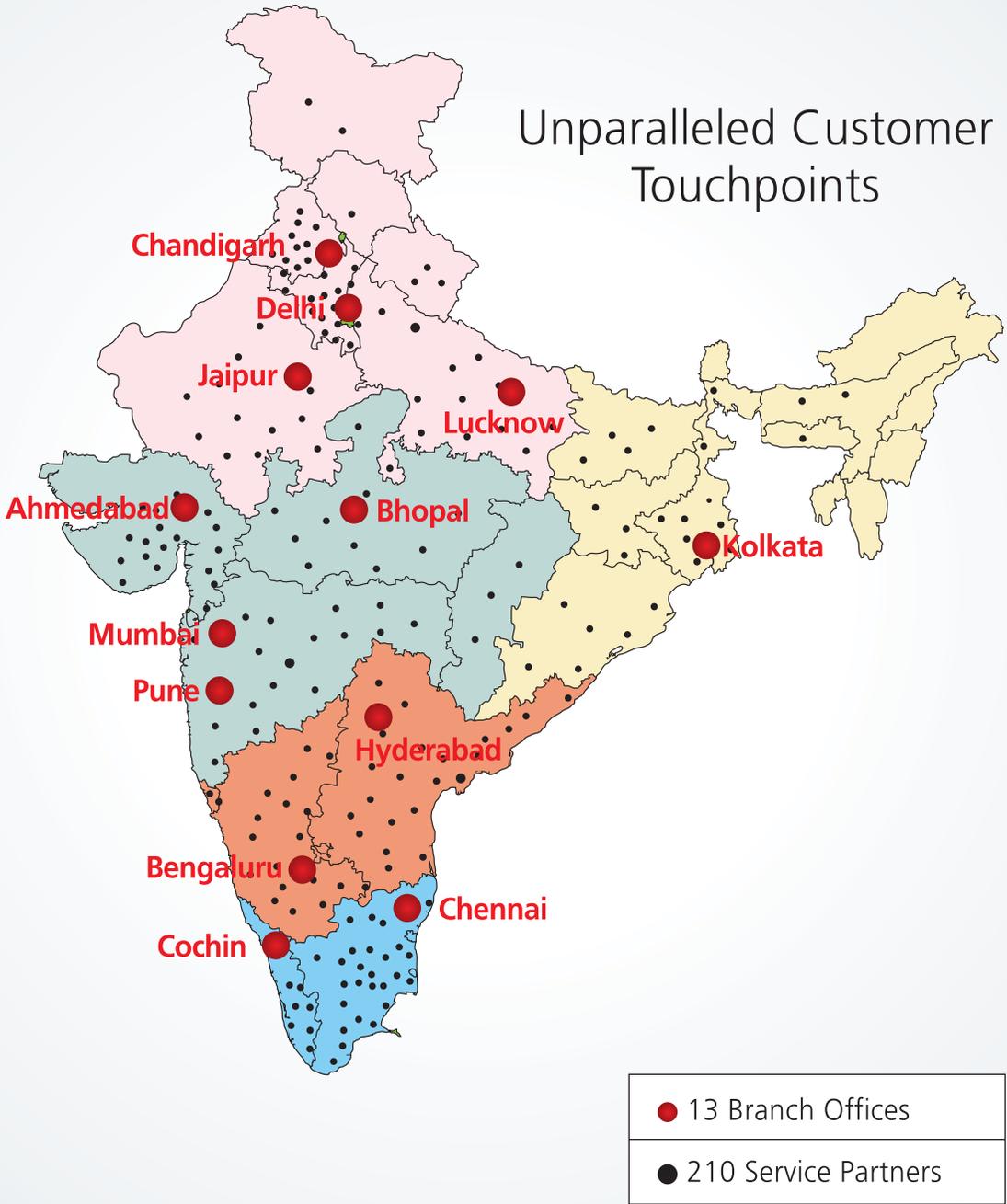




# Unparalleled Customer Touchpoints



## Board of Directors

Gopal Srinivasan	Chairman
K E Ranganathan	Managing Director
Srilalitha Gopal	
H Lakshmanan	
D Sundaram	
R Ramaraj	
Balu Doraisamy (upto 31 <sup>st</sup> May 2013)	
Kenneth Tai	
Praveen Chakravarty	

## Committees of the Board

### Audit Committee

Praveen Chakravarty	Chairman
D Sundaram	
R Ramaraj	

### Stakeholders' Relationship Committee

R Ramaraj	Chairman
D Sundaram	
Praveen Chakravarty	

### Nomination and Remuneration Committee

R Ramaraj	Chairman
Praveen Chakravarty	
Gopal Srinivasan	
D Sundaram	

### Company Secretary & Compliance Officer

S Nagalakshmi

### Auditors

Sundaram & Srinivasan  
Chartered Accountants, Chennai - 600 018

### Bankers

State Bank of Mysore, State Bank of Travancore  
Canara Bank, Development Credit Bank Limited

### Website

[www.tvs-e.in](http://www.tvs-e.in)

### Investor E-mail ID

Investorservices@tvs-e.in

### Corporate Identity Number

L30007TN1995PLC032941

### Registered Office

"Jayalakshmi Estates"  
29, Haddows Road, Chennai - 600 006  
Tel: 91-44-28277155. Email ID: webmaster@tvs-e.in

### Administrative Office

South Phase-7A, Second Floor  
Industrial Estate, Guindy, Chennai - 600 032  
Tel:91-44-4200 5200. Fax No: 91-44-2225 7577

### Plants

#### Uttarkhand - Plant I & II

No. E-12 & F-92, F-93, Selaqui Industrial Estate  
Selaqui, Dehradun, Uttarkhand. Tel: 0135 - 2698662/3

#### Oragadam

Plot No. OZ-11/2, SIPCOT Hi-Tech SEZ,  
Oragadam – 602 105. Sriperumpudur Taluk,  
Kancheepuram District, Tamil Nadu State

### Share Transfer Agents

Sundaram-Clayton Limited,  
"Jayalakshmi Estates" I Floor, 29, Haddows Road,  
Chennai 600 006. Tel: 91-44-28284959 / 28307700.  
Fax No. 91-44-2825 7121  
E-mail: investorservices@tvs-e.in  
kr.raman@scl.co.in

### Shares Listed at

BSE Limited  
National Stock Exchange of India Limited

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## Financial Highlights - Ten Years at a glance

₹ in Lakhs

Sl. No.	Particulars	2004-2005 <sup>#</sup>	2005-2006	2006-2007	2007-2008 <sup>@</sup>	2008-2009	2009-2010	2010-2011	2011-2012 <sup>§</sup>	2012-2013	2013-14 <sup>*</sup>
<b>1.</b>	<b>PROFIT AND LOSS ACCOUNT</b>										
	Revenue from operations	31,574	25,950	27,242	20,764	19,067	19,040	18,162	21,661	23,525	24,742
	Other Income	166	623	472	765	473	407	199	375	250	220
	<b>Total Income</b>	<b>31,740</b>	<b>26,573</b>	<b>27,714</b>	<b>21,529</b>	<b>19,540</b>	<b>19,447</b>	<b>18,361</b>	<b>22,036</b>	<b>23,775</b>	<b>24,962</b>
	Earnings before interest Depreciation and Tax (EBITDA)	1,773	1,631	1,652	2,615	439	666	1,083	1,303	1,080	1,375
	Depreciation	754	743	702	522	476	449	396	504	619	566
	<b>Profit before Interest and Tax (EBIT)</b>	<b>1,019</b>	<b>888</b>	<b>950</b>	<b>2,093</b>	<b>(37)</b>	<b>217</b>	<b>686</b>	<b>799</b>	<b>461</b>	<b>809</b>
	Finance costs	470	600	764	603	522	721	623	659	965	743
	<b>PBT</b>	<b>549</b>	<b>288</b>	<b>186</b>	<b>1,490</b>	<b>(559)</b>	<b>(504)</b>	<b>64</b>	<b>141</b>	<b>(504)</b>	<b>66</b>
	Tax Expense	121	(27)	-	380	211	(161)	(90)	1	297	26
	<b>PAT</b>	<b>428</b>	<b>315</b>	<b>186</b>	<b>1,110</b>	<b>(770)</b>	<b>(343)</b>	<b>154</b>	<b>140</b>	<b>(801)</b>	<b>40</b>
<b>2.</b>	<b>BALANCE SHEET</b>										
	Share Capital	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,787	1,787	1,802
	Reserves & Surplus	2,196	2,354	2,371	3,296	2,523	2,176	2,324	2,464	1,664	1,749
	<b>Networth</b>	<b>3,963</b>	<b>4,121</b>	<b>4,138</b>	<b>5,063</b>	<b>4,290</b>	<b>3,943</b>	<b>4,091</b>	<b>4,251</b>	<b>3,451</b>	<b>3,551</b>
	Loan Funds	6,538	8,860	8,909	4,538	5,738	6,133	4,498	6,608	6,518	5,796
	<b>Capital Employed</b>	<b>10,501</b>	<b>12,981</b>	<b>13,047</b>	<b>9,601</b>	<b>10,028</b>	<b>10,076</b>	<b>8,589</b>	<b>10,859</b>	<b>9,969</b>	<b>9,347</b>
	Deferred Tax Liability	452	298	197	158	202	184	81	48	345	385
	<b>Total</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>	<b>10,260</b>	<b>8,670</b>	<b>10,907</b>	<b>10,314</b>	<b>9,732</b>
	<b>Net Fixed Assets</b>	<b>5,518</b>	<b>3,864</b>	<b>3,397</b>	<b>2,393</b>	<b>2,422</b>	<b>2,135</b>	<b>1,685</b>	<b>4,929</b>	<b>4,651</b>	<b>4,489</b>
	<b>Investments</b>	<b>1,637</b>	<b>1,642</b>	<b>1,692</b>	<b>626</b>	<b>1,501</b>	<b>1,501</b>	<b>2,551</b>	<b>811</b>	<b>214</b>	<b>134</b>
	Current Assets	11,000	12,815	13,090	10,596	10,828	9,827	7,526	9,445	9,261	8,735
	Current Liability & Provision	7,202	5,042	4,935	3,856	4,521	3,203	3,091	4,278	3,812	3,626
	<b>Net Current Assets</b>	<b>3,798</b>	<b>7,773</b>	<b>8,155</b>	<b>6,740</b>	<b>6,307</b>	<b>6,624</b>	<b>4,434</b>	<b>5,167</b>	<b>5,449</b>	<b>5,109</b>
	<b>Total</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>	<b>10,260</b>	<b>8,670</b>	<b>10,907</b>	<b>10,314</b>	<b>9,732</b>
<b>3.</b>	<b>RATIOS</b>										
a)	EPS (Rs)	2.4	1.8	1.1	6.3	(4.4)	(2.0)	0.9	0.8	(4.5)	0.2
b)	Dividend (%)	9.0	7.5	7.5	10.0	-	-	-	-	-	-
c)	Book Value per Share (Rs)	22	23	23	29	24	22	23	24	19	20
d)	Return on Capital Employed (ROCE %)	9.7%	6.8%	7.3%	21.8%	(0.4)%	2.2%	8.0%	7.4%	4.6%	8.7%
e)	Return on networth (RONW %)	10.8%	7.7%	4.5%	21.9%	(18)%	(8.7)%	3.8%	3.3%	(23.2)%	1.1%
f)	Fixed Asset Turnover Ratio	6.0	5.5	7.5	7.2	7.9	8.4	9.5	6.6	4.9	5.4
g)	Working Capital Turnover Ratio	7.7	4.5	3.4	2.8	2.9	2.9	3.3	4.5	4.4	4.7
h)	Debt Equity Ratio	1.6	2.1	2.2	0.9	1.3	1.6	1.1	1.6	1.9	1.6
i)	EBITDA as % of Sales	5.6%	6.3%	6.1%	12.6%	2.3%	3.5%	6.0%	6.0%	4.6%	5.6%
j)	EBIT as % of Sales	3.2%	3.4%	3.5%	10.1%	(0.2)%	1.1%	3.8%	3.7%	2.0%	3.3%
k)	Net profit as % of Total Income	1.3%	1.2%	0.7%	5.2%	(3.9)%	(1.8)%	0.8%	0.6%	(3.4)%	0.2%
l)	R&D (Revenue and Capital) Expenditure as a % of Total Income	1.8%	1.7%	1.3%	1.5%	1.9%	1.1%	0.7%	0.5%	0.4%	0.4%

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

RONW is Profit after Tax divided by Networth.

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

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

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

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

<sup>@</sup> EBITDA for 2007-08 includes Extraordinary income of ₹ 1,560 lakhs arising out of sale of business and sale of property.

<sup>§</sup> The financial results for the year 2011-12 include the effects of "Customer Support Service" business acquired from TVS-E Servicetec Limited, Chennai effective from 1st October, 2011.

<sup>\*</sup> PBT is after exceptional item of expenditure for the FY 2013-14 - ₹ 63.45 Lakhs (Previous Year - ₹ NIL).

The financial results have been regrouped / reclassified wherever necessary as per the requirements of revised Schedule VI.

## Notice to the Shareholders

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held at Narada Gana Sabha No. 314/254, TTK Road, Alwarpet, Chennai - 600 018 on Thursday, 4<sup>th</sup> September, 2014 at 10:00 AM to transact the following business.

### ORDINARY BUSINESS

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

“RESOLVED THAT the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and Cash Flow Statement of the Company, for the year ended on that date, together with the Directors’ Report and the Auditors’ Report thereon as circulated to the shareholders and presented to the meeting be and are hereby adopted”.

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

“RESOLVED THAT Mrs. Srilalitha Gopal (DIN: 02329790) Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company”.

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

“RESOLVED THAT M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, (Firm Registration No.004207S) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company”.

### SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of Mr. Praveen Chakravarty (DIN: 00766422), Director, as a non-executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2019, be and is hereby approved.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of Mr. Kenneth Tai (DIN: 01964412), Director, as a non-executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2019 be and is hereby approved.”

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

“RESOLVED THAT Mr. K E Ranganathan, Managing Director, (DIN: 00058990), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 6<sup>th</sup> February, 2014, in terms of Section 161 of the Companies Act, 2013, and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans from the Company’s Bankers in the ordinary course of business, shall not be in excess of Rs.100 Crores (Rupees one hundred crores only).”

**By Order of the Board**

Chennai  
8<sup>th</sup> May, 2014

Registered Office:  
“Jayalakshmi Estates”  
29, Haddows Road  
Chennai - 600 006

**S. Nagalakshmi**  
**Company Secretary**

## Notice to the Shareholders (Contd.)

### NOTES

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members as the case may be of the Company.**
2. **A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company.**
3. **A member holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy provided that such person shall not act as a Proxy for any other member.**
4. **The instrument appointing the Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.**
5. The statement pursuant to Section 102 of the Companies Act, 2013, setting out, of material facts concerning each item of special business specified above is annexed hereto.
6. The Register of Members and the share transfer register of the Company will remain closed from Monday, 1<sup>st</sup> September, 2014 to Thursday, 4<sup>th</sup> September 2014, both days inclusive.
7. In terms of Section 205A of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.  
  
A separate reminder was also sent to those members having unclaimed dividends lying with the Company. Members who have not encashed their dividend warrants are advised to write to the Company immediately claiming dividends declared by the Company.  
  
Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company will upload the details of unpaid and unclaimed amounts every year on the Company's website and also in the website of the Ministry of Corporate Affairs.
8. Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding as well as trading.
9. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company together with the attendance slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participants. For members who have not registered their email address with the Company/ Depository Participants, physical copies of the above documents are being sent in the permitted mode.
10. Members holding shares in physical form are requested to notify immediately any change in their address / E-mail address to the Company / its Share Transfer Agents. Members holding shares in electronic form are requested to advise change of address / E-mail address to their Depository Participants.
11. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.
12. Members who have received the Annual Report in electronic mode and who intend to attend the meeting in person or through proxy are requested to bring a printed copy of the attendance slip to the meeting hall.
13. Members / Proxies attending the meeting should submit the duly signed attendance slip at the entrance of the Hall to attend the meeting.
14. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
15. Members may note that the Notice of the Annual General Meeting and the Annual Report will be available on the Company's website [www.tvs-e.in](http://www.tvs-e.in). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal working hours on working days. Members are also entitled to receive the physical copy upon making a specific request.
16. As per the provisions of Companies Act, 2013, nomination facility is available for members. The nomination forms

## Notice to the Shareholders (Contd.)

can be obtained from the Company's Share Transfer Agents by the members holding shares in physical form. In respect of members holding shares in electronic form, the forms may be obtained from the Depository Participant with whom they are maintaining their demat account.

### 17. E-voting facility:

- (a) In compliance with Clause 35B of Listing Agreement and the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company offers voting by electronic means through e-voting services provided by National Securities Depository Limited (NSDL).
- (b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose, viz., 24<sup>th</sup> July, 2014.
- (c) The Company has appointed Mr. K Sriram, Partner, M/s. S. Krishnamurthy & Co., Practicing Company Secretaries, Chennai as scrutinizer for conducting the e-voting and the physical ballot process in a fair and transparent manner.
- (d) **The instructions for e-voting are as under :**
  - I. **Members receiving e-mail from NSDL** (for members who have registered their email Ids with the Company / Depository Participants)
    - i. Open e-mail and then Open PDF file viz., **"TVS Electronics Limited – 19<sup>th</sup> AGM e-voting.pdf"** with the Client ID or Folio number as password. The PDF file contains the User ID and Password for e-voting. Please note that the password is an initial password which requires to be changed when the password change menu appears.
    - ii. Open your web browser during the voting period and log on to the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
    - iii. Click on Shareholder - Login
    - iv. Enter User ID and Password as initial password noted in step (i) above. Click Login.
    - v. Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Please note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
  - vi. Home page of e-voting opens. Go to "e-voting" icon and select "Active E-Voting Cycles".
  - vii. Select "EVEN" of TVS Electronics Limited
  - viii. Cast your vote and select "Submit" and "Confirm" when prompted.
  - ix. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - x. Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
  - xi. Institutions members (i.e other than individuals, HUF, NRI, etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with the attested specimen signature of the duly authorised signatory(ies), who are authorized to vote, to the Scrutinizer through email:[sriram.krishnamurthy@rediffmail.com](mailto:sriram.krishnamurthy@rediffmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com) and [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in).
- (e) In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at 022-24994600.
- (f) If members are already registered with NSDL for e-voting, then they can use their existing user ID and password for casting the vote.
- (g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (h) **The e-voting period commences on 29<sup>th</sup> August 2014 (9.00 am) and ends on 31<sup>st</sup> August 2014 (6.00 pm).** During this period, members holding shares as on 24<sup>th</sup> July 2014, may cast their votes electronically. Thereafter, the e-voting facility will be disabled for voting by NSDL. Once a vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.
- (i) The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting

## Notice to the Shareholders (Contd.)

period unblock the votes in the presence of atleast two witnesses not in the employment of the Company and prepare a Scrutinizer's Report and submit the report to the Chairman of the Company.

- (j) The results shall be declared at the Annual General meeting of the Company. The results declared along with the Scrutinizer's Report will be posted on the Company's website [www.tvs-e.in](http://www.tvs-e.in) and on the website of the NSDL within two days of passing of the resolutions at the AGM and communicated to the stock exchanges.
- (k) All relevant documents referred to in the accompanying Notice and Statement of material facts will be open for inspection at the Registered office of the Company during normal working days upto and including the date of the AGM.
- (l) In case of any queries, members may contact the Company at [investorservices@tvs-e.in](mailto:investorservices@tvs-e.in), or [scshares@gmail.com](mailto:scshares@gmail.com)

### II. Facility for members not having access to electronic voting

- (a) As provided in Clause 35B of Listing Agreement, to enable those members who may not have access to electronic voting facility to exercise their vote, a physical Ballot form is being sent along with the Notice of the Annual General Meeting. Detailed instructions are given on the reverse of the Ballot form.
- (b) The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through Physical Ballot to declare the result of the resolutions forming part of the Notice of the Annual General Meeting.
- (c) A member can opt for only one mode of voting, i.e, either by physical ballot or by electronic voting. In case of members casting votes in both modes, the votes made through electronic voting shall prevail.

18. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.

### I. Mrs. Srilalitha Gopal

Mrs. Srilalitha Gopal, aged 47 years, is an Engineering Graduate in Computer Science from IISc, Bengaluru, has been a Director from 10<sup>th</sup> November 2011.

She is the Managing Director of Harita Techserv Limited (HTL). Her direction has enabled the growth of the business of HTL to become one of the most preferred design engineering and talent services partners, ensuring success for every stakeholder of HTL. She provides active directional support to the TVS Electronics cluster of companies in their CSR initiatives.

Mrs. Srilalitha Gopal does not hold any Shares in the Company.

She is the spouse of Mr. Gopal Srinivasan, Chairman of the Company. Details of her other Directorships are given below. She is not a member / Chairperson of any of the Committees in these Companies.

Sl. No.	Name of the Companies	Position held
1.	Harita Techserv Limited	Managing Director
2.	Sundaram Investment Limited	Director
3.	Gallant E-Access Private Limited	Director

### II. Mr. Praveen Chakravarty

Mr. Praveen Chakravarty, aged 40 years, holds an MBA from the Wharton School and an undergraduate degree from BITS, Pilani. He was co-opted as a Director of the Company on 10<sup>th</sup> November 2011. He is a reputed corporate adviser, public policy commentator, author and a political observer. He is currently a strategic adviser to the BSE Ltd (Bombay Stock Exchange) and also a board director of BSE Institute. He serves on the Primary Markets Committee of SEBI, which was set up to assist SEBI in formulating policies for the primary markets. He served as a consultant to the Unique Identity Authority of India in 2011 and to the National Skills Development Agency in 2013. He was the CEO of Anand Rathi Financial Services from 2011 to 2013 and was Managing Director of BNP Paribas from 2007 to 2011. Prior to this, he worked as an investment banker in the United States for nearly a decade.

