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TVS
ELECTRONICS

TVS Electronics Limited

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Thirteenth Annual Report 1998



TVS Electronics Limited

Board of Directors

Venu Srinivasan
Chairman

Gopal Srinivasan

T K Balaji

H Lakshmanan

S R Vijayakar

Srini Nageshwar

K Dhruva

Director - Projects

S Shreenivasa Rao

Director & Chief Executive Officer

General Manager - Finance

K Ramaswamy

Company Secretary

C Siva

Auditors

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

Listing of Shares with

Madras Stock Exchange Ltd.
The Stock Exchange, Mumbai
Bangalore Stock Exchange Ltd.
The Stock Exchange, Ahmedabad
The Calcutta Stock Exchange
Association Limited
The Delhi Stock Exchange
Association Limited
Cochin Stock Exchange Ltd.
National Stock Exchange of
India Ltd.

Bankers

State Bank of India
Industrial Finance Branch,
Anna Salai, Chennai.

State Bank of India
Industrial Finance Branch,
Residency Road, Bangalore.

State Bank of Mysore
Industrial Estate Branch,
Hirehalli, Tumkur.

State Bank of Travancore
Residency Road Branch,
Bangalore.

State Bank of Mysore
Industrial Finance Branch,
Bangalore.

Registered Office

"Jayalakshmi Estates"
8, Haddows Road,
Chennai 600 006.

Factory

Tumkur Plant
Pandithanahalli,
Tumkur 572 168.

Chennai Plant

34, Developed Plots,
South Phase, Industrial Estate,
Guindy, Chennai 600 032.

Administrative Office

34, Developed Plots,
South Phase, Industrial Estate,
Guindy, Chennai 600 032.

Technical Collaborators

Citizen Watch Company Limited,
Japan.

OKI Electric Industry Company
Limited, Japan.

Victron B.V.,
The Netherlands.

Managers to Deposit Schemes

Harita Limited
"Jayalakshmi Estates"
8, Haddows Road,
Chennai 600 006.

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Notice to the Shareholders

NOTICE is hereby given that the thirteenth annual general meeting of the company will be held at Music Academy, 306, T T K Road, Chennai - 600 014, on Wednesday, the 16th June, 1999 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31st December, 1998 and the profit and loss account of the company for the nine months period ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

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

RESOLVED THAT pursuant to the recommendation of the directors, dividend of Re.0.50 per share for the nine months period ended 31st December, 1998 absorbing a sum of Rs.85.13 lakhs be and is hereby declared on 1,70,25,318 equity shares of Rs.10/- each fully paid up, and that the same be paid to those shareholders, whose names appear on the company's register of members on 16th June, 1999.

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

RESOLVED THAT Mr T K Balaji who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

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

RESOLVED THAT Mr Srini Nageshwar who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

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

RESOLVED THAT the retiring auditors, Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai, be and are hereby re-appointed as auditors of this company to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting of the company on such remuneration as may be fixed in this behalf by the Board of Directors of the company.

SPECIAL BUSINESS

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

RESOLVED THAT Mr H Lakshmanan be and is hereby appointed as a director of the company, liable to retire by rotation.

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

RESOLVED THAT pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force) the articles of association of the company be and is hereby amended and/or altered in the manner specified below:-

- a) The existing article 2 (v) be renumbered as article 2 (v) (b).
- b) The following article be inserted along with the marginal note after article 2 (iv):-

Article 2 (v) (a)

"Beneficial Owner"	"Beneficial Owner" means the beneficial owner as defined under the provisions of the Depositories Act, 1996 and in accordance with any other law and or regulations for the time being in force.
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- c) The existing article 2 (vii) be renumbered as article 2 (vii) (a).
- d) The following articles be inserted along with the marginal note after article 2 (vii) (a):-

TVS Electronics Limited

Article 2 (vii) (b)

"Depository" "Depository" shall mean a depository as defined under the provisions of the Depositories Act, 1996 and in accordance with any other law and / or regulations for the time being in force.

Article 2 (vii) (c)

"Depositories Act" "Depositories Act" shall mean the Depositories Act, 1996 (22 of 1996) or any statutory modifications or re-enactment thereof.

e) The existing article 2 (xi) be deleted and substituted by the following article along with the marginal note:-

"Member" "Member" means the duly registered holder from time to time of the shares of the company and includes the subscribers to the Memorandum of the company and every person holding equity share capital of the company whose name is entered as beneficial owner in the records of a depository.

f) The existing article 3 be deleted and substituted with the following article:-

"The authorised share capital of the company shall be such amount and of such description as is stated for the time being or at any time in the company's Memorandum of Association with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a resolution passed at a General Meeting duly convened and held for the purpose."

g) The following clauses be inserted along with the marginal note after article 13 (C):-

Article 13(D)

"Employees stock-option" In addition to but without restricting the powers conferred under Article 13 (A) and 13 (C) above, the company shall by a special resolution passed by the

shareholders provide for offering shares to the employees of the company, promoter companies, group companies and affiliates and shall make necessary reservations for this purpose in the proposed offer of Securities on Rights basis subject to the regulations made by SEBI in this regard from time to time.

h) The existing Article 14 be deleted and substituted with the following article:-

'Subject to the provisions of these Articles and of the Act, the shares including any shares forming part of any increased capital of the Company shall be under the control of Directors who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions, and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount and such option being exercisable at such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in the Act.'

i) The existing Article 15 be deleted and substituted with the following articles along with the marginal notes:-

Article 15(A)

"Power also to company in General Meeting to issue shares"

"In addition to and without derogating from the powers for that purpose conferred on the Board in accordance with these Articles, the Company in General Meeting may, subject to the provisions of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms

and conditions and either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to call for or to allot shares of any class of the Company either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares."

