

5 Million+
Happy Customers

Report Junction.com

Annual Report
2008-09

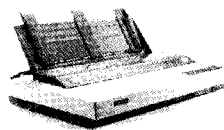
TVS-E Product Range



MSP 250 Champion



MSP 245



HD Gold 245



HD 945



TVS Gold



TVS Champ Plus



TVS Champ Media Plus



TVS Champ Junior



TVS Klik Prism Mouse



TVS Klik Optical Mouse



TVS-E Laser Toner Cartridges



TVS POS Products

Contents

TVS ELECTRONICS LIMITED

1. Board of Directors	...	2
2. Financial Highlights	...	3
2. Notice	...	4
3. Directors' Report	...	9
4. Report on Corporate Governance	...	16
5. Auditors' Report	...	24
6. Balance Sheet	...	28
7. Profit & Loss Account	...	29
8. Schedules	...	30
9. Notes on Accounts	...	37
10. Disclosure-Clause 32 of the Listing Agreement	...	56
11. Cash Flow Statement	...	57
12. Company Profile	...	58
13. Statement relating to Subsidiary	...	59

CONSOLIDATED ACCOUNTS

1. Auditors' Report on Consolidated Accounts	...	61
2. Consolidated Balance Sheet	...	62
3. Consolidated Profit & Loss Account	...	63
4. Consolidated Schedules	...	64
5. Consolidated Cash Flow Statement	...	71
6. Accounting Policies on Consolidation	...	72

TUMKUR PROPERTY HOLDINGS LIMITED (Subsidiary)

1. Directors' Report	...	74
2. Auditors' Report	...	75
3. Balance Sheet	...	77
4. Profit & Loss Account	...	78
5. Schedules	...	79
6. Notes on Accounts	...	81

PRIME PROPERTY HOLDINGS LIMITED (Subsidiary)

1. Directors' Report	...	84
2. Auditors' Report	...	85
3. Balance Sheet	...	87
4. Profit & Loss Account	...	88
5. Schedules	...	89
6. Notes on Accounts	...	90

**Board of Directors**

Gopal Srinivasan *Chairman*
 H Lakshmanan
 S R Vijayakar
 R R Nair
 Sridhar Mitta
 R Ramaraj
 D Sundaram
 S S Raman *Whole-time Director*

Committees of the Board**Audit Committee**

S R Vijayakar
 H Lakshmanan
 Sridhar Mitta
 D Sundaram

Investors' Grievance Committee

Gopal Srinivasan
 H Lakshmanan
 R Ramaraj

Remuneration/Compensation Committee

R R Nair *Chairman*
 S R Vijayakar
 H Lakshmanan

Auditors

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

Company Secretary

D Srinivasan

Bankers

State Bank of India
 State Bank of Mysore
 State Bank of Travancore
 Canara Bank
 IDBI Bank
 ICICI Bank
 Yes Bank

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

Uttarkhand - Plant I & II

No.E12, Selaqui Industrial Estate
 Selaqui, Dehradun, Uttarkhand
 Tel: 0135 - 2698662/3

Share Transfer Agents

Sundaram - Clayton Limited,
 22, Railway Colony III Street,
 Mehta Nagar, Chennai - 600 029.
 Tel: 91-44-23741889,23742939
 Fax No: 91-44-23741889
 E-mail: investorservices@tvs-e.in

