



***TYCHE PERIPHERAL SYSTEMS LTD.***

***15<sup>th</sup>***  
***ANNUAL REPORT***  
***2005-06***

**BOARD OF DIRECTORS**

Mr. Pradeep Chauhan  
 Ms. Sabari S Kambli  
 Mr. M Balaramakrishnaiah  
 Mr. I Premkumar  
 Mr. K M Mannem  
 Mr. K S Muralidhar

Managing Director  
 Wholetime Director  
 Director  
 Director  
 Director  
 Director

**COMPANY SECRETARY**

Mr. B Balaji Gupta

**AUDITORS**

M/s. S Srinivasan & Co.  
 Chartered Accountants  
 H.No.8-2-293/82/W/93,  
 Plot No.93, Road No.7B,  
 Jubilee Hills,  
 HYDERABAD – 500 033.

**BANKERS**

State Bank of India  
 Commercial Branch,  
 Koti, Hyderabad.

**SHAREHOLDERS' INFORMATION****REGISTERED OFFICE**

13-6-436/A/26,  
 Lakshmi Nagar Colony,  
 Mehdipatnam,  
 Hyderabad – 500 028.

**AUDIT COMMITTEE**

Mr. M Balaramakrishnaiah  
 Mr. I Premkumar  
 Mr. K M Mannem  
 Mr. K S Muralidhar

**INVESTORS' GRIEVANCES COMMITTEE**

Mr. M Balaramakrishnaiah  
 Mr. I Premkumar  
 Mr. K.M. Mannem  
 Mr. K S Muralidhar

**LISTING**

The Hyderabad Stock Exchange Limited  
 Bangalore Stock Exchange Limited  
 Ahmedabad Stock Exchange Limited  
 The Calcutta Stock Exchange Association Ltd.  
 Bombay Stock Exchange Ltd. (IndoNext Segment)

**BOOK CLOSURE**

27-09-2006 to 30-09-2006 (both days inclusive)

**Date, Time and Venue of AGM**

30-09-2006, 11.00 A.M.  
 Blue Bird Function Palace,  
 12-2-718, Nanal Nagar,  
 Hyderabad – 500 028.

**REGISTRARS & SHARE TRANSFER AGENTS**  
(Physical & Electronic)

M/s. XL Softech Systems Limited,  
 3, Sagar Society, Road No.2, Banjara Hills,  
 Hyderabad – 500 034.

## NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of Tyche Peripheral Systems Limited will be held on Saturday, the 30th September, 2006 at Blue Bird Function Palace, 12-2-718, Nanal Nagar, Hyderabad - 500 028, at 11.00 A.M., to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt :
  - a) The audited balance sheet as at March 31, 2006;
  - b) The audited profit and loss account for the year ended on that date ;
  - c) The auditors' report, thereon; and
  - d) The directors' report.
2. To appoint a Director in place of Mr. K M Mannem, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. S. Srinivasan & Co., Chartered Accountants, as auditors of the company, for the period commencing from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

### SPECIAL BUSINESS

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

“RESOLVED that Mr. M. Balaramakrishnaiah, who was appointed as an Additional Director of the Company by the Board of Directors to hold office upto the date of ensuing Annual General meeting as per Section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation”.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 

“RESOLVED that Mr. K.S. Muralidhar, who was appointed as an Additional Director of the Company by the Board of Directors to hold office upto the date of ensuing Annual General meeting as per Section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation”.

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

RESOLVED THAT in accordance with the provisions of the Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Pradeep Chauhan, as Managing Director for a further period of two years with effect from 05.09.2006, on the same terms and conditions as approved at the Annual General Meeting held on 30.09.2004.

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

“RESOLVED THAT in accordance with the provisions of the Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded for the re-appointment of Ms. Sabari S Kambli, as Wholtime Director for a further period of two years with effect from 05.09.2006, on the same terms and conditions as approved at the Annual General Meeting held on 30.09.2004”.

8. To consider and if thought fit to pass the following resolution with or without modification(s) as a Special Resolution.

“RESOLVED THAT in pursuance of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from “TYCHE PERIPHERAL SYSTEMS LIMITED” to “TYCHE AUTOMATION SYSTEMS LIMITED”.

“RESOLVED FURTHER that the name “TYCHE PERIPHERAL SYSTEMS LIMITED wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name “TYCHE AUTOMATION SYSTEMS LIMITED.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution”.

By order of the Board  
for **TYCHE PERIPHERAL SYSTEMS LTD.**

Place : Hyderabad  
Date : 31.08.2006

**B. BALAJI GUPTA**  
COMPANY SECRETARY

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing Proxy in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of meeting.
2. An explanatory statement pursuant to Section 173(2) of The Companies Act, 1956, relating to Special Business to be transacted, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from 27th September, 2006 to 30<sup>th</sup> September, 2006 (both days inclusive).
4. Members are requested to notify immediately, any change in their address, to the Registrars & Share Transfer Agents quoting their registered folio Nos.
5. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the hall, duly signed.
6. The Company does not distribute copies of Annual Report at the meeting. Members may, therefore, be requested to bring their copy along with them.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.4

Mr. M. Balaramakrishnaiah originally appointed as a nominee director of Andhra Pradesh Industrial Development Corporation (APIDC) on 25.09.1999. As the Company has fully discharged the term loans sanctioned and disbursed by APIDC, the Corporation had withdrawn his nomination from the Board of the Company, vide letter dt: 21.11.2005. The Company had represented to the Andhra Pradesh Industrial Development Corporation to utilize his services as Additional Director of the Company. The Corporation had given their consent to Mr. Balaramakrishnaiah, General Manager to act as Additional Director in your Company, vide Letter dt: 27.01.2006. The Board of Directors appointed Mr. M. Balaramakrishnaiah, as an Additional Director with effect from 31-01-2006 pursuant to the provisions of the Articles of Association of the Company read with Section 260 of The Companies Act, 1956. Mr. M. Balaramakrishnaiah holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a Member under Section 257 of The Companies Act, 1956

signifying his intention to propose the appointment of Mr. M. Balaramakrishnaiah as Director of the Company, at the ensuing AGM, and is subject to retirement by rotation.

The Board recommends the above resolution for members' approval.

None of the directors except Mr. M. Balaramakrishnaiah is interested or concerned in the proposed resolution.

#### Item No.5

The Board of Directors appointed Mr. K S Muralidhar, as an Additional Director with effect from 10-03-2006 pursuant to the provisions of the Articles of Association of the Company read with Section 260 of The Companies Act, 1956. Mr. K S Muralidhar holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a Member under Section 257 of The Companies Act, 1956 signifying his intention to propose the appointment of Mr. K S Muralidhar as Director of the Company, at the ensuing AGM, and is subject to retirement by rotation.

The Board recommends the above resolution for members' approval.

None of the directors except Mr. K S Muralidhar, is interested or concerned in the proposed resolution.

#### Item No.6

Mr. Pradeep Chauhan's 2 years' term of office as the Managing Director of the Company expires on 5<sup>th</sup> September 2006. Considering the excellent track record of the Company, built under his dynamic leadership, the Board of Directors of the Company at their meeting held on 31.08.2006, resolved to re-appoint Mr. Pradeep Chauhan as the Managing Director for a further period of two years on the existing terms and conditions as approved in the Annual General Meeting held on 30.09.2004.

The Board recommends the above resolution for members' approval.

None of the directors except Mr. Pradeep Chauhan is interested or concerned in the proposed resolution.

#### Item No.7

Ms. Sabari S Kampli's 2 years' term of office as the Wholetime Director of the Company expires on 5<sup>th</sup> September 2006. Considering the significant contribution made by her towards improving the Company's financials and her effective leadership, the Board of Directors of the Company at their meeting held on 31.08.2006, resolved to re-appoint

Ms. Sabari S Kambli as the Wholetime Director for a further period of two years on the existing terms and conditions as approved in the Annual General Meeting held on 30.09.2004.

The Board recommends the above resolution for members' approval.

None of the directors except Ms. Sabari S Kambli is interested or concerned in the proposed resolution.

#### Item No.8

The Company is engaged in the manufacture / trading of Electronic Cash Registers, Currency Counting Machines, Currency Banding Machines, Currency Strapping Machines, Point of Sale Systems, Security Surveillance Systems, etc. The Company is presently one of the important players in the Retail Automation and Banking Automation Industry. It has been supplying its Cash Handling Devices to major Indian Public Sector / Private Sector Banks. To reflect the true nature of its business, it is proposed to change the name of the Company, from "TYCHE PERIPHERAL SYSTEMS LIMITED" to "TYCHE AUTOMATION SYSTEMS LIMITED".

The Registrar of Companies, Andhra Pradesh, Hyderabad, has confirmed that the name is available for registration under Sec.21 of the Companies Act, 1956 and subject to the resolution being passed; an application will be made to the Registrar of Companies for confirmation to the change of name.

The directors trust that this change of name will have the members' support and recommended the resolution for approval.

No director has any interest in this resolution except as a member of the Company.

By order of the Board of Directors

**For TYCHE PERIPHERAL SYSTEMS LTD.**

**B. BALAJI GUPTA**

**COMPANY SECRETARY**

Date: 31.08.2006

**Registered Office:**

**13-6-436/A/26,**

Lakshmi Nagar Colony, Mehdiapatnam,

HYDERABAD - 500 028.