He has been appointed as the Chairman of the Audit Committee and as a member of the Stakeholders' Relationship Committee and Nomination and Remuneration Committee, effective 8<sup>th</sup> May 2014. He

## Notice to the Shareholders (Contd.)

does not hold any Shares in the Company. He is not related to any other Director of the Company.

The other directorships / memberships in the Companies are provided hereunder.

Sl. No.	Name of the Companies	Position held
1.	BSE Institute Limited	Director
2.	BSE Skills Limited	Director
3.	MSWIPE Technologies Private Limited	Director
4.	Springboard Financial Services Private Limited	Director
5.	FSM Education Private Limited	Director
6.	SEBI Primary Markets Advisory Committee	Member

### III. Mr. Kenneth Tai

Mr. Kenneth Tai, aged 64 years, holds a Master's degree in Business Administration from Tamkang University, Taiwan and a Bachelor of Science degree in Electrical Engineering from National Chiao Tung University, Taiwan. He was co-opted as a Director of the Company on 29<sup>th</sup> July 2010.

He is the Chairman of InveStar Corp., DigiTimes Inc., and Richtek Technology Corp. and is also on the Board of various public-listed companies in Taiwan. Between 1976 and 1993, Mr. Tai co-founded and held senior positions in Acer Group where he was responsible for the sales and marketing strategy.

Mr. Kenneth Tai does not hold any shares in the Company. He is not related to any Director of the Company.

The other directorships and memberships of committees held by him are provided hereunder:-

Sl. No.	Name of the Company	Position held
1.	Richtek Technology Corporation	Chairman
2.	Investar Capital Inc	Chairman
3.	Digitimes.Inc	Chairman
4.	Wafer Works Corporation	Director
5.	D-Link Corporation	Director
6.	Fullerton technology Inc	Director
7.	Global Testing Corp., Singapore	Director
8.	21 Vianet Group, Inc., China	Director

### IV. Mr. K E Ranganathan

Mr. K E Ranganathan, aged 51 years, is a Chartered Accountant and Company Secretary. He was co-opted as an Additional Director effective 6<sup>th</sup> February 2014 and was also appointed as the Managing Director.

He started his career with Sundaram-Clayton Limited in 1984 and has handled various assignments in TVS Group. He joined Murugappa Group in 1994 and after handling various senior positions, he became the Managing Director of the Joint Venture between Parryware and Roca of Spain in 2005. After the successful exit of the JV in 2008, he became the CEO of the Diversified Business Group within Murugappa Group, which has a presence in food products, packaging, plantations, infrastructure, construction and services sectors. He was awarded the Fulbright Scholarship in 2000 at Carnegie Mellon University, USA and he was also the recipient of the Udyog Rattan Award from the Institute of Economic Studies, New Delhi in June 2007. He has more than 30 years of work experience in multifarious functions across several sectors.

Mr. K E Ranganathan does not hold any Shares in the Company. He is not related to any other Director of the Company.

The other Directorships and Memberships/ Chairmanships of Committees held by him are given below :

Sl. No.	Name of the Companies	Position held
1.	Om Pizzas and Eats India Private Limited	Nominee Director
2.	Texmex Cuisine India Private Limited	Director
3.	Dusters Total Solutions Services Private Limited	Nominee Director
4.	Ganges E-Access Private Limited	Director
5.	Prostar Hospitality Services Private Limited	Director

**By Order of the Board**

Chennai  
8<sup>th</sup> May, 2014

**S. Nagalakshmi**  
**Company Secretary**

Registered Office:  
"Jayalakshmi Estates"  
29, Haddows Road  
Chennai - 600 006



## Notice to the Shareholders (Contd.)

### Statement of material facts pursuant to Section 102 of the Companies Act, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

#### Items 4 & 5

Mr. Praveen Chakravarty and Mr. Kenneth Tai are Non Executive Independent Directors of the Company in terms of Clause 49 of the listing agreement, liable to retire by rotation.

They have furnished declarations confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 (the Act). The Board has also formed an opinion that they are persons of integrity and possess the relevant expertise and experience and have consequently selected them as independent directors. In terms of Section 149(10) read with Schedule IV of the Act, they are being appointed to hold office for a term of five consecutive years from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2019. During this period, they shall not be liable to retire by rotation.

Brief resume of Mr. Praveen Chakravarty and Mr. Kenneth Tai together with other details as required under Clause 49 of the Listing Agreement forms part of the Notice annexed hereto. Board considers that their continuous association with the Company would be of immense benefit to the Company and recommends the resolutions as set out in Items 4 and 5 in the Notice to be approved by the shareholders, by way of special resolutions.

Notice under Section 160 of the Companies Act, 2013 has been received from a member intending to propose their appointment as a Director at the ensuing annual general meeting.

Copies of their letters of appointment setting out the terms of appointment as Independent Directors will be available for inspection without any fee by members at the Registered Office of the Company during the normal business hours, on any working day.

None of the Directors or Key Managerial Personnel and / or their relatives except Mr. Praveen Chakravarty and Mr. Kenneth Tai, has any concern or interest, financial or otherwise, in these resolutions.

#### Item 6

Mr. K E Ranganathan was appointed as an Additional Director of the Company by the Board of Directors with effect from 6<sup>th</sup> February 2014. He was also appointed as Managing Director effective 6<sup>th</sup> February 2014. In terms of Section 161(1) of the Companies Act, 2013, he holds office as Director upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director.

Notice under Section 160 of the Companies Act, 2013 has been received from a member intending to propose the appointment of Mr. K E Ranganathan as a Director at the ensuing annual general meeting.

His brief resume together with other details as required under Clause 49 of the Listing Agreement forms part of the Notice annexed hereto. He does not hold any shares in the Company. Board recommends the resolution for members' approval.

None of the Directors or Key Managerial Personnel and / or their relatives except Mr. K E Ranganathan has any concern or interest, financial or otherwise, in this item of business.

#### Item 7

The Company had, at the Annual General Meeting held on 22<sup>nd</sup> January 2003, obtained approval from the shareholders, by an Ordinary Resolution, to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, up to a sum not exceeding Rs.100 Crores at any point of time.

Under the provisions of Section 180 (1) (c) of the Companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a circular issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 (1) (d) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. up to 11<sup>th</sup> September, 2014. Hence, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital and free reserves of the Company after the said date.

The borrowing limit of Rs.100 Crores under the earlier resolution passed by the shareholders at the Annual General Meeting of the Company held on 22<sup>nd</sup> January 2003, remains unchanged. The Board commends the Special Resolution for approval of the shareholders.

None of the Directors or Key Managerial Personnel and / or their relatives has any concern or interest, financial or otherwise, in this resolution.

**By Order of the Board**

Chennai  
8<sup>th</sup> May, 2014

**S. Nagalakshmi**  
**Company Secretary**

Registered Office:  
"Jayalakshmi Estates"  
29, Haddows Road  
Chennai - 600 006

## Directors' Report to the Shareholders

The Directors hereby present their Nineteenth Annual Report on the business and operations of the Company and the financial accounts for the year ended 31<sup>st</sup> March, 2014.

### Financial Results

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

(Rs. in Lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Sales and other income</b>	<b>24,962</b>	23,775
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>872</b>	461
<b>Profit/ (Loss) Before Tax (PBT) before exceptional items</b>	<b>130</b>	(504)
Exceptional items	64	-
<b>Profit / (Loss) Before Tax</b>	<b>66</b>	(504)
<b>Profit / (Loss) after Tax (PAT)</b>	<b>40</b>	(801)
Add: Brought forward from previous year	(72)	(729)
Total available for appropriations	(32)	(72)
Surplus / (Deficit) in Statement of Profit and Loss	(32)	(72)

### Business results and key highlights of operations

For the year ended 31<sup>st</sup> March, 2014, the Company reported Sales Revenue and Other Income of Rs.249.62 Crores as against Rs.237.75 Cr in the previous year. Sales include Rs.69.34 Cr from Services business (Previous year Rs.44.75 Cr).

The overall Dot Matrix Printer (DMP) market continues to decline due to various factors. In spite of difficult market conditions, the Company maintained market share of 37%. The market shrunk by 10% year on year in terms of volume whereas our volumes declined by 21%. The 80 Column segment market share has grown by 3%. Though there was drop in revenue in DMP business, the Company compensated in the POS business to a greater extent.

The Company performed well on the "Point of Sales" (POS) and transaction management products registering a healthy growth of 25%. This was achieved by introduction of new products, reaching out to different customer segments and

covering new geographies and providing unique solutions to the Customers.

Services business has recorded growth of 10% in revenue terms in spite of declining service calls from few of our customers. Servicetec added new brands like Lenovo and Samsung during the year. It also expanded its operations for walk-in customers for hTC brand providing repair of Smart Phones by opening additional 8 centres across key towns in India. This has helped grow the revenue and profitability in the overall Services business.

From the overall operational excellence perspective, the Company continues to drive aggressively the Total Quality and Cost Management initiatives with lean manufacturing principles to reduce variable and fixed costs continuously.

### Growing the business

In the Products business, the growth will be driven by expanding the product range in the Point of Sale category and also launching contemporary products for customer segments like Retail outlets. There is a great scope for several innovative products in the payment and transaction processing segment for different applications. The Company is exploring several opportunities in these categories to grow the business. The Dot Matrix Printer category is expected to decline in the years ahead due to consumer shift towards thermal technology.

In the Services business, the Company is bullish on growing the business on the B2B model by being the Trusted Service Partner for well known brands in the PC and Mobile products category. Also, the Company is evaluating the opportunity present in extending its services offering directly to Customers. Having built good process and delivery capability, the Company is confident of growing the business by servicing the consumers directly. The Company is also positive in forging new tie-ups with several leading brands and manage their service needs of various product categories.

### MANAGEMENT DISCUSSION AND ANALYSIS

As required under Clause 49 of the Listing Agreements, a detailed Report on Management Discussions and Analysis is given below :

#### The Industry and Trends - Macro Economic Environment

During the year 2013-14, India GDP growth was around 4.9%. The growth slowdown in India is broadly in sync with trends in similar emerging economies. There is sluggishness in

## Directors' Report to the Shareholders (Contd.)

manufacturing with rise of policy rates, necessitated by the need to contain inflation, coupled with the bottlenecks facing large projects took toll on investments. R&D investments were low in India and not seized with the growing opportunities available in high and medium technology sectors in the global markets.

### Industry Outlook

The PC industry grew by 4.8% annually amid a slack in demand due to weak economic growth. The Dot Matrix Printer market has declined by 20%. However, the Indian Retail industry is the fastest growing industry with 15% contribution to GDP growth. The industry is growing at CAGR of 6%. The retail growth is the driver for Point of Sales products (POS) which is estimated to grow at 15% - 20%.

### Some key trends

- A. The retail sector has experienced high growth over the last decade with a noticeable shift towards organised retailing formats. As India's retail industry is aggressively expanding itself, great demand for real estate is being created. Further, easy availability of debit/credit cards has contributed significantly to a strong and growing online consumer culture in India. Favourable demographics, increasing urbanisation, nuclear families, purchasing power of consumers, preference for branded products and higher aspirations are some factors which will drive retail consumption in the country.
- B. The Indian Small and Medium Sized Business (SMB) space today is largely dominated by micro scale businesses, contributing 95% of the SMB landscape followed by small scale businesses contributing 4.8% and rest 0.2% by medium scale businesses. 45% of SMBs are in the rural regions. 2/3<sup>rd</sup> of the SMBs are mobile and internet subscribers. This forecast includes spending by Government (Government is composed of State and Regional Government and Central Government agencies) on internal IT (including personnel), hardware, software, external IT services and telecommunications. "IT services, which includes consulting, implementation, IT outsourcing and business process outsourcing, will be the largest overall spending category throughout the forecast period within the Government Sector.
- C. Stability in policy frame-work both at the Centre and the States is critical for sustenance and growth of business. Though overall sentiment for IT Hardware business remains slow and sluggish, with Tablet market taking the share of PC sales, sectors like Retail, Hospitality,

Manufacturing, Logistics & Transportation, Health Care, Banking Financial Services & Insurance and e-Governance & Education are expected to accelerate their IT spends given their focus to increase their products and services penetration into Heart of India.

The Company visualizes increasing opportunities for the POS products and solutions in Banking and e-Governance spaces. Dominance of unorganized retail, flexible credit options and convenient shopping locations will help traditional retail to continue dominance in retail sector. Smaller cities will witness growth and retail players would tap the potential in these cities.

India is the fifth attractive emerging retail market. The Indian retail market contributes to 15% of the GDP. The retail market is growing at CAGR of 20-25% annually. The Company is focusing on POS business and leveraging the touch points of sales and service partners and positioning as "The touch points of India" and with the Company's theme of 'Taking IT to the Heart of India' the Company believes that customers prefer products that operate in humid and dusty environment with lowest cost of ownership and yet provide ease of operation and capability in Indian languages. The Company has witnessed growth in the POS business and growing consistently and grown 29% in FY 2013-14.

### Business Risks & Opportunities

Government spending on IT services is expected to increase to \$1.46 billion in 2014 from \$1.37 billion in 2013, Gartner said, adding that BPO spending will grow 16.3% in the same period. State and regional administrations and Central Government agencies will open their purses this year to buy hardware and software, deploy internal and external IT services and spend on telecommunications. IT services, which include consulting, implementation, IT outsourcing and business process outsourcing (BPO), will be the largest overall spending category throughout the forecast period within the Government Sector. E-governance initiatives by various governments aided by expansion of affordable broadband connectivity and mobile solutions will generate more business for information and communications technology (ICT) service providers. The Retail automation projects by Major IT Giants is growing traction in the POS segment where our devices can be used for data capturing.

The domestic demand and consumption is leading to a significant need for data capturing, authentication processing and disseminating information etc. The Financial Sector in India had an overall growth of 15% and significant growth in Insurance Sector. With the growth in these sectors, there is a

## Directors' Report to the Shareholders (Contd.)

need for data capture and automation which will be drivers for more IT automation products and Data capturing products.

### Internal Control Systems and Risk Management

The Company has robust and adequate internal control systems to ensure that all the assets of the Company are safeguarded and protected against any loss and all the transactions are properly authorized, recorded and reported. The key processes are aligned with ISO9001:2008 system and audited periodically for compliance.

The Audit Committee of the Board reviews the findings and recommendations of the Internal Auditors periodically. The Company follows the policy of hedging forex risk on its imports by taking full cover. The Risk Management frame work covering business, operational and financial risks is being continuously reviewed with Standard Operating Procedures.

The Company is also putting Risk Management process in place to review the strategic and tactical risks as part of Audit Committee meeting.

### Business Planning and Information Technology

The Company leverages its IT investment to drive robust business planning processes. The Company benefits from the SAP system especially with shortened planning cycles helping the Company to align to the requirements of market and customers.

### Human Resource Development

As on 31<sup>st</sup> March 2014, the Company has total strength of 605 employees, consisting of 198 employees in Products business and 407 employees in Services business.

The Company's HR policy is to build a high performing organization, by motivating each individual to contribute to the achievement of the departmental as well as Company's goals. There is effective performance management system to monitor the performance levels and reward as appropriate. The Company has a compliance cell which ensures statutory compliance and also the fraud management across the field locations. The Company continuously engages the employees in different forums. The Company also has Management Kick-off and Sales & Service Kick-off meeting for rolling out the Annual plans. The compliance cell in HR continues to keep track of employment and labour laws.

### Safety

Safety training and safety audit are frequently conducted which enables the Company to maintain accident free performance at the Factories for several years.

### Corporate Social Responsibility

The Company continues to be actively engaged in Corporate Social Responsibility (CSR) initiatives for development of the society through partnerships particularly to improve the lesser privileged communities. Though the Company was not required to constitute the CSR Committee under the Companies Act, 2013, CSR activities have already been embodied in the value system of the Company, for the past decade. During the year, the Company undertook the following activities under CSR:

#### Health and hygiene:

The Company continues to run Healthcare programs for the villagers through the T S Srinivasan Clinic at Tumkur. This dispensary treats around 500 patients every month and medicines are provided free of cost to them.

#### Education:

The Company continues to play a leading complementary role to the education system with counseling and motivation of students improvements in the existing educational system, etc. This initiative helps achieve cent percent success in public examinations for the target student population.

### Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in Government regulations, tax laws and other statutes and incidental factors.

### Awards and Recognitions

The Company has been awarded:

- i) VAR India Award for Best Key Board (Mechanical) 2013.
- ii) VAR India Award for Best POS - Indian Brand 2013.
- iii) hTC Quietly Brilliant Customer Services Experience Award 2013.
- iv) Nokia Amazing Everyday Award 2013.

### Change in legal structure of the Holding Company

During the year, as part of the exercise to consolidate the holdings, M/s. TVS Investments Limited, the Holding Company

## Directors' Report to the Shareholders (Contd.)

of the Company transferred its entire holdings comprising of 1,09,58,264 Equity Shares of Rs.10/- each constituting 60.80%, in the Company to M/s. Sundaram Investment Limited, on 14<sup>th</sup> October 2013, under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011. Consequent to this transfer, M/s. Sundaram Investment Limited, has become the Holding Company of the Company. The Companies have made necessary disclosures under SEBI and Stock Exchange Regulations.

### Subsidiary Companies

As on 1<sup>st</sup> April, 2013, the Company had two Wholly Owned Subsidiaries viz. M/s. Prime Property Holdings Limited (PPHL) and M/s. Tumkur Property Holdings Limited (TPHL).

Since, TPHL had not been in any business operation since the date of incorporation and also did not propose to carry on any business activities, in future, TPHL applied to Registrar of Companies, Chennai, to strike off its name from the Register under the Fast Track Exit Mode, under Section 560 of the Companies Act, 1956. On 1<sup>st</sup> November, 2013, the Registrar of Companies approved the same and TPHL's name had been struck off from the Register from 1<sup>st</sup> November, 2013.

### Consolidated Accounts

The accounts of the subsidiary company, M/s. Prime Property Holdings Limited are consolidated with the accounts of the Company in accordance with Accounting Standard 21 (AS 21) prescribed by The Institute of Chartered Accountants of India. The consolidated accounts duly audited by the Statutory Auditors and the consolidated financial information form part of the Annual Report.

In terms of AS 21, Company is not required to consider the accounts of another subsidiary M/s. Tumkur Property Holdings Limited, as its name has been struck off from the Register under Section 560 of Companies Act, 1956, with effect from 1<sup>st</sup> November, 2013.

In accordance with the general exemption granted by the Central Government under Section 212 of the Companies Act, 1956 in February, 2011, the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Report of the Auditors of the subsidiary company is not attached to the Balance Sheet of the Company.

The Annual Accounts of the Subsidiary Company and related detailed information will be available for inspection by the Shareholders at the Registered Office of the Company and the Subsidiary Companies concerned and will also be made available to the Shareholders upon request.

A Statement under Section 212 (1)(e) of the Companies Act, 1956 is also attached.

### Dividend

Considering the current financial position of the Company, the Directors do not propose any dividend for the financial year ended 31<sup>st</sup> March, 2014.

### Directors

Mr. K E Ranganathan was appointed as Additional Director at the Board meeting held on 5<sup>th</sup> February, 2014, with effect from 6<sup>th</sup> February 2014, to hold office till this Annual General Meeting. Mr. K E Ranganathan was also appointed as Managing Director for a period of three years from 6<sup>th</sup> February 2014. Mr. K E Ranganathan is a Chartered Accountant and Company Secretary with over 28 years of experience. He has held various senior positions in leading industrial groups, including as Managing Director of a leading business group. Mr. K E Ranganathan's term of office as Additional Director is due to expire at the ensuing Annual General Meeting and is eligible for appointment as a Director, which will enable him to continue his tenure as Managing Director of the Company.

Mr. Balu Doraisamy, Director resigned from the Board of Directors of the Company effective from the close of 31<sup>st</sup> May, 2013. He was appointed as a Director in the year 2011 and Company has benefited by his valuable guidance and directions, particularly in terms of long term outlook for the growth of the Company. Directors place on record their deep sense of appreciation for the services rendered by Mr. Balu Doraisamy during his tenure.

During the year, Ministry of Corporate Affairs has notified various new provisions relating to the selection, manner of appointment, functions and duties of the Independent Directors. In terms of the provisions of Section 149 of the Companies Act, 2013, Independent Directors are eligible to hold office for a term upto five consecutive years and are eligible for the second term subject to passing of special resolutions by the Company. Independent Directors, so appointed, shall not be liable to retire by rotation under the Companies Act, 2013.

Mr. D Sundaram and Mr. H Lakshmanan, who were Independent Directors under Clause 49 of the Listing Agreement with the Stock Exchanges, are not Independent Directors under Section 149(6) of Companies Act, 2013 and also under the revised Clause 49 of the Listing Agreement which will come into force with effect from 1<sup>st</sup> October, 2014.

## Directors' Report to the Shareholders (Contd.)

Mr. Praveen Chakravarty, Mr. R Ramaraj and Mr. Kenneth Tai have satisfied the criteria of Independence under Section 149(6) of the Companies Act, 2013. Necessary resolutions are being placed before the shareholders at the ensuing Annual General Meeting seeking approval for the appointment of Mr. Praveen Chakravarty and Mr. Kenneth Tai for a term of upto five consecutive years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2019. Mr. R Ramaraj was appointed as the Small Shareholder Director under Section 151 of the Companies Act, 2013 by the Board of Directors and the approval of the shareholders will be sought under Section 110 of the Companies Act, 2013 through Postal Ballot.