Article 15(B)

"Sweat Equity" (1) Notwithstanding anything contained in Section-79 of the Act, the company may issue sweat equity shares of a class of shares already issued subject to the conditions that -

- (a) the issue of the sweat equity shares is authorised by a special resolution passed by the company in the General Meeting;
- (b) the resolution shall specify the number of shares, current market price, consideration, if any and the class or classes of Directors or employees to whom such equity shares are to be issued;
- (c) not less than one year has, at the date of issue, elapsed since the date on which the company was entitled to commence business;

- (d) the sweat equity shares of the company shall be subject to the provisions of any regulations made by SEBI and the Stock Exchanges in this behalf.

For the purpose of this clause, "Sweat Equity Shares" means equity shares issued by the company to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value addition by whatever name called.

- (2) All the limitations, restrictions and provisions relating to equity shares shall be applicable to sweat equity shares issued by the company.

- j) The following clauses be inserted along with the marginal note after article 19 (c):-

Article 19 (d)

"Notwithstanding anything contained in this article, when the shares are dealt with in a depository, no certificate shall be issued and the company shall intimate the details of allotment of shares to the depository immediately on allotment of such shares."

Article 19 (e)

"In respect of shares held in a Depository, the investor shall have the option to request the Company to issue share certificate in physical form at any time, subject to the provisions of the Depositories Act".

Article 19 (f)

"Restriction on sub-division or consolidation "

Notwithstanding anything contained in these Articles, the Board shall not accept applications for sub-division or consolidation of shares into denominations of less than twenty five (25) except when such a sub-division or

consolidation is required to be made to comply with a statutory order or an order of a Competent Court of Law or a request from a member to convert his holding of odd lots of shares into transferable / marketable lots, subject, however, to verification by the company.

- k) The existing Article 23 be deleted and substituted with the following Article :-

Article 23

"Except as ordered by a Court of competent jurisdiction, or as by law required, the company shall not be bound to recognise an equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, in the person from time to time registered as the holder thereof, or whose name appears as the beneficial owner of shares in the records of a Depository, but the board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

- l) The existing Article 24 be deleted and substituted with the following Article as :-

Article 24(A)

The company shall not give whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with a purchase or subscription made or to be made by any person of, or for any shares in the company or in its holding company :

Provided that nothing in this article shall be taken to prohibit -

- (a) the provision by the company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully paid shares in the company or its holding company, being a purchase or subscription by trustees of, or for shares to be held by, or for the benefit of employees

of the company, including any director holding a salaried office or employment in the company ; or

- (b) the making by the company of loans, within the limit laid down under the Act, or any other regulations that may be in force, at the time of making such loan, to persons (other than directors or managers) bonafide in the employment of the company with a view to enabling those persons to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.

- m) The following Article 24B be inserted after Article 24(A) along with the marginal note :

Article 24(B)

- | | |
|--|--|
| <p>"Buy back of shares and other specified securities"</p> | <p>(1) Notwithstanding anything contained in the Act, but subject to the provisions of sub-section (2) of section 77A and section 77B, the company may purchase its own shares or other specified securities (hereinafter referred to as 'buy back') out of —</p> <p>(i) its free reserves; or</p> <p>(ii) the securities premium account; or</p> <p>(iii) the proceeds of any shares or other specified securities:</p> |
|--|--|

Provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

- (2) The company shall not purchase its own shares or other specified securities under sub-clause (1) of this article unless -

(a) a special resolution has been passed in General Meeting of the Company authorising the buy back;

(b) the buy back is less than twenty five per cent of the total paid-up capital and free reserves of the company

Provided that the buy back of equity shares in any financial year shall not exceed twenty-five percent, of its total paid-up equity capital in that financial year.

(c) the ratio of the debt owed by the company is not more than twice the capital and its free reserves after such buy back or at such ratio as may be fixed by the central government from time to time in this regard;

Explanation:- For the purpose of this article, the expression 'debt' includes all amounts of unsecured and secured debts.

(d) all the shares or other specified securities for buy back shall be fully paid-up;

(e) the buy back of shares or other specified securities shall be made in accordance with the guidelines issued by SEBI in this behalf.

n) The following new paragraph be added under article 55 :-

"Nothing contained in this article shall apply to transfer of shares effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository."

o) The following proviso be added after the existing proviso to article 57 :-

"Provided further that the restrictions contained in this article shall not apply to shares held in a depository."

p) The following new Articles be added along with the marginal notes after Article 65 :-

Article 65A

"Provisions of Articles to apply to shares held in a depository"

Except as specifically provided in these Articles, the provisions relating to jointholders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in a depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996 or such other regulations for the time being in force.

