



**TVS Electronics Limited**

**13<sup>th</sup> Annual Report**

**2007-08**



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TVS Electronics Limited

**Board of Directors**

Venu Srinivasan	<i>Chairman</i>
Gopal Srinivasan	<i>Director</i>
T K Balaji	
H Lakshmanan	
S R Vijayaraj	
Srini Nageshwar	
R R Nair	
Sridhar Mitta	
R Ramaraj	

**Committees of the Board****Audit Committee**

Srini Nageshwar	<i>Chairman</i>
S R Vijayaraj	
H Lakshmanan	
Sridhar Mitta	

**Investors' Grievance Committee**

Venu Srinivasan	<i>Chairman</i>
Gopal Srinivasan	
T K Balaji	

**Remuneration/Compensation Committee**

R R Nair	<i>Chairman</i>
Srini Nageshwar	
S R Vijayaraj	
H Lakshmanan	

**Auditors**

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

**Manager**

M Somasundaram	
----------------	--

**Bankers**

State Bank of India	
State Bank of Mysore	
State Bank of Travancore	
Canara Bank	
IDBI Bank Ltd.	
ICICI Bank Ltd.	

**Registered Office**

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

**Chennai Plant & Administrative Office**

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

Tel: 91-44-2232 5506/09

Tel: 91-44-4200 5200

Fax No: 91-44-2232-7577

Website: [www.tvs-e.in](http://www.tvs-e.in)**Himachal Pradesh Plant**

KHASRE, No.59/3, Village Ogli,

Tarlokpur Road, Kala Amb - 173 030,

Sirmour District,

Himachal Pradesh

Tel: 01734-525116

**Uttarkhand**

No.E12, Selaqui Industrial Estate

Selaqui, Dehradun, Uttarkhand

**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](mailto:investorservices@tvs-e.in)**Shares Listed at**

Bombay Stock Exchange Ltd.

National Stock Exchange of India Ltd.



## Notice to the Shareholders

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held at "The Music Academy", New No.168, (Old No.306), T.T.K. Road, Chennai -600 014, on Friday, the 5th September 2008 at 10:00 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 March, 2008 and the Profit and Loss Account of the Company for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon as presented to the meeting be and the same are hereby approved and adopted.

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

**RESOLVED THAT** pursuant to the recommendation by the Board of Directors of the Company, dividend of 10% for the year ended 31st March, 2008 amounting to Re 1.00 per equity share of Rs. 10/-each, absorbing a sum of Rs.1,76,72,818 (excluding taxes) be and is hereby declared on 1,76,72,818 equity shares of Rs.10/-each fully paid up and that the same be paid to the Shareholders, whose names appear in the Register of Members of the Company as on 21st Aug 2008 (beginning of the day) in case of shares held in electronic form and as on 5th September, 2008 in respect of shares held in physical form.

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

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

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

**RESOLVED THAT** Mr. S. R. Vijayakar who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company.

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, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, be and are hereby re-appointed as Auditors

of this Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.

### SPECIAL BUSINESS

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

**RESOLVED THAT** Mr. R. Ramaraj 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:

### SPECIAL RESOLUTION

**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 387 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 ("ACT") as amended or re-enacted from time to time, the company hereby approves the appointment and the terms of remuneration of Mr. M. Somasundaram as 'Manager' of the Company under the designation "Executive Vice President (EVP)" for a period of three years with effect from April 1, 2008 on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening the Annual General Meeting, including the remuneration payable to him in the event of loss or inadequacy of profit in any financial year, not exceeding 5% of the net profits of the Company, in accordance with the Schedule XIII of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. M. Somasundaram, EVP in case of inadequacy of profits or loss in any particular financial year subject to not exceeding the ceiling limits specified under Schedule XIII to the Companies Act, 1956, calculated in accordance with the effective capital of the Company as on the last date of the financial year immediately preceding the financial year in which the appointment is made.

By Order of the Board

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

July 22, 2008

**D. SRINIVASAN**  
Company Secretary



ted to sign at the space provided  
set annexed to the proxy form  
at the entrance of the meeting

the Listing Agreement with  
of resume of Directors who  
ed / re-appointed at this



Mr. S R Vijayakar is a  
Engineering from  
the Private sector  
Chennai Electricity  
Supplying Agency  
of Electronics  
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5. Members are req  
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holding shares in elec  
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participants.

6. As a measure of economy, copies  
will not be distributed at the Annual  
Members are therefore, requested to b  
of the Annual Report to the meeting.

udit Committee and  
Compensation Committee of the

Mr. S. R. Vijayakar holds no shares in the company.

