

TVS ELECTRONICS LIMITED

ANNUAL REPORT 2009 - 2010

Board of Directors

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

Committees of the Board

Audit Committee

D Sundaram *Chairman*
S R Vijayakar
H Lakshmanan
Sridhar Mitta

Investors' Grievance Committee

Gopal Srinivasan *Chairman*
H Lakshmanan
R Ramaraj

Remuneration/Compensation Committee

R R Nair *Chairman*
S R Vijayakar
H Lakshmanan
D Sundaram

Auditors

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

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.

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:

- (i) Product re-certification for latest energy efficiency standards.
- (ii) 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

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

(b) Customization projects

- i. Release of Pro Series printer for Cheque and DD printing application
- ii. Integrated Printer/Scanner for Utility and ticketing application
- iii. 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 :	0.76	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

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

b) Benefits derived as a result of the above efforts

- i. ROHS compliant product
- ii. Low cost Thermal Printers
- iii. 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) :	19.69	129.15
(b) Total Forex used (FOB) :	4,072.44	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. Srini 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. Srini 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.Ramaraj	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.		National Stock Exchange of India Ltd.	
	(BSE) in Rs.		(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 constultants, cost of acquisition of an asset as regards computation 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

Chennai
29th July, 2010

Membership No. F7945

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: F 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	<u>2,500.00</u>	<u>2,500.00</u>
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)	<u>1,767.28</u>	<u>1,767.28</u>
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	<u>43.78</u>	<u>40.43</u>
Net cost of options	6.32	9.67
Surplus - i.e., Balance in Profit & Loss Account	435.03	778.39
	<u>2,175.91</u>	<u>2,522.62</u>

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.	<u>1,704.33</u>	<u>3,759.77</u>
IV UNSECURED LOANS		
From Banks - Short term	4,428.78	1,977.84
	<u>4,428.78</u>	<u>1,977.84</u>
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
	<u>184.29</u>	<u>201.88</u>
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
	<u>184.29</u>	<u>201.88</u>

Schedules (Contd.)

Rupees in Lakhs

Description	Land	Buildings	Plant and machinery	Intellectual property rights	Furniture, Fixtures & equipments	Vehicles	As at	
							31-03-2010	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	-	964.34	4,119.17	800.00	2,081.74	87.20	8,276.03	8,171.76
Total	223.58	2.20	51.17	-	129.02	30.76	213.15	87.84
	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
	-	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	<u>49.00</u>	<u>26.00</u>
	388.65	1,847.62
b) Other debts		
- Considered Good	2,611.87	2,736.48
- Considered Doubtful	<u>20.72</u>	<u>23.00</u>
	2,632.59	2,759.48
	3,021.24	4,607.10
Less : Provision made for Doubtful debts	<u>69.72</u>	<u>49.00</u>
	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 *	<u>1.03</u>	<u>1.66</u>
* Vide Note No. 4	1,481.18	234.09
XI LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD		
A. LOANS - Intercorporate 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)	<u>297.05</u>	<u>51.41</u>
	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
	<u>2,987.20</u>	<u>4,360.47</u>
* 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	<u>9,822.48</u>	<u>9,839.70</u>
	[A + B]	
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	382.20	350.70
(Includes Rs. 0.50 lakhs paid to Director Last Year Rs. 0.50 lakhs)		
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
	<u>6,110.23</u>	<u>6,571.73</u>
XVIII INTEREST		
a) Fixed Loans	259.61	73.80
b) Other Loans (Net of recoveries)	461.81	448.52
	<u>721.42</u>	<u>522.32</u>

Notes on accounts

Rupees in Lakhs

As at /Year ended 31.03.2010	As at /Year ended 31.03.2009
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XIX NOTES ON ACCOUNTS

1 ACCOUNTING STANDARDS COMPLIANCE

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

AS - 1 Disclosure of accounting policies

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

AS - 2 Valuation of inventories

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

AS - 3 Cash flow statements

Cash flow statement has been prepared under “ Indirect Method”.

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

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

Notes on accounts (Contd.)

