



TYCHE PERIPHERAL SYSTEMS LTD.

**16<sup>th</sup>**  
***ANNUAL REPORT***  
***2006-07***

**BOARD OF DIRECTORS**

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

Managing Director  
 Wholtime 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**

“TYCHE HOUSE”,  
 13-6-436/A/26,  
 Lakshminagar Colony,  
 Mehdiapatnam,  
 Hyderabad – 500 028.

**AUDIT COMMITTEE**

Mr. M Balaramakrishnaiah  
 Mr. I Premkumar  
 Mr. K M Mannem  
 Mr. K S Muralidhar  
 Mr. Ch. Vijay Kumar

**INVESTORS' GRIEVANCES COMMITTEE**

Mr. M Balaramakrishnaiah  
 Mr. I Premkumar  
 Mr. K.M. Mannem  
 Mr. K S Muralidhar  
 Mr. Ch. Vijay Kumar

**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)  
 (Permitted for trading)

**BOOK CLOSURE**

24-09-2007 to 27-09-2007 (both days inclusive)

**Date, Time and Venue of AGM**

27-09-2007, 9.30 A.M.  
 At Banquet hall of Shilpakala Vedika,  
 adjacent to Shilparamam, Madhapur, Hyderabad-500 081.

**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 16<sup>th</sup> Annual General Meeting of the members of Tyche Peripheral Systems Limited will be held on Thursday, the 27<sup>th</sup> September, 2007 at Banquet hall of Shilpakala Vedika, adjacent to Shilparamam, Madhapur, Hyderabad-500081, at 9.30 A.M., to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt:
  - a) The audited balance sheet as at March 31, 2007:
  - b) The audited profit and loss account for the year ended as on that date:
  - c) The auditors' report, thereon and
  - d) The directors' report, thereon
2. To appoint a Director in place of Mr. I. Prem Kumar, 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. Ch. Vijay Kumar, 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”.

By order of the Board  
for **TYCHE PERIPHERAL SYSTEMS LIMITED**

Place : Hyderabad  
Date : 27.08.2007

**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 24th September, 2007 to 27<sup>th</sup> September, 2007 (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**

The Board of Directors appointed Mr. Ch. Vijay Kumar, as an Additional Director with effect from 27-11-2006 pursuant to the provisions of the Articles of Association of the Company read with Section 260 of The Companies Act, 1956. Mr. Ch. Vijay Kumar 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. Ch. Vijay Kumar 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. Ch. Vijay Kumar, is interested or concerned in the proposed resolution.

By order of the Board of Directors  
**For TYCHE PERIPHERAL SYSTEMS LTD.**

**B. BALAJI GUPTA**  
**COMPANY SECRETARY**

Date : 27.08.2007

**Registered Office:**

“TYCHE HOUSE”,  
13-6-436/A/26,  
Lakshmi Nagar Colony, Mehdipatnam,  
HYDERABAD - 500 028.

**ADDITIONAL INFORMATION:**

1. Brief profile of Mr. I. Prem Kumar, who seeks re-appointment as a director.

Mr. I. Prem Kumar was first appointed as the Director of the Company on 15<sup>th</sup> April 1999 and thereafter has served the Board of the Company.

Mr. I. Prem Kumar is a Graduate in Commerce with a Post Graduate Diploma in Computer Management. From 1993 to 1998, Mr. I. Prem Kumar has been consulting independently in the Information Technology industry during which time he has executed several projects in various industries. In April 1999, he joined Tyche as Director of the Company.

He is holding membership in the following Committee of Directors:

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

2. Brief profile of Mr. Ch. Vijay Kumar, whose appointment will be placed in the meeting for the approval of the members.

Mr. Ch. Vijay Kumar is a graduate in Commerce and has varied experience in commercial dealings. Presently he has varied businesses of his own.

He is holding membership in the following Committee of Directors:

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

**DIRECTORS' REPORT**

Dear Members,

Your Directors take pleasure in presenting their report for the Financial Year 2006-2007.

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

PARTICULARS	2006-07	2005-06
Income	5023.60	3591.33
Operating Profit	688.95	150.59
Provision for Taxation	248.37	57.28
Profit after tax	435.11	91.23
Retained Earnings	432.49	91.23

**2. OVER VIEW OF PERFORMANCE DURING THE YEAR 2006-2007:**

Your Company has clocked a turnover of Rs.50.24 Crores in the year 2006-07, which is 40% (approx.) more than the previous year's turnover. This is mainly due to huge orders received from the Banking Industry for DVSS, QMS etc. In addition to the above, earlier installations, from the year 2003-04 which have completed the warranty period, having started adding to service income by way of AMC. Both the above factors have contributed to the growth in top line. Your Company has also been able to forray into Solar products' market, which segment has also contributed to the turnover during the year under review. The current year bottom line has shown a substantial improvement over previous year's percentage i.e. it has grown from 2.50% of sales in previous year to 8.60% of sales of current year. This was possible due to the growth in service income from 18.18% of sales in previous year to 20.15% of sales in current year.

**3. UTILISATION OF FUNDS RAISED DURING THE YEAR 2005-06 :**

Rs.375.41 lacs received upto 31.03.07 have been utilized for capital expenditure required for manufacturing Electronic Surveillance Systems and meeting increased working capital requirements.

**4. DIVIDENDS:**

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 towards R&D activities.

**5. PUBLIC DEPOSITS:**

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

**6. DIRECTORS:**

Mr. I. Prem Kumar, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Ch. Vijay Kumar had been inducted as additional director of the Company and whose term expires at the commencement of the 16<sup>th</sup> Annual General Meeting and being eligible offers himself for re-appointment.

**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors report that

- 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.
- 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.
- 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.
- 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:**

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

**Pradeep Chauhan**  
Managing Director

**Ms Sabari S Kambli**  
Wholetime Director

Place : Hyderabad  
Date : 27.08.2007

## 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, 2007.

### (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 of your Company's products is on a continuous basis, based on the R&D efforts of your Company. Your Company makes special efforts to identify customer needs processes, etc. for developing innovative products and market the same. New technologically advanced products such as Touch Screen POSS, CPDT, Touch Screen Kiosks for the Rural Banking Sector, IVS, RS Kiosk Terminals, etc. are being offered to the ever dynamic markets.

### 2. IMPACT OF MEASURES TAKEN

The above measures have helped the Company in offering state-of-art technologically advanced products for transaction automation, which mainly happen in the Retail and Banking Sectors. Your Company has been able to judge the pulse of the market and been able to react very quickly by offering products, which are way ahead of its competitors. This has placed your Company in a pole point position.