The Nomination and Remuneration Committee has been entrusted with the task of identifying two Independent Directors to comply with the revised Clause 49 of the Listing Agreement.

Mrs. Srilalitha Gopal, Director under Section 149 of the Companies Act, 2013 and who had been serving on Board since the year 2011, retire by rotation at the ensuing Annual General Meeting of the Company in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offer herself for re-appointment.

The brief resume of Directors and other information have been detailed in the Notice convening the Annual General Meeting of the Company. Necessary resolutions are being placed before the members for approval. Board recommends their appointment / re-appointment as Directors of the Company.

### Senior Management

During the year, Mr. J N Sastry, President and CEO, relinquished his position with effect from 30<sup>th</sup> November, 2013.

Ms. K Hema Rao and Mr. R Sridhar have been appointed as Managers under Section 269 of the Companies Act, 1956 with effect from 1<sup>st</sup> November, 2013. They relinquished their position as Managers from the close of 5<sup>th</sup> February, 2014. Necessary intimations have been made to the statutory authorities concerned.

### Statutory Auditors

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (Registration No.004207S) retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment.

### Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor.

Board has appointed M/s. S Krishnamurthy & Co., Practicing Company Secretaries, Chennai as Secretarial Auditors for the financial year 2014-15 and to attach their report to the Board's Report.

### Employee Stock Option Plan

During the year, 15000 stock options were granted under the Employees Stock Option Scheme 2011 (ESOP). These options were issued at Rs.10/- per Equity share and be allotted one Equity share of the Company of the nominal value of Rs.10/- per Equity Share on payment of exercise price during the exercise period.

Details of the options granted and options in force as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure "A" to this Report.

### Listing of Shares issued on Preferential Basis

M/s. Tranzmute Business Advisory LLP, Mumbai (Tranzmute), have been allotted 3,50,000 warrants convertible into Equity Shares, on preferential basis, in the year 2011. On 2<sup>nd</sup> April, 2013, as per the terms of the Issue, Tranzmute has exercised the option to convert the entire warrants in to equal number of Equity Shares of Rs.10/- each at a premium of Rs.12.75 per share. Company had allotted 3,50,000 Equity Shares of Rs.10/- each to Tranzmute and the same has been listed in the Stock Exchanges in which the Company's shares are listed.

### Credit Rating

Company had obtained Investment grade credit rating from Brickwork Ratings India Private Limited, during the year 2012-13. The Company is taking necessary steps to renew the same.

### Personnel

The particulars of the employees covered by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all members excluding the



## Directors' Report to the Shareholders (Contd.)

statement containing the particulars of employees provided under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### E-Waste Management

The Company is well ahead in terms of e-waste management compliance directed by Government of India with effect from 1<sup>st</sup> May, 2012. The Company has taken steps to register with appropriate authorities for setting up "e-waste" collection centres in all the States. It is also tying up with vendors for e-waste disposal.

### Report on energy conservation, foreign exchange and research and development

Information relating to energy conservation, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are given in Annexure "B" to the Directors' Report.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made a part of this Annual Report.

A Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the listing agreement is attached to this Report.

### Public Deposits

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31<sup>st</sup> March, 2014.

### Investments

The Company had an investment of Rs.1.19 Crores (11866 Units) in TVS Shriram Growth Fund (Fund) of which it had divested Rs.0.80 Crores (8000 units) during the year. The Company had earned a profit of Rs.0.04 Crores, out of this transaction.

Company had an investment of Rs.5 Lakhs comprising of 50,000 Equity Shares of Rs.10/- each in TPHL. Since, the net

worth of TPHL had fully eroded due to accumulated losses, Company's investment in TPHL to the extent of Rs.5 Lakhs had been fully diminished and already provided for in the books of accounts of the Company as on 31<sup>st</sup> March, 2013 and the same has been written off against the provision created during the year 31<sup>st</sup> March, 2014.

### Directors' Responsibility Statement

As required by Section 217(2AA) of the Companies Act, 1956, the Directors hereby state:

- i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2014, the applicable accounting standards have been followed and that there were no material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2014 and of the profits of the Company for the year under review;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate 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) that the Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March, 2014 on "going concern" basis.

### ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the committed service of all the employees.

The Directors would also like to express their grateful appreciation for the assistance and co-operation received from the customers, dealer partners, business partners, bankers and its holding companies Sundaram Investment Limited and T.V.Sundram Iyengar & Sons Limited.

The Directors thank the Shareholders for the continued confidence and trust placed by them in the Company.

**For and on behalf of the Board**

Chennai  
8<sup>th</sup> May, 2014

**Gopal Srinivasan**  
Chairman

## Directors' Report to the Shareholders (Contd.)

### Annexure 'A' to Directors' Report

Disclosure under SEBI (ESOP & ESPS) Guidelines, 1999.

#### Employees Stock Option Scheme 2011

a)	Options Granted	2,30,000
b)	Pricing Formula	The Exercise Price for the purpose of grant of stock options will be decided by the Compensation Committee, provided that the Exercise Price per option shall not be less than the par value of the Equity Share of the Company.
c)	Options Vested	15,000
d)	Options Exercised	Nil
e)	The total no. of ordinary shares arising as a result of exercise of options	Nil
f)	Options lapsed	2,03,000
g)	Variation of terms of options	Nil
h)	Money realized by exercise of options	Nil
i)	Total no. of options in force	27,000
j)	(i) Details of options granted to Senior Managerial Personnel during the year	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital outstanding (excluding outstanding warrants & conversions) of the Company at the time of grant.	Nil
k)	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the International Accounting Standard (IAS 33)	Not applicable

For and on behalf of the Board

Chennai  
8<sup>th</sup> May, 2014

Gopal Srinivasan  
Chairman



## Directors' Report to the Shareholders (Contd.)

### Annexure "B" to the Directors' Report for the year ended 31<sup>st</sup> March, 2014

Information as required under Section 217 (1) (e) of the Companies Act, 1956

#### A. CONSERVATION OF ENERGY

##### (a) Measures taken:

Redesigned electronics module to reduce power consumption by 30% completed for all products.

##### (b) Proposed measures:

BIS safety compliances certified to two variants, other products in progress.

#### B. TECHNOLOGY ABSORPTION

##### 1. Specific areas in which R&D was carried out by the Company:

##### (a) IT Peripherals

- i. 24W gate array technology for all 24W Printers. CUFT in progress.
- ii. New High Speed print head evaluation is in progress.
- iii. Bluetooth enabled mobile printers and scanners have been launched.
- iv. Localization of 3 inch thermal printer completed.

##### (b) Customization projects

Demo completed for New Thermal printer for Indian Railways for UTS ticketing application with existing customer application. Commercialisation yet to start.

##### 2. Future plan of action

The Company is also working on Retail automation projects and also in the area of Point of Sales by offering innovation and customization of these products.

##### 3. Expenditure on R&D

Rs. in Lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Capital Expenditure	0.09	0.53
Revenue Expenditure	94.28	101.71
Total	94.37	102.24

Total expenditure as a percentage of total turnover = 0.47% (0.43%)

#### 4. Technology absorption, adoption and Innovations

##### a) Efforts in brief

- i. Key research employees and new joiners have been trained in paper transportation for DMP system, Thermal technology, Electronic Cash Registers, Power consumption, Plastic/Sheet metal parts design and ROHS compliance.
- ii. Contributed for NOS (National Occupational standards) for skill sets in IT services along with MAIT.

##### b) Benefits derived as a result of the above efforts

- i. Know how of 24 wire printing technology scalable for higher printing speeds & cost control.
- ii. Know how of Rugged High Speed 2" Thermal printer mechanism with high degree of Security & Customization for Bharat Electronics Ltd.

##### c) Technology absorption

In addition to the DMP, the Company has added POS products like Thermal printers, Bar code scanners, Pole display, Electronic cash register, Tablet based solution, and Touch POS system etc., as a focus category for product development in the retail segment with migrating from ASIC chips to own IP related areas. The Company will design and develop products with higher standards to compete in the international market. This will encompass developing of innovative products to reduce the power consumption, meet customer needs, meeting all the International standards at an affordable cost to the end customer.

#### C. EXPORT ACTIVITIES

The Company exported Printers / Printer components

Rs. in Lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
(a) Total Forex earned (FOB)	3,071.92	315.71
(b) Total Forex used (FOB)	8,694.85	5,831.49

For and on behalf of the Board

Chennai  
8<sup>th</sup> May, 2014

Gopal Srinivasan  
Chairman

## Report on Corporate Governance

(As required by Clause 49 of the Listing Agreements with the Stock Exchanges)

### Company's Philosophy on Corporate Governance

The Company, in line with the philosophy of TVS Group, continues to follow the principles of Corporate Governance, by adopting fair, transparent and ethical governance practices. The Company is committed to conducting its business to achieve long term growth to enhance shareholders value and also value of other stakeholders.

In line with the Corporate Governance principles, the activities and conduct of the Company are governed by the Code of Business Conduct and Ethics for its Directors (including its Non-Executive Directors) and senior management personnel. The Board of Directors conducts business in due compliance of the applicable laws and periodically undertakes review of business plans, performance and compliance to regulatory requirements.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

### MANDATORY REQUIREMENTS

#### 1. Board of Directors

A strong Corporate Governance is the key to business sustainability. This is overseen by the Board of Directors

in respect of strategies, fairness to stakeholders, strong accounting principles and ethical corporate practices.

The structure consists of Board of Directors and various Sub-Committees overseeing the entire management. As on 31<sup>st</sup> March, 2014, the total strength of the Board, consist of eight Directors with an optimum combination of a Non Executive Chairman, a professional Managing Director, a Woman Director and five Independent Directors.

All the Directors have disclosed their other directorships and Committee positions in other public companies. It is observed that none of them is a Director in more than fifteen public companies or a member of more than ten Committees or a Chairman of more than five Committees across all public companies in which he/she is a Director. During the financial year 2013-14, four Board Meetings were held respectively on 20<sup>th</sup> May, 2013, 5<sup>th</sup> August, 2013, 7<sup>th</sup> November, 2013 and 5<sup>th</sup> February, 2014. The gap between any two meetings did not exceed four months.

The last Annual General Meeting (AGM) of the Company was held on 23<sup>rd</sup> August, 2013 and five Directors including the Chairman of the Audit Committee attended the AGM.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during 2013-14 and the number of directorships and Committee Chairmanships/Memberships held by them in other companies are provided hereunder:

Name of the Director	Category	No. of Board Meetings during the year 2013-14		Whether attended last AGM held on 23rd August, 2013	Number of other Directorships and Committee Memberships / Chairmanships		
		Held	Attended		Other Directorships (a)	Committee Memberships (b)	Committee Chairmanships
Mr. Gopal Srinivasan Chairman DIN 00177699	Chairman Non-Independent Non-Executive	4	4	Yes	14	1	-
Mr. K E Ranganathan <sup>1</sup> Managing Director DIN 00058990	Non-Independent Executive	-	-	NA	5	-	-
Mr. H Lakshmanan DIN 00057973	Independent Non-Executive	4	3	Yes	18	6	4
Mr. R. Ramaraj DIN 00090279	Independent Non-Executive	4	4	No	9	2	1
Mr. D Sundaram DIN 00016304	Independent Non Executive	4	3	Yes	8	5	2
Mr. Kenneth Tai DIN 01964412	Independent Non-Executive	4	2	No	8	-	-
Mr. Balu Doraisamy <sup>2</sup> DIN 00081807	Independent Non-Executive	1	1	No	1	-	-
Mr. Praveen Chakravarty DIN 00766422	Independent Non-Executive	4	3	Yes	5	-	-
Mrs. Srilalitha Gopal DIN 02329790	Non-Independent Non-Executive	4	3	Yes	3	-	-

<sup>1</sup> Appointed as Managing Director effective 6th February, 2014. <sup>2</sup> Resigned from the Board effective close of business hours on 31st May, 2013 (a) includes directorship of private limited companies, Section 25 companies, and foreign companies (b) only membership of Audit Committee and Shareholders Grievance Committee of other companies have been considered which includes Committees where the Director is also Chairman.

## Report on Corporate Governance (Contd.)

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company. None of the Directors are related to each other except Mr. Gopal Srinivasan and Mrs. Srilalitha Gopal who are spouses.

The Company ensures that all statutory, significant material information are placed before the Board/ Committees of Directors for their noting / approval to enable them to discharge their responsibilities as trustees of the large family of shareholders. During the year, information on matters mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration. The Board periodically reviews compliance of all laws applicable to the Company.

### Scheduling and selection of Agenda items for Board Meetings

All departments of the Company schedule their work plans in advance, particularly with regard to matters requiring consideration at the Board/Committee Meetings.

### Post meeting follow-up mechanism

Important decisions taken at the Board/Committee Meetings are promptly communicated to the concerned departments. Action Taken Report on decisions/minutes of previous meetings is placed at the succeeding meetings of the Board/Committee for noting.

### Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Business Conduct and Ethics for Board of Directors and Senior Management Personnel (Code) viz., all members of management one level below Directors, including all functional heads. The Code has been communicated to all the Directors and members of the senior management. The Code is also available on the Company's website [www.tvs-e.in](http://www.tvs-e.in). All Directors and Senior Management Personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2014. The Annual Report contains a declaration to this effect signed by the Managing Director and the Company Secretary as the compliance officer of the Code.

### Changes in the Board composition under the Companies Act, 2013

Mr. D Sundaram and Mr. H Lakshmanan, who were Independent Directors under Clause 49 of the Listing Agreement, are not Independent Directors under Section

149(6) of the Companies Act, 2013 and consequently the revised clause 49 of the Listing Agreement which will come into force with effect from 1<sup>st</sup> October, 2014.

Mr. Praveen Chakravarty, Mr. R Ramaraj and Mr. Kenneth Tai have satisfied the criteria of Independence under Section 149(6) of the Companies Act, 2013. Necessary resolutions are being placed before the shareholders at the ensuing Annual General Meeting seeking approval for the appointment of Mr. Praveen Chakravarty and Mr. Kenneth Tai for a term of upto five consecutive years. Mr. R Ramaraj was appointed as the small Shareholder Director under Section 151 of the Companies Act, 2013, for which approval from the shareholders will be sought separately by way of Postal Ballot.

The Nomination and Remuneration Committee has been entrusted with the task of identifying two Independent Directors to comply with the revised Clause 49 of the Listing Agreement.

## 2. Audit Committee

The Board had an Audit Committee constituted on 18<sup>th</sup> August, 2003, in line with the requirements of the Listing Agreement. The members of the Audit Committee possess financial / accounting expertise and exposure.

### Terms of reference of the Audit Committee, inter-alia includes the following:

- 1) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Any change in the accounting policies and practices and reasons for the same.
  - b. Major accounting entries involving estimates based on the exercise of judgment by management.
  - c. Significant adjustments made in the financial statements arising out of audit findings.
  - d. Compliance with Accounting Standards and with listing and other legal requirements relating to financial statements.
  - e. Disclosure of any related party transactions.
  - f. Qualifications in the draft Audit Report.
- 3) Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval.

## Report on Corporate Governance (Contd.)

- 4) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
  - 5) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - 6) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - 7) The recommendations of the Audit Committee on financial management including the Audit Report shall be binding on the Board. In case the Board does not accept the recommendations of the Committee, it shall record the reasons there for and communicate such reasons to the Shareholders.
  - 8) Discussion with Internal Auditors on any significant findings and follow up thereon.
  - 9) Reviewing the findings of any internal investigations by the Internal Auditors or any other firms of Chartered Accountants or other entities/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - 10) Discussion with Statutory Auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
  - 11) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor including Cost Auditors and the fixation of their fees.
  - 12) Reviewing the Company's financial and risk management policies.
  - 13) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non - payment of dividends declared) and creditors.
  - 14) To review the functioning of the Whistle Blower and Vigil mechanism.
  - 15) Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
  - 16) Authority to investigate into any matter referred to it by the Board.
  - 17) Review the following information:
    - i) Management discussion and analysis of financial condition and results of operations;
    - ii) Approval or any subsequent modification of transactions of the Company with related parties;
    - iii) Scrutiny of inter-corporate loans and investments;
    - iv) Valuation of undertakings or assets of the Company, wherever it is necessary;
    - v) Evaluation of internal financial controls and risk management systems;
    - vi) Reviewing with the management, the performance of Statutory Auditors, including Cost Auditors and Internal Auditors, adequacy of internal control systems;
    - vii) Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading;
    - viii) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
    - ix) Internal audit reports relating to internal control weaknesses; and
    - x) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
  - 18) All regulations pertaining to the meetings of the Board / Committees of the Board as contained in the Articles of Association of the Company in so far as they are not repugnant to the context and meaning thereof, to the provisions contained herein, shall mutatis-mutandis, apply to the meetings of this Committee.
- The subjects reviewed and recommended in the meetings of the Audit Committee were appraised to the Board by the Chairman of the Audit Committee. As provided in Section 177 of the Companies Act, 2013, additional powers were vested with the Audit Committee at the Board Meeting held on 8<sup>th</sup> May 2014.

## Report on Corporate Governance (Contd.)

Four Audit Committee Meetings were held during the year respectively on 20<sup>th</sup> May, 2013, 5<sup>th</sup> August, 2013, 29<sup>th</sup> October, 2013 and 5<sup>th</sup> February, 2014. The gap between any two meetings did not exceed four months.

### Composition of the Audit Committee:

The composition of the Audit Committee and the details of Audit Committee meetings attended by its members, in terms of the Listing Agreement, during the financial year 2013-14 are given below:

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. D Sundaram, Chairman	Non-Executive Director-Independent	4	4
2.	Mr. H Lakshmanan	Non-Executive Director-Independent	4	1
3.	Mr. R Ramaraj	Non-Executive Director-Independent	4	4
4.	Mr. Praveen Chakravarty	Non-Executive Director-Independent	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 23<sup>rd</sup> August, 2013.

The Audit Committee has been reconstituted in the following manner on 8<sup>th</sup> May, 2014, as required under Section 177 of the Companies Act, 2013:

Mr. Praveen Chakravarty - Non Executive Independent-Chairman of the Committee

Mr. D Sundaram - Non Executive Non Independent

Mr. R Ramaraj - Non Executive Independent

The Committee's constitution and terms of reference are in compliance of the Companies Act, 2013, Clause 49 of the Listing Agreement as amended from time to time.

### 3. Remuneration and Compensation Committee

The Remuneration and Compensation Committee was constituted on 18<sup>th</sup> July, 2003. The Committee :

- Shall act as Remuneration Committee for the purposes of approving any minimum remuneration payable to any managerial person and others as delegated by the Board from time to time, and
- Shall act as Compensation Committee to formulate and administer the employee stock options of the Company.

The Remuneration and Compensation Committee met three times during the year on 4<sup>th</sup> July, 2013, 5<sup>th</sup> August, 2013 and 5<sup>th</sup> February, 2014 respectively.

The composition of the Remuneration/Compensation Committee and details of Remuneration Committee meetings attended by its members are given below:

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. H Lakshmanan	Non-Executive Director-Independent	3	3
2.	Mr. D Sundaram, Chairman	Non-Executive Director-Independent	3	2
3.	Mr. Gopal Srinivasan	Non-Executive Director-Non-Independent	3	3
4.	Mr. Balu Doraisamy <sup>1</sup>	Non-Executive Director-Independent	-	-
5.	Mr. R Ramaraj	Non-Executive Director-Independent	3	2

<sup>1</sup> Resigned with effect from close of business hours on 31st May, 2013.

The Nomination and Remuneration Committee has been constituted on 8<sup>th</sup> May, 2014 in the following manner in terms of Section 178 of the Companies Act, 2013 :

Mr. R Ramaraj - Non Executive Independent – Chairman of the Committee

Mr. Praveen Chakravarty - Non Executive Independent

Mr. Gopal Srinivasan - Non Executive Non Independent

Mr. D Sundaram - Non Executive Non Independent

The terms of reference of the Remuneration and Compensation Committee was conferred on Nomination and Remuneration Committee. The Committee's constitution and terms of reference are in compliance of the Companies Act, 2013, Clause 49 of the Listing Agreement and SEBI ESOP Guidelines, 1999 as amended from time to time. Consequently, the Remuneration and Compensation Committee was dissolved with effect from 8<sup>th</sup> May, 2014.

### Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the appraisal process.

## Report on Corporate Governance (Contd.)

During the year 2013-14, the Company paid Sitting Fees of Rs.2,500/- per meeting to its Non-Executive Directors for attending meetings of the Board and its Committees. The Company also reimburses out-of-pocket expenses incurred by the Directors for attending meetings. At the Board Meeting held on 8<sup>th</sup> May, 2014, Board had approved the revision in the sitting fees to Rs.10,000/- payable to its Non Executive Directors for attending the meetings of the Board and its Committees.

Details of Remuneration for the year ended 31<sup>st</sup> March, 2014 :

### (a) Non – Executive Directors

Name of the Directors	Sitting Fees paid (Rs.)
Mr. Gopal Srinivasan	17,500
Mr. H Lakshmanan	27,500
Mr. D Sundaram	25,000
Mr. R Ramaraj	35,000
Mr. Balu Doraisamy <sup>1</sup>	2,500
Mr. Kenneth Tai	5,000
Mrs. Srilalitha Gopal	7,500
Mr. Praveen Chakravarty	17,500

<sup>1</sup> Resigned with effect from the close of 31<sup>st</sup> May, 2013

### (b) Managerial Remuneration

During the year, Mr. K E Ranganathan has been appointed as Managing Director under Section 269 of the Companies Act, 1956, with effect from 6<sup>th</sup> February, 2014 for a period of three years. Mr. K E Ranganathan, Managing Director is paid remuneration by way of consolidated salary and variable pay amounting to Rs.80 Lakhs p.a. He has been paid a total remuneration of Rs.12.14 Lakhs for the period from 6<sup>th</sup> February, 2014 to 31<sup>st</sup> March, 2014.

