: 43,00,000 shares of Rs 10 each fully paid up)	<u>4,88,64,000</u>	<u>4,30,00,000</u>
Total	<u>4,88,64,000</u>	<u>4,30,00,000</u>

(Of the above 42,99,940 shares (Previous Year 42,99,940)
equity shares are held by TVS Investments Limited, the Holding Company)

SCHEDULE 3

- FIXED ASSETS

Description	Gross Block at Cost			Depreciation			Net Block	
	As at April 1 2009	Additions	As at March 31 2010	As at April 1 2009	Additions during the year	As at March 31 2010	As at March 31 2010	As at March 31 2009
Tangible assets:								
Furniture and Fittings	1,22,09,342	48,00,193	1,70,09,535	2,83,329	9,51,084	12,34,413	1,57,75,122	1,19,26,013
Computers	4,33,959	7,35,363	11,69,322	1,22,993	2,65,520	3,88,513	7,80,809	3,10,966
Office Equipments	75,10,908	1,37,96,072	2,13,06,980	5,55,796	18,52,352	24,08,148	1,88,98,832	69,55,112
Vehicles	13,000	-	13,000	308	1,235	1,543	11,457	12,692
Intangible assets								
Software	4,73,465	6,51,493	11,24,958	68,875	2,51,851	3,20,726	8,04,232	4,04,590
Total	2,06,40,674	1,99,83,121	4,06,23,795	10,31,301	3,322,042	43,53,343	3,62,70,452	1,96,09,373
Capital work in progress*							27,00,715	23,40,054
							<u>3,89,71,167</u>	<u>2,19,49,427</u>
Previous year	1,85,948	2,04,54,726	2,06,40,674	20,919	10,10,382	10,31,301		

(Amount in Rupees)

*Capital work in progress includes the amounts paid for civil, IT and other capital projects related to office premises not fully completed as at balance sheet date

SCHEDULE 6 - LOANS AND ADVANCES

(Unsecured and Considered Good)

Advances recoverable in cash or kind or for value to be received

a) Deposits (Rent Advance)	69,36,900	37,22,300
b) Service Tax Receivable	8,74,390	4,00,927
c) MAT Credit Entitlement	11,57,908	11,57,908
d) Employee Loans & Advances	6,40,000	1,40,000
e) Prepaid Expenses	5,97,495	23,853
f) Advances tax(net of provision for Income tax Rs 1,874,124)	39,339	-
g) Other advances/receivables		
(i) TVS Investments Limited	-	38,79,869
(ii) TVS Private Equity Trust	-	31,48,610
(iii) Sravanana properties Limited	8,62,553	-
(iv) Others	-	53,843
Total	1,11,08,585	1,25,27,310

SCHEDULE 7 - CURRENT LIABILITIES

a) Sundry creditors		
Total Outstanding dues of Micro and Small Enterprises#	-	-
Total Outstanding dues of creditors other than micro and small enterprises	69,61,356	2,09,75,543
b) Salaries and Benefits	1,55,48,745	48,53,228
c) Revenue Billed in Advance	1,18,85,874	3,00,000
d) Other liabilities	30,08,439	97,55,034
Total	3,74,04,414	3,58,83,805

Note: The Company has not received any memorandum (as required to be filled by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently, the amount paid/ payable to these parties is considered to be nil.

Schedules forming part of the Balance Sheet as at March 31, 2010 (Continued..)

Particulars	As at March 31, 2010 Amount in Rs.	As at March 31, 2009 Amount in Rs.
SCHEDULE 2- RESERVES AND SURPLUS		
Share Premium		
On 5,86,400 equity shares issued at Rs 2 each		
Per share during the year	11,72,800	-
Surplus in Profit and Loss Account	-	11,35,575
Total	11,72,800	11,35,575
SCHEDULE 4 - SUNDRY DEBTORS		
Unsecured and Considered Good		
a) Debts Outstanding for a period exceeding six months	-	-
b) Other debts - TVS Shriram Growth Fund	-	4,78,27,684
Total	-	4,78,27,684
SCHEDULE 5 - CASH AND BANK BALANCES		
Balances with scheduled bank in		
- current account	38,20,390	14,77,763
- Fixed Deposit	3,20,00,000	-
Total	3,58,20,390	14,77,763