## Notice to the Shareholders (Contd)

### Mr. H. LAKSHMANAN

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

The other Directorship / offices are:

S. No	Name of the Company	Nature of Interest
<b>Public Companies</b>		
1	TVS Motor Company Limited	Director
2	Harita Seating Systems Limited	Chairman
3	Anusha Investments Limited	Whole-time Director
4	Sundaram Auto Components Ltd	Director
5	Auto (India) Engineering Limited	Director
6	WABCO-TVS (INDIA) LIMITED	Director
7	Harita-NTI Limited	Director
8	TVS Finance and Services Limited	Director
9	TVS Investments Limited	Director
10	Sundaram Investments Limited	Director
11	Harita TVS Technologies Inc., USA	Director
12	TVS-E Technologies Limited	Director
13	Harita Techserv Limited	Director
14	TVS Capital Funds Limited	Director
<b>Private Companies</b>		
15	Sundaram Clayton Senior Officers Welfare Foundation Private Limited	Director
16	Harita Properties Private Limited	Director
17	TVS Motor (Singapore) Pte Limited	Director
18	TVS Motor Company (Europe) B.V Netherlands	Managing Director
19	PT TVS Motor Company (Indonesia)	Commissioner

The membership in Committees of other companies are also listed hereunder

S. No	Company	Committee Name	Position
1	TVS Electronics Limited	Audit Committee	Member
2	TVS Finance and Services Limited	Investors Grievance Committee	Member
3	TVS Finance and Services Limited	Audit Committee	Member
4	Harita Seating Systems Limited	Investors Grievance Committee	Chairman
5	Harita Seating Systems Limited	Audit Committee	Chairman
6	TVS Investments Ltd	Audit Committee	Chairman
7	TVS E-Technologies Ltd	Audit Committee	Chairman
8	Anusha-Investments Limited	Audit Committee	Member

Mr. Lakshmanan holds 350 equity shares in the company

### Mr. R. RAMARAJ

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

Mr. R. Ramaraj, is Venture Partner with Sequoia Capital, India. He is currently, the first Indian in the ICAAN Board. Mr. R. Ramaraj, is the Co-Founder & Advisor and till recently the CEO of Sify Limited, the pioneer and leader in Internet, Networking and e-Commerce Services in India.

Mr. R. Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. In October 2000, Sify was voted the 'Company of the Year' at the Silicon India Annual Technology and Entrepreneurship Conference in San Jose, California, USA. And in 2001, in a CNET.com poll in India, Mr Ramaraj was voted the IT Person of the Year 2000. He was invited by the UN General Secretary, Kofi Annan to be a member of UN's Working group on Internet Governance (WGIG)

Under his leadership, the company was voted 'ISP of the Year' at the second annual Internet World Asia Industry Awards, 2001 from among nominees such as NTT DoCoMo of Japan and Korea Thrunet. The nominations



## Notice to the Shareholders (Contd.)

were for excellence based on strategic vision, innovation, customer service, bandwidth performance and connectivity.

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

Name of the Companies/Firms	Nature of Interest
Madura Micro Finance Limited	Director
Universal Print System Limited	Director
Executive and Business Coaching Foundation of India Limited	Director
TVS-E Servicetec Limited	Director
Apollo Health Street Limited	Director
Guruji.com Software Private Limited	Nominee Director

Congruent Solutions Private Limited	Nominee Director
PVP Ventures Private Limited	Nominee Director
Digital Signage Networks India Private Limited	Nominee Director
Apnaloan.com Services Private Limited	Nominee Director
Ideacts Innovations Private Limited	Nominee Director
Minglebox Communications Pvt Ltd	Nominee Director
Foundation for Promotion of Sports and Games	Director
Microcredit Foundation of India	Director
Internet Corporation for Assigned Names & Numbers	Director

Mr. R. Ramaraj holds no shares in the company.

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

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

#### Item No.6

Mr. R. Ramaraj was co-opted by the board as an Additional Director at the meeting of the board held on 24 Oct 2007. Mr. R. Ramaraj's expertise and knowledge in the fields of IT and ITES is of immense value to the company. Pursuant to the provisions of Sec 260, an additional director appointed by the board shall hold office only till the conclusion of the ensuing Annual General Meeting. Accordingly, he will be vacating office at the forthcoming Annual General meeting. The company has received a notice from a member signifying his intension to propose the appointment of Mr. R. Ramaraj as a Director of the company in compliance with Sec 257 of the Companies Act, 1956 and has deposited a notice and the amount required therein.

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

None of the Directors are interested in the resolution.

#### Item No.7

Mr. Gopal Srinivasan, Whole time Director relinquished his office of Whole Time Director on 22 April 2008.

As per the provisions of Section 269 of the Companies Act, 1956 (Act), a Company which has paid up equity share capital of not less than Rs.5 Cr has to have a Managing / Whole Time Director or Manager appointed under the provisions of the Act for the day to day management of the affairs of the Company.

The Board of Directors of the Company appointed Mr. M. Somasundaram, as Manager under the Companies Act, 1956 pursuant to Section 198, 269, 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 with the designation of Executive Vice President for a period of three years effective 1st April, 2008, the appointment is subject to approval by the Shareholders and the remuneration including the minimum remuneration payable being approved by the Remuneration Committee of the Board.