Ms. K Hema Rao and Mr. R Sridhar have been appointed as Managers effective 1<sup>st</sup> November, 2013 under Section 269 of the Companies Act, 1956. Ms. K Hema Rao and Mr. R Sridhar relinquished the office as Managers, with effect from 5<sup>th</sup> February, 2014. Ms. K Hema Rao has been paid a total remuneration of Rs.9.69 Lakhs and Mr. R Sridhar has been paid a total remuneration of Rs.10.62 Lakhs during the period from 1<sup>st</sup> November, 2013 to 5<sup>th</sup> February, 2014.

The remuneration payable to above managerial personnel is fixed by the Remuneration Committee and approved by the Board, within the limits of Schedule XIII of the Companies Act, 1956 and the same was approved by the shareholders by more than the requisite majority by way of Postal Ballot conducted by the Company, under Section 192A of the Companies Act, 1956.

Details of shares of the Company held by the Directors as on 31<sup>st</sup> March, 2014 are given below:

Name of the Director	Number of Equity Shares held
Mr. Gopal Srinivasan	150
Mr. K E Ranganathan	NIL
Mr. H Lakshmanan	350
Mr. R Ramaraj	35,000
Mr. D Sundaram	NIL
Mr. Kenneth Tai	NIL
Mr. Praveen Chakravarty	NIL
Mrs. Srilalitha Gopal	NIL

There were no pecuniary relationships or transactions with the Non-executive Directors and the Company. Company has granted Stock Options to some of the Directors as per Employees Stock Option Scheme, 2011.

## 4. Investors' Grievance Committee

The Board constituted the Investors' Grievance Committee on 18<sup>th</sup> August, 2003 to, inter alia, approve transfers, transmissions, issue of fresh certificates etc., look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

Four meetings were held by the Committee during the year on 3<sup>rd</sup> April, 2013, 2<sup>nd</sup> July, 2013, 3<sup>rd</sup> October, 2013 and 3<sup>rd</sup> January, 2014 respectively. The composition of Investors' Grievance Committee and details of meetings attended by its members are given below:

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. H Lakshmanan	Non-Executive Director	4	4
2.	Mr. R Ramaraj	Non-Executive Director	4	4
3.	Mr. D. Sundaram	Non-Executive Director	4	1

## Report on Corporate Governance (Contd.)

### Complaints received and redressed during the financial year 2013-14:

Pending at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
Nil	6	6	Nil

S. No.	Nature of Complaint	No. of Complaints
1.	Non receipt of share certificates	Nil
2.	Non receipt of dividend warrants	2
3.	Non receipt of Annual Reports	2
4.	Other Complaints	2
	<b>Total</b>	<b>6</b>

As on 31<sup>st</sup> March, 2014 all the complaints received from the investors were redressed and no complaints were pending for redressal as on that date. The dematerialisation requests from the Shareholders were also carried out within the stipulated time period and no Certificates were pending for dematerialisation as at the end of the financial year 31<sup>st</sup> March, 2014.

The Stakeholders Relationship Committee was constituted on 8<sup>th</sup> May, 2014, in the following manner in terms of Section 178 of the Companies Act, 2013.

Mr. R Ramaraj - Non Executive Independent – Chairman of the Committee

Mr. Praveen Chakravarty - Non Executive Independent

Mr. D Sundaram - Non Executive Non Independent

The terms of reference of the Investor's Grievance Committee was conferred on Stakeholders Relationship Committee. The Committee's constitution and terms of reference are in compliance of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Consequently, the Investor's Grievance Committee was dissolved with effect from 8<sup>th</sup> May, 2014.

Since the Company is not covered under the conditions prescribed under Section 135 of the Companies Act, 2013, the constitution of Corporate Social Responsibility Committee was deferred.

Company Secretary and Compliance Officer shall be the Secretary of all the Board Committees.

## 5. General Body Meetings

### a. Annual General Meetings

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2011	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T. Nagar, Chennai - 600 017	21.09.2011	10.30 AM
2012	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road T. Nagar, Chennai - 600 017	04.08.2012	10.35 AM
2013	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road T. Nagar, Chennai - 600 017	23.08.2013	10.15 AM

### b. Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year.

### c. Postal Ballot

(i) None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval of the Shareholders by Postal Ballot.

(ii) As per Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, approval of the shareholders by means of a Postal Ballot was sought vide Notice dated 5<sup>th</sup> February, 2014 for the following Special Resolutions :

1. Amended Employees Stock Option Scheme 2011 consequent to the change of Promoter / Holding Company.
2. Amended Articles of Association consequent to the change of Promoter / Holding Company.
3. The appointment and payment of remuneration of Ms. K Hema Rao as Manager under the Companies Act, 1956 for a period from 1<sup>st</sup> November, 2013 to 5<sup>th</sup> February, 2014.
4. The appointment and payment of remuneration of Mr. R Sridhar as Manager under the Companies Act, 1956 for a period from 1<sup>st</sup> November, 2013 to 5<sup>th</sup> February, 2014.
5. The appointment and payment of remuneration of Mr. K E Ranganathan, Managing Director with effect from 6<sup>th</sup> February, 2014.

## Report on Corporate Governance (Contd.)

- (iii) The Postal Ballot Notice together with ballots were despatched to the shareholders on 8<sup>th</sup> March, 2014. The Company also offered e-voting option to the members to vote electronically instead of dispatching the Postal Ballot Form. The Company has signed an agreement with NSDL for facilitating such e-voting by the Members.
- (iv) Mr. K Sriram of M/s. S Krishnamurthy & Co., Practising Company Secretary, Chennai was

appointed as the Scrutinizer for conducting the Postal Ballot.

- (v) The Postal Ballot Results were declared on April 11, 2014. The results were published in the newspapers and also disclosed to the Stock Exchanges. The same was posted on the website of the Company. The details of the Postal Ballot results are given below :

Particulars	Resolution-wise voting details				
	Amendments to the ESOP Scheme 2011	Amendments to the Articles of Association	Appointment and Remuneration of Ms. K Hema Rao as Manager from 1 <sup>st</sup> November, 2013 to 5 <sup>th</sup> February, 2014	Appointment and Remuneration of Mr. R Sridhar as Manager from 1 <sup>st</sup> November, 2013 to 5 <sup>th</sup> February, 2014	Appointment and Remuneration of Mr. K E Ranganathan as Managing Director from 6 <sup>th</sup> February, 2014
Total votes of eligible members	1,80,22,818	1,80,22,818	1,80,22,818	1,80,22,818	1,80,22,818
Total valid votes exercised	1,13,84,424	1,13,80,462	1,14,35,763	1,14,35,338	1,14,35,223
Votes cast for the resolution (In figures)	1,13,82,013	1,13,77,932	1,14,29,810	1,14,29,935	1,14,31,270
(In %)	99.98	99.98	99.95	99.95	99.97
Votes cast against the resolution (In figures)	2,411	2,530	5,953	5,403	3,953
(In %)	0.02	0.02	0.05	0.05	0.03

### d. Special Resolutions

Details of Special Resolutions passed by Shareholders during the last three years are given below.

Year	Subject matter of Resolution	Date of AGM
2010-11	<ol style="list-style-type: none"> <li>Offer not exceeding 3,50,000 warrants with option to exercise the right to be allotted equal number of Equity Shares of Rs.10/- each on preferential basis to Tranzmute Business Advisory LLP, Mumbai.</li> <li>Offer not exceeding 12,35,000 Equity Stock Options convertible into equal number of Equity Shares of Rs.10/- each constituting about 7% of the paid-up capital of the Company as on 31<sup>st</sup> March, 2011 to Employees and Directors of the Company under the ESOP Scheme 2011.</li> <li>Offer not exceeding 5,30,000 Equity Stock Options convertible into equal number of Equity Shares of Rs.10/- each constituting about 3% of the paid-up capital of the Company as on 31<sup>st</sup> March, 2011 to Directors of TVS Investments Limited, the Holding Company under ESOP Scheme 2011.</li> <li>Offer of Stock Options equal to or exceeding 1% of the issued capital of the Company in any year to Employees and Directors of the Company and to Directors of TVS Investments Limited under the ESOP Scheme 2011</li> </ol>	21 <sup>st</sup> September, 2011
2011-12	Amendment to Articles of Association – e Governance	4 <sup>th</sup> August, 2012

## Report on Corporate Governance (Contd.)

- e. None of the subjects placed before the shareholders in the last / ensuing Annual General Meeting required / requires approval by a postal ballot.

### 6. Disclosures

During the year, the Company has not entered into any transaction of material nature with the Directors, their relatives, which were in conflict with the interest of the Company. The transactions with promoters, its subsidiaries and associate companies etc., of routine nature have been reported elsewhere in the annual report as per the Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India. All the related party transactions are at arms length basis and are in the ordinary course of business.

There were no instances of imposition of penalties or strictures on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

All the mandatory requirements specified under Clause 49 of the Listing Agreements with Stock Exchanges have been complied with.

### 7. NON-MANDATORY REQUIREMENTS

The Company has fulfilled the following non-mandatory requirements as detailed below:

#### The Board:

The Company ensures that any person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.

As required under the Companies Act, 2013, the Independent Directors are eligible to hold office for a term of upto five consecutive years and are eligible for the second term subject to the passing of Special Resolution by the Company, in terms of Section 149(10) of the Companies Act, 2013. They will not be liable to retire by rotation during this period. Accordingly, shareholders approval is being sought for the appointment of Independent Director for a period of five years at the ensuing Annual General Meeting.

#### Remuneration Committee:

The Company has constituted the Nomination and Remuneration Committee as per the requirements of

Clause 49 of Listing Agreement and the Companies Act, 2013.

#### Shareholder Rights:

The half yearly results of the Company are published in the newspapers immediately on the approval by the Board and also are being uploaded in the Company's website [www.tvs-e.in](http://www.tvs-e.in). The results are not sent to the shareholders individually.

#### Audit qualifications:

The Audited financial statements of the Company are unqualified.

#### Training of Board members:

The Board members are presented with reports, internal policies and periodic presentations at the Board and Board Committee meetings.

#### Vigil and Whistle Blower mechanism:

The Company is in the process of formulating the Vigil and Whistle Blower Mechanism as required under the Companies Act, 2013 and Listing Agreement.

### 8. Means of Communication

The quarterly unaudited results of the Company have been published in English in Business Line / News Today and the Tamil version in Makkal Kural.

The quarterly/annual financial results, shareholding pattern, official announcements etc., are sent to Stock Exchanges both in physical and in electronic forms. The shareholders can access the same at [www.nseindia.com](http://www.nseindia.com) and at [www.bseindia.com](http://www.bseindia.com) and the Company's website at [www.tvs-e.in](http://www.tvs-e.in).

The Company's website ([www.tvs-e.in](http://www.tvs-e.in)) contains a separate section "Investors" where shareholders information, Annual Reports and other information is available.

Reminders to Investors on the unclaimed shares, unclaimed dividends are sent to shareholders every year.

### 9. General Information for Shareholders:

- a. Annual General Meeting -  
 Date : Thursday, 4<sup>th</sup> September, 2014  
 Time : 10.00 AM  
 Venue : Narada Gana Sabha  
 314/254, TTK Road, Alwarpet,  
 Chennai - 600 018.

## Report on Corporate Governance (Contd.)

As required under Clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Thursday, 4<sup>th</sup> September, 2014.

- b. Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March.  
 c. Financial reporting for the quarter ending for financial year ending 31<sup>st</sup> March, 2015 (Tentative).

30 <sup>th</sup> June, 2014	On or Before 14 <sup>th</sup> August, 2014
30 <sup>th</sup> September, 2014	On or Before 14 <sup>th</sup> November, 2014
31 <sup>st</sup> December, 2014	On or Before 14 <sup>th</sup> February, 2015
31 <sup>st</sup> March, 2015	On or Before 30 <sup>th</sup> May, 2015

- d. Annual General Meeting Between August and September, 2015.  
 e. Period of Book Closure - 1<sup>st</sup> September, 2014 to 4<sup>th</sup> September, 2014 both days inclusive.  
 f. Record date for ascertaining shareholders eligible to cast their votes for the items set out in the notice convening the AGM through e-voting-24<sup>th</sup> July, 2014.

Month	BSE Limited			National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	Total No. of shares traded	High (Rs.)	Low (Rs.)	Total No. of shares traded
April, 2013	17.70	14.60	40,634	18.40	15.00	92,287
May, 2013	19.95	16.00	36,793	21.10	16.00	1,93,039
June, 2013	20.45	17.30	57,208	20.30	17.10	70,605
July, 2013	20.00	15.40	30,395	18.95	15.15	42,477
August, 2013	18.35	14.10	15,342	17.00	13.50	8,925
September, 2013	15.50	12.48	16,207	15.95	12.85	5,376
October, 2013	14.90	12.10	20,570	14.75	12.25	12,650
November, 2013	14.75	13.30	19,666	15.10	12.90	10,721
December, 2013	15.56	13.10	26,375	15.65	12.75	16,195
January, 2014	17.00	14.50	59,967	16.85	14.50	53,932
February, 2014	15.15	12.72	34,986	15.40	12.80	60,594
March, 2014	14.35	12.51	51,594	14.00	12.30	65,037

Share Price performance in comparison to broad based indices - BSE Sensex

## 10. Listing on Stock Exchanges:-

The Company's Equity Shares are listed on the following Stock Exchanges:

Sl.No.	Name of the Stock Exchange	Stock Code
1	BSE Limited, Floor 25, P. J. Towers, Dalal Street, Mumbai - 400 001.	532513
2	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.	TVSELECT

Annual listing fees have been paid to the above Stock Exchanges, for the financial year 2014-15.

Corporate Identification Number (CIN) of the Company: L30007TN1995PLC032941

## 11. Market Price Data

High, Low (based on closing prices) and number of shares traded during each month in the financial year 2013-14 on BSE Limited and National Stock Exchange of India Limited:

## Report on Corporate Governance (Contd.)

The Company's share price performance in comparison to BSE Sensex based on share price as on 31<sup>st</sup> March.

Financial year	Percentage change in	
	Company's share price (%)	Sensex (%)
2013-14	(3.75)	18.85
2012-13	(10.40)	8.22
2011-12	(22.14)	(10.50)

### 12. Transfer System:

With a view to rendering prompt and efficient services to the investors, the Company has handed over the share registry work pertaining to the Company to M/s. Sundaram-Clayton Limited, (SCL) Chennai, with effect from 11<sup>th</sup> October, 2004. SCL has registered itself with SEBI as share transfer agents in Category II to carry on the share registry work of group as well as associate companies with effect from 21<sup>st</sup> April, 2004.

Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with SCL at the address given below :

Sundaram-Clayton Limited  
 "Jayalakshmi Estates", I Floor  
 29, Haddows Road  
 Chennai 600 006  
 Telephone Nos. 044 28284959 (D)/ 28272233 / 28307700  
 Fax No. 044 2825 7121  
 Email id [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in), [sclshares@gmail.com](mailto:sclshares@gmail.com)  
 Time: 10.00 a.m. to 3.30 p.m. (Monday to Friday except holidays)

Transfer of shares in physical form is normally processed within ten days from the date of receipt, if the documents are complete in all respects.

### 13. a. Distribution of equity shareholding as on 31<sup>st</sup> March, 2014:

No. of shares held	No. of share Holders	% of share Holders	No. of shares held	% of share Holding
Upto 500	20,513	91.98	26,29,085	14.59
501 to 1000	1,061	4.76	8,71,106	4.83
1001 to 2000	361	1.62	5,51,374	3.06
2001 to 3000	106	0.47	2,66,837	1.48
3001 to 4000	77	0.35	2,71,295	1.51
4001 to 5000	51	0.23	2,39,870	1.33
5001 to 10000	83	0.37	6,29,009	3.49
10001 and above	50	0.22	1,25,64,242	69.71
Total	22,302	100.00	1,80,22,818	100

### b. Pattern of equity shareholding as on 31<sup>st</sup> March, 2014

Shareholders	No. of shares held	% of total shares held
Promoter Companies	1,09,58,264	60.80
Directors & Relatives	36,050	0.20
Corporate Bodies	6,95,848	3.86
Nationalised Banks / MF/ UTI/PFI	67,050	0.37
Resident Individuals	59,34,109	32.93
Foreign Institutional Investors	100	0.00
Non-Resident Indians / Overseas Corporate Bodies	3,31,397	1.84
<b>TOTAL</b>	<b>1,80,22,818</b>	<b>100.00</b>

### 14. Dematerialisation of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialised form on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Details of Equity shares of the Company in dematerialised and physical form as on 31<sup>st</sup> March, 2014, is given below:

Mode of Holding	Percentage (%)
Demat	93.60
Physical	6.40
Total	100.00

- o The Company's equity shares are regularly traded on the National Stock Exchange of India Limited and the BSE Limited, in dematerialised form.
- o Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE236G01019.
- o Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity : Nil

### 15. Plant locations :

Oragadam : Plot No OZ-11/2, Sipcot Hi-Tech SEZ, Oragadam, Sriperumpudur Taluk, Kancheepuram District - 602 105.

Uttarkhand : No. E12, F-92 & F-93  
 Selaqui Industrial Estate,  
 Selaqui, Dehradun,  
 Uttarkhand.

## Report on Corporate Governance (Contd.)

### 16. Address for Investor's Correspondence:

Sundaram-Clayton Limited,  
Share Transfer Agent,  
Unit: TVS Electronics Limited,  
"Jayalakshmi Estates", I Floor,  
29, Haddows Road,  
Chennai - 600 006.  
Telephone Nos. 044 28284959 (D) / 28272233 / 28307700  
Fax No. 044 2825 7121

E-mail ID : kr.raman@scl.co.in, sclshares@gmail.com,  
investorscomplaintssta@scl.co.in

Designated E-mail address for investor services :  
investorservices@tvs-e.in

Compliance Officer :  
Ms. S Nagalakshmi, Company Secretary

E-Mail ID : s.nagalakshmi@tvs-e.in

### 17. Transfer of unpaid / unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited Rs.1.94 Lakhs to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 23<sup>rd</sup> August, 2013 (date of last Annual General Meeting) on the Company's website ([www.tvs-e.in](http://www.tvs-e.in)).

Status of unclaimed dividends due for remittance into IEPF is given below :

Financial Year	Date of Declaration	Due Date for transfer to IEPF	Amount (Rs. in Lakhs)
Year ended 31.3.2007	24.09.2007	22.10.2014	2.01
Year ended 31.3.2008	05.09.2008	03.10.2015	3.09

### 18. Unclaimed Share Certificates

In terms of Clause 5A of the Listing Agreement, the unclaimed share certificates will be dematerialised and transferred to Unclaimed Suspense Account. During the year, the Company has sent the third and final reminder letters to the members, whose certificates were returned undelivered or unclaimed. Company is taking necessary action to comply with the requirement of this Clause in the Listing Agreement.

### 19. Compliance Certificate from Statutory Auditors

Certificate from M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, confirming compliance with conditions of Corporate Governance under Clause 49 of the Listing Agreement is forming part of this Annual Report.

### 20. Employee Stock Options

The information on Options granted by the Company during the financial year 2013-14 and other particulars with regard to Employees' Stock Options are set out under Directors' Report.

### 21. Request to Investors

- Investors holding shares in physical mode are requested to communicate change of address, bank account details, dematerialisation request, etc., if any, directly to the Registered Office or the Share Transfer Agent of the Company.
- Investors holding shares in electronic form are requested to deal only with their Depository Participant (DP) in respect of change of address, bank account details, etc.
- Dematerialise your Physical Shares to Electronic Form and eliminate all risks associated with holding physical share certificates. It also provides ease in Portfolio Management.
- Green Initiative - as permitted under Rule 11 of the Companies (Accounts) Rules, 2014, Companies can circulate the Annual Report through electronic means to those members with registered email IDs with NSDL or CDSL or with the Company. Members are requested to support this initiative and register their e-mail ids promptly with DPs in case of electronic shares or with the STA, in case of physical shares.
- Investors who have not availed nomination facility are requested to kindly fill in the nomination form and submit the same to the Company/Share Transfer Agent or the DP along with the requisite proof of nomination.



## Auditors Certificate

### Auditors Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To

The Shareholders of TVS Electronics Limited  
Chennai - 600 006

We have examined the compliance of the conditions of Corporate Governance by TVS Electronics Limited, Chennai for the year ended 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implications thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances, are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

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

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M. BALASUBRAMANIAM**  
Partner  
Membership No.F7945

Chennai  
8<sup>th</sup> May, 2014

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### Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Business Conduct and Ethics

To

The Shareholders of  
TVS Electronics Limited  
Chennai - 600 006

On the basis of the written declaration received from Members of the Board and Senior Management Personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the Members of the Board and the Senior Management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31<sup>st</sup> March, 2014.

Chennai  
8<sup>th</sup> May, 2014

**K E Ranganathan**  
Managing Director

**S Nagalakshmi**  
Company Secretary

## Independent Auditors' Report

To the Members of  
TVS Electronics Limited,  
'Jayalakshmi Estates'  
No. 29, Haddows Road,  
Chennai – 600006.