### (C) FOREIGN EXCHANGE EARNINGS/ OUTGOINGS

Earnings in foreign currency : - Nil -  
Expenditure in foreign Currency : Rs.366.32 Lacs  
(Purchase of raw materials, goods, spares, foreign travel, R&D, etc).

For and on behalf of the Board

**Pradeep Chauhan**  
Managing Director

**Ms Sabari S Kambli**  
Wholetime Director

Place : Hyderabad  
Date : 27.08.2007

## ANNEXURE –A

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

Your Company has always been making continual efforts to develop new products and strategies in its core strength area viz. transaction automation. These products would be suitable for the Banking Sector and Retail Sector where present retail boom is happening globally and specifically in India.

In the Retail Segment, your Company's tie-up with NCR is beginning to take-off as MNCs are entering the Retail Segment in India in a big way. Your Company has also launched Touch Screen POSS with the latest state-of-art technology. This is one of the most sought after products in outlets like McDonald, Café Coffee Day, Star burgers, etc., who are on an expansion spree in India.

In the Banking Sector, Touch Screen POSS, Self-service Terminals are very much in demand. Your Company has offered two Kiosks in this segment. As you are aware, DQM was developed by your Company and your Company has successfully marketed the same. Your Company has now come out with Touch Screen Kiosk, which is an advanced product in this segment. Your Company has also been successful in deploying low-cost Kiosk for Rural Banking Industry and expects a good chunk of business from this sector.

In the area of Surveillance and Security, your Company has tied-up with a U.K. based Company for industrial security products, which are mainly used for defense establishments, large establishments and complexes and critical infrastructures of State and Central Governments. Your company has launched Tyche Secure Zone concept, which encompasses all market segments for security solutions, such as Retail, Banking and Home. These solutions have IVS, premises' alarm systems and Remote Surveillance solutions. In the ever-expanding space of the Banking as well as Retail Sectors, providing space for documents storage has become a nightmare for major banks, insurance and other documents processing industries. To cater to this segment, your Company has brought out yet another product, which uses the Barcode technology, wherein data is compressed and stored for future use. Transfer of such small compressed data also can be done from one place to another without use of much bandwidth. Encryption and decryption of data maintains the security level of such data. Major applications of this segment are banks, insurance companies and other document processing establishments.

The latest Digital technology has invented a new platform of advertising viz. out of home advertising called the Digital Signage. Your Company has embarked on this form of media advertising by utilizing its existing customer base for deployment of screens. This project will add a substantial chunk of business to your Company.

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

- (a) Strong brand presence in Transaction Automation Devices.
- (b) Certified ISO 9001-2000 Company.
- (c) Certified ISIO Company.
- (d) 65 Branch Offices and Service Centers across the country; planing to expand to 120 centers.
- (e) Well experienced service personnel with on spot presence.
- (f) Excellent customer relationship across geographic spread including corporates and individuals.
- (g) Availability of latest state-of-art technology for all its products.
- (h) Strong software team to develop in-house customized software solutions for major corporates and individual customers.
- (i) Well equipped R&D Software development centers at Hyderabad with well experienced, skilled team in assembly languages and embedded software, etc.

**(ii) Weaknesses:**

- (a) High level of selling overheads for maintaining sales and service centers across the country.

**(iii) Opportunities:**

- (a) Retail boom happening globally and in India has created a sudden market for POSS, Cash Handling Devices, Surveillance products.
- (b) More security consciousness across the industrial segment has created a need for advanced surveillance products.
- (c) Space constraints, due to expanding businesses has created a need for products, which can save space and money.

**(iv) Threats:**

- (a) Competition from unorganized sectors of the market.
- (b) Adverse fluctuations in exchange rates / Government policies may affect 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
A.	Retail Automation Products	1253.03	25.04
B.	Banking Automation Products	2743.26	54.81
C.	Service Income	1008.39	20.15

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

The retail boom happening world over and in particular in India has thrown up many opportunities for your Company's products. The primary focus of your Company is to gear-up for this explosive boom in the Retail Automation Sector by strengthening its existing branches with additional manpower, testing equipment, etc. Your Company has aggressively embarked in expansion of its service centers to B-Class and C-Class cities and plans to take the overall network from 65 Centers to 120 Centers in the coming years. This massive expansion assures the customers of your Company availability of service support for all its locations. Looking at this marketing opportunity your company has brought out new products like Touch Screen POSS, CDTs, CPDTs, Touch Screen DQMs, etc. Your Company's presence in the Retail Segment and its excellent service network across the country due to its presence PAN India will give it an edge over the competition for taking care of the Retail boom.

The latest trend in advertising media is the out of home advertising. To use this media of advertisement, your Company has planned to enter the Digital Signage Network media of advertising. This will go a long way in increasing your Company's business by leaps and bounds.

The expanding businesses have necessitated the preservation of a number of documents for various purposes. Making available huge storage space for these documents is becoming more and more difficult. To cater to this need, your Company has brought out yet another product using Barcode technology. This again has been possible due to the continuous efforts your Company has been making to respond immediately to the ever-changing customer demand. This product uses Barcode technology, wherein data is scanned, compressed and stored for future use. The advantage of this technology is it does away with the huge space occupied by the records in Segments of market where documents' storage is of primary importance, like Banks, Insurance companies and other documents processing industry. Transfer of such small compressed data is also made easy, as the data is in a compressed mode, thereby enabling quick and easy transfer, which is also economical.

**(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.		2006-07	2005-06	Remarks
(i)	PAT / Net Sales (%)	8.69	2.55	Increase in service income from Rs.6.50 Crores to Rs.10.00 Crores and a reduction in expenses from 21% in the previous year to its turnover to 17.77% to turnover in the year under review, has improved this ratio.
(ii)	PBIT / Interest (times)	10.40	3.80	Increase in profits from 2.5% to the turnover of previous year to 8.6% to the turnover of the current year has been one of the reasons for substantial improvement in this ratio. A decrease in debt component has also improved this ratio.
(iii)	Working Capital Loan/Sales (%)	4.82	11.47	Improved working capital utilization and better working capital turnover has been the reason for improvement in this ratio.
(iv)	Current Ratio	1.99	1.46	A reduction in the Current Liabilities coupled with an increase in Current Assets has improved this ratio from 1.46 to 1.99. However for both the years this ratio is well above the Industry Benchmark of 1.33.
(v)	Return of Equity (ROE) = PAT / NW (%)	22.75	8.25	Substantial increase in profits as mentioned above has increased networth of the Company from Rs.11.05 Crores to Rs.19.13 Crores. This is the main reason for a healthy ratio for the year under review.
(vi)	Debt Equity Ratio = Total Debt/ Equity.	1.70	2.73	Increase in equity due to issue of shares coupled with a reduction in debt has been responsible for a reduction in this ratio.