#### ADDITIONAL INFORMATION:

1. Brief profile of Mr. K M Mannem, director, who retires by rotation and is eligible for re-appointment.

Mr. K M Mannem has been on the Board of the Company since April 2003.

Mr. K M Mannem is a Law Graduate and has varied experience in commercial dealings. Presently he is running his own business.

2. Brief profile of Mr. M. Balamakrishnaiah, whose appointment will be placed in the meeting for the approval of the members.

Mr. M. Balamakrishnaiah is a qualified Chartered Accountant with over 20 years post qualification experience in finance and accounts and is presently working as General Manager of Andhra Pradesh Industrial Development Corporation Ltd. Mr. M. Balamakrishnaiah has extended valuable support at the time of crisis which your Company, as you are aware, underwent a couple of years back. He has enthused the Management team of your Company to aggressively workout new strategies to improve penetration into new markets and enhance the turnover of the Company.

3. Brief profile of Mr. K.S. Muralidhar, whose appointment will be placed in the meeting for the approval of the members.

Mr. K. S. Muralidhar is a graduate in Science, trained in graphic art and printing. He later on diversified into marketing various domains and has been a senior consultant in various companies, in various capacities.

4. Brief profile of Mr. Pradeep Chauhan, whose appointment will be placed in the meeting for the approval of the members.

Mr. Pradeep Chauhan, aged 52 years, has a Masters degree in Economics. He has over 25 years of experience in sales and administration in various companies. He has been with TYCHE since 1995.

5. Brief profile of Ms. Sabari S Kambli, whose re-appointment will be placed in the meeting for the approval of the members.

Ms. Sabari S Kambli, aged 46 years, is qualified Chartered Accountant with over 20 years post qualification experience and has held various positions in finance and accounts, as Head of the department. She has been with TYCHE since 1997.

**DIRECTORS' REPORT**

Dear Members,

Your Directors take pleasure in presenting their report for the Financial Year 2005-2006.

**1. FINANCIAL HIGHLIGHTS (Rs. in Lacs)**

<b>PARTICULARS</b>	<b>2005-06</b>	<b>2004-05</b>
Income	3591.33	3265.10
Operating Profit	150.59	66.13
Provision for Taxation	57.28	26.80
Profit after tax	91.23	42.45
Retained Earnings	91.23	40.75

**2. OVER VIEW OF PERFORMANCE DURING THE YEAR 2005-2006:**

During the year 2005-06 your Company has been able to increase its profitability from 2.02% of its income in the previous year to 4.19% of its income in the current year. This increase in percentage of profit is mainly due to the increase of Annual Maintenance Contract (AMC) and Service income. As you would recall that in the year 2003-04, your Company had made a huge turnover of Rs.48.28 Crores, of which most of the installations have gone out of warranty and have matured for generating service income for the Company during the current year under review. This is one of the primary reasons for doubling of the profitability as compared to the previous year.

As informed to you in the previous year, your Company started marketing products, using solar energy and had made a modest beginning in the previous year. Your directors are pleased to announce that during the current year under review, the Company has made definite inroads in the solar products markets. Your Company expects this will substantially increase during the coming years. Your Company has also successfully sold Dynamic Queue Management Systems (DQMs) and Digital Video Recorders (DVRs) during the current year under review. This has been mainly possible due to the quick action taken by your Company in response to the market requirements in this line of business. All these new products have gone a long way in increasing the turnover for your Company from Rs.3265.10 lacs in the year 2004-05 to Rs.3591.33 lacs in the current year 2005-06, despite the adverse market conditions during the year under review.

**3. RAISING OF FURTHER FUNDS FOR THE COMPANY:**

During the year under review, as you are aware, your Company had held 2 Extraordinary General Meetings (EGMs), one on 20.02.2006 and 28.02.2006, for seeking your approval to raise further funds by way of Equity Share Warrants, as per the detailed explanatory statements sent to you in this regard. An amount of Rs. 62.11 Lacs has been received towards application money.

**4. DIVIDEND:**

The Directors do not recommend a dividend for the year, as the retained earnings have been kept in reserve for the proposed new products and expansion activities at Branches to cater to marketing the new products.

**5. PUBLIC DEPOSITS:**

Your Company has not accepted any deposits from the public during the year.

**6. DIRECTORS:**

Mr. K.M. Mannem, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. M. Balaramkrishnaiah and Mr. K.S. Muralidhar have been inducted as additional directors of the Company and whose term expires at the commencement of the 15<sup>th</sup> Annual General Meeting and are eligible for re-appointment.

The term of office of Mr. Pradeep Chauhan and Ms. Sabari S Kambli expired on 05.09.2006 and they are proposed for re-appointment as Managing Director and Wholtime Director respectively.

**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors' report that

- i. In the preparation of the Annual Accounts, the relevant and applicable accounting standards have been followed along with proper explanation relating to material discrepancies if any.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent in order that the financial statements reflect a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit of the company for the year.

- iii. The Directors have taken proper and sufficient care for adequate internal control and maintenance of accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Annual accounts have been prepared on a going concern basis.

#### 8. REPORT ON CORPORATE GOVERNANCE:

Report of Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is given as a separate statement in the Annual Report.

#### 9. MANAGEMENT DISCUSSIONS AND ANALYSIS

Management discussions and analysis of the Company for the year end review as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is given as a separate statement (Annexure) in the Annual Report.

#### 10. AUDITORS:

M/s S Srinivasan & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

#### 11. AUDITORS' OBSERVATIONS:

Your Directors noted for future guidance the observations of Auditors, at para 3 of Auditor's Report.

The individual balances of Sundry Debtors, Creditors, Loans & advances are many in number, in view of the nature of our transactions. Many of the customers are institutions like Banks, Govt. Departments / Undertakings, and similar organizations, as such confirmation from all the parties may not be practical. The Auditor's observations are noted by your Board.

#### 12. INDUSTRIAL RELATIONS/HUMAN RESOURCES:

The Board desires to place on record its appreciation for the support and co-operation that the company

received from suppliers, from retailers and others, associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them the rewards of growth. It will be the Company's endeavour to build and nurture strong links with trade based on mutual respect and co-operation with each other.

The Directors wish to place on record their appreciation to employees at all levels, for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the company to remain at the forefront of the industry, despite increased competition from several existing and new players.

#### 13. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is appended hereto and forms part of this Report under Annexure 1.

#### 14. PARTICULARS OF EMPLOYEES:

During the year under review, none of the employees were in receipt of remuneration in excess of the limits prescribed under the Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### 15. ACKNOWLEDGEMENTS:

The Directors would like to thank employees, shareholders, customers, dealers, suppliers, bankers and all other business associates for the continuous support given by them.

For and on behalf of the Board

Place: Hyderabad

Ms Sabari S Kambli

Pradeep Chauhan

Date: 31.08.2006

Wholetime Director

Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT:****ANNEXURE-1****PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2006.****(A) CONSERVATION OF ENERGY:**

The Company's operations do not involve high-energy consumption warranting measures for conservation. However, measures are being taken to make optimum use of the energy.

**(B) 1. TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT**

Technology absorption in ECRs, Currency Counting and Handling machines and other products are continuously upgraded based on the R & D efforts of the Company.

In this context special efforts were made towards identifying procedures and processes and customer needs, for development and to innovate products of the company.

New technologically advanced products like Cash and Cheque deposit terminals, Hitech Security Surveillance solutions were identified and are being offered to the ever dynamic markets.

**2. IMPACT OF MEASURES TAKEN**

The above measures have helped the Company in giving technologically advanced models of all its products. The development and constant upgradation of software has enabled the Company to be invited by many Government Departments like the Police and Defence for offering hitech security solutions, for offering fully integrated digital premises security systems to be used in residences, office buildings, factories, hospitals, etc.

**(C) FOREIGN EXCHANGE EARNINGS/OUTGOINGS**

Earnings in foreign currency : Rs. Nil

Expenditure in foreign Currency : Rs. 253.97 Lacs  
(Purchase of raw materials, goods, spares, foreign travel, R&D, etc).

For and on behalf of the Board

Place: Hyderabad

Ms Sabari S Kambli

Pradeep Chauhan

Date: 31.08.2006

Wholetime Director

Managing Director

## ANNEXURE –A

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:****A) Industry Structure and Development:**

The present scenario of banking industry and with the competition within the banking fraternity, the banks in India are focusing on two major areas of great concern to them viz. customer satisfaction and security. In the area of customer satisfaction, your Company has developed a few products, which cater to the needs of the banks to facilitate customer satisfaction and provide new facilities to keep customer flow smooth and moving. A few products developed in this regard are Cheque Deposit Terminal (CDT), which is a self-service Kiosk to deposit cheques without standing at a counter dispensing or accepting cheques / cash. This terminal saves bank from maintaining a counter and investing in additional manpower.

Another product in this area is Dynamic Queue Management (DQM), which was developed by your Company in the previous year, as informed to you, and in the current year your Company has been able to make a significant turnover to the company.

In the area of security and surveillance, RBI has issued directions to all banks to install foolproof security surveillance system to monitor and detect fraudulent practices by operators and criminals. Your Company has been able to offer high quality security products and solutions to effectively address the varied security concerns of small, medium, as well as large commercial establishments. High resolution Digital Video Recording with storage capacities varying from 1 week to 3 months was made available by your Company along with remote monitoring facility in real time through networking (LAN & Web).