Shares Listed at

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

Financial Highlights - Ten Years at a glance

Rs. in Lakhs

Sl.No	Particulars	1999	2000	2001	2002*	2003	2004-2005#	2005-2006	2006-2007	2007-2008@	2008-2009
1.	PROFIT AND LOSS ACCOUNT										
	Sales	16,974	22,412	21,599	2,316	26,151	31,574	25,950	27,242	20,764	19,067
	Other Income	207	19	15	54	400	166	623	472	765	473
	Total Income	17,181	22,431	21,614	2,370	26,551	31,740	26,573	27,714	21,529	19,540
	Earnings before Interest										
	Depreciation and Tax (EBITDA)	1,169	1,436	1,226	223	1,515	1,773	1,631	1,652	2,615	439
	Depreciation	249	268	348	69	521	754	743	702	522	476
	Profit before Interest and Tax (EBIT)	920	1,168	878	154	994	1,019	888	950	2,093	(37)
	Interest	607	660	695	58	508	470	600	764	603	522
	PBT	313	508	183	96	486	549	288	186	1,490	(559)
	Tax Expense	105	84	21	34	121	121	(27)	—	380	211
	PAT	208	424	162	62	365	428	315	186	1,110	(770)
2.	BALANCE SHEET										
	Share Capital	1,703	1,703	1,703	1,767	1,767	1,767	1,767	1,767	1,767	1,767
	Reserves & Surplus	1,592	1,828	1,862	1,696	1,935	2,196	2,354	2,371	3,296	2,523
	Networth	3,295	3,531	3,565	3,463	3,702	3,963	4,121	4,138	5,063	4,290
	Loan Funds	5,225	6,399	7,065	7,507	6,994	6,538	8,860	8,909	4,538	5,738
	Capital Employed	8,520	9,930	10,630	10,970	10,696	10,501	12,981	13,047	9,601	10,028
	Deferred Tax Liability	—	—	—	355	370	452	298	197	158	202
	Total	8,520	9,930	10,630	11,325	11,066	10,953	13,279	13,244	9,759	10,230
	Net Fixed Assets	1,496	2,406	2,528	4,619	5,036	5,518	3,864	3,397	2,393	2,422
	Investments	1,637	1,138	1,438	1,687	1,636	1,637	1,642	1,692	626	1,501
	Current Assets	10,367	12,327	12,296	10,692	12,422	11,000	12,815	13,090	10,596	10,828
	Current Liability & Provision	5,026	5,941	5,632	5,673	8,028	7,202	5,042	4,935	3,856	4,521
	Net Current Assets	5,341	6,386	6,664	5,019	4,394	3,798	7,773	8,155	6,740	6,307
	Miscellaneous Expenditure	46	—	—	—	—	—	—	—	—	—
	Total	8,520	9,930	10,630	11,325	11,066	10,953	13,279	13,244	9,759	10,230
3.	RATIOS										
a)	EPS (Rs)	1.3	2.3	1.0	5.2	2.1	2.4	1.8	1.1	6.3	(4.4)
b)	Dividend (%)	10	10	7.5	7.5	7.5	9.0	7.5	7.5	10	—
c)	Book Value per Share (Rs)	19	21	21	20	21	22	23	23	29	24
d)	Return on Capital Employed (ROCE %)	10.8%	11.8%	8.3%	1.4%	9.3%	9.7%	6.8%	7.3%	21.8%	(0.4)%
e)	Return on networth (RONW %)	6.3%	12.0%	4.5%	1.8%	9.9%	10.8%	7.7%	4.5%	21.9%	(18)%
f)	Fixed Asset Turnover Ratio	11.7	11.5	8.8	0.6	5.4	6.0	5.5	7.5	7.2	7.9
g)	Working Capital Turnover Ratio	3.4	3.8	3.3	0.4	5.6	7.7	4.5	3.4	2.8	2.9
h)	Debt Equity Ratio	1.6	1.8	2.0	2.2	1.9	1.6	2.1	2.2	0.9	1.3
i)	EBITDA as % of Sales	6.9%	6.4%	5.7%	9.6%	5.8%	5.6%	6.3%	6.1%	12.6%	2.3%
j)	EBIT as % of Sales	5.4%	5.2%	4.1%	6.6%	3.8%	3.2%	3.4%	3.5%	10.1%	(0.2)%
k)	Net profit as % of Total Income	1.2%	1.9%	0.7%	2.6%	1.4%	1.3%	1.2%	0.7%	5.2%	(3.9)%
l)	R&D (Revenue and Capital) Expenditure as a % of Total Income	1.2%	2.0%	1.9%	0.8%	1.3%	1.8%	1.7%	1.3%	1.5%	1.9%

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

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

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

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

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

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

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



Notice to the Shareholders

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G N Chetty Road, T Nagar, Chennai - 600 017 on Friday, 4th September, 2009 at 2.45 PM 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, 2009 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 Dr. Sridhar Mitta who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a Director of the Company."

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

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

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

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

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. S S Raman be and is hereby appointed as a Director of the company not liable to retire by rotation."

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

"RESOLVED THAT Mr. D Sundaram be and is hereby appointed as a Director of the company liable for retirement 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 the provisions of Section 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded for the appointment of Mr. S S Raman, as the Whole-time Director of the Company, designated as "Chief Executive Officer" (CEO) subject to control and superintendence of the board, for a period of three years effective from 1st May, 2009 without any remuneration."

By Order of the Board

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

30th July, 2009

D. SRINIVASAN
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 the special business as set out in the notice is annexed hereto.
3. The Register of Members and the share transfer books of the Company will remain closed from 1st September, 2009 to 4th September, 2009 both days inclusive.