### Report on Financial Statements

We have audited the accompanying financial statements of TVS Electronics Limited, Chennai - 600 006 ("the Company"), which comprise of Balance Sheet as at 31st March 2014, the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

### For Sundaram & Srinivasan

Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**

Chennai  
May 08, 2014

Partner  
Membership No: F7945

## Annexure to the Auditors' Report

### Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March, 2014

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b) The assets are physically verified, in phases, by the Management during the year as per the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification. The discrepancies noticed on such verification have been appropriately dealt with in the books of account of the Company.
- c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
2. a) The stock of raw materials, stores, spare parts and finished goods other than in transit were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- b) In our opinion and according to the information and explanations given to us, 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.
- c) In our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. a) During the year, the Company has granted interest bearing loan of ₹ 52 lakhs to a Company covered in the Register maintained under section 301 of the Companies Act, 1956. The rate of interest and other terms of the loan are not prima facie prejudicial to the interest of the company. The receipt of interest is regular. The said sum of ₹ 52 Lakhs along with the Opening Balance of ₹ 308.50 lakhs amounting to ₹ 360.50 Lakhs has been repaid by the Loanee.
- b) During the year the Company has not availed any loan from companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major or minor weaknesses have been noticed in the internal control system.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said Register.
- b) In our opinion and according to the information and explanations given to us, the transactions entered in the Register maintained under Section 301 and exceeding during the financial year by ₹ 5.00 lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The internal audit system of the company is entrusted to a firm of Chartered Accountants, which in our opinion, is commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. However delays were noticed in respect of remittance of Professional tax, Service tax and Income tax deducted at source in a few cases.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities.

## Annexure to the Auditors' Report (Contd.)

Name of the Statute	Nature of dues	Amount (₹ in lakhs)	Forum where dispute is pending
Sales Tax - Central Sales Tax / Value Added Tax of various states	Sales tax	120.84	Departmental Authorities of various States
		7.25	Tribunal
Income Tax Act, 1961	Income Tax	267.91	Commissioner of Income Tax (Appeals), Chennai.
	Tax deducted at Source and interest thereon	14.09	
Finance Act, 1994	Service Tax	121.15	Customs, Excise and Service Tax Appellate Tribunal, Chennai ( CESTAT).
Central Excise Act, 1944	Excise Duty	13.23	Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT).

10. The Company has made cash profit during the year as also in the immediately preceding financial year. Taking into account, the brought forward loss of the preceding year, the surplus is negative. However, this is not in excess of fifty percentage of net worth.
11. Based on our verification and according to the information and explanations given by the Management, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the Order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. The Company is holding only Long Term Investments. During the year, the Company's wholly owned subsidiary, namely, Tumkur Property Holdings Limited, Chennai was dissolved and 8000 units in TVS Shriram Growth Fund have been sold to another wholly owned subsidiary of the Company, namely, Prime Property Holdings Limited, Chennai. Proper records have been maintained and timely entries are made in Investment Register maintained pursuant to Section 372 of the Companies Act, 1956. All investments are held in the Company's own name except in the case of investment in wholly owned subsidiary where certain numbers of shares are held by nominees as provided in Section 49 (3) of the Companies Act, 1956.
15. The Company has not furnished any guarantee for loans taken by others from bank or financial institution.
16. In our opinion, the term loans were applied for the purpose for which the loans were obtained.
17. On the basis of our examination, the Company has not used the funds raised on short-term basis for long-term investments.
18. During the year, the Company has not allotted any shares on preferential basis to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. 3,50,000 Equity shares allotted during the year on preferential basis to a person not covered in Register under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures.
20. During the year, the Company has not raised any money by public issue.
21. During the year, one customer has informed the Company of some misappropriation of spare parts by one of the employees of the Company. However, no claim has been made by the Customer. The matter is under investigation.

**For Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F7945

Chennai  
May 08, 2014



## Balance Sheet as at 31st March, 2014

₹ in Lakhs

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1	1,802.28	1,767.28
(b) Reserves and surplus	2	1,748.53	1,664.09
(c) Money received against share warrants	1	-	19.91
		<u>3,550.81</u>	<u>3,451.28</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	330.00	998.00
(b) Deferred tax liabilities (Net)		384.78	344.79
(c) Other Long term liabilities	4	0.63	1.83
(d) Long-term provisions	5	162.12	302.27
		<u>877.53</u>	<u>1,646.89</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	5,466.33	5,520.42
(b) Trade payables		2,195.50	2,077.49
(c) Other current liabilities	7	917.91	929.71
(d) Short-term provisions	8	350.12	500.76
		<u>8,929.86</u>	<u>9,028.38</u>
<b>TOTAL</b>		<u><u>13,358.20</u></u>	<u><u>14,126.55</u></u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
1 (a) Fixed assets	9		
(i) Tangible assets		1,901.16	1,804.14
(ii) Intangible assets		2,584.33	2,847.13
(iii) Intangible assets under development		3.17	-
(b) Non-current investments	10	134.39	214.39
(c) Long-term loans and advances	11	3,070.91	3,394.84
(d) Other non-current assets	12	86.28	175.79
		<u>7,780.24</u>	<u>8,436.29</u>
<b>2 Current assets</b>			
(a) Inventories	13	1,681.67	1,657.96
(b) Trade receivables	14	2,848.52	2,320.28
(c) Cash and cash equivalents	15	319.76	724.61
(d) Short-term loans and advances	16	549.37	726.43
(e) Other current assets	17	178.64	260.98
		<u>5,577.96</u>	<u>5,690.26</u>
<b>TOTAL</b>		<u><u>13,358.20</u></u>	<u><u>14,126.55</u></u>
<b>Notes on Accounts</b>	25		

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E. RANGANATHAN**  
Managing Director

Chennai  
May 8, 2014

**H. LAKSHMANAN**  
Director

**S. NAGALAKSHMI**  
Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Statement of Profit and Loss for the Year ended 31st March, 2014

₹ in Lakhs

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
<b>I. Revenue from operations</b>	18	24,741.84	23,524.52
<b>II. Other income</b>	19	219.93	250.32
<b>III. Total Revenue (I + II)</b>		<u>24,961.77</u>	<u>23,774.84</u>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	9,069.02	9,191.64
Purchases of Stock-in-Trade	20	7,074.58	5,726.99
Changes in inventories of finished goods, work-in-process & stock-in-trade	20	242.16	43.87
Employee benefits	21	2,309.61	2,458.29
Finance costs	22	742.52	964.93
Depreciation and Amortization expense		566.00	619.36
Other Expenses	23	4,828.15	5,273.88
<b>Total Expenses</b>		<u>24,832.04</u>	<u>24,278.96</u>
<b>V. Profit before exceptional items and tax (III - IV)</b>		129.73	(504.12)
<b>VI. Exceptional items</b>	24	63.45	-
<b>VII. Profit before tax (V - VI)</b>		66.28	(504.12)
<b>VIII. Tax Expense:</b>			
(1) Current tax		2.50	-
(2) Deferred tax		39.99	296.48
(3) Tax relating to earlier years		(16.23)	-
		<u>26.26</u>	<u>296.48</u>
<b>IX. Profit/(Loss) for the period (IX - X)</b>		<u>40.02</u>	<u>(800.60)</u>
<b>X. Earnings per equity share : (Refer Note 25(1)-AS 20)</b>			
(1) Basic		0.22	(4.53)
(2) Diluted		0.22	(4.48)
<b>Notes on Accounts</b>	25		

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E. RANGANATHAN**  
Managing Director

Chennai  
May 8, 2014

**H. LAKSHMANAN**  
Director

**S. NAGALAKSHMI**  
Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Notes to Balance Sheet

### Note No. 1 - Share Capital

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of par value of ₹ 10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
<b>Issued</b>				
Equity Shares of par value of ₹ 10/- each	1,80,22,818	1,802.28	1,76,72,818	1,767.28
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10 each fully paid	1,80,22,818	1,802.28	1,76,72,818	1,767.28
<b>1. Total Share Capital</b>	<b>1,80,22,818</b>	<b>1,802.28</b>	<b>1,76,72,818</b>	<b>1,767.28</b>
<b>2. Money received against share warrants</b>		-		19.91

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares	
	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	1,76,72,818	1,767.28
Shares allotted during the year	3,50,000	35.00
Shares outstanding at the end of the year	1,80,22,818	1,802.28

### Right and preferences attached to equity share:

- (i) Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 1956.
- (ii) There are no restrictions attached to the equity shares.

**Shares allotted during the year :** 3,50,000 numbers of equity shares were allotted on 20th May 2013 to the holder of 3,50,000 numbers of warrants viz., M/S Tranzmute Business Advisory LLP, Mumbai on preferential basis. The premium received on allotment of ₹ 44,62,500/- is credited to Securities premium account.

### Particulars of shares held by the Holding Company

Out of equity shares issued by the Company, shares held by the Holding Company are as below :

Name of the Holding Company	No. of Shares held	
	As at 31.03.2014	As at 31.03.2013
Sundaram Investment Limited, Chennai	1,09,58,264	-
TVS Investments Limited, Chennai	-	1,07,26,449

### Details of shareholders holding more than five per cent shares

Name of the Shareholder	No. of Shares held	
	As at 31.03.2014	As at 31.03.2013
Sundaram Investment Limited, Chennai	1,09,58,264	-
TVS Investments Limited, Chennai	-	1,07,26,449

**Notes to Balance Sheet (Contd.)**

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 2 - Reserves and Surplus</b>		
<b>a. Capital Reserves</b>		
Balance at the beginning of the year	60.60	60.60
Closing Balance	60.60	60.60
<b>b. Securities Premium Account</b>		
Balance at the beginning of the year	1,281.92	1,281.92
Add : Securities premium on allotment during the year	44.63	-
Closing Balance	1,326.55	1,281.92
<b>c. Share Options Outstanding Account</b>		
Balance at the beginning of the year	1.05	-
(+) Current Year Transfer	-	1.05
(-) Written Back in Current Year	0.21	-
Closing Balance	0.84	1.05
<b>d. Other Reserves:</b>		
<b>General Reserve</b>		
Balance at the beginning of the year	349.58	349.58
Closing Balance	349.58	349.58
<b>e. Investment Subsidy</b>		
Balance at the beginning of the year	15.00	15.00
Closing Balance	15.00	15.00
<b>f. Investment Allowance Reserve</b>		
Balance at the beginning of the year	27.46	27.46
Closing Balance	27.46	27.46
<b>g. Surplus i.e. Balance in the Statement of Profit &amp; Loss</b>		
Balance in the Statement of Profit & Loss as at the beginning of the year	(71.52)	729.08
(+) Net Profit / (Net Loss) For the current year	40.02	(800.60)
Closing Balance	(31.50)	(71.52)
<b>Total</b>	<b>1,748.53</b>	<b>1,664.09</b>



## Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 3 - Long-term borrowings</b>		
<b>Secured</b>		
<b>Term loans</b>		
From bank #	330.00	998.00
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking pari passu with other term lenders)		
# Loan repayable in twelve quarterly instalments commencing from November 2012		
<b>Total</b>	<u>330.00</u>	<u>998.00</u>
(a) Description of loan	Corporate Loan	
(b) Total Loan repayable over term of loans	2,000.00	
(c) Frequency of repayment(s)	Quarterly	
(d) No. of instalments	12	
(e) Amount payable in each instalment	167.00	
(f) Maturity Date	01.08.2015	
(g) Loan repayable in FY 2012-13 and Paid	334.00	
(h) Loan repayable in FY 2013-14 and Paid in FY 2012-13 (installment repaid in advance)	167.00	
(i) Loan repayable in FY 2013-14 and Paid	501.00	
(j) Loan Balance as on 31.03.2014	998.00	
i) Loan repayable in FY 2014-15 - Short term Loan	668.00	
ii) Loan repayable in FY 2015-16 - Long term Loan	330.00	
<b>Note No. 4 - Other Long-Term Liabilities</b>		
<b>Income received in advance</b>		
Unexpired Annual Maintenance Contracts	0.63	1.83
<b>Total</b>	<u>0.63</u>	<u>1.83</u>
<b>Note No. 5 - Long-Term Provisions</b>		
<b>(a) Employee benefits</b>		
Leave encashment	45.08	46.47
<b>(b) Warranty &amp; Sales Tax</b>		
Warranty	76.67	105.96
Sales Tax	28.62	48.12
<b>(c) Expenses</b>		
	11.75	101.72
<b>Total</b>	<u>162.12</u>	<u>302.27</u>

**Notes to Balance Sheet (Contd.)**

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 6 - Short-Term Borrowings</b>		
<b>SECURED</b>		
<b>Loans repayable on demand</b>		
From bank	2,800.00	3,200.00
(Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a paripassu basis to the consortium of banks).		
	2,800.00	3,200.00
<b>SECURED</b>		
From banks	1,260.44	502.08
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking paripassu with other term lenders)		
	1,260.44	502.08
<b>UNSECURED</b>		
<b>Loans repayable on demand</b>		
From banks	1,405.89	1,818.34
	1,405.89	1,818.34
<b>Total</b>	<b>5,466.33</b>	<b>5,520.42</b>
<b>Note No. 7 - Other Current Liabilities</b>		
Interest accrued and due on borrowings	42.68	53.40
Interest accrued but not due on borrowings	7.11	12.98
Income received in advance-Unexpired Annual Maintenance Contracts	19.53	23.76
Unclaimed dividends	5.10	7.15
Other payables :		
Statutory Liabilities	105.96	110.56
Retention Money	-	20.46
Security Deposits	96.64	74.48
Employee's Related	98.58	98.15
Liability towards expenses	542.31	528.77
<b>Total</b>	<b>917.91</b>	<b>929.71</b>
<b>Note No. 8 - Short Term Provisions</b>		
<b>(a) Employee benefits</b>		
Leave Encashment	2.81	8.75
<b>(b) Warranty</b>	150.80	206.94
<b>(c) Expenses</b>	196.51	285.07
<b>Total</b>	<b>350.12</b>	<b>500.76</b>

## Notes to Balance Sheet (Contd.)

Note No. 9 - Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01.04.2013 ₹ in Lakhs	Additions/ (Disposals) ₹ in Lakhs	Balance as at 31.03.2014 ₹ in Lakhs	Balance as at 01.04.2013 ₹ in Lakhs	Depreciation charge for the year ₹ in Lakhs	Withdrawn on disposals ₹ in Lakhs	Balance as at 31.03.2014 ₹ in Lakhs	Balance as at 31.03.2013 ₹ in Lakhs
<b>a) Tangible Assets</b>								
Land	223.58	-	223.58	-	2.11	-	221.47	223.58
Land Total	223.58	-	223.58	-	2.11	-	221.47	223.58
Buildings including improvements	850.82	178.99	973.89	417.79	40.74	49.79	565.15	433.03
	-	(55.92)	-	-	-	-	-	-
Buildings Total	850.82	123.07	973.89	417.79	40.74	49.79	565.15	433.03
Plant and Equipment	3,571.53	132.92	3,489.08	2,634.13	121.07	150.79	884.67	937.40
	-	(215.37)	-	-	-	-	-	-
Plant and Equipment Total	3,571.53	(82.45)	3,489.08	2,634.13	121.07	150.79	884.67	937.40
Furniture and Fixtures	190.79	46.71	190.75	103.98	16.95	41.13	110.95	86.81
	-	(46.75)	-	-	-	-	-	-
Furniture and Fixtures Total	190.79	(0.04)	190.75	103.98	16.95	41.13	110.95	86.81
Vehicles	0.55	-	0.55	0.12	0.05	-	0.38	0.43
Vehicles Total	0.55	-	0.55	0.12	0.05	-	0.38	0.43
Office equipment	1,457.33	54.19	1,446.75	1,334.44	57.00	63.23	118.54	122.89
	-	(64.77)	-	-	-	-	-	-
Office equipment Total	1,457.33	(10.58)	1,446.75	1,334.44	57.00	63.23	118.54	122.89
<b>Others:</b>								
Tangible Assets Additions Total	-	412.81	-	-	-	-	-	-
Tangible Assets Disposals Total	-	(382.81)	-	-	-	-	-	-
Tangible Assets Total	6,294.60	30.00	6,324.60	4,490.46	237.92	304.94	1,901.16	1,804.14
<b>b) Intangible Assets</b>								
Computer software	76.44	65.28	141.72	67.25	18.10	-	56.37	9.19
Computer software Total	76.44	65.28	141.72	67.25	18.10	-	56.37	9.19
Intellectual Property Rights	800.00	-	800.00	760.00	-	-	40.00	40.00
Business Rights	3,262.91	-	3,262.91	464.97	309.98	-	2,487.96	2,797.94
Intellectual Property and Business Rights Total	4,062.91	-	4,062.91	1,224.97	309.98	-	2,527.96	2,837.94
Intangible Assets Total	4,139.35	65.28	4,204.63	1,292.22	328.08	-	2,584.33	2,847.13
<b>c) Intangible Assets under development</b>								
Computer Software	-	3.17	3.17	-	-	-	3.17	-
Intangible Assets under development Total	-	3.17	3.17	-	-	-	3.17	-
<b>Grand Total</b>	<b>10,433.95</b>	<b>98.45</b>	<b>10,532.40</b>	<b>5,782.68</b>	<b>566.00</b>	<b>304.94</b>	<b>6,043.74</b>	<b>4,488.66</b>
								<b>4,651.27</b>

## Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03. 2014	As at 31.03.2013
<b>Note No. 10 - Non-Current Investments (At Cost)</b>		
(a) Investment in Equity instruments - (Trade Unquoted)	<b>95.73</b>	100.73
Less : Provision for diminution in the value of Investments	-	5.00
Sub Total	<b>95.73</b>	95.73
(b) Other investments	<b>38.66</b>	118.66
<b>Total</b>	<b>134.39</b>	214.39
Aggregate cost of unquoted investments	<b>134.39</b>	219.39
Less: Provision for diminution in value of investments	-	5.00
<b>Total</b>	<b>134.39</b>	214.39

### Details of Non-Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		₹ in Lakhs		Whether stated at Cost Yes / No	If Answer to Column is 'No' - Basis of Valuation
			(3)	(4)			(6)	(7)	(8)	(9)		
	(1)	(2)	2014	2013	(4)	(5)	2014	2013	2014	2013	(9)	(10)
(a)	Investment in Equity Instruments - Trade Unquoted											
i)	Tumkur Property Holdings Limited, Chennai	Subsidiary	-	50,000	Unquoted	Fully paid	-	100%	-	5.00	Yes	NA
ii)	Prime Property Holdings Limited, Chennai	Subsidiary	50,000	50,000	Unquoted	Fully paid	100%	100%	5.00	5.00	Yes	NA
iii)	Modular Infotech Private Limited, Pune	Others	9,07,255	9,07,255	Unquoted	Fully paid	-	-	90.73	90.73	Yes	NA
	Sub Total								95.73	100.73		
	Less: Provision for diminution in value of investments								-	5.00		
	Total								95.73	95.73		
(b)	Other investments:											
	Capital contribution to TVS Shriram Growth Fund, Chennai	Others	3,866.18	11,866.18	Unquoted	Fully paid	-	-	38.66	118.66	Yes	NA
	Total	Vide Note No: 10							134.39	214.39		



## Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 11 - Long Term Loans and Advances - Unsecured, considered good</b>		
<b>a. Capital Advances</b>	5.00	16.66
<b>b. Security Deposits</b>	2,740.06	2,713.06
<b>c. Loans and advances to related parties (Inter corporate deposit)</b>	-	308.50
<b>d. Others :</b>		
(i) Balance with Statutory Authorities:		
Customs	13.60	13.60
Sales tax	12.22	12.22
Advance payment of income tax less provision	173.01	149.39
	<u>198.83</u>	<u>175.21</u>
(ii) Advances to Vendors	127.02	181.41
	<u>325.85</u>	<u>356.62</u>
<b>Total</b>	<u><u>3,070.91</u></u>	<u><u>3,394.84</u></u>
<b>Note No. 12 - Other non-current assets</b>		
a. Debts due by related parties (Unsecured, considered good)	-	84.81
b. Claims Receivable - Sales Tax	86.28	90.98
<b>Total</b>	<u><u>86.28</u></u>	<u><u>175.79</u></u>
<b>Note No. 13 - Inventories</b>		
<b>a. Raw Materials and components (at Cost)</b>		
Components	462.43	555.89
Indirect material	18.74	17.83
Goods-in transit	22.58	50.35
	<u>503.75</u>	<u>624.07</u>
<b>b. Finished goods (at Cost or Net realisable value whichever is lower)</b>		
Manufactured	75.66	317.82
Traded	1,102.26	685.20
Goods-in transit	-	30.87
	<u>1,177.92</u>	<u>1,033.89</u>
<b>Total</b>	<u><u>1,681.67</u></u>	<u><u>1,657.96</u></u>

## Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 14 - Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,801.33	2,071.19
	<u>2,801.33</u>	<u>2,071.19</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	47.19	249.09
Unsecured, considered doubtful	16.42	111.19
	<u>63.61</u>	<u>360.28</u>
Less: Provision for doubtful debts	16.42	111.19
	<u>47.19</u>	<u>249.09</u>
<b>Total</b>	<u><u>2,848.52</u></u>	<u><u>2,320.28</u></u>
<b>Note No. 15 - Cash and Cash equivalents</b>		
a. Balances with banks	312.38	716.45
b. Cash on hand	2.28	1.01
c. Earmarked balances with banks (Unclaimed dividend)	5.10	7.15
<b>Total</b>	<u><u>319.76</u></u>	<u><u>724.61</u></u>
<b>Note No. 16 - Short-term Loans and Advances</b>		
<b>Balance with Statutory Authorities:</b>		
Sales Tax	98.70	149.15
Central Excise	28.03	20.95
Advance payment of income tax less provision	327.53	476.77
<b>Others</b>		
Prepaid expenses	83.68	70.85
Employee Advances	11.43	8.71
<b>Total</b>	<u><u>549.37</u></u>	<u><u>726.43</u></u>
<b>Note No. 17 - Other current assets</b>		
a. Interest Receivable	0.18	10.79
b. Unbilled Revenue	178.46	250.19
<b>Total</b>	<u><u>178.64</u></u>	<u><u>260.98</u></u>