As regards night security surveillance, banks, commercial establishments and many high net-worth individuals, were on the look out for such night security surveillance products. Your Company has offered a fully integrated Digital Premises Security System installed at designated protective areas, which upon activation send signals to the controller units (wireless / wired modules), which in turn activates the Alarm System.

Yet another area of concern to banks and other huge malls mushrooming across the country, safe and secure hardware has also become a prime necessity, as data security and safety has become of utmost priority to the banks. The data availability and recovery is the prime source of running the business successfully and I.T. infrastructure is the best format for success. Disasters like fire and burnouts can create havoc for banks and other institutions. Thus the latest Electronic Fire Detection System and Gas Suppression System, which detects and wipes out the fire without effecting the hardware of a data center has become yet another huge business opportunity. Your Company with the latest state of art technology has catered to this need by offering Fire Fighting equipments as mentioned above.

**(B) SWOT Analysis:****(i) Strengths:**

- (a) 'CASHTRON' brand has more or less become a generic name in Transaction Automation Devices across the country.
- (b) 65 Branch Offices and Service Centers all over India.
- (c) Strong Software Team to cater to the in-house software solutions and provide software solutions to major customers like, Reliance Energy Ltd., for offering them software for revenue collection centers.
- (d) TYCHE has also been invited by other major companies like Calcutta Electric Supply Company (CESC) for providing revenue collection center solutions.
- (e) Excellent customer relationship with all its major and minor customers like banks, electric supply companies and many small shops and establishments, etc.
- (f) Availability of latest state of art technology for all its products.
- (g) Certification as ISO 9001:2000 Company has enabled your Company to bag many Government tenders, which are awarded only to standard companies.

**(ii) Weaknesses:**

- (a) The Company may not be able to cater to sudden expansion of markets, due to sheer volumes and the geographic spread.
- (b) High level of selling overheads for maintaining sales and service centers across the country, increases the per unit cost for the Company, as compared to its competitors, who are basically regional players.

**(iii) Opportunities:**

- (a) The mushrooming of retail chains and shopping malls across the country has created a sudden spurt in the POSS market, creating a huge business opportunity for your Company.
- (b) Due to extended working hours and heavy customer movements of small retail outlets, economically viable surveillance systems are very much in demand to monitor the customer behaviour and detect pilferage during rush hours Your Company has brought out a range of products to cater to this huge demand.
- (c) Banks across the country have created demand for products to facilitate customer satisfaction in order to beat the competition within the banking fraternity. Cheque Deposit Terminals is one of such product, which saves the bank from maintaining a counter and investing in an additional manpower. Your Company has preempted the need for this product and is one of the forerunners to supply these terminals to various banks.
- (d) Night Surveillance System is yet another area, which has got vast demand and your Company plans to cater to a sizable portion of this demand by bringing out products like, Motion Detectors, Night Cameras, IR Devices, etc.
- (e) Safety of premises has now become of utmost priority for banks, commercial establishments, malls, etc. Disasters like, Fire and burnouts can create havoc for these institutions. Your Company's latest products like, Electronic Fire Detection System and Gas Suppression System, using the latest state of art technology is the answer to this huge business opportunity that has been created.

**(iv) Threats:**

- (a) Competition from unorganized sectors of the market.
- (b) Adverse fluctuations in exchange rates / Government policies may effect the profitability / sales.
- (c) Intense price war, due to undercutting practices and increase in the number of small players at the entry level, in all its products.

**(C) Product wise performance:**

(Rs. in Lacs)

S.NO.	PRODUCT	VALUE	% TO TOTAL
<b>A.</b>	<b>Machine sales:</b>		
1.	Retail Automation Products	314.61	8.80
2.	Banking Automation Products	1676.20	46.86
3.	Others	935.82	26.16
<b>B.</b>	<b>Service Income</b>	650.46	18.18

**(D) Outlook for the Company:**

The increase in demand of retail chains and shopping malls has put the POSS Market into a take-off stage, where POSS Terminals become the need of the day, as inventory management becomes a necessity to keep the business margins well within limits. Looking at the marketing opportunity, your Company has tied up with NCR Corporation India Pvt. Ltd., to address this huge demand and the strategy, to grab maximum market share, will start bearing the fruits in the Financial Year 2006-07. Expanding the market of automatic billing systems, consisting

of ECRs, POSS and PCs, which are being used by a large number of retail outlets, have preempted the need for printing customer receipts, which has in turn created a huge business opportunity for mini-printers at the cash counters of all these retail outlets. The small foot print and rugged design of the printer is the perfect solution for these cash counters at such retail outlets. Your Company anticipates a further business opportunity by way of sale of mini-printers and has added this product to its expanding product line to cater to such retail automation solutions.

**(E) Internal Control System and Adequacy:**

Adequate and effective internal control systems are in place. These are periodically reviewed and discussed for correction / implementation.

The internal control measures adopted reasonably assure;

- (i) Suitable recording and safeguarding of assets of the Company.
- (ii) Relevant accounting records give reliable financial information and give true and fair view.

**(F) Financial Performance:**

Discussion on Financial performance with respect to operational performance:

Certain important indicators:

SL.No.		2005-06	2004-05	Remarks
(i)	PAT / Net Sales (%)	2.55	1.31	This ratio has doubled mainly due to increase in profits. There has been substantial increase in profits due to increase in AMC income in current year, which has in turn improved the bottom line.
(ii)	PBIT / Interest (times)	3.80	2.17	The coverage is better due to increase in bottom line and in absolute figures.
(iii)	Working Capital Loan/Sales (%)	11.47	12.71	This marginal drop is due to drop in WCL marginally coupled with a 10% growth in sales.
(iv)	Current Ratio	1.46	1.50	Well above industrial benchmark used by FIs of 1.33.
(v)	Return of Equity (ROE) = PAT / NW (%)	8.25	4.46	There is a vast improvmenet in this ratio due to substantial improvement in NW, due to increase in profits for reason mentioned above.
(vi)	Debt Equity Ratio = Total Debt/ Equity.	2.73	2.13	There has been a marginal increase in total debt, though equity has remained unchanged.

**(G) Material development in Human Resource / Industrial relations, including number of people employed:**

The Company's strength in terms of number of employees in various locations and departments are given below:

Sl.No.	Location / Department	Ending of the Yr.	Beginning of the Yr.
1.	Corp. Office	51	39
2.	Logistics	21	18
3.	Branches	273	240
	<b>TOTAL:</b>	<b>345</b>	<b>297</b>

**(H) Cautionary Statement:**

Certain statements in the 'Management Discussion and Analysis' on expectation, prediction, etc. may be forward looking. Actual results could differ materially. This may be express or implied. Some of the factors that could influence the difference are pricing in the major market sector, change in Government regulation, tax implication, economic developments and other incidental factors. The Company may not take responsibility to amend or modify publicly any forward-looking statements; on the basis of any developments, or events occurring subsequently.

ANNEXURE – B

**CORPORATE GOVERNANCE:****1. The Company's Philosophy:**

The Company's philosophy is to implement and set best of the practices of Corporate Governance for the good of diverse group of people, who are the stakeholders of the Company viz. Shareholders, Customers, and Employees. In this context, the Company is thriving to set consistent practices to operate the Business of the Company efficiently and effectively, so that it can achieve long term mutually profitable partnership with all its stakeholders.

**2. Board of Directors:**

The Board of Directors of the Company comprises of Managing Director, Wholetime Director and four independent Directors.

During the year ended 31<sup>st</sup> March 2006 8 Meetings of the Board of Directors were held on 30.04.2005, 29.07.2005, 26.08.2005, 29.10.2005, 21.01.2006, 31.01.2006, 21.02.2006 and 10.03.2006. Last AGM was held on 30<sup>th</sup> September 2005.

The Attendance of the Directors is as follows:

Sl.No.	Name of the Director	Category	No. of Board Meetings attended	Whether Attended AGM
1.	Mr. Pradeep Chauhan	Managing Director	8	Yes
2.	Ms. Sabari S Kambli	Wholetime Director	8	Yes
3.	Mr. M. Balaramakrishnaiah	Director	7	Yes
4.	Mr. I Premkumar	Director	8	Yes
5.	Mr. K.M. Mannem	Director	8	Yes
6.	Mr. K S Muralidhar	Director	1	No

### 3. Committee of the Board:

#### (i) Audit Committee:

Terms of reference of the audit committee set out at the Board Meeting 31.03.2001 inter alia includes, compliance to established, practices, mandatory requirements; ensure that Financial Statements reflect a true and fair view, recommend operating improvements; discussion with statutory and internal auditors; etc. and are in accordance the Sec. 292 A of the Companies Act, 1956 read with Listing Agreements with the Stock Exchanges.

#### Composition and Attendance:

During the year ended 31<sup>st</sup> March 2006, 5 meetings of the Audit Committee, under Chairmanship of Mr. Balaramakrishnaiah, were held on 30.04.2005, 29.07.2005, 26.08.2005, 29.10.2005 and 31.01.2006.