Notice to the Shareholders (Contd.)

4. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, dividend declared by the Company which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The particulars of the due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the annual report.

Members who have not encashed their dividend warrants are requested to make their claim to the Company by surrendering the unencashed warrants immediately.

5. Members are requested to notify immediately any change in their address to the Company. Members holding shares in electronic form are requested to advice change of address to their depository participants.
6. 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.
7. Members are requested to sign at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
8. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be appointed/re-appointed at this meeting is given below :

Dr. SRIDHAR MITTA

Dr. Sridhar Mitta, aged 63 years, has been an internationally recognized expert in the management of Research and Development in Information Technology.

Dr. Mitta is the Managing Director and a Founder of NextWealth Entrepreneurs Private Limited which promotes Social Entrepreneurship. NextWealth identifies business opportunities with a social intent and helps entrepreneurs to build such companies by providing them with angel funding, mentoring, incubation etc.

Dr. Mitta is also the Founder of e4e Inc, (Santa Clara, CA) and a member of its Board of Directors. Dr. Mitta brings extraordinary technological and strategic depth. Today, e4e

is a global company with annual revenues exceeding US\$ 50 millions.

Dr. Mitta was involved with Wipro Limited since its inception in 1980 and played key role in Wipro achieving technology leadership. As its Chief Technology Officer and President of Wipro's Global R&D, he spearheaded strategies which transformed the captive R&D unit into a growing and profitable business. He pioneered global delivery of outsourced product development services to technology companies like Intel, Cisco Systems, Tandem Computers etc. Wipro became the highest valued company in India during his tenure. Dr. Mitta was also the Founder and CEO of EnThink Inc. (Santa Clara, CA), an Intellectual Property design and licensing start-up. He began his career with Electronics Corporation of India, Ltd.

Dr. Mitta was President of 'The IndUs Entrepreneurs (TiE)', Bangalore Chapter for over four years and now elected to Board of Trustees of TiE Global. He serves in several Boards of companies located in the United States and India.

Dr. Mitta holds a Ph.D. and MS from Oklahoma State University, US ; an M Tech from the Indian Institute of Technology (IIT), Kharagpur; and an undergraduate degree in Electronics and Communication Engineering from Andhra University.

Dr. Sridhar Mitta holds 20,000 equity shares in the company. He is a member of Audit committee of the board of director.

The other directorships held by him are as follows:

S. No	Name of the Company	Nature of Interest
1.	e4e Labs Private Limited	Director
2.	e4e Inc USA	Director & Shareholder
3.	e4e Holdings Limited	Director
4.	Jamcracker Software Technologies Private Limited	Director
5.	KBC Research Foundation Private Limited	Director
6.	Clinitics Solutions India Private Limited	Director
7.	TVS Capital Funds Limited	Director
8.	TVS-E Servicetec Limited	Director
9.	NextWealth Entrepreneurs Private Limited	Director & Shareholder



Notice to the Shareholders (Contd.)

The other committee memberships held by him are as follows;

S.No.	Name of the Company	Committee Name	Position
1.	TVS Electronics Limited	Audit Committee	Member
2.	TVS Capital Funds Limited	Remuneration Committee	Member
3.	TVS Capital Funds Limited	Governance Committee	Member

Mr. R R NAIR

Mr. R.R. Nair is a consultant to businesses on 'HR Strategy' and Leadership and Organisation Development', contributes to teaching efforts at the Indian School of Business, Hyderabad. He has an M.A. Degree in Psychology with a 1st class and 1st rank from the University of Kerala and a Post Master's Diploma with distinction in Industrial Management from IIT Kharagpur. He also got trained by Tavistock School of Human Relations, UK. He is an alumnus of Stanford and Michigan Universities too.

After a stint with DCM, Delhi, Mr. Nair served Hindustan Lever Limited (HLL) and Unilever for over 30 years. He worked in a variety of key positions covering the entire gamut of HR function. He was the first HR professional who was seconded to Unilever, London where he was responsible for organisation structure review, leadership development review and management training, in over a dozen countries. On his return, as HR Director for foods group, he facilitated the merger of Lipton with Brooke Bond and later Brooke Bond Lipton with HLL. Subsequently he served as HR Director for Unilever Arabia. Later, his services were utilized as Advisor, Organisation Development for HLL and Latin America, Asia and Middle East Region of Unilever. He played a larger role and contributed in many global HR projects including coaching initiatives. He therefore, brings to the business and the academic scene both local and international perspectives and experience.