## Notes to Statement of Profit and Loss

₹ in Lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Note No. 18 - REVENUE FROM OPERATIONS</b>		
Sale of products	20,606.60	20,660.16
Sale of services	4,250.06	2,982.73
Other operating revenues	12.84	12.33
	<u>24,869.50</u>	<u>23,655.22</u>
Less : Excise duty	127.66	130.70
<b>Total</b>	<u>24,741.84</u>	<u>23,524.52</u>
<b>Note No. 19 - OTHER INCOME</b>		
Interest Income	86.48	80.44
Dividend Income	4.54	3.63
Profit on sale of investments	4.08	44.54
Profit on sale of fixed assets	5.86	17.28
Foreign exchange fluctuation gain	110.65	96.30
Management Services Income	6.00	2.89
Other non-operating income	2.32	5.24
<b>Total</b>	<u>219.93</u>	<u>250.32</u>
<b>Note No. 20 - COST OF MATERIALS CONSUMED AND CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE</b>		
<b>A) COST OF MATERIALS CONSUMED</b>		
a) Opening stock	624.07	523.82
b) Add: Purchases *	8,948.70	9,291.89
	<u>9,572.77</u>	<u>9,815.71</u>
c) Less: Closing stock	503.75	624.07
<b>Total (A)</b>	<u>9,069.02</u>	<u>9,191.64</u>
<b>B) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE</b>		
a) Opening stock		
Work-in-process	-	0.37
Finished Goods	317.82	361.32
	<u>317.82</u>	<u>361.69</u>
(i)		
b) Closing stock:		
Work-in-process	-	-
Finished Goods	75.66	317.82
	<u>75.66</u>	<u>317.82</u>
(ii)		
<b>Total (B)</b>	<u>242.16</u>	<u>43.87</u>
<b>GRAND TOTAL [ A + B ]</b>	<u>9,311.18</u>	<u>9,235.51</u>
<b>PURCHASES OF STOCK-IN-TRADE</b>		
a) Opening stock	716.07	877.53
b) Add: Purchases **	7,460.77	5,565.53
	<u>8,176.84</u>	<u>6,443.06</u>
c) Less: Closing stock	1,102.26	716.07
<b>Consumption of Traded Items</b>	<u>7,074.58</u>	<u>5,726.99</u>

\* Components and parts of Computer Peripherals

\*\* Finished goods of Computer Peripherals viz., Point of sale products and Keyboards

## Notes to Statement of Profit and Loss (Contd.)

₹ in Lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Note No. 21 - EMPLOYEE BENEFITS</b>		
Salaries and wages	2,058.75	2,204.58
Leave Encashment	7.57	8.94
Contributions to Provident & other funds	120.61	133.95
Employee Stock Option Scheme (ESOP)	(0.21)	1.05
Welfare expenses	122.89	109.77
<b>Total</b>	<b>2,309.61</b>	<b>2,458.29</b>
<b>Note No. 22 - FINANCE COSTS</b>		
Interest expense	730.34	938.76
Other borrowing costs - Loan processing charges	12.18	26.17
<b>Total</b>	<b>742.52</b>	<b>964.93</b>
<b>Note No. 23 - OTHER EXPENSES *</b>		
Consumption of stores and spares	61.86	63.30
Power and Fuel	102.42	114.70
Rent	387.38	384.87
Repairs & Maintenance - Building	214.85	185.34
Repairs & Maintenance - Plant & Equipment	24.33	9.09
Repairs & Maintenance - Office Equipments	169.03	161.17
Repairs & Maintenance - Vehicle	2.15	2.35
Insurance	67.31	54.74
Rates and Taxes (excluding taxes on income)	53.14	58.79
Audit Fees [Refer Note 25 (7)]	19.06	17.71
Directors Sitting Fees	1.38	1.45
Loss on Sale of Assets	25.98	12.27
Carriage Outward	523.37	517.93
Sales commission, discounts	454.09	861.03
Warranty Expenses	147.17	167.63
Marketing	73.61	108.99
Travelling & Conveyance	413.96	458.12
Legal & Consultancy	690.92	794.19
Data Processing	712.11	660.31
Miscellaneous expenses (Under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs 1 lakh, whichever is higher)	684.03	639.90
<b>Total</b>	<b>4,828.15</b>	<b>5,273.88</b>
* Refer Note 25 (1) on AS 5 for prior period items		
<b>Note No. 24 - EXCEPTIONAL ITEMS</b>		
Restructuring of Manufacturing Plant	22.42	-
Relocation of repair factory	21.03	-
Settlement of Claim by a Service Provider	20.00	-
<b>Total</b>	<b>63.45</b>	<b>-</b>

## Notes to Accounts

### 1 ACCOUNTING STANDARDS COMPLIANCE

The financial statements have been prepared in accordance with the norms and principles prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India which are itemised below.

#### AS - 1 Disclosure of accounting policies

The Company is following accrual basis of accounting on a going concern concept and the policies applied are consistent with those applied in the previous year.

#### AS - 2 Valuation of inventories

- a Raw materials, components, stores and spares and other trading products are valued at cost determined on weighted average basis. Work in process includes material cost and applicable direct overheads. Finished goods and traded goods are valued at the aggregate of material cost and applicable direct and indirect overheads or net realisable value whichever is lower.
- b Excise Duty in respect of finished goods lying within the factory are included in the valuation of inventories.
- c As per practice consistently followed, Customs Duty and Countervailing Duty payable on raw materials, components and finished goods lying in customs bonded warehouses is accounted for on debonding. Non-provision of this duty will not affect the profit for the year.

#### AS - 3 Cash Flow Statement

Cash Flow Statement has been prepared under "Indirect Method".

#### AS - 4 Contingencies and Events occurring after the Balance Sheet date

There are no contingencies and events after the Balance Sheet date that affect the financial position of the Company. Contested liabilities and outstanding bank guarantees are disclosed by way of a note.

#### AS - 5 Net Profit or Loss for the year, prior period items and changes in accounting policies

Details of prior period items in the Statement of Profit and Loss :

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
		₹ in Lakhs
<b>i) Expenses</b>		
Welfare	0.73	0.33
Repairs and Maintenance- Plant and Equipment	0.06	0.21
Repairs and Maintenance- Office Equipments	0.02	0.41
Other expenses	0.01	2.99
Consultancy	-	1.07
	<u>0.82</u>	<u>5.01</u>
<b>ii) Income</b>		
Power & Fuel	-	0.44
Repairs & Maintenance - Building	-	0.61
Rent	-	0.70
Lease rental - Computers	-	0.84
Repairs & Maintenance - Assets	-	0.15
	<u>-</u>	<u>2.74</u>

## Notes to Accounts (Contd.)

### AS - 6 Depreciation Accounting

- a Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 with applicable shift allowance except:
- i) On computers (including printers, uninterruptible power supply systems and computer accessories) and vehicles acquired on or after 01-04-1998, depreciation has been charged at 30% and 18% respectively on Straight Line Method (SLM), which are higher than the rates prescribed in Schedule XIV.
  - ii) In respect of Improvements to Buildings taken on lease, depreciation has been charged at 20% on straight line method which is higher than the rate prescribed in Schedule XIV to the Companies Act, 1956.
  - iii) On Intellectual Property Rights, depreciation has been charged at 9.5% per annum under straight line method for ten years.
  - iv) On Business Rights, depreciation has been charged at 9.5% per annum under straight line method for 10 years.
  - v) On Software, depreciation has been charged at 50% per annum on pro-rata basis under straight line method.
  - vi) On assets whose actual cost does not exceed ` 5,000 individually, depreciation has been provided at 100%.
  - vii) Moulds has been subject to depreciation @ 31.67% per annum as against normal rate of 16.21% per annum prescribed in Schedule XIV of the Companies Act, 1956.
  - viii) On certain class of assets, depreciation has been charged at 99% of its original cost on pro-rata basis, considering the useful life of asset as one year as against rate prescribed in Schedule XIV of the Companies Act, 1956.

### AS - 7 Construction Contracts

This Accounting Standard is not applicable.

### AS - 8 Research and Development

This Accounting Standard is withdrawn.

### AS - 9 Revenue Recognition

- a Income and Expenditure are accounted on a going concern basis.
- b The Company's income consists of income from sale of manufactured equipments, traded goods, after sales service, warranty management & repair services, income from Information Technology (IT) related consultancy services and e-auction services.
- c Sales is accounted net of Excise Duty, Service Tax and Sales Tax / Value Added Tax.
- i) Income from consultancy services and annual maintenance contracts are considered on accrual basis.
  - ii) Income from services is recognised after rendering services.
  - iii) Income from Information Technology solutions are recognised depending upon the stage of completion of the project.
- d Other income includes realised exchange fluctuation gain on Sale of products, Sale of services of ₹ 110.65 lakhs (Previous year ₹ 96.30 lakhs).
- e Interest income is recognised on a time proportion basis taking into account the amount of outstanding and the rate applicable.
- f Dividend Income is recognised when the Company in which shares are held, declares the dividend and when the right to receive the same is established.
- g In respect of domestic sale of manufactured and traded items, the recognition is on the basis of delivery of goods to the designated transporters of the Customer, while in respect of export sales the recognition is on the basis of "LET Export" certificate issued by Customs Authorities

### AS - 10 Fixed Assets

Fixed Assets are stated at cost of acquisition or construction cost net of CENVAT and includes expenditure incurred upto the date the asset is put to use, less accumulated depreciation.

## Notes to Accounts (Contd.)

Technical know-how fees paid is capitalised under Plant and Equipment.

Temporary constructions / alteration costs are charged off in the same year.

Lease hold land represents ₹ 199.15 lakhs (Previous year ₹ 199.15 Lakhs) paid to State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT), Chennai for 6.16 acres of land in their Oragadam Special Economic Zone (SEZ), Tamil Nadu. The lease period is 99 years and accordingly the cost is amortised effective 1st April 2013.

### AS - 11 Effects of Changes in foreign exchange rates

- a Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the market exchange rate prevailing on the date of the Balance Sheet.
- b Year end foreign currency denominated liabilities and receivables are translated at exchange rates prevailing as at Balance Sheet date, the difference being charged/credited to respective revenue or capital account . Any difference between the forward rate and the exchange rate on the date of inception of forward contract is recognised as discount or premium over the period of the contract .
- c Other income includes realised exchange fluctuation gain on Sale of products, Sale of services of ₹ 110.65 lakhs (Previous year ₹ 96.30 lakhs).
- d Derivative transactions :

The Company uses forward exchange contracts to hedge its exposure in foreign currency in respect of Imports of Inputs.

- a) Forward exchange contracts outstanding as at 31st March, 2014

				₹ in Lakhs	
				As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
- Euro	2,74,562	(LY - 4,39,795)	equivalent to ₹	226.72	321.52
- JPY	17,94,450	(LY - 31,22,768)	equivalent to ₹	10.55	19.50
- USD	18,89,551	(LY - 17,63,961)	equivalent to ₹	1,199.49	982.31

- b) Foreign currency exposures not covered by Forward exchange contracts as at 31st March, 2014

				₹ in Lakhs	
				As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
- Euro	NIL	(LY - 2,62,874)	equivalent to ₹	-	192.33
- JPY	NIL	(LY - NIL)	equivalent to ₹	-	-
- USD	NIL	(LY - 6,62,408)	equivalent to ₹	-	368.88

The company has not availed any External Commercial Borrowings.

### AS - 12 Government Grants

The Company has not received any Government grants.

### AS - 13 Accounting for Investments

All Investments are long term investments and are stated at cost. Provision for diminution in value is made only if such a decline is other than temporary in the opinion of the Management.

The cost of investments of 50,000 equity Shares in wholly owned subsidiary Tumkur Property Holdings Limited, Chennai is ₹ 5 lakhs and its net worth was ₹ (5.39) Lakhs as of 31st March 2013. Hence a provision for diminution in value of ₹ 5 lakhs had been made in the Statement of Profit and Loss for the financial year ended 31st March 2013.

## Notes to Accounts (Contd.)

Consequent to the dissolution of Tumkur Property Holdings Limited, Chennai effective 1st November 2013, the cost of investment of 50,000 equity shares in wholly owned subsidiary Tumkur Property Holdings Limited, Chennai of ₹ 5 lakhs is written off against the provision made.

During the year, out of the total cost of investment of ₹ 118.66 lakhs in TVS Shriram Growth Fund, Chennai, investment costing ₹ 80.00 lakhs was sold. The sum realised was ₹ 84.08 lakhs. Thus a profit of ₹ 4.08 lakhs was made.

Cost of investments held in TVS Shriram Growth Fund, Chennai as on 31st March 2014 - ₹ 38.66 lakhs (3866.18 units). The market value (NAV) of these units is ₹ 41.91 lakhs.

### AS - 14 Accounting for Amalgamation

This Standard is not applicable to the Company for the year under review.

### AS - 15 Employee benefits

As per Accounting Standard 15 on "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are furnished below :

#### (a) Short term Employee Benefits

Short term employee benefits payable within twelve months of rendering the service including accumulated leave encashment, at the Balance Sheet date, are recognised as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

#### (b) Long term Employee Benefits

In case of long term compensated absences i.e. long term leave encashment, the same is provided for based on actuarial valuation as at the Balance Sheet date, using the Projected Unit Credit Method.

Post retirement benefits comprising of employees Provident Fund and Gratuity Fund are accounted for as follows :

- (a) **Provident Fund** : This is a defined contribution plan and contributions paid to the Regional Provident Fund Commissioner, Tambaram, Chennai - 600 045, are charged to revenue during the period. The Company has no further obligations for future provident fund benefits other than regular contributions.
- (b) **Gratuity** : This is a defined contribution plan and the Company's Scheme is administered by Trustees and funds managed by the Life Insurance Corporation of India(LIC). The liability for Gratuity to employees as at the Balance Sheet date is determined based on the actuarial valuation and on the basis of demand from Life Insurance Corporation of India. The contribution paid thereof is charged in the books of accounts.

Disclosure as per AS15 (Revised) – Defined Benefit Plans

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
		₹ in Lakhs
<b>Past Service benefit</b>	<b>153.31</b>	146.58
<b>Present Value of the obligation as at the beginning of the year</b>	<b>146.58</b>	155.17
Interest Cost	11.21	11.77
Current Service Cost	22.07	20.83
Benefits Paid	(21.52)	(41.92)
Acquisitions	-	-
Plan amendment cost	-	-
Actuarial Gain/(Loss) on obligation	(5.03)	0.73
<b>Present Value of the obligation as at Balance Sheet date</b>	<b>153.31</b>	146.58

## Notes to Accounts (Contd.)

	As at / Year ended 31.03.2014	₹ in Lakhs As at / Year ended 31.03.2013
<b>Fair value of planned assets as at the beginning of the year</b>	<b>139.62</b>	157.63
Expected Return on planned assets	13.48	13.51
Contributions	16.00	17.25
Accretion to planned assets	16.17	-
Benefits paid	(21.52)	(41.92)
Actuarial Gain/(Loss) on planned assets	(2.31)	(6.85)
<b>Fair value of planned assets as at Balance Sheet date</b>	<b>161.44</b>	139.62
<b>Amounts recognized in the Balance Sheet</b>		
Present Value of the obligation as at Balance Sheet date	153.31	146.58
Fair value of planned assets as at Balance Sheet date	161.44	139.62
Funded status of the plan - (assets) / Liability	8.13	(6.96)
<b>Amounts recognized in the statement of Profit and Loss</b>		
Current Service cost	22.07	20.83
Interest cost	11.21	11.77
Expected Return on planned assets	(13.48)	(13.51)
Net actuarial gain or loss recognized in the year	(7.34)	7.57
Expenses recognized in the statement of Profit and Loss	12.46	26.66
<b>Principal actuarial assumptions</b>		
Discount Rate	9.21%	8.27%
Salary escalation	5.00%	5.00%
Expected return on planned assets	9.30%	9.30%

### AS - 16 Borrowing costs

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalised. During the year under review there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalised.

### AS - 17 Segment Reporting

Since the group of products sold and services rendered by the Company pertains to Information Technology related products and services, the operations of the Company relate to a single reportable segment.

### AS - 18 Related Party disclosure

Disclosure is made as per the requirements of the Standard and as per the clarifications issued by the Institute of Chartered Accountants of India.

### AS - 19 Accounting for Leases

This Standard is not applicable as the Company does not have any lease transaction during the year.

### AS - 20 - Earnings Per Share

Earnings per share (Basic and Diluted) has been calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and disclosed on the face of statement of Profit and Loss in accordance with the Standard.

## Notes to Accounts (Contd.)

	As at / Year ended 31.03.2014	₹ in Lakhs As at / Year ended 31.03.2013
<b>Profit after tax</b>	<b>40.02</b>	(800.60)
Weighted average number of equity shares	<b>1,79,75,832</b>	1,76,72,818
Nominal value of the shares	<b>₹ 10/-</b>	₹ 10/-
(i) Earnings per share - Basic	<b>0.22</b>	(4.53)
(ii) Earnings per share - Diluted	<b>0.22</b>	(4.48)

### AS - 21 Consolidated Financial Statements

Consolidated Financial Statements of the Company and its wholly owned subsidiary, viz., Prime Property Holdings Limited, Chennai is enclosed.

### AS - 22 Taxes on income

Income Tax payable under the normal computation of taxable income is NIL. However, tax is payable under the provisions of Section 115JB of the Income Tax Act, 1961, viz., Minimum Alternate Tax.

Deferred tax liability and asset are recognised based on timing differences using the tax rates substantively enacted on the Balance Sheet date.

#### Deferred Tax Liability (Net) consists of :

<b>A) Liabilities:-</b> Tax on Depreciation	<b>389.85</b>	348.46
<b>Less:</b>		
<b>B) Assets:-</b> Tax on provisions inadmissible under the Income Tax Act, 1961	<b>5.07</b>	3.67
<b>Net Deferred Tax Liability</b>	<b>384.78</b>	344.79

### AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements

This Standard is not applicable to the Company for the year under review.

### AS - 24 Discontinuing Operations

In respect of Contract Manufacturing Services business which was sold during 2007, the details of liabilities carried over in the financial statements are furnished below:

#### Liabilities in respect of discontinued operations

Balance at the beginning of the year	<b>20.46</b>	20.46
Less: Discharged during the year	<b>20.46</b>	-
Balance at the close of the year	<b>-</b>	20.46

### AS - 25 Interim Financial Reporting

Quarterly financial results are published in accordance with the requirement of Listing Agreement with Stock Exchanges. The recognition and measurement principle as laid down in the Standard have been followed in the preparation of these results.

### AS - 26 Intangible Assets

The Company owns Intellectual Property Rights & Business Rights relating to its service business and the same is amortised over a period of ten years @ 9.5% per annum.

## Notes to Accounts (Contd.)

### AS - 27 Financial Reporting of Interest in Joint Ventures

This Standard is not applicable to the Company as there is no Joint Venture as on 31.03.2014

### AS - 28 Impairment of Assets

As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of such assets. Hence there is no impairment loss on the assets of the Company.

### AS - 29 Provisions, Contingent Liabilities and Contingent Assets

Warranty cost on sale of products has been determined based on management estimates/ historical data and provided for - ₹ 227.46 lakhs (Previous Year - ₹ 312.90 Lakhs)

Contingent liabilities are disclosed in Note No. 5 and Contested liabilities are disclosed in Note No. 6.

Contingent assets are neither recognised nor disclosed.

### AS - 30 Financial Instruments : Recognition and Measurement

This Standard is not applicable.

### AS - 31 Financial Instruments: Presentation

This Standard is not applicable.

### AS - 32 Financial Instruments : Disclosures

This Standard is not applicable.

2 Previous year figures have been regrouped wherever necessary to conform to current year's classification.

		₹ in Lakhs	
		As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
<b>3</b>	<b>Deposits include</b>		
	Deposits with (a) Post Office and Telephones	0.41	0.76
	(b) Sales Tax	3.29	3.21
<b>4</b>	<b>Trade Payables Includes:</b>		
	Disclosure under Micro, Small and Medium Enterprises Development Act (MSMED), 2006.		
	i) Principal amount due to suppliers.	33.76	20.44
	ii) Interest accrued and due to suppliers on the above amount	-	-
	iii) Payment made to suppliers (other than interest) beyond the appointed day	40.62	39.78
	iv) Interest paid to suppliers in terms of Section 16 of MSMED Act, 2006	0.14	0.22
	v) Interest due and payable to suppliers for payments already made.	-	-
	vi) Interest accrued and remaining unpaid at the end of the year to suppliers	-	-
<b>5</b>	<b>Contingent liabilities and Commitments not provided for</b>		
<b>a</b>	<b>Contingent Liabilities</b>		
	Claims against the Company not acknowledged as debt	2.00	59.23
	Bank Guarantees	154.36	138.51

## Notes to Accounts (Contd.)

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
		₹ in Lakhs
<b>Other money for which the company is contingently liable</b>		
On Letters of Credit opened with Banks	847.54	826.96
<b>b Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account	83.21	59.30
<b>6 Liability disputed not provided for</b>		
a) Sales Tax	128.09	110.39
b) Central Excise Duty	13.23	13.23
c) Income Tax	282.00	477.56
d) Service Tax	121.15	121.15
<b>7 Payment to Auditors</b>		
a) As Auditor	10.11	8.99
b) For taxation matters	3.37	2.25
c) For other services	0.71	1.26
d) Reimbursement of expenses	4.87	5.21
<b>Total</b>	<u>19.06</u>	<u>17.71</u>
<b>8 Details of Revenue/Capital Expenditure incurred for "In House" R &amp; D Unit</b>		
<b>a) Revenue Expenditure incurred under the following heads of account</b>		
Salaries, Wages & Allowances	52.28	64.25
Travelling & Conveyance	4.89	9.46
Product Development	30.02	18.46
Stores Consumables	0.04	0.11
Consultancy & Technology	5.99	6.75
Reliability Testing, Field Tests & Trials	0.51	1.43
Miscellaneous Expenses	0.55	1.25
	<u>94.28</u>	<u>101.71</u>
<b>b) Capital Expenditure</b>		
<b>Addition to Fixed assets</b>		
Office Equipments	0.09	0.53
	<u>0.09</u>	<u>0.53</u>

## 9 Employee Stock Option Scheme 2011 (ESOP - 2011)

In accordance with Board resolution dated 23rd July, 2011 and Shareholders' special resolution dated 21st September, 2011 the ESOP-2011 was instituted during the year.