	As at /Year ended 31.03.2010	<i>Rupees in Lakhs</i> 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.)

		<i>Rupees in Lakhs</i>	
		As at /Year ended 31.03.2010	As at /Year ended 31.03.2009
AS - 10 Accounting for fixed assets			
<p>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.</p> <p>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.</p>			
AS - 11 Accounting for effects in foreign exchange rates			
a	<p>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.</p>		
b	<p>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.</p>		
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.)

	<i>Rupees in Lakhs</i>	
	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

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

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

AS - 12 Accounting for Government Grants

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

AS - 13 Accounting for Investments

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

AS - 14 Accounting for amalgamation

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

AS - 15 Accounting for Retirement benefits

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

(a) Short term Employee Benefits:

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

(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.)

	<i>Rupees in Lakhs</i>	
	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 Begining 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 Begining 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.)

	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.)

	<i>Rupees in Lakhs</i>	
	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.)

	<i>Rupees in Lakhs</i>	
	As at /Year ended 31.03.2010	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	276.93	300.57
TDS Rs 18.73 Lakhs (Previous year - Rs 33.94 Lakhs)		

Notes on accounts (Contd.)

	<i>Rupees in Lakhs</i>	
	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.)

	As at /Year ended 31.03.2010	<i>Rupees in Lakhs</i> As at /Year ended 31.03.2009
<p>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.</p> <p>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.</p>		
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.)	<u>2.09</u>	<u>35.96</u>
<p>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.</p>		
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.)

		<i>Rupees in Lakhs</i>	
		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	:	TVS Electronics Limited, Chennai	
Clause 3 (a)		Period From	To
Ultimate Holding Company			
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.)

	As at /Year ended 31.03.2010	<i>Rupees in Lakhs</i> 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.)

	As at /Year ended 31.03.2010	<i>Rupees in Lakhs</i> 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.)

	As at /Year ended 31.03.2010	<i>Rupees in Lakhs</i> 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	7,56,865
(b) Income on Services rendered	15,948.39	16,202.12
(c) Service, Spares & others	298.68	333.72
	2,792.73	2,530.96
	<u>19,039.80</u>	<u>19,066.80</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		-		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	522.32
Operating Profit before Working Capital changes	<u>646.16</u>	<u>993.79</u>
Adjustment for :		
Inventories	126.82	(257.28)
Sundry Debtors	1,606.58	(30.26)
Loans and Advances	513.58	(487.90)
Current liabilities and provisions	<u>(1,317.80)</u>	<u>687.87</u>
	<u>929.18</u>	<u>(87.57)</u>
Cash generated from operations	<u>1,575.34</u>	<u>357.50</u>
Direct taxes paid net of provision	<u>142.62</u>	<u>(167.77)</u>
Net cash from Operating activities (A)	<u>1,717.96</u>	<u>189.73</u>
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)	<u>(144.95)</u>	<u>(1,388.47)</u>
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)	<u>(325.92)</u>	<u>677.32</u>
D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)	<u>1,247.09</u>	<u>(521.42)</u>
Opening cash and cash equivalents as at 01.04.2009	<u>234.09</u>	<u>755.51</u>
Closing cash and cash equivalents as at 31.03.2010	<u>1,481.18</u>	<u>234.09</u>

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 <i>Chairman</i>	H. LAKSHMANAN <i>Director</i>	S.S. RAMAN Managing Director	For SUNDARAM & SRINIVASAN <i>Chartered Accountants</i> Firm Registration No: 004207S
Chennai July 29, 2010	D. SRINIVASAN <i>Company Secretary</i>	S. KANNAN Chief Financial Officer	M BALASUBRAMANIAM <i>Partner</i> 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. Dividend Rate %

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

Item Code No.
 (ITC Code)

 Product Description

For and on behalf of the board

As per our report of even date annexed

GOPAL SRINIVASAN
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

H. LAKSHMANAN
Director

S.S. RAMAN
Managing Director

Chennai
July 29, 2010

D. SRINIVASAN
Company Secretary

S. KANNAN
Chief Financial Officer