SCHEDULE 8 - PROVISIONS

Income tax (Previous year Net of Advance tax and Tax deducted at source of Rs. 28,496)	-	18,45,628
Fringe Benefit Tax (Rs. Nil) (Previous year Net of Advance Tax of Rs. 3,75,685)	1,601	1,601
Gratuity	6,70,770	13,24,738
Compensated absences	5,46,352	2,83,096
Total	12,18,723	34,55,063
SCHEDULE 9 - MANAGEMENT FEE		
Management Fee	13,16,15,835	11,85,13,828
Less: Service tax	1,34,00,430	1,21,82,605
Total	11,82,15,405	10,63,31,223
SCHEDULE 10 - OTHER INCOME		
Income from fixed deposits (Gross of Tax deducted at source Rs 17,125, previous year - Nil)	5,79,384	-
Liabilities no longer required written back - Gratuity	7,62,536	-
Total	13,41,920	-
SCHEDULE 11 - SALARY AND WELFARE EXPENSES		
Salaries, Allowances and Bonus (net)	7,52,83,138	4,11,20,791
Compensated absences	5,00,000	2,83,096
Contribution to Gratuity	6,70,770	13,24,738
Staff Welfare	7,27,565	92,025
Total	7,71,81,473	4,28,20,650

TVS CAPITAL FUNDS LIMITED

SCHEDULE 12 – ADMINISTRATIVE AND OPERATING EXPENSES

Travel and Caonveyance	1,08,61,138	83,34,366
Printing & Stationery	4,71,178	19,08,204
Telephone and Communication expenses	12,38,341	4,88,744
Sponsorship and Sales promotion	6,54,672	29,92,525
Distribution Fees	–	45,57,600
Professional Charges	1,56,05,653	2,14,86,585
Bank Charges	9,335	11,515
Relocation expenses	1,63,333	96,348
Other expenses	2,69,961	7,59,786
Total	2,92,74,426	4,06,35,673

SCHEDULE 13 – ESTABLISHMENT EXPENSES

Rent	79,47,275	29,72,300
Repairs & Maintenance - Building and Others	39,48,362	27,90,775
Insurance	4,72,832	13,675
Power & Fuel	10,66,029	4,13,406
Rates and Taxes	2,75,011	1,78,362
Total	1,37,09,509	63,68,518

Schedule 14: NOTES TO THE FINANCIAL STATEMENTS

1 Background

TVS Capital Funds Limited (the Company) was incorporated on 28th June 2007. The objective of the company is to provide a complete range of investment management and related advisory services such as:

- identifying potential investment opportunities in Investee Companies in accordance with their respective investment strategy
- carrying out appraisal and due diligence of such Investee Companies
- managing and administering relationship with its investors
- maintenance of books of accounts and preparation of financial statement for the various funds
- provide operational value addition to the portfolio companies throughout the investment period and
- institute good risk management practices

The Company has entered into investment management agreement, to provide non binding investment advisory services in relation to the investments made by TVS Shriram Growth Fund I ('Fund'), a scheme of TVS Shriram Growth Fund ('Trust') and registered with the Securities and Exchange Board of India as a venture capital fund.

2 Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates

The preparation of Financial Statements in conformity with the generally accepted accounting principles requires the use of certain critical accounting estimates and assumptions that affect the reported amount of Assets, Liabilities, Revenue and Expenses and disclosure of contingent liabilities as of the date of the Financial Statements. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and assumptions used in accompanying Financial Statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Due to the inherent uncertainty involved in estimates, actual results may differ from those estimates under different assumptions or conditions. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

(c) Investments

Investments are classified into long term investments and current Investments. Investments which are intended to be held for more than one year are classified as long term investments and investments, which are intended to be held for less than one year, are classified as current investments. Long term investments are accounted at cost and any decline in the carrying value, other than temporary in nature is provided for. Current investments are valued at cost or market / fair value whichever is lower.