Sl.No.	Name of the Director	Category	No. of Committee Meetings attended
1.	Mr. M. Balaramakrishnaiah	Director	4
2.	Mr. I Premkumar	Director	5
3.	Mr. K.M. Mannem	Director	5
4.	Mr. K S Muralidhar	Director	-

The Committee discusses the Accounting Policies, internal audit reports, Un-Audited financial results, Audited financial results and compliance with accounting standards etc.,

#### (ii) Investors grievances Committee:

Terms of references are taken as per guidelines set in the listing agreement. The Committee is constituted by the four independent directors, viz. Mr. M. Balaramakrishnaiah, Mr. I. Premkumar, Mr. K.M. Mannem and Mr. K.S. Muralidhar. During the year ended 31<sup>st</sup> March 2006, five meetings of the Investors Grievances Committee, under Chairmanship of Mr. Balaramakrishnaiah, were held on 30.04.2005, 29.07.2005, 26.08.2005, 29.10.2005 and 31.01.2006.

Sl.No.	Name of the Director	Category	No. of Committee Meetings attended
1.	Mr. M. Balaramakrishnaiah	Director	4
2.	Mr. I Premkumar	Director	5
3.	Mr. K.M. Mannem	Director	5
4.	Mr. K S Muralidhar	Director	-

#### The Company attended to the investors grievances / correspondences, expeditiously.

- |   |   |         |
|---|---|---------|
| (a) No. of Shareholders' complaints received During the year            | : | 10      |
| (b) No. of complaints not resolved to the satisfaction of Shareholders. | : | - Nil - |
| (c) No. of pending shareholders' complaints as on 31.03.2006            | : | - Nil - |

#### (iii) Remuneration Committee:

The Company has a Remuneration Committee, to determine the remuneration package to Managing Director and Wholetime Director. The Remuneration Committee consists of 4 independent directors as members. The Remuneration Committee has not met during the year as there were no appointments / reappointments.

### 4. General Body Meetings:

The last three Annual General Meetings were held as per details given below:

S.No.	Year	Day	Date	Time
1.	2002-2003	Tuesday	30.09.2003	12.00 P.M.
2.	2003-2004	Thursday	30.09.2004	11.00 A.M.
3.	2004-2005	Friday	30.09.2005	10.00 A.M.

- (a) No Special resolutions were passed at the 12<sup>th</sup> AGM (2002-2003) held on 30<sup>th</sup> September 2003.
- (b) Special resolutions pertaining to reappointment of Mr. Pradeep Chauhan, the Managing Director and Ms. Sabari S Kambli, the Wholetime Director, were passed at the 13<sup>th</sup> AGM (2003-2004) held on 30<sup>th</sup> September 2004.
- (c) Special resolutions pertaining to delisting of equity shares from the Stock Exchanges viz. the Hyderabad Stock Exchange Limited, Bangalore Stock Exchange Limited, Ahmedabad Stock Exchange Limited and the Calcutta Stock Exchange Association Ltd / Alteration of Objects Clause IIIA of Memorandum of Association of the Company were passed at the 14<sup>th</sup> Annual General Meeting (2004-2005), held on 30.09.2005.
- (d) Special resolution pertaining to issue of further shares was passed at the Extraordinary General Meeting held on 20th February, 2006.
- (e) Special resolutions pertaining to increase of authorised capital/issue of further shares were passed at the Extraordinary General Meeting held on 28th February, 2006.

#### 5. Disclosure:

##### (i) **Related party transactions:**

There are no related party transactions requiring disclosures as per Accounting Standards.

##### (ii) **Compliance by the Company:**

The Company complied with the requirements of Stock Exchanges, SEBI and other Statutory Authorities. No penalties or strictures have been imposed on the Company by Stock Exchanges, or SEBI or any other related Statutory Authorities.

#### 6. **Means of Communication:**

- (i) The quarterly results are announced in the Business Line, Business Standard and in regional Newspaper Andhra Bhoomi (Telugu). The information of quarterly results are sent to Stock Exchanges.
- (ii) The Management discussions and Analysis Report forms part of the Directors' Report.

#### 7. **Shareholders information:**

##### (i) **Annual General Meeting:**

Date : September 30, 2006  
 Time : 11.00 A.M.  
 Venue : Blue Bird Function Palace  
 12-2-718, Nanal Nagar,  
 Hyderabad – 500 028.

##### (ii) **The Profile of Directors retiring by rotation / re-appointment**

###### **Director retiring by rotation**

###### **Mr. K M Mannem**

Mr. K M Mannem has been on the Board of the Company since April 2003.

Mr. K M Mannem is a Law Graduate and has varied experience in commercial dealings. Presently he is running his own business.

He is holding membership in the following Committee of Directors:

Name of the Company	Name of the Committee	Position Held
Tyche Peripheral Systems Ltd.	i) Audit	Member
	ii) Remuneration	Member
	iii) Shareholders' / Investors' Grievance	Member

**(iii) Financial Calendar – 2006:**

Adoption of Quarterly Results:

Period	Adoption of Quarterly results
For the Qtr. Ended 31 <sup>st</sup> March 2006	29 <sup>th</sup> April 2006
For the Qtr. Ended 30 <sup>th</sup> June 2006	31 <sup>st</sup> July 2006
For the Qtr. Ended 30 <sup>th</sup> Sept, 2006	October 2006 (4 <sup>th</sup> Week)
For the Qtr. Ended 31 <sup>st</sup> Dec, 2006	January 2007 (4 <sup>th</sup> Week)

**(iv) Book Closure Date:**

27-09-2006 to 30-09-2006 (Both dates inclusive).

**(v) Listing on Stock Exchanges:**

The equity shares of the Company are listed on the Stock Exchanges at Bombay (IndoNext Segment), Hyderabad, Kolkata, Ahmedabad and Bangalore. The Listing Fees is duly paid.

**(vi) Market price data:**

Bombay Stock Exchange Ltd., Mumbai (IndoNext Segment)

Scrip Code	:	590048
ISIN	:	INE 969A01018
Group	:	S(BSE INDONEXT)
Scrip ID on BOLT System	:	TYCHEPERIPH
Abbreviated name on BOLT System	:	TYCHEPERI

(Source – BSE Website)

Month & Year	High (Rs.)	Low (Rs.)
August 2005	32.60	14.50
September 2005	28.00	14.55
October 2005	17.40	9.00
November 2005	12.19	8.54
December 2005	11.00	8.81
January 2006	23.91	10.25
February 2006	30.00	19.90
March 2006	31.00	22.45
Permitted trading under BSE (IndoNext Segment) started in the month of August 2005.		

**(vii) Registrar and Transfer Agents and Share transfer system:**

M/s. XL Softech Systems Limited,  
3, Sagar Society, Road No.2, Banjara Hills,  
Hyderabad – 500 034.

For both Physical and Electronic modes.

The Share Transfer Committee holds a meeting every fortnight to consider all matters concerning transfer and transmission of shares. The Company's shares are in compulsory Demat Mode. The shares received for transfer in physical mode by the Company are transferred expeditiously and thereafter option letter is sent to the transferee(s) for dematerialization of his / her shares. Confirmation in respect of the request for dematerialization is sent to the respective depositories. In case the transferee(s) does / do not opt for dematerialization of the shareholding, the transfer is completed in the physical mode and the share certificates duly transferred are sent to the transferee(s).

The Company's shares are available for trading in the depository systems of both the National Securities Depository Ltd., (NSDL) and the Central Depository Services (India) Ltd. (CDSL).

**(viii) Shareholding Pattern as on 31-03-2006:**

S.No.	Category	No. of Shares	%
1.	Promoters	1815250	25.00
2.	Mutual Funds	6500	0.08
3.	Banks & Financial Institutions	—	—
4.	Foreign Institutional Investors	—	—
5.	Corporate Bodies	841398	11.58
6.	Indian Public	4592129	63.22
7.	NRIs / OCBs	8821	0.12
	<b>TOTAL</b>	<b>7264098</b>	<b>100.00</b>

**(ix) Distribution of Shareholding as on 31-03-2006:**

Nominal Value		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	7704	87.01	1088210	14.98
5001	10000	502	5.67	440254	6.06
10001	20000	249	2.81	410183	5.65
20001	30000	100	1.13	268366	3.69
30001	40000	62	0.70	225914	3.11
40001	50000	67	0.76	320577	4.41
50001	100000	58	0.66	455108	6.27
100001	and above	112	1.26	4055486	55.83
	<b>Total</b>	<b>8854</b>	<b>100.00</b>	<b>7264098</b>	<b>100.00</b>

**(x) Address for Correspondence:**

The Shareholders may address their communications/ suggestions / grievances / queries to:

**Mr. B. Balaji Gupta , Company Secretary**

Tyche Peripheral Systems Limited

13-6-436/A/26, Lakshmi Nagar Colony,

Mehdipatnam,

**HYDERABAD – 500 028.**

Tel. No.040 – 2352 5436/ 2352 5437.

Email Address: hyd2\_tychesys@sancharnet.in

**DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO)**

I, Pradeep Chauhan, Managing Director of Tyche Peripheral Systems Limited, hereby declare that all the board members and senior managerial personnel have affirmed, for the year ended 31st March 2006, compliance with the code of conduct of the company laid down for them.