As per the above scheme, the company issued 2,15,000 numbers of options to six eligible employees / directors on 2nd May, 2012 at face value of ₹ 10/-. Of this 2,03,000 options lapsed. The cost of the vesting of live options in respect of the remaining 12000 options of ₹ 0.84 lakhs has been provided. This represents the excess of the market price viz., ₹ 7/- equity share over the issue price of ₹ 10/- per equity share as on the "Grant Date".



## Notes to Accounts (Contd.)

### 10 Related Party Disclosures as per Accounting Standard - 18

#### A) List of Related Parties as per Clause 3(a) of the Standard where control exists

Reporting Entity TVS Electronics Limited, Chennai  
Period

##### Holding Companies

T.V.Sundram Iyengar & Sons Limited, Madurai (Ultimate Holding Company of Sundaram Investment Limited, Chennai)	01.04.2013 to 31.03.2014
Sundaram Investment Limited, Chennai (Holding Company of Reporting Entity)	14.10.2013 to 31.03.2014
TVS Capital Funds Limited, Chennai (Formerly TVS Investments Limited - Holding company of Reporting Entity)	01.04.2013 to 13.10.2013

##### Wholly owned Subsidiaries

Prime Property Holdings Limited, Chennai	01.04.2013 to 31.03.2014
Tumkur Property Holdings Limited, Chennai (Dissolved effective 1st November, 2013)	01.04.2013 to 01.11.2013

#### B) Other Related Parties with whom transactions have been made during the year

##### Fellow Subsidiaries

Sundaram-Clayton Limited, Chennai	01.04.2013 to 31.03.2014
TVS Motor Company Limited, Chennai	01.04.2013 to 31.03.2014
Sundaram Auto Components Limited, Chennai	01.04.2013 to 31.03.2014
TVS Capital Funds Limited, Chennai (Formerly TVS Investments Limited)	14.10.2013 to 31.03.2014
TVS-E Access India Limited, Chennai	01.04.2013 to 31.03.2014
TVS Capital Funds Limited, Chennai **	
TVS-E Servicetec Limited, Chennai **	

\*\* (Merged with TVS Investments Limited, Chennai effective 1st April 2013 and the amalgamated Company renamed as "TVS Capital Funds Limited, Chennai" effective 13th November 2013)

#### C) Particulars of transactions with Related Parties

	As at / Year ended 31.03.2014	As at / Year ended 31.03.2013
	₹ in Lakhs	
<b>(i) Purchase of Material / Fixed Assets</b>		
Sundaram-Clayton Limited, Chennai	-	161.12
TVS Capital Funds Limited, Chennai	0.21	-
<b>(ii) Services availed</b>		
Sundaram-Clayton Limited, Chennai	6.96	7.18
TVS Motor Company Limited, Chennai	-	0.65
TVS Capital Funds Limited, Chennai	425.61	572.92
<b>(iii) Sale of Materials / Fixed Assets</b>		
TVS Motor Company Limited, Chennai	4.29	2.05
Sundaram Auto Components Limited, Chennai	-	0.25
Sundaram-Clayton Limited, Chennai	0.42	-
TVS Capital Funds Limited, Chennai	2.65	2.21

## Notes to Accounts (Contd.)

	As at / Year ended 31.03.2014	₹ in Lakhs As at / Year ended 31.03.2013
<b>(iv) Services rendered</b>		
TVS Motor Company Limited, Chennai	82.45	80.09
TVS Capital Funds Limited, Chennai	10.00	15.88
Sundaram Auto Components Limited, Chennai	-	4.80
Sundaram-Clayton Limited, Chennai	79.85	29.78
<b>(v) Interest received on Inter Corporate Deposits granted</b>		
TVS-E Servicetec Limited, Chennai	28.23	34.29
<b>(vi) Inter Corporate Deposits granted</b>		
TVS-E Servicetec Limited, Chennai	52.00	108.50
<b>(vii) Inter Corporate Deposits received back</b>		
TVS-E Servicetec Limited, Chennai	360.50	-
<b>(viii) Investment in TVS Shriram Growth Fund, Chennai</b>		
Redeemed during the year	-	21.84
<b>(ix) Sale of Investments to wholly owned Subsidiary</b>		
Prime Property Holdings Limited, Chennai	84.08	599.07
<b>(x) Transfer of Indemnity Deposit</b>		
Indemnity Deposit placed with TVS Investments Limited, Chennai on 12th October 2007, transferred to Sundaram Investment Limited, Chennai vide Novation agreement dated 5th August 2013.	2,500.00	-
<b>(xi) Amount outstanding as at Balance Sheet date</b>		
<b>a) Trade Receivables</b>		
Sundaram-Clayton Limited, Chennai	18.24	8.84
TVS Motor Company Limited, Chennai	4.72	5.54
TVS-E Access India Limited, Chennai	-	28.00
Sundaram Auto Components Limited, Chennai	-	0.24
TVS Capital Funds Limited, Chennai	1.42	-
TVS-E Servicetec Limited, Chennai	3.74	315.30
Prime Property Holdings Limited, Chennai - Due under 'Loan'/ 'Interest on Loan'	-	26.61
<b>b) Trade Payables</b>		
Sundaram Auto Components Limited, Chennai	0.03	-
TVS Capital Funds Limited, Chennai	87.93	146.21
Sundaram-Clayton Limited, Chennai	1.77	3.61

## Notes to Accounts (Contd.)

Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956.  
(Vide notification dated 30th October, 1973 of Department of Company Affairs, Government of India)

₹ in Lakhs

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	% of total consumption	Amount	% of total consumption	Amount
<b>11 RAW MATERIALS &amp; COMPONENTS CONSUMED</b>				
<b>1 Raw Material &amp; Intermediates &amp; Components Consumed</b>				
i) Integrated Circuits		150.23		170.34
ii) Miscellaneous Items (which do not individually account for more than 10% of the value of the consumption)		9,160.95		9,065.17
		<u>9,311.18</u>		<u>9,235.51</u>
<b>2 Consumption of Raw materials &amp; Components</b>				
a) Imported	58.00%	5,400.48	45.58%	4,209.55
b) Indigenious	42.00%	3,910.70	54.42%	5,025.96
Total	<u>100.00%</u>	<u>9,311.18</u>	<u>100.00%</u>	<u>9,235.51</u>
<b>12 CONSUMPTION OF MACHINERY SPARES</b>				
a) Imported	43.78%	12.70	51.58%	18.52
b) Indigenious	56.22%	16.30	48.42%	17.38
Total	<u>100.00%</u>	<u>29.00</u>	<u>100.00%</u>	<u>35.90</u>
<b>13 IMPORTS (CIF VALUE)</b>				
a) Raw materials		44.70		48.57
b) Spares, Stores and Components		2,699.75		2,435.84
c) Capital goods		-		25.69
d) Traded goods		5,915.87		3,274.05
Total		<u>8,660.32</u>		<u>5,784.15</u>
<b>14 OTHER EXPENDITURE IN FOREIGN CURRENCY</b>				
Salaries		-		16.68
Staff Welfare		-		0.01
Repairs & Maintenance		4.35		-
Travel & Conveyance		6.32		7.47
Consumables		-		0.54
Communication expenses		-		0.30
Other selling expenses		-		0.01
Consultancy, Legal fee & Retainers		23.81		21.83
Audit Fees		-		0.37
Bank charges		-		0.09
Sitting fees		0.05		0.03
Stationery		-		0.01
<b>15 SALE BY CLASS OF GOODS</b>				
(a) Computer Peripherals		15,781.57		16,472.69
(b) Income on Services rendered		3,374.83		3,073.49
(c) Service, Spares & others		5,585.44		3,981.23
		<u>24,741.84</u>		<u>23,527.41</u>
<b>16 EARNINGS IN FOREIGN EXCHANGE</b>				
Exports		3,071.92		315.71
		<u>3,071.92</u>		<u>315.71</u>

## Notes to Accounts (Contd.)

Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956 (Contd.)

### 17. OPENING AND CLOSING STOCK OF GOODS PRODUCED AND QUANTITY PURCHASED DURING THE YEAR

₹ in Lakhs

Description	Year ended 31.03.2014			Year ended 31.03.2013		
	Opening Stock	Production / Purchases / ment for Sale	Closing Stock	Opening Stock	Production / Purchases / ment for Sale	Closing Stock
(A) MANUFACTURED ITEMS						
a) Computer Peripherals	248.63		70.61	277.27		248.63
b) Others	69.19		5.05	84.05		69.19
	<b>317.82</b>		<b>75.66</b>	361.32		317.82
(B) TRADED ITEMS						
a) Computer Peripherals	428.42		383.72	515.71		428.42
b) Others	287.65		718.54	361.82		287.65
	<b>716.07</b>	<b>7,460.77</b>	<b>1,102.26</b>	877.53	5,565.53	716.07

Signature to Schedule 1 to 24 and notes there on

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E. RANGANATHAN**  
Managing Director

Chennai  
May 8, 2014

**H. LAKSHMANAN**  
Director

**S. NAGALAKSHMI**  
Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Disclosure Statement

### 18. Disclosure made in terms of Clause 32 of the Listing Agreement with Stock Exchanges

₹ in Lakhs

Particulars	Name of the Company	Remarks	Amount Outstanding as on 31.03.2014	Amount Outstanding as on 31.03.2013
<b>A. LOANS AND ADVANCES</b>				
1. Loans and Advances in the nature of Loans made to Subsidiary	Prime Property Holdings Limited, Chennai		-	26.61
	Maximum amount due at any time			
	During the year	-		
	During the previous year	26.61		
<b>B. INVESTMENTS</b>				
1. Investments made in Subsidiary Company	Prime Property Holdings Limited, Chennai		5.00	5.00
	(5,00,000 equity shares of Rs. 10/- each)			
	Maximum amount held at any time			
	During the year	5.00		
	During the previous year	5.00		
	Tumkur Property Holdings Limited, Chennai		-	5.00
	(5,00,000 equity shares of Rs.10/- each)			
	Maximum amount held at any time			
	During the year	5.00		
	During the previous year	5.00		
2. Investment made by Holding Company	Sundaram Investment Limited, Chennai		1,095.83	-
	(14.10.2013 to 31.03.2014)			
	Maximum amount held at any time			
	During the year	1,095.83		
	During the previous year	-		
	TVS Investments Limited, Chennai		-	1,072.64
	(01.04.2013 to 13.10.2013)			
	Maximum amount held at any time			
	During the year	1,095.83		
	During the previous year	1,072.64		

## Cash Flow Statement

₹ in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and exceptional items</b>	129.73	(504.12)
Adjustment for :		
Depreciation and amortisation expenses	566.00	619.36
Employee stock option expense	(0.21)	1.05
Interest Income	(86.48)	(80.44)
Dividend Income	(4.54)	(3.63)
Profit on sale of assets	(5.86)	(17.28)
Profit on sale of investments	(4.08)	(44.54)
Loss on sale of assets	25.98	12.27
Diminution in the value of investments	-	5.00
Interest paid	730.34	938.76
	<u>1,221.15</u>	<u>1,430.55</u>
<b>Operating Profit before Working Capital changes</b>	<b>1,350.88</b>	<b>926.43</b>
Adjustment for :		
Inventories	(23.71)	105.08
Trade Receivables	(528.24)	413.16
Loans and Advances	500.99	(317.97)
Other non-current / current assets	171.85	289.73
Trade Payables	118.01	(189.19)
Non Current / Current liabilities and provisions	(303.79)	(276.62)
	<u>(64.89)</u>	<u>24.19</u>
Direct taxes paid net of provision	1,285.99	950.62
	13.73	-
<b>Net cash from operating activities (A)</b>	<b>1,299.72</b>	<b>950.62</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(478.09)	(447.37)
Intangible assets under development	(3.17)	76.43
Sale of Investments	84.08	636.38
Exceptional items of expenditure	(63.45)	-
Sale of fixed assets	57.75	34.41
Interest Income	86.48	80.44
Dividend Income	4.54	3.63
<b>Net cash from / (used in ) investing activities (B)</b>	<b>(311.86)</b>	<b>383.92</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share Capital - Convertible Warrants	59.72	-
Repayment of Loans	(722.09)	(89.81)
Interest paid	(730.34)	(938.76)
<b>Net cash used in financing activities (C)</b>	<b>(1,392.71)</b>	<b>(1,028.57)</b>
<b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(404.85)</b>	<b>305.97</b>
<b>Opening Cash and Cash equivalents as at 01.04.2013</b>	<b>724.61</b>	<b>418.64</b>
<b>Closing Cash and Cash equivalents as at 31.03.2014</b>	<b>319.76</b>	<b>724.61</b>

Notes : 1 The above statements have been prepared in indirect method.

2 Cash and cash equivalent represents Cash and Bank balances.

3 Interest paid is treated as arising out of financing activities.

4 Previous year figures have been regrouped wherever necessary to conform to current years classification.

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E. RANGANATHAN**  
Managing Director

Chennai  
May 8, 2014

**H. LAKSHMANAN**  
Director

**S. NAGALAKSHMI**  
Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945



## Statement relating to Subsidiaries

### Statement under Section 212 of the Companies Act, 1956 relating to Subsidiary

Particulars	Name of the Subsidiary
	Prime Property Holdings Limited, Chennai
1. Financial year of the Subsidiary ended on	31st March, 2014
2. Shares of Subsidiary held by the Company on 31.03.2014	
a. Number and face value of equity	50,000 equity shares of ₹ 10/- each fully paid up
b. Extent of holding	100%
3. Net aggregate amount of Profit / (Loss) of the Subsidiaries for the above financial year of the Subsidiaries not dealt with in the Company's accounts so far as it concerns the members of the holding Company	Amount in ₹
a. For the financial year of the Subsidiaries - Profit / (Loss)	24,02,739
b. For the previous financial years since they became Subsidiaries - Profit / (Loss)	6,81,63,485
4. Net aggregate amount of Profit / (Loss) of the Subsidiaries for the above financial year of the Subsidiaries dealt with in the Company's accounts so far as it concerns the members of the holding Company	
a. For the financial year of the Subsidiaries - Profit / (Loss)	Nil
b. For the previous financial years since they became Subsidiaries. - Profit / (Loss)	Nil
5. Change of interest of the Company in the Subsidiaries between the end of the financial year of the Subsidiaries and the financial year of the Company.	Not Applicable
6. Material changes between the end of the financial year of the Subsidiaries and the end of the financial year of the Company.	Not Applicable
i) Fixed Assets	
ii) Investments	
iii) Money Lent	
iv) Borrowings other than for meeting current liabilities	

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E.RANGANATHAN**  
Managing Director

Chennai  
May 08, 2014

**H.LAKSHMANAN**  
Director

**S.NAGALAKSHMI**  
Company Secretary

## Independent Auditors' Report on Consolidated Accounts

To the Board of Directors of  
TVS Electronics Limited,  
'Jayalakshmi Estates'  
No. 29, Haddows Road,  
Chennai – 600006.

We have audited the accompanying consolidated financial statements of TVS Electronics Limited, Chennai - 600 006 ("the Company") and its subsidiary, which comprise of consolidated Balance Sheet as at 31<sup>st</sup> March 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of subsidiary viz. Prime Property Holdings Limited, Chennai.

The financial statements and other information of the subsidiary have been audited by other auditor whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of this subsidiary are based solely on the report of the other auditor.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration No.: 004207S

**M. BALASUBRAMANIAM**  
Partner  
Membership No. : F7945

Place: Chennai  
Date: May 08, 2014



## Consolidated Balance Sheet as at 31st March, 2014

₹ in Lakhs

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1	1,802.28	1,767.28
(b) Reserves and surplus	2	2,454.22	2,340.36
(c) Money received against share warrants	1	-	19.91
		<u>4,256.50</u>	<u>4,127.55</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	330.00	998.00
(b) Deferred tax liabilities (Net)		384.78	344.79
(c) Other Long term liabilities	4	0.63	1.83
(d) Long-term provisions	5	168.16	308.30
		<u>883.57</u>	<u>1,652.92</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	5,466.33	5,520.42
(b) Trade payables		2,195.50	2,083.23
(c) Other current liabilities	7	918.12	933.92
(d) Short-term provisions	8	350.12	627.76
		<u>8,930.07</u>	<u>9,165.33</u>
<b>TOTAL</b>		<u><u>14,070.14</u></u>	<u><u>14,945.80</u></u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
1 (a) Fixed assets	9		
(i) Tangible assets		1,917.66	1,820.64
(ii) Intangible assets		2,584.33	2,847.13
(iii) Intangible assets under development		3.17	-
(b) Non-current investments	10	793.60	789.52
(c) Long-term loans and advances	11	3,096.90	3,394.89
(d) Other non-current assets	12	86.28	149.19
		<u>8,481.94</u>	<u>9,001.37</u>
<b>2 Current assets</b>			
(a) Inventories	13	1,681.67	1,657.96
(b) Trade receivables	14	2,848.52	2,350.23
(c) Cash and cash equivalents	15	329.97	820.08
(d) Short-term loans and advances	16	549.40	855.18
(e) Other current assets	17	178.64	260.98
		<u>5,588.20</u>	<u>5,944.43</u>
<b>TOTAL</b>		<u><u>14,070.14</u></u>	<u><u>14,945.80</u></u>
<b>Notes on Accounts</b>	25		

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E. RANGANATHAN**  
Managing Director

Chennai  
May 8, 2014

**H. LAKSHMANAN**  
Director

**S. NAGALAKSHMI**  
Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Consolidated Statement of Profit and Loss for the Year ended 31st March, 2014

₹ in Lakhs

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
<b>I. Revenue from operations</b>	18	24,741.84	23,524.52
<b>II. Other income</b>	19	220.35	765.98
<b>III. Total Revenue (I + II)</b>		<u>24,962.19</u>	<u>24,290.50</u>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	9,069.02	9,191.64
Purchases of Stock-in-Trade	20	7,074.58	5,726.99
Changes in inventories of finished goods, work-in-process & stock-in-trade	20	242.16	43.87
Employee benefits	21	2,309.61	2,458.29
Finance costs	22	742.52	1,018.30
Depreciation and Amortization expense		566.00	619.36
Other Expenses	23	4,833.77	5,283.07
<b>Total Expenses</b>		<u>24,837.66</u>	<u>24,341.52</u>
<b>V. Profit before exceptional items and tax (III - IV)</b>		124.53	(51.02)
<b>VI. Exceptional items</b>	24	63.45	-
<b>VII. Profit before tax (V - VI)</b>		61.08	(51.02)
<b>VIII. Tax Expense:</b>			
(1) Current tax		2.50	127.00
(2) Deferred tax		39.99	296.48
(3) Tax relating to earlier years		(40.46)	(54.61)
		<u>2.03</u>	<u>368.87</u>
<b>IX. Profit/(Loss) for the period (VII - VIII)</b>		<u>59.05</u>	<u>(419.89)</u>
<b>X. Earnings per equity share : (Refer Note 25(1)-AS 20)</b>			
(1) Basic		0.33	(2.38)
(2) Diluted		0.33	(2.35)

**Notes on Accounts**

25

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K.E. RANGANATHAN**  
Managing Director

Chennai  
May 8, 2014

**H. LAKSHMANAN**  
Director

**S. NAGALAKSHMI**  
Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No: 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No: F 7945

## Notes to Consolidated Balance Sheet

### Note No. 1 - Share Capital

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of par value of ₹ 10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
<b>Issued</b>				
Equity Shares of par value of ₹ 10/- each	1,80,22,818	1,802.28	1,76,72,818	1,767.28
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10 each fully paid	1,80,22,818	1,802.28	1,76,72,818	1,767.28
<b>1. Total Share Capital</b>	<b>1,80,22,818</b>	<b>1,802.28</b>	<b>1,76,72,818</b>	<b>1,767.28</b>
<b>2. Money received against share warrants</b>		-		19.91

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares	
	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	1,76,72,818	1,767.28
Shares allotted during the year	3,50,000	35.00
Shares outstanding at the end of the year	1,80,22,818	1,802.28

### Right and preferences attached to equity share:

- (i) Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 1956.
- (ii) There are no restrictions attached to the equity shares.

**Shares allotted during the year :** 3,50,000 numbers of equity shares were allotted on 20th May 2013 to the holder of 3,50,000 numbers of warrants viz., M/s. Tranzmute Business Advisory LLP, Mumbai on preferential basis. The premium received on allotment of ₹ 44,62,500/- is credited to Securities premium account.