(d) Fixed Assets and Depreciation

Fixed assets are stated at cost inclusive of incidental expenses less accumulated depreciation. 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 except:

- On computers (including printers, uninterruptible power supply systems and computer accessories), depreciation is charged at 30% on straight line method, which is higher than the rates prescribed in Schedule XIV.
- On office equipment, depreciation is charged at 13.91% on straight line method, which is higher than the rates prescribed in Schedule XIV.

- Assets identified as obsolete and held for disposal are stated at their estimated net realizable values.

Assets costing less than Rs. 5,000 individually are fully depreciated in the year of purchase at 100%.

Intangible assets are stated at cost of acquisition less accumulated amortization. Goodwill and other Intangible assets (except computer software) are amortized over the assets' useful life not exceeding 10 years. Computer software is amortized over a period of 3 years on the straight line method.

(e) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(f) Tax on Income

Provision for current tax is made based on the liability computed in accordance with relevant tax rates and tax laws.

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to expected future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

(g) Foreign Currency Transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction date. Realized gains and losses on settlement of foreign currency transactions are recognized in the Profit and Loss Account. Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates and the resultant exchange difference is recognized in the Profit and Loss Account.

(h) Operating Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to Profit and Loss Account on a straight line basis over the lease term.

(i) Provisions and Contingencies

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reasonable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

(j) Revenue Recognition

Revenues derived from Investment Management services are recognized on an accrual basis (net of service tax and other taxes, if any) as per terms of the respective Investment Management Agreement and the Private Placement Memorandum of the respective Fund.

Dividend income is recognized when declared and the right to receive dividend is established.

(k) Expenditure

Expenses are accounted for on accrual basis and provision is made for all known and determinable losses and liabilities.

(l) Related party transactions

Transactions with related parties are carried out at arm's length price in the normal course of business.

(m) Employees Benefits

- Short-term employees benefits:

All employees benefits payable wholly within twelve months of rendering the service are classified as short term employees benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employees renders the related service.

Schedules 14 – Notes to the Financial Statements (Contd.)

Short term compensated absences is recognised as expenses as per the company's Scheme based on expected obligations on undiscounted basis.

b) Post-employment benefits:

Defined Benefit Plans:

Gratuity

This a defined benefit plan. The Company' scheme is primarily administered by Life Insurance Corporation of India (LIC). The liability is determined based on the actuarial valuation using Projected Unit Credit Method. Actuarial gains and losses, comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognised immediately in the profit and loss account as income or expense.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

(n) Cash and Cash equivalents:

Cash and cash equivalents includes cash, balance with scheduled banks, deposits held at call with banks and other short term highly liquid investments.

(o) Earnings per share:

Basic Earnings Per share is calculated by dividing the profit / (Loss) attributed to the Equity shareholders of the company by the weighted average number of Equity shares in issue during the year.

3. Employee Benefits

The provisions of The Employee's Provident Fund & Miscellaneous Provisions Act and Employee's State Insurance Act are not applicable since the number of employees is less than the threshold laid down in these Acts.

4. Leases

Chennai Office - lease :

The company has entered into operating lease in respect of office premises for a period of 10 years ending May 31, 2018. The lease rentals charged to the Profit & Loss account in respect of this lease amounted to Rs.3,566,760 (Previous year: Rs. 3,566,760)

Future minimum lease payments in respect of non cancellable leases are as follows: (amount in Rs)

Particulars	2009-2010 Amount (Rs.)	2008-2009 Amount (Rs.)
Not later than one year	35,66,760	35,66,760
Later than one year but not later than 5 years	1,64,07,096	1,54,79,738
Later than 5 years	1,45,47,625	1,90,41,743

Mumbai office - lease :