Place : Hyderabad  
Date : 31.08.2006

sd/-  
Pradeep Chauhan  
Managing Director

**CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND  
CHIEF FINANCIAL OFFICER (CFO)**

We, Pradeep Chauhan, Managing Director and Ms. Sabari S Kambli, Director (Finance) of Tyche Peripheral Systems Limited, certify;

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2006 and that to the best of our knowledge and belief,
  - i. these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - ii. these statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of;
  - i. significant changes in internal control during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place : Hyderabad  
Date : 31.08.2006

Sd/-  
Pradeep Chauhan  
Managing Director

Sd/-  
Ms Sabari S Kambli  
Director (Finance)

**AUDITOR'S REPORT ON CORPORATE GOVERNANCE:**

To

The Members,  
M/s Tyche Peripheral Systems Limited,  
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by Tyche Peripheral Systems Ltd., for the year ended March 31<sup>st</sup> 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement(s).

We state that as per the records maintained by the Company, no investor grievances is remaining unattended / pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S SRINIVASAN & Co.,  
Chartered Accountants**

Date : 31.08.2006

Place : Hyderabad.

**S. SRINIVASAN****AUDITOR'S REPORT**

To

The Members of  
M/s Tyche Peripheral Systems Limited

1. We have audited the attached Balance Sheet of M/s Tyche Peripheral Systems Limited, Hyderabad (AP) as at 31<sup>st</sup> March, 2006 and also the attached Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. *The Individual Balances of Sundry debtors, Sundry creditors, loans and advances are subject to confirmation by the parties concerned.*
4. As required by the companies (Auditor's Report) order, 2003 as amended by the companies (Auditor's Report Order), (Amendment) 2004, issued by the Central Government of India 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 & 5 of the said order.

- (i) Further to our comments in Annexure referred to above and subject to our comments in paragraph 3 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of such books.
- (c) The Balance Sheet and the Profit & Loss Account and cash flow statement referred to in this report are in agreement with the books of account.
- (d) In our opinion the Profit & Loss Account and the Balance Sheet dealt with by this report, comply with the Accounting Standards referred to in Sub-Sec (3C) of Sec.211 of the Companies Act, 1956.
5. On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2006 from being appointed as Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations furnished to us, the said Balance Sheet and the Profit & Loss Account 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:
  - i. In so far as it relates to the Balance Sheet, of the State of Affairs of the company as at 31<sup>st</sup> March, 2006 and
  - ii. In so far it relates to Profit & Loss Account, of the profit of the company for the year ending 31<sup>st</sup> March, 2006.

**For S SRINIVASAN & Co.,  
Chartered Accountants**

Date : 31.08.2006  
Place : Hyderabad.

**S. SRINIVASAN**

**ANNEXURE TO AUDITOR'S REPORT**

Statement referred to in paragraph 4 of our report of even date:

- (1) (a) This Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) We were informed that the assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed of by the Company during the year, hence reporting on the going concern status does not arise.
- (2) (a) In our opinion, 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.
- (b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (3) (a) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) There are no transactions exceeding Rs.5.00 lacs that need to be entered into a register in pursuance of section 301 of the Act.
- (4) There is adequate internal control procedure commensurate with the size of the Company and the nature of its business.
- (5) The Company did not accept any deposits in violation of section 58A and 58AA of the Companies Act or in violation of the directions of the Reserve Bank of India.
- (6) The Company has internal audit system, commensurate with its size and nature of its business.
- (7) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, for this Company.
- (8) The Company is regular in depositing statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
- (9) The Company has neither accumulated losses as at March 31, 2006, nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.
- (10) The Company has not defaulted in repayment of dues to any financial institution or bank.
- (11) The Company did not grant any loans other than advances to its staff and workers.
- (12) The Company is not a Chit Fund or Nidhi Company.
- (13) The Company does not deal in shares or debentures.
- (14) The Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company; other than shares invested in Power Onicks Ltd., which were pledged against loans borrowed by the said company from Indian Renewable Energy Development Agency Limited (IREDA).
- (15) There are no term loans taken during the year.
- (16) The Company did not use the funds raised for short-term purposes for long-term purposes and vice-versa.
- (17) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (18) The Company did not issue any debentures during the year.
- (19) The Company did not raise any money through public issues. However the Company has received share application money towards the proposed preferential issue of share warrants.
- (20) No fraud on or by the Company has been noticed or reported during the year.

As per our Report of even date

**For S SRINIVASAN & Co.,  
Chartered Accountants**

Place : Hyderabad  
Date : 31.08.2006

(S SRINIVASAN)

**BALANCE SHEET AS AT 31.03.2006**

<b>PARTICULARS</b>	<b>SCHEDULE NO</b>	<b>AS AT 31.03.2006 Rs.</b>	<b>AS AT 31.03.2005 Rs.</b>
<b>I. SOURCES OF FUNDS</b>			
Shareholders' funds			
a) Share Capital	1	78,852,180	72,640,980
b) Reserves and Surplus	2	<u>31,624,954</u>	<u>22,501,989</u>
		<b>110,477,134</b>	95,142,969
Loan funds			
a) Secured Loans	3	42,309,036	43,084,353
b) Unsecured Loans	4	<u>5,717,300</u>	<u>5,743,500</u>
		<b>48,026,336</b>	48,827,853
<b>TOTAL</b>		<b><u>158,503,470</u></b>	<b><u>143,970,822</u></b>
<b>II. APPLICATION OF FUNDS</b>			
Fixed Assets:	5		
a) Gross block		69,478,556	67,666,827
b) Less Depreciation		<u>47,972,743</u>	<u>43,753,013</u>
c) Net block		<b>21,505,813</b>	23,913,814
Investments	6	<b>8,200,000</b>	8,200,000
Current assets, Loans and Advances			
a) Inventories	7	84,919,029	86,606,161
b) Sundry debtors	8	147,737,360	83,603,563
c) Cash and Bank balances	9	36,031,840	33,157,054
d) Other current assets	10	11,885,230	7,229,373
e) Loans and advances	11	<u>9,518,366</u>	<u>13,047,307</u>
		<b>290,091,825</b>	223,643,458
Less: Current Liabilities and Provisions	12		
a) Liabilities		149,941,142	105,569,057
b) Provisions		<u>8,470,053</u>	<u>2,680,499</u>
		<b>158,411,195</b>	108,249,556
<b>Net Current Assets</b>		<b>131,680,630</b>	115,393,902
<b>Deferred Tax liability</b>		<b>(2,882,973)</b>	(3,536,894)
<b>Miscellaneous expenditure</b>	13	-	-
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b><u>158,503,470</u></b>	<b><u>143,970,822</u></b>
Significant Accounting Policies	22		
Notes to Accounts	23		

The Schedules referred to above form part of the Balance Sheet as at 31.03.2006

As per our report attached  
for **S SRINIVASAN & CO**  
Chartered Accountants

for and on behalf of the Board

Managing Director  
Wholetime Director  
Company Secretary

Pradeep Chauhan  
Ms. Sabari.S.Kambli  
B. Balaji Gupta

S.SRINIVASAN  
PLACE: Hyderabad  
DATE : 31.08.2006

PLACE: Hyderabad  
DATE : 31.08.2006

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2006**

PARTICULARS	YEAR ENDED 31.03.2006		YEAR ENDED 31.03.2005	
		Rs.		Rs.
<b>I INCOME</b>				
Sales & Service Income	14	357,709,423	324,681,214	
Others	15	<u>1,423,297</u>	<u>1,829,367</u>	326,510,581
Increase /( Decrease) in Stocks	16	(4,003,830)		(16,414,121)
<b>TOTAL</b>		<b><u>355,128,890</u></b>		<b><u>310,096,460</u></b>
<b>II EXPENDITURE</b>				
Material consumed & Cost of goods sold	17	260,604,502		223,141,089
Remuneration & benefits to employees	18	26,236,248		24,238,617
Manufacturing, Admn. & Selling expenses	19	43,631,946		45,665,189
Interest & Financial Charges	20	5,377,866		5,544,653
Depreciation	5	<u>4,219,729</u>		<u>4,870,834</u>
<b>TOTAL</b>		<b><u>340,070,292</u></b>		<b><u>303,460,383</u></b>
<b>III PROFIT FOR THE YEAR</b>		<b>15,058,598</b>		6,636,077
Less: Miscellaneous expenses written-off		-		22,682
<b>IV PROFIT BEFORE TAX</b>		<b>15,058,598</b>		6,613,395
Less: Provision for Taxation				
Current Taxes		5,727,780	2,680,499	
Fringe Benefit Tax		861,774	-	
Deferred Taxes		<u>(653,921)</u>	<u>(311,906)</u>	2,368,593
<b>V PROFIT AFTER TAX</b>		<b>9,122,966</b>		4,244,802
Prior Period adjustments (Net)	21	-		(169,665)
<b>VI PROFIT RETAINED</b>		9,122,966		4,075,137
Profit brought forward from Previous year		20,501,989		16,426,852
<b>VII BALANCE CARRIED TO BALANCE SHEET</b>		<b><u>29,624,954</u></b>		<b><u>20,501,989</u></b>
Significant Accounting Policies	22			
Notes to Accounts	23			

The Schedules referred to above form part of the Profit & Loss Account for the period ended 31.03.2006

As per our report attached  
for **S SRINIVASAN & CO**  
Chartered Accountants

for and on behalf of the Board

Managing Director  
Wholtime Director  
Company Secretary

Pradeep Chauhan  
Ms.Sabari.S.Kambli  
B. Balaji Gupta

S.SRINIVASAN  
PLACE: Hyderabad  
DATE : 31.08.2006

PLACE: Hyderabad  
DATE : 31.08.2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2006  
(As required by Listing agreement)