**(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	74	51
2.	Logistics	24	21
3.	Branches	308	273
	<b>TOTAL:</b>	<b>406</b>	<b>345</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 expressed 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, Wholtime Director and five independent Directors.

During the year ended 31<sup>st</sup> March 2007 10 Meetings of the Board of Directors were held on 29.04.2006, 20.06.2006, 30.06.2006, 31.07.2006, 31.08.2006, 07.10.2006, 31.10.2006, 27.11.2006, 25.01.2007 and 23.03.2007. Last AGM was held on 30<sup>th</sup> September 2006.

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	9	Yes
2.	Ms. Sabari S Kambli	Wholtime Director	10	Yes
3.	Mr. Balaramakrishnaiah	Director	10	No
4.	Mr. I Premkumar	Director	10	Yes
5.	Mr. K.M. Mannem	Director	10	No
6.	Mr. K S Muralidhar	Director	9	No
7.	Mr. Ch. Vijay Kumar	Director	3	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 establish practices, of mandatory requirements; to ensure that Financial Statements reflect a true and fair view, to recommend operating improvements; discussion with statutory and internal auditors; etc.

#### Composition and Attendance:

During the year ended 31<sup>st</sup> March 2007, 5 meetings of the Audit Committee, under Chairmanship of Mr. Balaramakrishnaiah, were held on 29.04.2006, 31.07.2006, 31.08.2006, 31.10.2006 and 25.01.2007.

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

#### (ii) Investors grievances Committee:

Terms of references are taken as per guidelines set in the listing agreement. The Committee is constituted by the five independent directors, viz. Mr. Balaramakrishnaiah, Mr. I. Premkumar, Mr. K.M. Mannem, Mr. K.S. Muralidhar and Mr. Ch. Vijay Kumar. During the year ended 31<sup>st</sup> March 2007, five meetings of the Investors Grievances Committee, under Chairmanship of Mr. Balaramakrishnaiah, were held on 29.04.2006, 31.07.2006, 31.08.2006, 31.10.2006 and 25.01.2007.

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

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

- (a) No. of Shareholders' complaints received during the year : 29
- (b) No. of complaints not resolved to the satisfaction of Shareholders. : - Nil -
- (c) No. of pending shareholders' complaints as on 31.03.2007 : - 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 5 Independent Directors as members. The Remuneration Committee has not met during the year, as there were no appointments / re-appointments.

**4. General Body Meetings:**

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

S.No.	Year	Day	Date	Time
1.	2003-2004	Thursday	30.09.2004	11.00 A.M.
2.	2004-2005	Friday	30.09.2005	10.00 A.M.
3.	2005-2006	Saturday	30.09.2006	11.00 A.M.

The Company also held Extraordinary General Meetings as per details given below:

S.No.	Year	Day	Date	Time
1.	2005-2006	Monday	20.02.2006	10.30 A.M.
2.	2005-2006	Tuesday	28.02.2006	10.30 A.M.

- (a) 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.
- (b) 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. / Special resolution 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.
- (c) Special resolution pertaining to issue of further shares was passed at the Extraordinary General Meeting held on 20<sup>th</sup> February, 2006.
- (d) Special resolution pertaining to increase of authorized capital/issue of further shares were passed at the Extraordinary General Meeting held on 28<sup>th</sup> February, 2006.
- (e) Special resolution pertaining to change of name of the Company from Tyche Peripheral Systems Ltd., to Tyche Automation Systems Ltd. was passed at the 15<sup>th</sup> Annual General Meeting (2005-06), held on 30.09.2006.

**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, Economic Times (Mumbai & Hyderabad), Bombay Mirror (Mumbai) and in regional Newspaper Andhra Bhoomi (Telugu). The information of quarterly results is sent to all Stock Exchanges, where the company's shares are listed.

(ii) The Management discussions and Analysis Report forms part of the Directors' Report.

## 7. Shareholders information:

### (i) Annual General Meeting:

Date : September 27, 2007  
 Time : 9.30 A.M.  
 Venue : Banquet hall of Shilpakala Vedika,  
 Adjacent to Shilparamam, Madhapur,  
 Hyderabad-500081.

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

#### Director retiring by rotation

#### Mr. I. Prem Kumar

Mr. I. Prem Kumar, who retires by rotation and being eligible offers himself for re-appointment.

Mr. I. Prem Kumar was first appointed as the Director of the Company on 15<sup>th</sup> April 1999 and thereafter has served the Board of the Company.

Mr. I. Prem Kumar is a Graduate in Commerce with a Post Graduate Diploma in Computer Management. From 1993 to 1998, Mr. I. Prem Kumar has been consulting independently in the Information Technology industry during which time he has executed several projects in various industries. In April 1999, he joined Tyche as Director of the Company.

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

#### Mr. Ch. Vijay Kumar :

Mr. Ch. Vijay Kumar, whose appointment will be placed in the meeting for the approval of the members.

Mr. Ch. Vijay Kumar is a graduate in Commerce and has varied experience in commercial dealings. Presently he has varied businesses of his own.

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 – 2007:**

Adoption of Quarterly Results:

<b>Period</b>	<b>Adoption of Quarterly results</b>
For the Qtr. Ended 31 <sup>st</sup> March 2007	30 <sup>th</sup> April 2007
For the Qtr. Ended 30 <sup>th</sup> June 2007	27 <sup>th</sup> July 2007
For the Qtr. Ended 30 <sup>th</sup> Sept, 2007	October 2007 (4 <sup>th</sup> Week)
For the Qtr. Ended 31 <sup>st</sup> Dec, 2007	January 2008 (4 <sup>th</sup> Week)

**(iv) Book Closure Date:**

24-09-2007 to 27-09-2007 (Both dates inclusive).