Mr. Nair has been serving now as CEO Coach and HR Strategic Consultant. He is a Member of Schneider-Electric India's Advisory Board. He served on the Academic Council of Tata Management Training Centre, Lowe Lintas's Centre for Executive Education, HR Technical Committee of RBI and CII's National HR Council. He was chosen, among others, by NHRD for the National Award for outstanding contribution to the HR function and more recently was chosen by CNBC-KPMG for their Life-time Achievement Award. He has co-edited a publication

entitled 'Managing Transition'. He is a Fellow of the Coaching Federation of India.

Mr. Nair holds 20,000 equity shares in the company. He is a member of Remuneration/Compensation committee of the board of directors.

The other directorships held by him are as follows :

S. No.	Name of the Company	Nature of Interest
1.	BASF India Limited	Director
2.	BASF Polyurethane India Limited	Director
3.	PRS Permaceel Private Limited	Director
4.	TVS-E Servicetec Limited	Director

The other committee membership held by him is as follows:

No.	Company	Committee Name	Position
1.	TVS-E Servicetec Limited	Remuneration Committee	Member

Mr. S S RAMAN

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

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

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

The other directorships held by him are as follows:

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

Notice to the Shareholders (Contd.)

Mr. D SUNDARAM

Mr. D Sundaram is a Fellow Member of the Institute of Cost and Works Accountants and a Post Graduate in Management Studies. He has done Advanced Management Programme at Harvard Business School.

Mr. D Sundaram has handled diverse functions in his career in Unilever Group in Strategic Planning, Governance and Controls, Mergers and Acquisitions, Finance, Tax management, Investor relations etc., in various business divisions of the Group.

He retired recently as the Vice Chairman and CFO of Hindustan Unilever Ltd. He has over 33 years of experience in various senior positions in Unilever Group in India and UK. He has been awarded the prestigious "CFO of the Year" Award for FMCG sector by CNBC TV 18 twice in 2006 and 2009.

Mr. D Sundaram, who recently joined TVS Capital Funds Ltd as Director took over as the Vice Chairman and Managing Director on July 10, 2009.

Mr. D Sundaram does not hold any equity shares in the company.

The other directorships held by him are :

S. No	Name of the Company	Nature of Interest
1.	TVS Capital Funds Limited	Vice Chairman & Managing Director
2.	State Bank of India	Director
3.	SBI Capital Markets Limited	Director
4.	Glaxo Smithkline Pharmaceuticals Limited	Director
5.	Institute of Financial Management & Research (IFMR)	Member - Board of Governors

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

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

Item No.5

Mr. S S Raman was co-opted as an Additional Director at the meeting of the board held on 20th January, 2009. Mr. S S Raman'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 upto the ensuing Annual General Meeting. Accordingly, he will be vacating office at the forthcoming Annual General meeting. The Company has received a notice from a member signifying his intension to propose the appointment of Mr. S S Raman as a Director of the Company in compliance with Section 257 of the Companies Act, 1956.

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

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

Item No.6

Mr. D Sundaram was co-opted as an Additional Director at the meeting of the board held on 30th July, 2009.

The appointment of Mr. D Sundaram to the Board is considered very valuable to the Company given his wide and rich experience. Pursuant to the provisions of Section 260, an additional director appointed by the board shall hold office upto the ensuing Annual General Meeting. Accordingly, he will be vacating office at the forthcoming Annual General meeting. The company has received a notice from a member signifying his intension to propose the appointment of Mr. D Sundaram as a Director of the Company in compliance with Section 257 of the Companies Act, 1956.

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

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

Item No.7

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 Crores 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.

Mr. M Somasundaram, who was appointed as Manager under the Act by the shareholders at the annual general meeting on 5th September, 2008 has relinquished his office effective 30th April, 2009. The Board of Directors of the Company appointed Mr. S S Raman,



TVS Electronics Limited

Notice to the Shareholders (Contd.)

as Whole-time Director under the Companies Act, 1956 pursuant to Section 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 with the designation "Chief Executive Officer" (CEO) for a period of three years without any remuneration effective 1st May, 2009. The appointment is subject to approval by the Shareholders.

The Directors recommend the Special Resolution for approval of members.

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

By Order of the Board

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

30th July, 2009

D. SRINIVASAN
Company Secretary

Report  junction.com