Also the company has entered in to operating lease in respect of office premises at mumbai for a fixed period of 2 years on 18th June 2009. The lease rentals charged to the Profit & Loss account in respect of this lease amounted to Rs. 38,04,515 (Previous year: Rs. Nil)

Particulars	2009-2010 Amount (Rs.)	2008-2010 Amount (Rs.)
Not later than one year	50,86,250	-
Later than one year but not later than 5 years	62,40,438	-
Later than 5 years	-	-

5. Defined Benefit Plans :

Gratuity – The following table sets out the funded status of the gratuity plan and the amounts recognised in the company's financial statements as at 31st March, 2010:

Particulars	2009-2010 Amount (Rs.)
Present value of obligation at the beginning of the year	-
Current year service cost	5,50,983
Interest cost	22,960
Actuarial (gain)/loss on obligation	96,827
Benefits paid	-
Present value of obligation at the end of the year	6,70,770
Amount recognized in the Balance sheet	6,70,770
Net present value of obligation at year end	-
Fair vlue of plan assests at year end	-
Net obligation at year end	6,70,770

Schedules 14 – Notes to the Financial Statements (Contd.)

5. Defined Benefit Plans - Gratuity (Contd.):

Net cost at the year end recognized in Profit and Loss Account

Current Service Cost	5,50,983
Interest Cost	22,960
Expected return on plan assests	
Net Actuarial (gain)/ loss recognised in the year	96,827
Net cost at the year end recognized in P/ L Account	6,70,770

Discount Rate	8.00%
Salary Escalation Rate	8.00%
Attrition Rate	1-3%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, Seniority, promotion and other relevant factors, such as supply and demand in the employment market. The gratuity obligation has been funded with Life Insurance Corporation of India post year end.

6. Managerial Remuneration

Particulars	2009-2010 Amount (Rs.)	2008-2010 Amount (Rs.)
Salary	1,46,41,346	82,78,333
Perquisites	22,66,197	28,00,000
Total	1,69,07,543	1,10,78,333

Note: Excludes Gratuity. Gratuity cannot be ascertained at an individual level (except on termination) as actuarial valuation has been done for the company as a whole in the current year.

7. Expenditure in Foreign Currency (on accrual basis)

Nature of Expenditure	2009-2010 Amount (Rs.)	2008-2009 Amount (Rs.)
Recruitment cost	9,57,745	11,87,923
Training Cost	3,98,469	55,965
Travel reimbursement	5,42,118	56,445
Professional Services	78,372	-
Total	19,76,704	13,00,333

8. Related party Disclosures

List of Related Parties	
Reporting Entity	: TVS Capital Funds Ltd, Chennai
Holding Company	: Year
Sundaram - Clayton Limited, Chennai (Ultimate Holding Company)	: 01.04.2009 to 31.03.2010
TVS Investments Limited, Chennai	: 01.04..2009 to 31.03.2010
Fellow Subsidiary	
TVS-E Servicetec Limited, Chennai	: 01.04.2009 to 31.03.2010
TVS Finance and Services Limited, Chennai	: 01.04.2009 to 31.03.2010
TVS-E Access India Limited, Chennai	: 01.04.2009 to 31.03.2010
TVS Electronics Limited, Chennai	: 01.04.2009 to 31.03.2010
TVS Motor Company Limited, Chennai	: 01.04.2009 to 31.03.2010
Anusha Investments Limited, Chennai	: 01.04.2009 to 31.03.2010
Sravanaa Properties Limited	: 01.04.2009 to 31.03.2010
Other related Parties	
TVS Shriram Growth Fund	: 01.04.2009 to 31.03.2010
TVS Private Equity Turst	: 01.04.2009to 31.03.2010
Key Management personnel	: Gopal Srinivasan, Chairman and Managing Director D Sundaram Vice-Chairman and Managing Director

TVS CAPITAL FUNDS LIMITED

Schedules 14 – Notes to the Financial Statements (Contd.)