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

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

**(vi) Market price data:**

Bombay Stock Exchange Ltd., Mumbai (IndoNext Segment)

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

(Source – BSE Website)

<b>Month &amp; Year</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>
April 2006	47.00	28.00
May 2006	52.40	29.85
June 2006	30.50	17.65
July 2006	29.15	20.40
August 2006	25.80	21.05
September 2006	25.00	20.95
October 2006	28.65	22.05
November 2006	36.40	22.05
December 2006	38.50	25.50
January 2007	49.10	31.60
February 2007	71.10	41.25
March 2007	56.75	39.05

**(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 31-03-2007**

S.No.	Category	No. of Shares	%
1.	Promoters	1889750	19.64
2.	Mutual Funds	—	—
3.	Banks & Financial Institutions	500	0.01
4.	Foreign Institutional Investors	—	—
5.	Corporate Bodies	1957729	20.35
6.	Indian Public	5731111	59.56
7.	NRI's / OCBs	42008	0.44
	<b>TOTAL</b>	<b>9621098</b>	<b>100.00</b>

**(ix) Distribution of Shareholding as on 31-03-2007:**

Nominal Value		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	7272	85.71	10615380	11.03
5001	10000	488	5.75	4214530	4.38
10001	20000	279	3.29	4529040	4.70
20001	30000	98	1.16	2555070	2.66
30001	40000	52	0.61	1863720	1.94
40001	50000	79	0.93	3779680	3.93
50001	100000	89	1.05	6917400	7.19
100001	and above	127	1.50	61736160	64.17
	<b>Total</b>	<b>8484</b>	<b>100.00</b>	<b>96210980</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: tyche@tychesys.com / tychefin@vsnl.net

**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 2007, compliance with the code of conduct of the company laid down for them.

Place : Hyderabad  
Date : 27.08.2007

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 2007 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 : 27.08.2007

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> 2007, 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

Place : Hyderabad.  
Date : 27.08.2007

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, 2007 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 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.  
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.
- (b) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
- (c) 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 2007 from being appointed as Director in terms of Clause (g) of Subsection (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, 2007 and
  - ii. In so far it relates to Profit & Loss Account, of the profit of the company for the year ending on 31<sup>st</sup> March, 2007.

For S SRINIVASAN & Co.,  
Chartered Accountants

Place : Hyderabad.  
Date : 27.08.2007

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.
- (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 its own 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, 2007, 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.
- (15) During the year the Company has availed of term loan to the tune of Rs. 177.40 lacs from State Bank of India and ICICI Bank Ltd.
- (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 has raised Rs.193.99 lacs through preferential allotment of equity shares / warrants including a premium of Rs.181.42 lacs.
- (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 : 27.08.2007

(S SRINIVASAN)

## BALANCE SHEET AS AT 31st MARCH 2007

PARTICULARS	SCHEDULE NO	ASAT	
		31.03.2007 Rs	31.03.2006 Rs
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
a) Share Capital	1	98,250,980	78,852,180
b) Reserves and Surplus	2	93,016,100	31,624,954
		<b>191,267,080</b>	110,477,134
<b>Loan funds</b>			
a) Secured Loans	3	43,701,124	42,309,036
b) Unsecured Loans	4	4,585,217	5,717,300
		<b>48,286,341</b>	48,026,336
<b>TOTAL</b>		<b>239,553,421</b>	<b>158,503,470</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets:</b>			
a) Gross block	5	100,252,521	69,478,556
b) Less Depreciation		52,811,159	47,972,743
c) Net block		<b>47,441,362</b>	21,505,813
<b>INVESTMENTS</b>			
	6	<b>1,200,000</b>	8,200,000
<b>Current assets, Loans and Advances</b>			
a) Inventories	7	100,988,315	84,919,029
b) Sundry debtors	8	182,535,866	147,737,360
c) Cash and Bank balances	9	29,525,336	36,031,840
d) Other current assets	10	17,569,533	11,885,230
e) Loans and advances	11	9,125,085	9,518,366
		<b>339,744,135</b>	290,091,825
<b>Less: Current Liabilities and Provisions</b>			
a) Liabilities	12	115,751,697	149,941,142
b) Provisions		30,564,576	8,470,053
		<b>146,316,273</b>	158,411,195
<b>Net Current Assets</b>		<b>193,427,862</b>	131,680,630
<b>Deferred Tax liability</b>		<b>(2,515,803)</b>	(2,882,973)
<b>TOTAL</b>		<b>239,553,421</b>	<b>158,503,470</b>
Significant Accounting Policies	21		
Notes to Accounts	22		

The Schedules referred to above form part of the Balance Sheet as at 31.03.2007

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 : 27.08.2007

PLACE: Hyderabad  
DATE : 27.08.2007

## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2007

PARTICULARS	SCHEDULE NO	YEAR ENDED 31.03.2007 Rs		YEAR ENDED 31.03.2006 Rs
<b>I INCOME</b>				
Sales & Service Income	13	500,468,885	357,709,423	
Others	14	1,891,351	1,423,297	359,132,720
Increase /( Decrease) in Stocks	15		12,666,399	(4,003,830)
<b>TOTAL</b>			<b>515,026,635</b>	<b>355,128,890</b>
<b>II EXPENDITURE</b>				
Material consumed & Cost of goods sold	16		348,010,273	260,604,502
Remuneration & benefits to employees	17		30,781,023	26,236,248
Manufacturing, Admn. & Selling expenses	18		50,845,505	43,631,946
Interest & Financial Charges	19		7,325,844	5,377,866
Loss on Sale of Investments			3,500,000	-
Depreciation	5		5,668,953	4,219,729
<b>TOTAL</b>			<b>446,131,598</b>	<b>340,070,292</b>
<b>III PROFIT FOR THE YEAR</b>			<b>68,895,037</b>	<b>15,058,598</b>
<b>IV PROFIT BEFORE TAX</b>			<b>68,895,037</b>	<b>15,058,598</b>
Less: Provision for Taxation				
Current Taxes		24,836,796	5,727,780	
Fringe Benefit Tax		913,921	861,774	
Deferred Taxes		(367,170)	(653,921)	5,935,632
<b>V PROFIT AFTER TAX</b>			<b>43,511,490</b>	<b>9,122,966</b>
Prior Period adjustments (Net)	20		(262,344)	-
<b>VI PROFIT RETAINED</b>			<b>43,249,146</b>	<b>9,122,966</b>
Profit brought forward from Previous year			29,624,954	20,501,989
<b>VII BALANCE CARRIED TO BALANCE SHEET</b>			<b>72,874,100</b>	<b>29,624,954</b>
Significant Accounting Policies	21			
Notes to Accounts	22			

The Schedules referred to above form part of the Profit & Loss Account for the period ended 31-03-2007.