Article 65B

"Dematerialisation of securities"

Notwithstanding anything contained in the Articles of Association, the company shall be entitled to dematerialise its shares including preference shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other securities for issue in dematerialised form. The company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

Article 65C

"Depositories Act to apply to share held in depositories"

Notwithstanding anything contained herein, in the case of transfer of shares whether preference and / or equity or other marketable securities, where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form the provisions of the Depositories Act, 1996 shall apply.

TVS Electronics Limited

Article 65D

"Index of beneficial owners deemed to be index of members" A register of index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be an index of members and register of debentureholders, as the case may be, for the purpose of the Act.

- q) The existing Article 173 be deleted and substituted by the following article along with the marginal note:-

Article 173

"Unclaimed dividends, deposits, etc. to be remitted to investor education and protection fund" The Company shall not forfeit-

- (a) amounts in the unpaid dividend account of the company;
- (b) the application moneys received by companies for allotment of any securities and due for refund;
- (c) matured deposits with companies;
- (d) matured debentures / bonds with companies;
- (e) the interest accrued on the amounts referred to in clauses (a) to (d);

and

such amounts which remain unpaid / unclaimed for a period of seven years from the date they became due for payment, shall be credited to the Investors Education & Protection Fund, constituted by the Central Government under Section 205C of the Act.

- r) The existing article 189 be deleted and substituted by the following article along with the marginal note:-

Article 189

"Service of documents or notice by members"

All documents or notices to be or given by members on or to the Company or to any officer thereof shall be served or given by sending it to the company or officer at the office by post or leaving it at the office. Provided that where the securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

Registered Office:
"Jayalakshmi Estates"
8 Haddows Road
Chennai 600 006

By order of the Board

April 21, 1999.

C. SIVA
Company Secretary

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not later than 48 hours before the time fixed for holding the meeting.
2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under item nos. 6 & 7 as set out above is annexed hereto.
3. The register of members and the share transfer books of the company will remain closed from 1st June, 1999 to 16th June, 1999, both days inclusive.
4. The dividend on the equity shares as recommended by the Board of Directors when declared, will be made payable on or after 16th June, 1999 to those shareholders (or their mandates) whose names appear in the register of members of the company on 16th June, 1999.

5. The dividend declared for the year 31st March, 1995, which remains unclaimed has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said period may claim the same by submitting an application in prescribed Form II to the Registrar of Companies, Tamil Nadu, "Shastri Bhavan", 26, Haddows Road, Chennai - 600 006.

Consequent upon amendment in section 205A of the Companies Act, 1956 and introduction of section 205C, by the Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrants for the year ended 31st March, 1996

- and any subsequent dividend payments are requested to make their claim to the company.
6. The dividend is exempt from tax under section 10(33) of the Income-tax Act, 1961, in the hands of the shareholders.
7. For any queries on the Depository System, members may contact any Depository Participant or the Shares Department at the Registered Office of the company.
8. Members are requested to notify immediately any change in their address to the company.
9. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
10. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to special business mentioned in the accompanying notice dated 21st April, 1999 and shall be taken as forming part of the notice.

Item no. 6

Mr H Lakshmanan was appointed as additional director of the company with effect from 22nd October, 1998. In terms of section 260 of the Companies Act, 1956, Mr H Lakshmanan will hold office only upto the date of this annual general meeting.

A notice has been received from one of the members of the company under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- signifying his intention to propose the candidature of Mr H Lakshmanan for the office of director and to move the resolution as set out in item no.6 of this notice. The directors recommend the resolution for adoption by the shareholders.

Mr H Lakshmanan is deemed to be concerned or interested in the resolution.

Item no. 7

Consequent to the enactment of the Depositories Act, 1996, National Securities Depository Limited (NSDL) was established, which provides investors the facility for dealing in securities in electronic mode.

The company has voluntarily admitted the equity shares in NSDL for dematerialisation.

Certain provisions of the Companies Act, 1956 were introduced, recognising the beneficial holders of shares in dematerialised form with a Depository as members of the company and vesting them all rights and powers as shareholders of the company. The Companies Act, 1956 was amended vide The Companies (Amendment) Ordinance 1999. In order to bring the provisions of the Articles of Association in consonance with the latest provisions of the Companies Act, 1956 and the Depositories Act, 1996, it is proposed to suitably amend the Articles as set out in the Resolution.

In terms of section 31 of the Companies Act, 1956, the special resolution for amending/altering the provisions of the Articles is placed before the shareholders for approval.

The documents referred to in the notice and the explanatory statement will be available for inspection at the registered office of the company on any working day during business hours of the company.

None of the directors is concerned or interested in the resolution.

Registered Office:
 "Jayalakshmi Estates"
 8 Haddows Road
 Chennai 600 006

By order of the Board

April 21, 1999.

C. SIVA
 Company Secretary