PARTICULARS	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAXATION, AND EXTRA-ORDINARY ITEMS	<b>15,058,598</b>	6,613,395
Adjustments:		
ADD:		
Depreciation	4,219,729	4,870,833
Interest & Financial charges	5,377,866	5,544,654
Prior period adjustments (net)	-	-
Deferred Revenue Expenditure written-off	-	-
Misc. Expenses written-off	-	22,682
	<u>9,597,595</u>	<u>10,438,169</u>
LESS:		
Interest/Misc. income received	1,423,297	1,829,367
Interest & Financial charges paid	5,053,105	5,152,583
Income Tax paid	4,300,000	2,100,000
Misc. Expenses written-off	-	-
Prior period adjustments (net)	-	169,665
	<u>10,776,402</u>	<u>9,251,615</u>
Operating Profit before Working Capital changes	<b>13,879,791</b>	7,779,949
(Increase) / Decrease in Sundry Debtors	(64,133,797)	(15,950,259)
(Increase) / Decrease in Loans & Advances	3,528,941	(479,859)
(Increase) / Decrease in Other Current Assets	(454,667)	3,108,198
(Increase) / Decrease in Inventories	1,687,132	12,044,634
(Increase) / Decrease in Current Liabilities	44,216,073	(7,437,886)
	<u>(15,156,318)</u>	<u>(8,715,172)</u>
Cash flow before extra-ordinary items	<b>(1,276,527)</b>	(915,223)
Extra-ordinary items	-	(75,000)
		<u>(75,000)</u>
<b>Net Cash Flow from Operating Activities</b>	<b>A (1,276,527)</b>	(990,223)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
OUT FLOW		
Purchase of fixed assets including Capital Work in Progress Investments	(1,811,729)	(1,827,548)
	<u>-</u>	<u>-</u>
	<u>(1,811,729)</u>	<u>(1,827,548)</u>
INFLOW		
Interest/ Misc. Income received	553,359	679,512
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>B (1,258,370)</b>	(1,148,036)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
INFLOW		
Proceeds from issuance of Share capital	6,211,200	-
Proceeds from long-term borrowings	-	-
Hire purchase loans received	-	-
Increase in Unsecured Loans	-	-
Increase in Bank Borrowings	-	-
	<u>6,211,200</u>	<u>-</u>

OUTFLOW			
Repayment of Working Capital Loan/Term Loans	(239,789)		(1,065,595)
Decrease in Bank Borrowings	-		-
Hire Purchase loans repaid	(535,528)		(1,188,067)
Unsecured Loans repaid	(26,200)		-
Deferred Revenue expenditure	-		-
	<u>(801,517)</u>		<u>(2,253,662)</u>
NET CASH FLOW FROM FINANCING ACTIVITIES	C	<b>5,409,683</b>	(2,253,662)
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		<b>2,874,786</b>	(4,391,921)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD		<b>33,157,054</b>	37,548,975
CASH & CASH EQUIVALENTS AT END OF PERIOD		<u><b>36,031,840</b></u>	<u>33,157,054</u>

for and on behalf of the Board

Managing Director  
 Wholtime Director  
 Company Secretary

Pradeep Chauhan  
 Ms.Sabari S Kambli  
 B. Balaji Gupta

PLACE : Hyderabad  
 DATE : 31.08.2006

We have examined the attached Cash Flow statement of TYCHE PERIPHERAL SYSTEMS LIMITED, HYDERABAD for the year ended 31st March 2006. The statement has been prepared by the company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of 31st August 2006, to the members of the Company.

As per our report attached  
**for S SRINIVASAN & CO**  
**Chartered Accountants**

S.SRINIVASAN

PLACE: Hyderabad  
 DATE : 31.08.2006

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
<b>SCHEDULE 1 :</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
1,20,00,000 Equity Shares of Rs.10/-each	<u>120,000,000</u>	<u>100,000,000</u>
<b>Issued,Subscribed &amp; Paid up Capital</b>		
72,64,098 Equity shares of Rs.10/- each fully Paid-up	72,640,980	72,640,980
Share Application Money	<u>6,211,200</u>	<u>-</u>
	<u>78,852,180</u>	<u>72,640,980</u>
<b>SCHEDULE 2 :</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve (Subsidy)	2,000,000	2,000,000
Profit & Loss A/c	<u>29,624,954</u>	<u>20,501,989</u>
	<u>31,624,954</u>	<u>22,501,989</u>
<b>SCHEDULE 3 :</b>		
<b>SECURED LOANS.</b>		
From		
a) State Bank of India (Working Capital Loan including Foreign Currency Demand Loan)	41,021,048	41,260,837
b) Hire Purchase Loan	1,287,988	1,823,516
	<u>42,309,036</u>	<u>43,084,353</u>

**Notes:**

- Working Capital borrowings as stated above from State Bank of India are secured by hypothecation of stock of Rawmaterials,Components,Spares,Stock-in-process, Finished goods wherever situated including Goods-in-transit,all present and future Book-Debts and are further secured by charge created on Fixed Assets of the Company and further secured by personal guarantees of Managing Director and two Directors of the Company. Foreign Currency Demand Loan was availed within the overall working capital limits sanctioned by State Bank of India.
- Hire Purchase loans for purchase of vehicles are secured by Hypothecation of the respective vehicles

**SCHEDULE 4 :****UNSECURED LOANS**

Sales Tax Deferment	5,667,300	5,743,500
Others	<u>50,000</u>	<u>-</u>
	<u>5,717,300</u>	<u>5,743,500</u>

**SCHEDULE 5 :  
FIXED ASSETS :**

S.NO. DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT 31.3.2005	ADDITIONS (DEDUCTIONS)	AS AT 31.03.2006	UPTO 31.3.2005	FOR THE PERIOD	Adj/ DEDUCTIONS)	UPTO 31.03.2006	AS AT 31.3.2006	AS AT 31.3.2005
1 Land	200,004	-	200,004	-	-	-	-	200,004	200,004
2 Building	3,352,556	-	3,352,556	2,113,000	123,956	-	2,236,956	1,115,601	1,239,557
3 Plant & Machinery Technical know how	28,365,803 6,408,383	- -	28,365,803 6,408,383	18,289,909 3,980,635	1,401,557 337,700	- -	19,691,466 4,318,335	8,674,337 2,090,048	10,075,895 2,427,748
4 Furniture	6,455,621	161,702	6,617,323	4,038,835	498,459	-	4,537,294	2,080,029	2,416,785
5 Vehicles	4,668,293	932,309	5,600,602	1,664,999	814,456	-	2,479,455	3,121,147	3,003,294
6 Office equipment	1,617,791	222,618	1,840,409	931,791	193,770	-	1,125,561	714,848	686,000
7 Electrical Installation	934,253	-	934,253	581,436	49,077	-	630,513	303,740	352,817
8 Factory Equipment	921,804	-	921,804	268,878	90,822	-	359,700	562,104	652,927
9 D G Set	265,673	-	265,673	196,688	9,596	-	206,284	59,389	68,985
10 Computers	8,511,317	403,613	8,914,929	7,577,593	432,996	-	8,010,589	904,340	933,723
11 Air Conditioners	611,605	49,000	660,605	260,790	49,900	-	310,690	349,915	350,815
12 Communication Equipment	496,578	41,790	538,368	314,855	32,639	-	347,494	190,874	181,723
13 Service Equipment	4,857,146	697	4,857,843	3,533,604	184,802	-	3,718,406	1,139,437	1,323,542
<b>TOTAL</b>	67,666,827	1,811,729	69,478,556	43,753,013	4,219,729	-	47,972,743	21,505,814	23,913,815
PREVIOUS YEAR	66,175,293	1,491,534	67,666,827	39,141,883	4,870,834	259,704	43,753,013	23,913,815	27,033,410

	AS AT 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE 6: INVESTMENTS</b>		
In Companies	8,200,000	8,200,000
Investments in Fully paid-up Equity shares (Unquoted shares at cost)	<u>8,200,000</u>	<u>8,200,000</u>
<b>SCHEDULE 7: INVENTORIES.</b>		
(As valued and certified by the Management)		
Raw Materials at cost	-	752,600
Stock-in-transit	2,442,539	1,284,245
Finished Goods at realisable value/cost w.e. lower	45,647,894	50,810,018
Consumables & Spare Parts	36,828,596	33,759,298
	<u>84,919,029</u>	<u>86,606,161</u>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
(Unsecured but Considered Good)		
Debts due over six months	7,318,487	6,067,799
Other debts	140,418,873	77,535,764
	<u>147,737,360</u>	<u>83,603,563</u>
	<u>147,737,360</u>	<u>83,603,563</u>
<b>SCHEDULE 9: CASH &amp; BANK BALANCES</b>		
Cash In Hand		
With Head-office	89,596	89,480
With Branches	371,573	388,057
With Branches (for demo)	1,856,500	2,026,500
	<u>2,317,669</u>	<u>2,504,037</u>
with Scheduled Banks		
- In Current Accounts	11,111,513	4,840,724
- In Fixed Deposits (Margin Money)	2,743,933	2,743,933
- In Fixed Deposits (Others)	19,858,726	23,068,360
	<u>33,714,172</u>	<u>30,653,017</u>
	<u>36,031,840</u>	<u>33,157,054</u>
<b>SCHEDULE 10: OTHER CURRENT ASSETS</b>		
Deposits recoverable	3,573,083	3,090,200
Interest Accrued - F D	1,859,601	1,922,912
Advance Income Tax	6,452,545	2,216,261
	<u>11,885,230</u>	<u>7,229,373</u>