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 : 27.08.2007

PLACE: Hyderabad  
DATE : 27.08.2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007**  
(As required by Listing agreement)

PARTICULARS	Year ended		Year ended	
	31.03.2007		31.03.2006	
	Rs.		Rs.	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAXATION, AND EXTRA-ORDINARY ITEMS		<b>68,895,037</b>		15,058,598
Adjustments:				
ADD:				
Depreciation	5,668,953		4,219,729	
Interest & Financial charges	7,325,844		5,377,866	
Prior period adjustments (net)	-		-	
Deferred Revenue Expenditure written-off	-		-	
Misc. Expenses written-off	-		-	
Loss on Sale of Investment	3,500,000	16,494,796	-	9,597,595
LESS:				
Interest/Misc. income received	1,891,351		1,423,297	
Interest & Financial charges paid	6,827,422		5,053,105	
Income Tax paid	7,467,870		4,300,000	
Misc. Expenses written-off	-		-	
Prior period adjustments (net)	262,344	16,448,987	-	10,776,402
Operating Profit before Working Capital changes		68,940,846		13,879,791
(Increase) / Decrease in Sundry Debtors	(34,798,506)		(64,133,797)	
(Increase) / Decrease in Loans & Advances	393,281		3,528,941	
(Increase) / Decrease in Other Current Assets	(5,684,303)		(454,667)	
(Increase) / Decrease in Inventories	(16,069,286)		1,687,132	
Increase / (Decrease) in Current Liabilities	(34,556,615)	(90,715,429)	44,216,073	(15,156,318)
Cash flow before extra-ordinary items		(21,774,582)		(1,276,527)
Extra-ordinary items		-		-
<b>Net Cash Flow from Operating Activities</b>		<b>A (21,774,582)</b>		(1,276,527)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
(OUT FLOW)				
Purchase of fixed assets	(30,773,965)		(1,811,729)	
Investments	-	(30,773,965)	-	(1,811,729)
INFLOW				
Interest/ Misc. Income received	1,241,239		553,359	
Investments	7,000,000	8,241,239	-	553,359
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>B (22,532,726)</b>		(1,258,370)

**C CASH FLOW FROM FINANCING ACTIVITIES***INFLOW*

<i>Proceeds from issuance of Share capital</i>	37,540,800		6,211,200	
<i>Proceeds from long-term borrowings</i>	17,739,457		-	
<i>Hire purchase loans received</i>	537,552		-	
<i>Increase in Unsecured Loans</i>	-	55,817,809	-	6,211,200

*(OUTFLOW)*

<i>Repayment of Working Capital Loan/Term Loans</i>	(16,884,921)		(239,789)	
<i>Hire Purchase loans repaid</i>	-		(535,528)	
<i>Unsecured Loans repaid</i>	(1,132,083)		(26,200)	
<i>Deferred Revenue expenditure</i>	-	(18,017,004)	-	(801,517)

**NET CASH FLOW FROM FINANCING ACTIVITIES** **C 37,800,805** **5,409,683**

*NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)* **(6,506,504)** **2,874,786**  
*CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD* **36,031,840** **33,157,054**  
*CASH & CASH EQUIVALENTS AT END OF PERIOD* **29,525,336** **36,031,840**

*for and on behalf of the Board*

*Managing Director*  
*Wholetime Director*  
*Company Secretary*

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

*PLACE : Hyderabad*  
*DATE : 27.08.2007*

*We have examined the attached Cash Flow statement of TYCHE PERIPHERAL SYSTEMS LIMITED, HYDERABAD for the year ended 31st March 2007. 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 27th August 2007, to the members of the Company.*

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

*S.SRINIVASAN*

*PLACE: Hyderabad*  
*DATE : 27.08.2007*

## SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
<b>SCHEDULE 1:</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
1,20,00,000 Equity Shares of Rs.10/-each	<b>120,000,000</b>	<b>120,000,000</b>
<b>Issued,Subscribed &amp; Paid up Capital</b>		
96,21,098 Equity shares of Rs.10/- each fully Paid-up	<b>96,210,980</b>	72,640,980
Equity Share Warrants Application Money	<b>2,040,000</b>	-
Share Application Money	-	6,211,200
	<b>98,250,980</b>	<b>78,852,180</b>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve (Subsidy)	<b>2,000,000</b>	2,000,000
Share Premium	<b>18,142,000</b>	-
Profit & Loss A/c	<b>72,874,100</b>	29,624,954
	<b>93,016,100</b>	<b>31,624,954</b>
<b>SCHEDULE 3:</b>		
<b>SECURED LOANS.</b>		
<i>From:</i>		
a) State Bank of India (Working Capital Loan including Foreign Currency Demand Loan)	<b>24,136,127</b>	41,021,048
<i>Term Loans:</i>		
b) State Bank of India	<b>15,062,500</b>	-
c) I C I C I Bank Ltd	<b>2,676,957</b>	-
d) Hire Purchase Loan	<b>1,825,541</b>	1,287,988
	<b>43,701,124</b>	<b>42,309,036</b>

## 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. They are 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.
- Term loan is taken for purchase of property for office premises at certain locations of the Company. The loan is secured by a charge/mortgage of the property with respective banks.
- Hire Purchase loans for purchase of vehicles are secured by Hypothecation of the respective vehicles

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

Sales Tax Deferment	<b>4,585,217</b>	5,667,300
Others	-	50,000
	<b>4,585,217</b>	<b>5,717,300</b>

**SCHEDULE 5 :  
FIXED ASSETS :**

S.NO.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS AT 31.3.2006	ADDITIONS (DEDUCTIONS)	AS AT 31.03.2007	UPTO 31.3.2006	FOR THE PERIOD	Adj / (DEDUCTIONS)	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.3.2006
1	Land	200,004	-	200,004	-	-	-	-	200,004	200,004
2	Building (Factory)	3,352,556	-	3,352,556	2,236,956	111,560	-	2,348,516	1,004,040	1,115,601
	Building (Office)	-	24,175,633	24,175,633	-	630,118	-	630,118	23,545,515	-
3	Plant & Machinery	28,365,803	-	28,365,803	19,691,466	1,206,600	-	20,898,066	7,467,737	8,674,337
	Technical know how	6,408,383	-	6,408,383	4,318,335	290,726	-	4,609,061	1,799,322	2,090,048
4	Furniture	6,617,323	3,897,190	10,514,513	4,537,294	789,714	-	5,327,008	5,187,505	2,080,029
5	Vehicles	5,600,602	3,012,344 (1,314,932)	7,298,014	2,479,455	1,510,339	830,537	3,159,257	4,138,757	3,121,147
6	Office Equipment	1,840,409	267,038	2,107,447	1,125,561	148,484	-	1,274,045	833,402	714,848
7	Electrical Installation	934,253	-	934,253	630,513	42,250	-	672,763	261,489	303,740
8	Factory Equipment	921,804	-	921,804	359,700	78,189	-	437,889	483,916	562,104
9	D G Set	265,673	-	265,673	206,284	8,261	-	214,545	51,128	59,389
10	Computers	8,914,929	470,967	9,385,896	8,010,589	506,772	-	8,517,361	868,535	904,340
11	Air Condioners	660,605	42,000	702,605	310,690	53,898	-	364,588	338,017	349,915
12	Communciation Equipment	538,368	223,725	762,093	347,494	133,546	-	481,040	281,053	190,874
13	Service Equipment	4,857,843	-	4,857,843	3,718,406	158,496	-	3,876,902	980,941	1,139,437
<b>TOTAL</b>		<b>69,478,556</b>	<b>30,773,965</b>	<b>100,252,521</b>	<b>47,972,743</b>	<b>5,668,953</b>	<b>830,537</b>	<b>52,811,159</b>	<b>47,441,362</b>	<b>21,505,813</b>
<b>PREVIOUS YEAR</b>		<b>67,666,827</b>	<b>1,811,729</b>	<b>69,478,556</b>	<b>43,753,013</b>	<b>4,219,729</b>	<b>-</b>	<b>47,972,743</b>	<b>21,505,814</b>	<b>23,913,815</b>