8. Related Party Disclosures (Contd.)

b) Particulars of transactions with related parties	Amount Rs. 2009-2010	Amount Rs. 2008-2009
i) Purchases Made		
TVS-E Servicetec Limited, Chennai	-	18,189
ii) Services availed		
TVS-E Servicetec Limited, Chennai	3,68,674	3,65,106
TVS Investments Limited, Chennai	24,06,498	37,97,444
TVS Electronics Limited	-	3,50,000
iii) Service rendered		
TVS Investments Limited	-	51,94,156
iv) Share capital		
TVS Investments Limited	-	2,00,00,000
v) Management Fee		
TVS Shriram Growth Fund	11,82,15,405	10,63,31,223
vi) Reimbursement of expenses		
Reimbursements to TVS Shriram Growth Fund	10,21,407	45,57,600
Reimbursements from TVS Shriram Growth Fund	-	9,86,893
Reimbursements to TVS Investments Limited	14,68,809	-
Reimbursements to TVS Electronics	51,063	-
Reimbursements from TVS Private Equity Trust	-	31,48,610
vii) Amount outstanding as at Balance Sheet date		
Receivables		
TVS Investments Limited, Chennai	-	38,79,869
Sravanaa Properties Limited	8,62,553	-
TVS Shriram Growth Fund	-	4,78,27,684
TVS Private Equity Trust	-	31,48,610
Payables		
TVS-E Servicetec Limited, Chennai	-	40,000
TVS Investments Limited	8,57,989	-
TVS Electronics Limited, Chennai	3,67,063	3,16,000
Key Management Personnel		
Remuneration	1,69,07,543	1,10,78,333
Share Capital	70,36,800	-

9. Earnings per share

Particulars	2009-10 Amount (Rs.)	2008-09 Amount (Rs.)
(Loss) / Profit attributable to Equity Shareholders	(56,32,869)	1,41,44,543
Weighted Average Number of shares	46,74,625	35,27,397
(Loss) / Basic Earnings per Share (Face Value of Rs. 10 each)	(1.21)	4.01

Schedules 14 – Notes to the Financial Statements (Contd.)

10. Deferred tax

The deferred tax liability arising on account of timing differences are given below.

Description	As at 31-Mar-10	As at 31-Mar-09
Timing differences on account of:		
Depreciation	(21,60,435)	(3,07,741)
Compensated Absences	1,69,950	-
Deferred Tax Asset / (Liability)	(19,90,485)	(3,07,741)

11. Segment information

The operating activity consists of only one segment, namely Investment Management services segment. Accordingly the Gross Revenue, the net results, assets and liabilities correspond to this segment and, in the opinion of the management, there are no reportable segments.

12. Audit fees

Professional charges include amounts payable to auditors for:

Particulars	2009-2010 Amount (Rs.)	2008-09 Amount (Rs.)
Audit fees	2,50,000	2,50,000
Tax audit	50,000	50,000
Out of pocket expenses	31,000	50,000
Total	3,31,000	3,50,000

13. Information with regard to other matters specified in paragraphs 4C and 4D of Part II Schedule VI of the Companies Act, 1956 is either nil or not applicable to the Company for the current year.

14. Previous year's figures have been regrouped wherever necessary to conform to the layout of the current period.
Signatures to Schedules 1 to 14

On behalf of the Board of Directors

For Price Waterhouse

Firm Registration Number:007568S
Chartered Accountants

Gopal Srinivasan
Chairman and Managing Director

D.Sundaram
Vice Chairman and
Managing Director

A J Shaikh
Partner
Membership No. 203637

Place: Chennai
Date: May13 2010

H. Lakshmanan
Director

Suresh Ramasami
Vice President-Finance
and Risk

Place: Chennai
Date: June 10 2010

TVS CAPITAL FUNDS LIMITED

Cash Flow Statement for the year ended 31st March 2010

Amount in Rs.