	AS AT 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE 11:</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered good and Recoverable in cash or in kind or for value to be received)		
Advances for Capital Expenditure	6,500,000	9,000,000
Advances Others	121,000	2,850,000
Advances for Expenses	2,778,137	1,011,547
Advances to Staff	119,229	185,760
	<u>9,518,366</u>	<u>13,047,307</u>
<b>SCHEDULE 12:</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors for Purchases		
i) Total outstandings due to Small Scale industrial Undertakings *	1,616,993	1,740,102
ii) Dues to Creditors Other than SSI undertakings	137,665,004	92,825,834
Sundry Creditors for Others	<u>10,659,145</u>	<u>11,003,121</u>
(*Names of SSI Undertakings Ref Sch.23 Notes to Accounts )	<u>149,941,142</u>	<u>105,569,057</u>
<b>B. Provisions:</b>		
For Taxation	<u>8,470,053</u>	2,680,499
	<u>8,470,053</u>	<u>2,680,499</u>
<b>SCHEDULE 13:</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<b>Preliminary Expenses</b>		
Opening Balance		22,682
Less Written off during the year	-	<u>22,682</u>
	<u>-</u>	<u>-</u>
	Year ended 31.03.2006	Year ended 31.03.2005
<b>SCHEDULE 14:</b>		
<b>SALES &amp; SERVICE INCOME</b>		
<b>A. SALES</b>		
Exports	-	138,912
Domestic	292,663,465	278,876,446
	<u>292,663,465</u>	279,015,358
<b>B. SERVICE INCOME</b>		
Service	37,028,400	23,610,580
Consumables Spares & Others	28,017,558	22,055,276
	<u>65,045,958</u>	45,665,856
	<u>357,709,423</u>	<u>324,681,214</u>

	Year ended 31.03.2006	Year ended 31.03.2005
<b>SCHEDULE 15: OTHER INCOME</b>		
Interest Received	945,926	1,411,356
Misc.Income	477,371	418,011
	<u>1,423,297</u>	<u>1,829,367</u>
<b>SCHEDULE 16: INCREASE / DECREASE IN STOCKS</b>		
<b>A. Opening Stocks</b>		
Stock-in-transit	1,284,245	-
Finished Goods/Traded goods	50,810,018	68,508,384
	<u>52,094,263</u>	<u>68,508,384</u>
<b>B. Closing Stocks</b>		
Stock-in-transit	2,442,539	1,284,245
Finished Goods/Traded goods	45,647,894	50,810,018
	<u>48,090,433</u>	<u>52,094,263</u>
<b>Increase /( Decrease) in Stocks</b>	<b>(4,003,830)</b>	<b>(16,414,121)</b>
<b>SCHEDULE 17 : RAW MATERIALS AND STORES CONSUMED</b>		
Opening Stock of Raw Material, Spares, Stores etc;	34,511,898	30,142,412
Add: Purchases	<u>262,921,200</u>	<u>227,510,575</u>
	297,433,098	257,652,987
Less: Closing Stock	<u>36,828,596</u>	<u>34,511,898</u>
	<u>260,604,502</u>	<u>223,141,089</u>
<b>SCHEDULE 18: STAFF COSTS</b>		
Salaries & Wages	22,610,080	21,545,178
Contribution to ESI fund	558,439	541,266
Provident Fund	1,128,584	1,053,312
Workers and Staff Welfare	1,554,348	699,556
Bonus	384,798	399,305
	<u>26,236,248</u>	<u>24,238,617</u>

	Year ended 31.03.2006	Year ended 31.03.2005
<b>SCHEDULE 19:</b>		
<b>MANUFACTURING, ADMIN &amp; SELLING EXPENSES</b>		
Power & fuel	42,561	48,199
Factory maintenance	35,811	33,115
Insurance	528,545	729,586
Printing & Stationery	1,284,853	1,115,602
Postage & Courier	885,471	911,816
Telephone & Fax	2,889,747	2,601,705
Rates, Taxes & Licenses	638,622	427,893
Advertisement & Business Promotion	1,136,690	1,140,814
Travelling & Conveyance	7,963,617	10,004,699
Freight Outwards	5,329,419	5,257,201
Auditors Remuneration Audit fee	38,060	60,610
I T Representation fee	20,000	-
Other services	1,880	6,072
Repairs & Maintenance	3,488,036	1,384,614
Directors Sitting Fee	750	1,250
Director's Remuneration	776,940	749,680
Director's Travelling	129,275	70,063
Rents	2,325,754	2,325,943
Electricity & Water	627,141	528,321
Administrative expenses	438,639	342,143
Sales Commission, Discounts etc;	13,283,358	15,647,224
Donations	15,250	6,000
Legal and Professional Charges	301,499	367,441
Other Expenses	478,967	854,481
Octroi	639,278	282,766
Software Development & Expenses	-	3,500
R & D Expenses	9,332	452,323
Bad Debts Written Off	322,452	312,128
	<u>43,631,946</u>	<u>45,665,189</u>

**SCHEDULE 20:****INTEREST & FINANCIAL CHARGES**

Interest on Working Capital & Other Loans	3,544,332	2,700,171
Financial Charges	1,833,534	2,844,482
	<u>5,377,866</u>	<u>5,544,653</u>

**SCHEDULE 21 :****PRIOR PERIOD ADJUSTMENT (NET)**

Income		
Interest	-	
Expenditure :	-	42,704
NET	-	42,704
Excess/(Short) provision written back		
Income-tax earlier years (Interest etc)	-	126,961
	<u>-</u>	<u>169,665</u>

**SCHEDULE - 22 :****1. SIGNIFICANT ACCOUNTING POLICIES :****a. Basis of Accounting :**

The company follows Mercantile System of Accounting, in compliance of Sub-section (3c) of Sec.211 of the Companies Act, 1956. However the AMC charges, which are on annual renewal, numbering more than 1000 are being accounted as and when received as in earlier years.

**b. Revenue Recognition :**

Revenue from the sale of goods is recognised upon passage of title to the customers, which generally coincides with their delivery. Sales are net of taxes and duties.

**c. Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalized and expenditure for maintenance and repairs are charged to the Profit and Loss Account

**d. Depreciation:**

Depreciation on all the fixed assets has been provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

**e. Inventories:**

Inventories are valued as follows:

Raw Materials, Stores and Spare Parts and Stock in process at cost, Finished goods at estimated total cost or market value whichever is lower.

**f. Retirement benefits:**

The periodical contributions to statutory provident fund is charged to revenue. The gratuity payable is covered by insurance policy on payment of the prescribed annual premium.

**g. Investments:**

Investments are stated at cost. Provision for diminution in the market value of long term investments is not made, if in the opinion of the management such diminution is temporary in nature.

Investments are in Equity Shares of companies, of Rs.10/- each fully paid are unquoted

1. Power Media Pvt. Ltd.	1,20,000 Equity Shares	Rs.1,200,000
2. Power Onicks Ltd.	7,00,000 Equity Shares	Rs.7,000,000
	TOTAL	<u>Rs.8,200,000</u>

**h. Share Application Money:**

Rs.62.11 lacs is received during the year towards application money of proposed preferential issue of Equity Share Warrants duly approved by the Shareholders in the Extra-ordinary General Meetings held on 20.02.2006 and 28.02.2006. The other necessary approvals and permissions required with regard to the Preferential Issue of Equity Share Warrants has been duly obtained by the Company.

**SCHEDULE-23**  
**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS**

**1** Contingent Liabilities not provided for :

	<b>2005-06</b>	<b>Rs.Lakhs 2004-05</b>
A) Claims against the company not acknowledged as debts		
i) Letters of Credit - FLC (Issued in favour of suppliers)	14.40	68.60
ii) Letters of Credit - ILC (Issued in favour of suppliers)	38.31	35.17
ii) Bank Guarantees (Issued in favour of customers towards performance guarantee)	65.46	55.21
All with SBI , Commercial Branch, Koti, Hyderabad		

**2** Balances of Debtors, Creditors and Loans & Advances are subject to confirmation by parties concerned.

**3** The Company is entitled for Sales-Tax Loan for a period of Ten years on ECR sales. The Sales-Tax payable by the Company as such is treated as Interest free unsecured Loan repayable to Sales-Tax authorities. The repayment of the same has commenced in the current year.

**4 STOCKS, PURCHASES, CONSUMPTIONS etc :**

Rs .in Lakhs / Qty in Nos.