	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
<b>SCHEDULE 6:</b>		
<b>INVESTMENTS</b>		
<i>In Companies</i>	1,200,000	8,200,000
<i>Investments in Fully paid-up Equity shares (unquoted shares at cost)</i>	<u>1,200,000</u>	<u>8,200,000</u>
<b>SCHEDULE 7:</b>		
<b>INVENTORIES</b>		
<i>(As valued and certified by the Management)</i>		
<i>Stock-in-transit</i>	1,248,132	2,442,539
<i>Finished Goods at realisable value/cost w.e lower</i>	59,508,700	45,647,894
<i>Consumables &amp; Spare Parts</i>	<u>40,231,483</u>	<u>36,828,596</u>
	<u>100,988,315</u>	<u>84,919,029</u>
<b>SCHEDULE 8:</b>		
<b>SUNDRY DEBTORS</b>		
<i>(Unsecured but Considered Good)</i>		
<i>Debts due over six months</i>	12,054,550	7,318,487
<i>Other debts</i>	<u>170,481,316</u>	<u>140,418,873</u>
	<u>182,535,866</u>	<u>147,737,360</u>
	<u>182,535,866</u>	<u>147,737,360</u>
<b>SCHEDULE 9:</b>		
<b>CASH &amp; BANK BALANCES</b>		
<i>Cash In Hand</i>		
<i>With Head-office</i>	97,305	89,596
<i>With Branches</i>	417,676	371,573
<i>With Branches (for demo)</i>	<u>1,856,500</u>	<u>1,856,500</u>
	<u>2,371,481</u>	2,317,669
<i>with Scheduled Banks</i>		
<i>- In Current Accounts</i>	4,155,690	11,111,513
<i>- In Fixed Deposits (Margin Money)</i>	2,688,933	2,743,933
<i>- In Fixed Deposits (Others)</i>	<u>20,309,232</u>	<u>19,858,726</u>
	<u>27,153,855</u>	33,714,172
	<u>29,525,336</u>	<u>36,031,840</u>
<b>SCHEDULE 10:</b>		
<b>OTHER CURRENT ASSETS</b>		
<i>Deposits recoverable</i>	4,522,365	3,573,083
<i>Interest Accrued - F D</i>	2,313,291	1,859,601
<i>Advance Income Tax</i>	<u>10,733,877</u>	<u>6,452,545</u>
	<u>17,569,533</u>	<u>11,885,230</u>
<b>SCHEDULE 11:</b>		
<b>LOANS AND ADVANCES</b>		
<i>(Unsecured, Considered good and Recoverable in cash or in kind or for value to be received)</i>		
<i>Advances for Capital Expenditure</i>	6,500,000	6,500,000
<i>Advances Others</i>	1,863,000	121,000
<i>Advances for Expenses</i>	498,469	2,778,137
<i>Advances to Staff</i>	<u>263,616</u>	<u>119,229</u>
	<u>9,125,085</u>	<u>9,518,366</u>

<b>SCHEDULE 12: CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>AS AT 31.03.2007 Rs.</b>	<b>AS AT 31.03.2006 Rs.</b>
<b>A. Current Liabilities</b>		
<i>Sundry Creditors for Purchases</i>		
i) <i>Total outstanding due to Small Scale industrial Undertakings *</i>	1,951,542	1,616,993
ii) <i>Dues to Creditors</i>		
<i>Other than SSI undertakings</i>	<u>100,196,594</u>	<u>137,665,004</u>
<i>Sundry Creditors for Others</i>	<u>13,603,561</u>	<u>10,659,145</u>
<i>(*Names of SSI UndertakingS Ref Sch.23 Notes to Accounts )</i>	<u>115,751,697</u>	<u>149,941,142</u>
<b>B. Provisions:</b>		
<i>For Taxation</i>	<u>30,564,576</u>	<u>8,470,053</u>
	<u>30,564,576</u>	<u>8,470,053</u>
	<i>Year ended 31.03.2007</i>	<i>Year ended 31.03.2006</i>
<b>SCHEDULE 13: SALES &amp; SERVICE INCOME</b>		
<b>A. SALES</b>		
<i>Exports</i>	2,149,875	-
<i>Domestic</i>	<u>397,479,808</u>	<u>292,663,465</u>
	<b>399,629,683</b>	<b>292,663,465</b>
<b>B. SERVICE INCOME</b>		
<i>Service</i>	47,671,689	37,028,400
<i>Consumables Spares &amp; Others</i>	<u>53,167,513</u>	<u>28,017,558</u>
	<u>100,839,202</u>	<u>65,045,958</u>
	<u>500,468,885</u>	<u>357,709,423</u>
<b>SCHEDULE 14:</b>		
<b>OTHER INCOME</b>		
<i>Interest Received</i>	1,157,796	945,926
<i>Misc.Income</i>	733,555	477,371
	<u>1,891,351</u>	<u>1,423,297</u>
<b>SCHEDULE 15:</b>		
<b>INCREASE/DECREASE IN STOCKS</b>		
<b>A. Opening Stocks</b>		
<i>Stock-in-transit</i>	2,442,539	1,284,245
<i>Finished Goods/Traded goods</i>	<u>45,647,894</u>	<u>50,810,018</u>
	<u>48,090,433</u>	<u>52,094,263</u>
<b>B. Closing Stocks</b>		
<i>Stock-in-transit</i>	1,248,132	2,442,539
<i>Finished Goods/Traded goods</i>	<u>59,508,700</u>	<u>45,647,894</u>
	<u>60,756,832</u>	<u>48,090,433</u>
<b>Increase /( Decrease) in Stocks</b>	<b>12,666,399</b>	<b>(4,003,830)</b>
<b>SCHEDULE 16 :</b>		
<b>RAW MATERIALS AND STORES CONSUMED</b>		
<i>Opening Stock of Raw Material,Spares,Stores etc;</i>	36,828,596	34,511,898
<i>Add: Purchases</i>	<u>351,413,160</u>	<u>262,921,200</u>
	<u>388,241,756</u>	<u>297,433,098</u>
<i>Less: Closing Stock</i>	<u>40,231,483</u>	<u>36,828,596</u>
	<u>348,010,273</u>	<u>260,604,502</u>