	Year ended 31-3-2010 Amount in Rs.	Year ended 31-3-2009 Amount in Rs.
Cash Flow From Operating Activities		
Net (loss) / profit before taxation	(39,30,125)	1,54,96,000
Adjustments for:		
Depreciation	33,22,042	10,10,382
Interest income	(5,79,384)	-
Liabilities no longer required written back	(7,62,536)	-
Operating profit before working capital changes	(19,50,003)	1,65,06,382
Decrease/(Increase) in Sundry Debtors	4,78,27,684	(4,78,27,684)
Decrease/(Increase) in Loans and Advances	14,58,064	(75,42,990)
Increase in Current Liabilities and Provisions	18,92,433	3,58,46,202
	5,11,78,181	(1,95,24,472)
Cash generated from operations	4,92,28,178	(30,18,090)
-Taxes paid (Net of Tax Deducted at Source)	(18,84,967)	-
- Fringe Benefit Tax	(20,000)	(3,75,685)
Net Cash flow used in Operating activities A	4,73,23,211	(33,93,775)
Cash Flow from Investing Activities		
Purchase of Fixed Assets including Capital Work-in-Progress	(2,03,43,782)	(2,27,94,780)
Proceeds from sale of investments	-	5,00,000
Net Cash used in Investing Activities B	(2,03,43,782)	(2,22,94,780)
Cash Flow from Financing Activities		
Issue of shares (including premium)	70,36,800	2,00,00,000
Interest income	3,26,398	-
Net Cash Flow from Financing activities C	73,63,198	2,00,00,000
Net Increase / (Decrease) in Cash and Cash equivalents A+B+C	3,43,42,627	(56,88,555)
Cash and cash equivalents at beginning of the year	14,77,763	71,66,318
Cash and cash equivalents at end of the year	3,58,20,390	14,77,763
Cash and cash equivalents comprise		
Balances with scheduled bank in		
- Current account	38,20,390	14,77,763
- Fixed Deposit	3,20,00,000	-
	3,58,20,390	14,77,763

Notes:

- The above Cash flow statement has been prepared under the indirect method as set out in AS-3 on Cash Flow statement.
- Figures in brackets indicate cash out go.

This is the Cash Flow referred to in our report of even date.

On behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number:007568S
Chartered Accountants

GOPAL SRINIVASAN
Chairman and
Managing Director

D.Sundaram
Vice Chairman and
Managing Director

H. LAKSHMANAN
Director

A J SHAIKH
Partner
Membership No: 203637

Place: Chennai
Date : May 13, 2010

Suresh Ramasami
Vice President-Finance and Risk

Place: Chennai
Date : June 10, 2010

TVS CAPITAL FUNDS LIMITED

Balance Sheet Abstract and Company's General Business Profile as per Part IV of Schedule VI to the Companies Act, 1956:-

I. Registration details:

Registration no. U 6 5 9 9 1 T N 2 0 0 7 P L C 0 6 4 1 3 3 State code 1 8

Balance sheet date 3 1 0 3 2 0 1 0
Date Month Year

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 5 8 6 4

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

Total liabilities 5 2 0 2 7 Total assets 5 2 0 2 7

Source of Funds

Paid up capital 4 8 8 6 4 Reserves and Surplus 1 1 7 3

Secured Loans N I L Unsecured loans N I L

Application of Funds

Net fixed assets 3 8 9 7 1 Investments N I L

Net current assets 8 5 5 9 Misc. expenditure N I L

Accumulated losses 4 4 9 7 Deferred Tax Asset/ (Liability) (1 9 9 0)

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

Total Income 1 1 9 5 5 7 Total Expenditure 1 2 3 4 8 7

+ - Profit/Loss before tax + - Profit/Loss after tax
 (3 9 3 0) (5 6 3 3)

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

Earnings per share (Rs) (1 . 2 1) Dividend rate (%) N I L

V. Generic Names of the three Principal Products of the Company.

Item Code No. (ITC Code) N A
Product Description Investment Management/
Advisory Services

on behalf of the Board of the Directors

Gopal Srinivasan D.Sundaram H. Lakshmanan
Chairman and Vice Chairman and Director
Managing Director Managing Director

Chennai Suresh Ramasami
May 13, 2010 Vice president- Finance and Risk