The Remuneration Committee fixed the remuneration and the minimum remuneration payable, in case of inadequacy of profits, as detailed below. The Board approved the appointment and the remuneration as approved by the Remuneration Committee on 18th June, 2008.





## Notice to the Shareholders (Contd.)

### Profile of Mr. M. Somasundaram

Mr. M Somasundaram, aged 45 years is a Bachelor in Commerce from Madras University and qualified Cost Accountant (ICWA) and Company Secretary (CS). He has rich experience of 23 years including SRF Limited; FMCG industries like Henkel SPIC India Limited and Hindustan Lever Limited prior to joining TVS Electronics Limited. He joined TVS Electronics Limited in February, 2005 as Financial Controller and moved on to become Executive Vice President in 2008.

### Terms of appointment:-

Period of appointment : 3 years from 1.4.2008  
Position & Title : Manager under the Companies Act, 1956 designated as Executive Vice President

### REMUNERATION:-

- a. By way of salary, allowances, commission on profits, performance linked incentive or bonus, (including the annual increments / revisions), medical reimbursement, leave travel concession for self and family, club fees, medical / personal accident insurance premiums and other benefits or amenities hereinafter referred to as remuneration, subject to a ceiling of Rs.48.00 lakhs per annum.
- b. Such perquisites shall be evaluated at actual cost to the Company and where it is not possible to ascertain the actual cost, such perquisites shall be evaluated as per Income-tax Rules, 1962.
- c. Provision for use of Company car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Personal long distance calls on telephone and use of Company car for private purposes shall be recovered by the Company from Mr M Somasundaram.

- d. Company's contribution to provident fund and superannuation fund not exceeding such percentage of the salary as may be fixed by the Central Government from time to time and gratuity as per rules of the Company shall not be included in the computation of the limits for remuneration or perquisites aforesaid.
- e. Besides the above, Mr. M Somasundaram will be eligible for allotment of Equity shares of the Company as per rules of the Employees Stock Option Scheme (ESOP) as may be formulated by the Company.
- f. However, the total remuneration including perquisites payable to Mr. M Somasundaram, reckonable under Schedule XIII shall not exceed 5% of the net profits of the Company.
- g. In the case of inadequacy of profits, the remuneration payable to Mr. M. Somasundaram, Manager shall be in compliance with Schedule XIII of the Companies Act, 1956.

Mr. M Somasundaram, Manager shall be governed by the service conditions of the Company applicable to the senior managers of the Company.

The Directors recommend the Special Resolution for approval of Members.

None of the Directors of the Company are, in any way concerned or interested in the resolution.

By Order of the Board

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

July 22, 2008

**D. SRINIVASAN**  
Company Secretary



## Directors' Report to the Shareholders

The Directors are pleased to present the Thirteenth Annual Report and the audited accounts for the year ended 31st March, 2008.

This report include the Management Discussion and Analysis.

### FINANCIAL RESULTS

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

(In lakhs)

Particulars	Year ended 31st March, 2008	Year ended 31st March, 2007
<b>Sales</b>	<b>26764.82</b>	<b>27241.80</b>
Other Income	764.56	472.04
Sales and other income	21528.58	27713.84
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>539.97</b>	<b>949.78</b>
<b>Profit/ Loss Before Tax (PBT) before extraordinary items</b>	<b>(69.31)</b>	<b>185.63</b>
Income from Extraordinary Items (Net)	1559.65	-
<b>Profit Before Tax</b>	<b>1490.34</b>	<b>185.63</b>
Add/(less) Deferred Tax written back	38.23	101.24
Less : Provision for Tax	223.00	101.11
Investment allowance	27.46	-
<b>Profit After Tax (PAT)</b>	<b>1276.11</b>	<b>185.76</b>
Profit brought forward from previous year	645.64	614.96
Add / (Less): Tax relating to earlier years	(168.14)	-
<b>Total available for appropriations</b>	<b>1755.61</b>	<b>800.72</b>
- Proposed Dividend	176.73	132.55
- Tax on Dividend	30.03	22.53
- Transfer to General Reserve	-	-
<b>Surplus in Profit and Loss account</b>	<b>1548.85</b>	<b>645.64</b>

The current year financial figures are not comparable due to changes in business configuration as detailed below.

The comparable numbers in terms of Net Sales and Earnings before Interest and Tax are as under:-

(In lakhs)

	Year ended 31st March, 2008	Year ended 31st March, 2007
<b>(A) Net Sales reported</b>	<b>20764</b>	<b>27242</b>
Less :		
Net Sales from discontinued businesses during the year*	1335	8645
<b>Net Sales from continuing business</b>	<b>19429</b>	<b>18597</b>
<b>(B) EBIT reported</b>	<b>534</b>	<b>950</b>
Less: EBIT from discontinued businesses during the year	(390)	162
<b>EBIT from continuing business</b>	<b>923</b>	<b>788</b>

\*Sales upto June'07 only