	<i>Year ended</i> <b>31.03.2007</b>	<i>Year ended</i> <b>31.03.2006</b>
<b>SCHEDULE 17:</b>		
<b>STAFF COSTS</b>		
<i>Salaries &amp; Wages</i>	27,093,894	22,610,080
<i>Contribution to ESI fund</i>	722,509	558,439
<i>Provident Fund</i>	1,310,270	1,128,584
<i>Workers and Staff Welfare</i>	1,179,077	1,554,348
<i>Bonus</i>	475,273	384,798
	<u>30,781,023</u>	<u>26,236,248</u>
<b>SCHEDULE 18:</b>		
<b>MANUFACTURING,ADMIN &amp; SELLING EXPENSES</b>		
<i>Power &amp; fuel</i>	42,539	42,561
<i>Factory maintenance</i>	49,217	35,811
<i>Insurance</i>	775,184	528,545
<i>Printing &amp; Stationery</i>	1,332,477	1,284,853
<i>Postage &amp; Courier</i>	992,302	885,471
<i>Telephone &amp; Fax</i>	3,098,287	2,889,747
<i>Rates,Taxes &amp; Licenses</i>	1,747,249	638,622
<i>Advertisement &amp; Business Promotion</i>	2,350,373	1,136,690
<i>Travelling &amp; Conveyance</i>	10,593,314	7,963,617
<i>Freight Outwards</i>	5,160,677	5,329,419
<i>Auditors Remuneration Audit fee</i>	39,284	38,060
<i>I T Representation fee</i>	20,000	20,000
<i>Other services</i>	1,720	1,880
	<u>61,004</u>	<u>59,940</u>
<i>Repairs &amp; Maintenance</i>	4,968,427	3,488,036
<i>Directors Sitting Fee</i>	-	750
<i>Director's Remuneration</i>	776,940	776,940
<i>Director's Travelling</i>	230,624	129,275
<i>Rents</i>	2,711,734	2,325,754
<i>Electricity &amp; Water</i>	838,830	627,141
<i>Administrative expenses</i>	840,652	438,639
<i>Sales Commission,Discounts etc;</i>	12,612,271	13,283,358
<i>Donations</i>	7,900	15,250
<i>Legal and Professional Charges</i>	421,035	301,499
<i>Other Expenses</i>	361,190	478,967
<i>Octroi</i>	424,163	639,278
<i>R &amp; D Expenses</i>	182,830	9,332
<i>Bad Debts Written Off</i>	266,286	322,452
	<u>50,845,505</u>	<u>43,631,946</u>
<b>SCHEDULE 19:</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
<i>Interest on Working Capital Loans</i>	4,168,620	3,543,658
<i>Interest on Term Loans</i>	1,068,096	-
<i>Others</i>	2,089,128	1,834,208
	<u>7,325,844</u>	<u>5,377,866</u>
<b>SCHEDULE 20 :</b>		
<b>PRIOR PERIOD ADJUSTMENT (NET)</b>		
<i>Income-tax earlier years (Interest etc)</i>	262,344	-
	<u>262,344</u>	<u>-</u>

**SCHEDULE - 21 :****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*

<i>1. Power Media Pvt Ltd</i>	<i>1,20,000 Equity Shares</i>	<i>Rs.1,200,000</i>
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**h. Equity warrants Application Money:**

*During the year 2005-06, an amount of Rs.62.11 lacs was received as Share Application Money, out of which a sum of Rs.41.71 lacs was allotted as equity share warrants during 2006-07. The balance amount of Rs.20.40 lacs has been kept as equity share warrants application money, pending allotment as per terms laid down in the notice to EGM dt.28.02.06.*

## SCHEDULE-22

## NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

## 1 Contingent Liabilities not provided for :

2006-07

Rs.Lakhs  
2005-06

## A) Claims against the Company not acknowledged as debts:

i) Letters of Credit - FLC (Issued in favour of suppliers)	101.60	14.40
ii) Letters of Credit - ILC (Issued in favour of suppliers)	56.53	38.31
iii) Bank Guarantees (Issued in favour of customers towards performance guarantee) All with SBI , Commercial Branch, Koti, Hyderabad	55.34	65.46
iv) The Commercial Tax Officer, II nd Circle, Kalamasserry, at Palarivattom assessed and demanded a sum of Rs.6,53,296.00 under Kerala General Sales Tax act for the financial year 2003-04. The Company filed an appeal against the said order before the Deputy Commissioner (Appeals)-II , Commercial Taxes, Ernakulam. The matter is pending disposal.	6.53	-

2 Balances of Debtors, Creditors, and Loans &amp; 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 year 2005-06.

## 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>I Retail Automation Products</i>	<b>1,566</b>	<b>198.32</b>	<b>15,206</b>	<b>454.67</b>	<b>13,777</b>	<b>680.46</b>	<b>2,995</b>	<b>251.14</b>
	<i>1,833</i>	<i>204.80</i>	<i>1,772</i>	<i>195.22</i>	<i>2,039</i>	<i>434.78</i>	<i>1,566</i>	<i>198.32</i>
<i>ii Banking Automation Products</i>	<b>1,631</b>	<b>205.33</b>	<b>5,243</b>	<b>656.86</b>	<b>5,292</b>	<b>1,327.53</b>	<b>1,582</b>	<b>206.51</b>
	<i>1,473</i>	<i>261.50</i>	<i>5,841</i>	<i>886.52</i>	<i>5,683</i>	<i>1,730.21</i>	<i>1,631</i>	<i>205.33</i>
<i>iii Others</i>								
<i>a) Retail Automation Products</i>		<b>64.39</b>		<b>677.84</b>		<b>572.57</b>		<b>110.15</b>
		<i>50.22</i>		<i>552.94</i>		<i>576.23</i>		<i>64.39</i>
<i>b) Banking Automation Products</i>		<b>12.86</b>		<b>1,201.80</b>		<b>1,415.73</b>		<b>39.77</b>
		<i>4.42</i>		<i>462.44</i>		<i>185.42</i>		<i>12.86</i>
<i>iv Service &amp; Consumables</i>		<b>368.29</b>		<b>522.96</b>		<b>1,008.39</b>		<b>402.31</b>
		<i>345.12</i>		<i>532.09</i>		<i>650.46</i>		<i>368.29</i>
<b>TOTAL</b>		<b>849.19</b>		<b>3,514.13</b>		<b>5,004.68</b>		<b>1,009.88</b>
		<i>866.06</i>		<i>2,629.21</i>		<i>3,577.10</i>		<i>849.19</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 2007	31-Mar 2006	31-Mar 2007	31-Mar 2006	31-Mar 2007	31-Mar 2006
Electronic Cash Registers	Nos	N.A.	N.A.	10,000	10,000	436	401