PARTICULARS	OPENING STOCKS		PURCHASES		SALES		CLOSING STOCKS	
	QTY. Nos.	VALUE Rs.	QTY. Nos.	VALUE Rs.	QTY. Nos.	VALUE Rs.	QTY. Nos.	VALUE Rs.
I Retail Automation Products	<b>1,833</b> <i>1,335</i>	<b>204.80</b> <i>219.19</i>	<b>1,701</b> <i>2,227</i>	<b>188.78</b> <i>238.76</i>	<b>1,997</b> <i>1,729</i>	<b>434.10</b> <i>380.08</i>	<b>1,537</b> <i>1,833</i>	<b>197.59</b> <i>204.80</i>
ii Banking Automation Products	<b>1,473</b> <i>1,646</i>	<b>261.50</b> <i>442.44</i>	<b>5,841</b> <i>6,442</i>	<b>886.52</b> <i>1,440.95</i>	<b>5,683</b> <i>6,615</i>	<b>1,730.21</b> <i>2,325.72</i>	<b>1,631</b> <i>1,473</i>	<b>205.33</b> <i>261.50</i>
iii Others		<b>54.64</b> <i>23.46</i>		<b>1,021.82</b> <i>113.58</i>		<b>762.33</b> <i>84.36</i>		<b>77.98</b> <i>54.64</i>
iv Service & Consumables		<b>345.12</b> <i>301.42</i>		<b>532.09</b> <i>481.81</i>		<b>650.46</b> <i>456.65</i>		<b>368.29</b> <i>345.12</i>
<b>TOTAL</b>		<b>866.06</b> <i>986.51</i>		<b>2,629.21</b> <i>2,275.10</i>		<b>3,577.10</b> <i>3,246.81</i>		<b>849.19</b> <i>866.06</i>

*Previous year figures indicated in italics and regrouped wherever necessary to confirm to classification in the current year.*

**5 CAPACITY & PRODUCTION**

PARTICULARS	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		31-Mar 2006	31-Mar 2005	31-Mar 2006	31-Mar 2005	31-Mar 2006	31-Mar 2005
Electronic Cash Registers	Nos	N.A.	N.A.	10,000	10,000	401	353

**6 VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL, SPARE PARTS CONSUMED & % THEREOF**

	2005- 2006		Rs.in Lakhs 2004 - 2005	
	Value	%	Value	%
<b>RAWMATERIAL , GOODS etc</b>				
Imported	246.34	17%	438.30	24%
Indigenous	1,174.98	83%	1,418.60	76%
<b>TOTAL</b>	<b>1,421.32</b>	<b>100%</b>	<b>1,856.90</b>	<b>100%</b>
<b>SPARE PARTS</b>				
Imported	59.93	5%	31.82	8%
Indigenous	1,124.80	95%	342.69	92%
<b>TOTAL</b>	<b>1,184.73</b>	<b>100%</b>	<b>374.51</b>	<b>100%</b>
<b>GRAND TOTAL</b>	<b>2,606.05</b>		<b>2,231.41</b>	

**7 VALUE OF IMPORTS ON C I F BASIS**

(As certified by the Management)

Raw material, Goods	246.34	438.30
Spare parts	59.93	31.82
<b>TOTAL</b>	<b>306.27</b>	<b>470.12</b>

**8 EXPENDITURE IN FOREIGN CURRENCY**

Raw material & Spares, Goods	213.57	317.77
Foreign Travel	4.04	6.06
Others	0.09	3.17
Interest (Foreign Currency Demand Loan etc)	36.27	34.57
<b>TOTAL</b>	<b>253.97</b>	<b>361.57</b>

**9 EARNINGS IN FOREIGN CURRENCY**

-

1.39

**10 DIRECTORS' REMUNERATION**

Mr. Pradeep Chauhan As Managing Director	4.22	4.08
Ms . Sabari.S.Kambli As wholetime Director	3.55	3.41
<b>TOTAL</b>	<b>7.77</b>	<b>7.49</b>

The remuneration is within prescribed norms as per Schedule XIII Part II Section II of The Companies Act, 1956.

**11 Current Assets-Fixed Deposits(Others) :**

Fixed Deposits (others), shown under Grouping "Cash & Bank Balances", represent amounts held by customers in Banking sector, towards performance for warranty period.

**12 Small Scale Industrial Undertakings Outstandings/Credits:**

Small Scale Industrial Undertakings to whom the dues are for more than thirty days are:

Sree Divya Industries ; Southern Digital Automation P.Ltd ; Shakti Sales Corporation;K B Industries, Shalimar Comptech P. Ltd ; Sravanthi Electronics P.Ltd.; Luminex Opto Devices P.Ltd.,Bharati Enterprises, Sree Krishna Industries, Kwality Photonics (P) Ltd., Cosmic Engineering Enterprises, C BEnterprises, Lampex Electronics (P) Ltd.,

SSI Undertakings to whom amounts are due were determined based on the information available with the Company. The outstandings are within the agreed terms.

**13 Related Party Disclosures :**

The company has no transactions with related parties, hence no disclosure is made as required by Accounting Standard "Related Party Disclosure ",(AS-18 ).

**14 Accounting for Taxes :**

The Deferred Tax Liability, being effect of timing difference, on account of depreciation, is disclosed seperately as a net effect, in compliance with Accounting Standard-22 on Accounting for Taxes.

**15 Earning Per Share :**

Pursuant to Accounting Standard-20 basic earning per share has been calculated by dividing Net Profit after Tax by number of equity shares out standing during the year, as there is no change in number of shares.

		Current Year <b>2005-06</b>	Previous Year <b>2004-05</b>
Profit as per P & L Account	Rs.	9,122,966	4,075,137
Equity shares	No.s	7,264,098	7,264,098
Earning Per Share	Rs.	1.26	0.56
(Basic & Diluted) on Nominal value of Rs.10/- per Share.			

**16 Segment Reporting :**

During the year the Company's operations are identified predominantly as only one ' Business Segment' of related products, viz; Machines in Retail Automation, Banking Automation, related Spares & Service etc. As such separate segment report is not required to be given as per the requirement of Accounting Standard-17.

**17** Additional information as required under Part IV of Schedule VI to The Companies Act, 1956 is furnished in Annexure A.

**18** The previous year's figures have been regrouped and reclassified, wherever necessary, to conform to classification in the current year and make them comparable with current year figures.

As per our report attached  
**for S SRINIVASAN & CO**  
**Chartered Accountants**

**for and on behalf of the Board**

S.SRINIVASAN

Managing Director  
Wholetime Director  
Company Secretary

Pradeep Chauhan  
Ms.Sabari.S.Kambli  
B. Balaji Gupta

PLACE: Hyderabad  
DATE : 31.08.2006

PLACE: Hyderabad  
DATE : 31.08.2006

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

## ADDITIONAL INFORMATION

AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.  
ANNEXURE A (TO THE NOTES ON ACCOUNTS).

**I REGISTRATION DETAILS**

Registration No.	13264
State Code	01
Balance Sheet Date	31 MARCH 2006

**II CAPITAL RAISED DURING THE YEAR**

	Rs.in'000
Public Issue	None
Rights Issue	None
Bonus Issue	None

**III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS**

Total Liabilities	158,503
Total Assets	158,503

**Sources of Funds**

Paid-up Capital	72,641	
Share Application Money	6,211	
Reserves & Surplus	31,625	
Secured Loans	42,309	
Unsecured Loans	5,717	
		158,503

**Application of Funds**

Net Fixed Assets	21,506	
Investments	8,200	
Net Current Assets	131,680	
Miscellaneous Assets	-	
Deferred Tax Liability	(2,883)	
Accumulated losses	-	
		158,503

**IV PERFORMANCE OF THE COMPANY**

Turnover	359,133
Expenditure	340,070
Profit / (Loss) before Tax	15,058
Profit / (Loss) after Tax	9,123
Earning Per Share (In Rupees)	1.26
-Do- Annualised	1.26
Dividend Rate	-

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY  
(As per monetary terms)**

Item Code No. (ITC CODE)	8470 & 8472
Product description	Electronic Cash Registers Currency Note Counting and Handling Devices Point of Sale Systems

**TYCHE PERIPHERAL SYSTEMS LIMITED**

13-6-436/A/26, Lakshmi Nagar Colony, Mehdiapatnam, Hyderabad – 500 028.

**PROXY FORM**

Folio No	Client ID No	D.P. ID No	No. of shares held

I /We.....of  
being a member/members of TYCHE PERIPHERAL SYSTEMS LIMITED hereby appoint .....  
.....of.....or failing  
him.....of.....  
as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be  
held on the Saturday, 30<sup>th</sup> September, 2006 and at any adjournment thereof

Signed this the.....day of.....2006

Affix Re.1/- Revenue Stamp
-------------------------------------

Signature.....

Note : The instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the time for holding the Meeting.

A PROXY NEED NOT BE A MEMBER

.....CUTHERE.....

**TYCHE PERIPHERAL SYSTEMS LIMITED**

13-6-436/A/26, Lakshmi Nagar Colony, Mehdiapatnam, Hyderabad – 500 028.

**ATTENDANCE SLIP**

Folio No	Client ID No	D.P. ID No	No. of shares held

This Attendance Slip duly filled in to be handed over at the entrance of the Meeting Hall.

Name of the Attending: .....

Member or proxy (in block letters)

I hereby record my presence at the **Fifteenth Annual General Meeting** of the Company to be held at Blue Bird Function Hall, 12-2-718, Nanal Nagar, Hyderabad on Saturday, 30<sup>th</sup> September, 2006 at 11.00 A.M.

\*To be signed at the time of  
handing over this slip

Member's/Proxy's Signature

**Members are requested to note that the distribution of gifts, at the A.G.M. has been discontinued and they are requested to co-operate in this regard.**

**PRINTED MATTER  
BOOK-POST**

*If undelivered, please return to:*

**TYCHE PERIPHERAL SYSTEMS LIMITED  
13-6-436/A/26,  
LAKSHMI NAGAR COLONY,  
MEHDIPATNAM,  
HYDERABAD – 500 028.**