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

		Rs.in Lakhs			
		2006- 2007		2005-2006	
		Value	%	Value	%
<b>RAWMATERIAL , GOODS etc</b>					
Imported		292.73	11%	246.34	17%
Indigenous		2,457.82	89%	1,174.98	83%
	<b>TOTAL</b>	<b>2,750.55</b>	<b>100%</b>	<b>1,421.32</b>	<b>100%</b>
<b>SPARE PARTS</b>					
Imported		136.81	19%	59.93	5%
Indigenous		592.74	81%	1,124.80	95%
	<b>TOTAL</b>	<b>729.55</b>	<b>100%</b>	<b>1,184.73</b>	<b>100%</b>
	<b>GRAND TOTAL</b>	<b>3,480.10</b>		<b>2,606.05</b>	

**7 VALUE OF IMPORTS ON C I F BASIS***(As certified by the Management)*

Raw material, Goods	292.73	246.34
Spare parts	136.81	59.93
	<b>429.54</b>	<b>306.27</b>

**8 EXPENDITURE IN FOREIGN CURRENCY**

Raw material & Spares, Goods	319.42	213.57
Foreign Travel	6.55	4.04
Others	0.68	0.09
Interest (Foreign Currency Demand Loan etc)	39.67	36.27
	<b>366.32</b>	<b>253.97</b>

**9 EARNINGS IN FOREIGN CURRENCY**

-

-

**10 DIRECTORS' REMUNERATION**

Mr. Pradeep Chauhan As Managing Director	4.22	4.22
Ms. Sabari.S.Kambli As wholetime Director	3.55	3.55
	<b>7.77</b>	<b>7.77</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, Cosmic Engineering Enterprises, 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 separately 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 at the end of the year.*

		Current Year 2006-07	Previous Year 2005-06
<i>Profit as per P &amp; L Account</i>	<i>Rs.</i>	43,511,490	9,122,966
<i>Equity shares</i>	<i>No.s</i>	9,621,098	7,264,098
<i>Earning Per Share (Basic &amp; Diluted) on Nominal value of Rs.10/- per Share.</i>	<i>Rs.</i>	4.52	1.26

**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 : 27.08.2007*

*PLACE: Hyderabad  
DATE : 27.08.2007*

**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)**

**REGISTRATION DETAILS**

<i>Registration No.</i>	13264
<i>State Code</i>	01
<i>Balance Sheet Date</i>	31 MARCH 2007

**II CAPITAL RAISED DURING THE YEAR**

	<i>Rs.in'000</i>
<i>Public Issue</i>	None
<i>Rights Issue</i>	None
<i>Bonus Issue</i>	None
<i>Preferential Issue of Convertible Warrants</i>	23,570

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

<i>Total Liabilities</i>	239,553
<i>Total Assets</i>	239,553

**Sources of Funds**

<i>Paid-up Capital</i>	96,211	
<i>Share Application</i>	2,040	
<i>Reserves &amp; Surplus</i>	93,016	
<i>Secured Loans</i>	43,701	
<i>Unsecured Loans</i>	4,585	
	<hr/>	239,553

**Application of Funds**

<i>Net Fixed Assets</i>	47,441	
<i>Investments</i>	1,200	
<i>Net Current Assets</i>	193,428	
<i>Miscellaneous Assets</i>	-	
<i>Deferred Tax Liability</i>	(2,516)	
<i>Accumulated losses</i>	-	
	<hr/>	239,553

**IV PERFORMANCE OF THE COMPANY**

<i>Turnover</i>	502,360
<i>Exepnditure</i>	446,132
<i>Profit / (Loss) before Tax</i>	68,895
<i>Profit / (Loss) after Tax</i>	43,511
<i>Earning Per Share (In Rupees)</i>	4.52
<i>-Do- Annualised</i>	4.52
<i>Divident Rate</i>	-

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

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

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**TYCHE PERIPHERAL SYSTEMS LIMITED**

Regd. Office: "Tyche House", 13-6-436/A/26, Lakshminagar Colony,  
Mehdipatnam, Hyderabad - 500028

**ATTENDANCE SLIP**

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I/We hereby record my / our presence at the Annual General Meeting of the Company at the Banquet hall of Shilpakala Vedika, adjacent to Shilparamam, Madhapur, Hyderabad - 500 081 at 9.30 a.m. on Thursday, 27th September 2007.

\_\_\_\_\_  
Name of the Member attending (in Block Letters)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Full Name of the First Joint-holder (To be filled-in if the first  
Named holder does not attend the meeting)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of the Proxy (To be filled-in if the Proxy Form has been duly deposited with the Company)

Membership Folio No. \_\_\_\_\_

DP.ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Client Id\* \_\_\_\_\_

\*Applicable for investors holding shares in electronic form.

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**TYCHE PERIPHERAL SYSTEMS LIMITED**

Regd. Office: "Tyche House", 13-6-436/A/26, Lakshminagar Colony,  
Mehdipatnam, Hyderabad - 500028

**PROXY FORM**

I/We \_\_\_\_\_ of  
\_\_\_\_\_, being a Member(s) of the above named  
Company hereby appoint Shri/ Smt \_\_\_\_\_ of  
\_\_\_\_\_ or failing him Shri/Smt  
\_\_\_\_\_ of  
\_\_\_\_\_ as my / our proxy to vote for me/ us and on my / our  
behalf at the Annual General Meeting of the Company at the Banquet hall of Shilpakala Vedika, adjacent to  
Shilparamam, Madhapur, Hyderabad - 500 081 at 9.30 a.m. on Thursday, 27th September 2007 and any  
adjournment thereof.

Membership Folio No. \_\_\_\_\_

DP.ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Client Id\* \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

Affix  
Re.1/-  
Revenue  
Stamp

**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.**