### Particulars of shares held by the Holding Company

Out of equity shares issued by the Company, shares held by the Holding Company are as below :

Name of the Holding Company	No. of Shares held	
	As at 31.03.2014	As at 31.03.2013
Sundaram Investment Limited, Chennai	1,09,58,264	-
TVS Investments Limited, Chennai	-	1,07,26,449

### Details of shareholders holding more than five per cent shares

Name of the Shareholder	No. of Shares held	
	As at 31.03.2014	As at 31.03.2013
Sundaram Investment Limited, Chennai	1,09,58,264	-
TVS Investments Limited, Chennai	-	1,07,26,449

## Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 2 - Reserves and Surplus</b>		
<b>a. Capital Reserves</b>		
Balance at the beginning of the year	60.60	60.60
Capital reserve on consolidation	0.04	0.04
Closing Balance	60.64	60.64
<b>b. Securities Premium Account</b>		
Balance at the beginning of the year	1,281.92	1,281.92
Add : Securities premium on allotment during the year	44.63	-
Closing Balance	1,326.55	1,281.92
<b>c. Share Options Outstanding Account</b>		
Balance at the beginning of the year	1.05	-
(+) Current Year Transfer	-	1.05
(-) Written Back in Current Year	0.21	-
Closing Balance	0.84	1.05
<b>d. Other Reserves:</b>		
<b>General Reserve</b>		
Balance at the beginning of the year	349.58	349.58
Closing Balance	349.58	349.58
<b>e. Investment Subsidy</b>		
Balance at the beginning of the year	15.00	15.00
Closing Balance	15.00	15.00
<b>f. Investment Allowance Reserve</b>		
Balance at the beginning of the year	27.46	27.46
Closing Balance	27.46	27.46
<b>g. Surplus i.e. Balance in the Statement of Profit &amp; Loss</b>		
Balance in the Statement of Profit & Loss as at the beginning of the year	604.71	379.03
(+) Net Profit / (Net Loss) For the current year	59.05	(419.89)
(+) Unrealised profit on sale of asset of an earlier year now realised	-	645.57
(+) Reversal of loss of Tumkur Property Holdings Ltd on extinguishment of investment	10.39	-
Closing Balance	674.15	604.71
<b>Total</b>	<b>2,454.22</b>	<b>2,340.36</b>



## Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 3 - Long-term borrowings</b>		
<b>Secured</b>		
<b>Term loans</b>		
From bank #	330.00	998.00
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking pari passu with other term lenders)		
# Loan repayable in twelve quarterly instalments commencing from November 2012		
<b>Total</b>	<u>330.00</u>	<u>998.00</u>
(a) Description of loan	Corporate	
(b) Total Loan repayable over term of loans	2,000.00	
(c) Frequency of repayment(s)	Quarterly	
(d) No. of instalments	12	
(e) Amount payable in each instalment	167.00	
(f) Maturity Date	01.08.2015	
(g) Loan repayable in FY 2012-13 and Paid	334.00	
(h) Loan repayable in FY 2013-14 and Paid in FY 2012-13 (installment repaid in advance)	167.00	
(i) Loan repayable in FY 2013-14 and Paid	501.00	
(j) Loan Balance as on 31.03.2014	998.00	
(i) Short term Loan	668.00	
(ii) Long term Loan	330.00	
<b>Note No. 4 - Other Long-Term Liabilities</b>		
<b>Income received in advance</b>		
Unexpired Annual Maintenance Contracts	0.63	1.83
<b>Total</b>	<u>0.63</u>	<u>1.83</u>
<b>Note No. 5 - Long-Term Provisions</b>		
<b>(a) Employee benefits</b>		
Leave encashment	45.09	46.47
<b>(b) Warranty &amp; Sales Tax</b>		
Warranty	76.67	105.96
Sales Tax	28.62	48.12
<b>(c) Expenses</b>	11.75	101.72
<b>(d) Tax</b>	6.03	6.03
<b>Total</b>	<u>168.16</u>	<u>308.30</u>

## Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 6 - Short-Term Borrowings</b>		
<b>SECURED</b>		
<b>Loans repayable on demand</b>		
From bank	2,800.00	3,200.00
(Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a paripassu basis to the consortium of banks).		
	<b>2,800.00</b>	<b>3,200.00</b>
<b>SECURED</b>		
From banks	1,260.44	502.08
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking paripassu with other term lenders)		
	<b>1,260.44</b>	<b>502.08</b>
<b>UNSECURED</b>		
<b>Loans repayable on demand</b>		
From banks	1,405.89	1,818.34
	<b>1,405.89</b>	<b>1,818.34</b>
<b>Total</b>	<b>5,466.33</b>	<b>5,520.42</b>
<b>Note No. 7 - Other Current Liabilities</b>		
Interest accrued and due on borrowings	42.68	53.40
Interest accrued but not due on borrowings	7.11	12.98
Income received in advance-Unexpired Annual Maintenance Contracts	19.53	23.76
Unclaimed dividends	5.10	7.15
Other payables :		
Statutory Liabilities	105.96	113.99
Retention Money	-	20.46
Security Deposits	96.64	74.48
Employee's Related	98.58	98.15
Liability towards expenses	542.52	529.55
<b>Total</b>	<b>918.12</b>	<b>933.92</b>
<b>Note No. 8 - Short Term Provisions</b>		
<b>(a) Employee benefits</b>		
Leave Encashment	2.81	8.75
<b>(b) Warranty</b>	150.80	206.94
<b>(c) Expenses</b>	196.51	285.07
<b>(d) Tax</b>	-	127.00
<b>Total</b>	<b>350.12</b>	<b>627.76</b>

**Notes to Consolidated Balance Sheet (Contd.)**

Note No. - 9 - Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 01.04.2013 ₹ in Lakhs	Additions/ (Disposals) ₹ in Lakhs	Balance as at 31.03.2014 ₹ in Lakhs	Balance as at 01.04.2013 ₹ in Lakhs	Depreciation charge for the year ₹ in Lakhs	Withdrawn on disposals ₹ in Lakhs	Balance as at 31.03.2014 ₹ in Lakhs	Balance as at 31.03.2013 ₹ in Lakhs
<b>a) Tangible Assets</b>								
Land	240.08	-	240.08	-	2.11	-	237.97	240.08
Land Total	240.08	-	240.08	-	2.11	-	237.97	240.08
Buildings including improvements	850.82	178.99	973.89	417.79	40.74	49.79	565.15	433.03
	-	(55.92)	-	-	-	-	-	-
Buildings Total	850.82	123.07	973.89	417.79	40.74	49.79	565.15	433.03
Plant and Equipment	3,571.53	132.92	3,489.08	2,634.13	121.07	150.79	884.67	937.40
	-	(215.37)	-	-	-	-	-	-
Plant and Equipment Total	3,571.53	(82.45)	3,489.08	2,634.13	121.07	150.79	884.67	937.40
Furniture and Fixtures	190.79	46.71	190.75	103.98	16.95	41.13	110.95	86.81
	-	(46.75)	-	-	-	-	-	-
Furniture and Fixtures Total	190.79	(0.04)	190.75	103.98	16.95	41.13	110.95	86.81
Vehicles	0.55	-	0.55	0.12	0.05	-	0.38	0.43
Vehicles Total	0.55	-	0.55	0.12	0.05	-	0.38	0.43
Office equipment	1,457.33	54.19	1,446.75	1,334.44	57.00	63.23	118.54	122.89
	-	(64.77)	-	-	-	-	-	-
Office equipment Total	1,457.33	(10.58)	1,446.75	1,334.44	57.00	63.23	118.54	122.89
<b>Others:</b>								
Tangible Assets Additions Total	-	412.81	-	-	-	-	-	-
Tangible Assets Disposals Total	-	(382.81)	-	-	-	-	-	-
Tangible Assets Total	6,311.10	30.00	6,341.10	4,490.46	237.92	304.94	1,917.66	1,820.64
<b>b) Intangible Assets</b>								
Computer software	76.44	65.28	141.72	67.25	18.10	-	56.37	9.19
Computer software Total	76.44	65.28	141.72	67.25	18.10	-	56.37	9.19
Intellectual Property Rights	800.00	-	800.00	760.00	-	-	40.00	40.00
Business Rights	3,262.91	-	3,262.91	464.97	309.98	-	2,487.96	2,797.94
Intellectual Property and Business Rights Total	4,062.91	-	4,062.91	1,224.97	309.98	-	2,527.96	2,837.94
Intangible Assets Total	4,139.35	65.28	4,204.63	1,292.22	328.08	-	2,584.33	2,847.13
<b>c) Intangible Assets under development</b>								
Computer Software	-	3.17	3.17	-	-	-	3.17	-
Intangible Assets under development Total	-	3.17	3.17	-	-	-	3.17	-
<b>Grand Total</b>	<b>10,450.45</b>	<b>98.45</b>	<b>10,548.90</b>	<b>5,782.68</b>	<b>566.00</b>	<b>304.94</b>	<b>4,505.16</b>	<b>4,667.77</b>

## Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 10 - Non-Current Investments (At Cost)</b>		
(a) Investment in Equity instruments - (Trade Unquoted)	90.77	90.77
(b) Other investments	702.83	698.75
<b>Total</b>	<b>793.60</b>	<b>789.52</b>
Aggregate cost of unquoted investments	793.60	789.52

### Details of Non-Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		₹ in Lakhs		Whether stated at Cost Yes / No	If Answer to Column is 'No' - Basis of Valuation
			2014	2013			2014	2013	2014	2013		
(a)	Investment in Equity Instruments - Trade Unquoted											
	Modular Infotech Private Limited, Pune	Others	9,07,255	9,07,255	Unquoted	Fully paid			90.73	90.73	Yes	NA
	Total							90.73	90.73			
(b)	Other investments:											
	(i) Capital contribution to TVS Shriram Growth Fund, Chennai	Others	62,303.51	62,303.51	Unquoted	Fully paid			652.83	648.75	Yes	NA
	ii) TVS Training and Services Limited, Chennai	Others	5,00,000	5,00,000	Unquoted	Fully paid			50.00	50.00	Yes	NA
	Total							702.83	698.75			
(c)	Pro-rata Share in the profit of the erstwhile associate company								0.04	0.04		
	Total							0.04	0.04			
	Total	Vide Note No.10						793.60	789.52			



## Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 11 - Long Term Loans and Advances - Unsecured, considered good</b>		
<b>a. Capital Advances</b>	5.00	16.66
<b>b. Security Deposits</b>	2,740.06	2,713.06
<b>c. Loans and advances to related parties (Inter corporate deposit)</b>	-	308.50
<b>d. Others :</b>		
(i) Balance with Statutory Authorities:		
Customs	13.60	13.60
Sales tax	12.22	12.22
Advance payment of income tax less provision	199.00	149.43
Interest Receivable	-	0.01
Advances to Vendors	127.02	181.41
	351.84	356.67
<b>Total</b>	3,096.90	3,394.89
<b>Note No. 12 - Other non-current assets</b>		
a. Debts due by related parties (Unsecured, considered good)	-	58.21
b. Claims Receivable - Sales Tax	86.28	90.98
<b>Total</b>	86.28	149.19
<b>Note No. 13 - Inventories</b>		
<b>a. Raw Materials and components (at Cost)</b>		
Components	462.43	555.89
Indirect material	18.74	17.83
Goods-in transit	22.58	50.35
	503.75	624.07
<b>b. Finished goods (at Cost or Net realisable value whichever is lower)</b>		
Manufactured	75.66	317.82
Traded	1,102.26	685.20
Goods-in transit	-	30.87
	1,177.92	1,033.89
<b>Total</b>	1,681.67	1,657.96

## Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Note No. 14 - Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,801.33	2,101.14
	<u>2,801.33</u>	<u>2,101.14</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	47.19	249.09
Unsecured, considered doubtful	16.42	111.19
	<u>63.61</u>	<u>360.28</u>
Less: Provision for doubtful debts	16.42	111.19
	<u>47.19</u>	<u>249.09</u>
<b>Total</b>	<u><u>2,848.52</u></u>	<u><u>2,350.23</u></u>
<b>Note No. 15 - Cash and Cash equivalents</b>		
a. Balances with banks	322.59	811.92
b. Cash on hand	2.28	1.01
c. Earmarked balances with banks (Unclaimed dividend)	5.10	7.15
<b>Total</b>	<u><u>329.97</u></u>	<u><u>820.08</u></u>
<b>Note No. 16 - Short-term Loans and Advances</b>		
<b>Balance with Statutory Authorities:</b>		
Sales Tax	98.70	149.15
Central Excise	28.03	20.95
Advance payment of income tax less provision	327.55	605.52
<b>Others</b>		
Prepaid expenses	83.69	70.85
Employee Advances	11.43	8.71
<b>Total</b>	<u><u>549.40</u></u>	<u><u>855.18</u></u>
<b>Note No. 17 - Other current assets</b>		
a. Interest Receivable	0.18	10.79
b. Unbilled Revenue	178.46	250.19
<b>Total</b>	<u><u>178.64</u></u>	<u><u>260.98</u></u>



## Notes to Consolidated Statement of Profit and Loss

₹ in Lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Note No. 18 - REVENUE FROM OPERATIONS</b>		
Sale of products	20,606.60	20,660.16
Sale of services	4,250.06	2,982.73
Other operating revenues	12.84	12.33
	24,869.50	23,655.22
Less: Excise duty	127.66	130.70
<b>Total</b>	<b>24,741.84</b>	<b>23,524.52</b>
<b>Note No. 19 - OTHER INCOME</b>		
Interest Income	86.73	97.07
Dividend Income	4.54	3.63
Profit on sale of investments	4.08	60.18
Profit on sale of fixed assets	5.86	701.54
Less: Expenses relating to sale of property		
- Professional Fees	-	(184.55)
- Reimbursement of expenses	-	(15.80)
Foreign exchange fluctuation gain	110.65	96.30
Management Services Income	6.00	2.89
Other non-operating income	2.49	4.72
<b>Total</b>	<b>220.35</b>	<b>765.98</b>
<b>Note No. 20 - COST OF MATERIALS CONSUMED AND CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE</b>		
<b>A) COST OF MATERIALS CONSUMED</b>		
a) Opening stock	624.07	523.82
b) Add: Purchases *	8,948.70	9,291.89
	9,572.77	9,815.71
c) Less: Closing stock	503.75	624.07
<b>Total (A)</b>	<b>9,069.02</b>	<b>9,191.64</b>
<b>B) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE</b>		
a) Opening stock		
Work-in-process	-	0.37
Finished Goods	317.82	361.32
	317.82	361.69
b) Closing stock:		
Work-in-process	-	-
Finished Goods	75.66	317.82
	75.66	317.82
<b>Total (B)</b>	<b>242.16</b>	<b>43.87</b>
<b>GRAND TOTAL [ A + B ]</b>	<b>9,311.18</b>	<b>9,235.51</b>
<b>PURCHASES OF STOCK-IN-TRADE</b>		
a) Opening stock	716.08	877.53
b) Add: Purchases **	7,460.76	5,565.53
	8,176.84	6,443.06
c) Less: Closing stock	1,102.26	716.07
<b>Consumption of Traded Items</b>	<b>7,074.58</b>	<b>5,726.99</b>

\* Components and parts of Computer Peripherals

\*\* Finished goods of Computer Peripherals viz., Point of sale products and Keyboards

## Notes to Consolidated Statement of Profit and Loss (Contd.)

₹ in Lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Note No. 21 - EMPLOYEE BENEFITS</b>		
Salaries and wages	2,058.75	2,204.58
Leave Encashment	7.57	8.94
Contributions to Provident & other funds	120.61	133.95
Employee Stock Option Scheme (ESOP)	(0.21)	1.05
Welfare expenses	122.89	109.77
<b>Total</b>	<u>2,309.61</u>	<u>2,458.29</u>
<b>Note No. 22 - FINANCE COSTS</b>		
Interest expense	730.34	992.13
Other borrowing costs - Loan processing charges	12.18	26.17
<b>Total</b>	<u>742.52</u>	<u>1,018.30</u>
<b>Note No. 23 - OTHER EXPENSES *</b>		
Consumption of stores and spares	61.86	63.30
Power and Fuel	102.42	114.70
Rent	387.38	384.87
Repairs & Maintenance - Building	214.85	185.34
Repairs & Maintenance - Plant & Equipment	24.33	9.09
Repairs & Maintenance - Office Equipments	169.03	161.17
Repairs & Maintenance - Vehicle	2.15	2.35
Insurance	67.31	54.73
Rates and Taxes (excluding taxes on income)	53.22	59.08
Audit Fees [Refer Note 25 (7)]	19.22	18.05
Directors Sitting Fees	1.38	1.45
Loss on Sale of Assets	25.98	20.50
Carriage Outward	523.37	517.93
Sales commission, discounts	454.09	861.03
Warranty Expenses	147.17	167.63
Marketing	73.61	108.99
Travelling & Conveyance	413.96	458.12
Legal & Consultancy	690.92	794.19
Data Processing	712.11	660.31
Miscellaneous expenses	689.41	640.24
(Under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs 1 lakh, whichever is higher)		
<b>Total</b>	<u>4,833.77</u>	<u>5,283.07</u>
* Refer Note 25 (1) on AS 5 for prior period items		
<b>Note No. 24 - EXCEPTIONAL ITEMS</b>		
Restructuring of Manufacturing Plant	22.42	-
Relocation of repair factory	21.03	-
Settlement of Claim by a Service Provider	20.00	-
<b>Total</b>	<u>63.45</u>	<u>-</u>



## Consolidated Cash Flow Statement

₹ in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and exceptional items</b>	<b>124.53</b>	<b>(51.02)</b>
Adjustment for :		
Depreciation and amortisation expenses	566.00	619.36
Employee stock option expense	(0.21)	1.05
Share of loss in erstwhile associate group company	-	0.47
Interest Income	(86.73)	(97.07)
Dividend Income	(4.54)	(3.63)
Profit on sale of assets	(5.86)	(701.54)
Profit on sale of investments	(4.08)	(60.18)
Loss on sale of assets	25.98	20.50
Interest paid	730.34	992.13
	<u>1,220.90</u>	<u>771.09</u>
<b>Operating Profit before Working Capital changes</b>	<b>1,345.43</b>	<b>720.07</b>
Adjustment for :		
Inventories	(23.71)	105.08
Trade Receivables	(498.29)	383.21
Loans and Advances	603.77	(445.56)
Other non-current / current assets	145.25	(13.47)
Trade Payables	112.27	(187.62)
Non Current / Current liabilities and provisions	(434.78)	(418.53)
	<u>(95.49)</u>	<u>(576.89)</u>
Direct taxes paid net of provision	1,249.94	143.18
	37.96	(72.39)
<b>Net cash from operating activities (A)</b>	<b>1,287.90</b>	<b>70.79</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(478.09)	(700.60)
Intangible assets under development	(3.17)	76.43
Sale of Investments	80.00	721.05
New Investments made	(80.00)	(649.07)
Exceptional items of expenditure	(63.45)	-
Sale of fixed assets	57.75	1058.81
Realised profit on sale of fixed asset	-	645.57
Interest Income	86.73	97.07
Dividend Income	4.54	3.63
Movement in reserves consequent to dissolution of a subsidiary	10.39	-
<b>Net cash from / (used in ) investing activities (B)</b>	<b>(385.30)</b>	<b>1,252.89</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share Capital - Convertible Warrants	59.72	-
Repayment of Loans	(722.09)	(89.81)
Interest paid	(730.34)	(992.13)
<b>Net cash used in financing activities (C)</b>	<b>(1,392.71)</b>	<b>(1,081.94)</b>
<b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(490.11)</b>	<b>241.74</b>
<b>Opening Cash and Cash equivalents as at 01.04.2013</b>	<b>820.08</b>	<b>578.34</b>
<b>Closing Cash and Cash equivalents as at 31.03.2014</b>	<b>329.97</b>	<b>820.08</b>

Notes : 1. The above statements have been prepared in indirect method. 2. Cash and cash equivalent represents Cash and Bank balances. 3. Interest paid is treated as arising out of financing activities. 4. Previous year figures have been regrouped wherever necessary to conform to current years classification.

For and on behalf of the Board

**GOPAL SRINIVASAN**

Chairman

**K.E. RANGANATHAN**

Managing Director

Chennai

May 8, 2014

**H. LAKSHMANAN**

Director

**S. NAGALAKSHMI**

Company Secretary

As per our report of even date annexed

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

Firm Registration No: 004207S

**M BALASUBRAMANIAM**

Partner

Membership No: F 7945

## 25. Accounting Policies adopted in the preparation of Consolidated Accounts

### A. Principles of Consolidation

The consolidated accounts relate to TVS Electronics Limited, Chennai (parent company) and 100% subsidiary- Prime Property Holdings Limited, Chennai and have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The consolidated accounts have been prepared based on line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the accounts of the parent company and its subsidiary company (duly certified by its auditor) and Intra Group balances/Intra Group transactions have been eliminated.

The consolidated accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's individual accounts.

### B. Details of subsidiary company considered in the consolidated accounts :

Name of the Subsidiary	Country of Incorporation	Shareholding as on	Extent of Holding (%) Direct
Prime Property Holdings Limited, Chennai	India	31.03.2014	100%

### C. Other significant accounting policies:

Accounting Standards 1 to 32 (to the extent applicable) issued by the Institute of Chartered Accountants of India have been duly considered while preparing the accounts of both holding and subsidiary company and the same have been explained in detail in the notes on accounts of the respective companies which may be referred to Notes to Accounts annexed to respective financial statements forming part of this Consolidated financial statements.

## Disclosure of Information relating to Subsidiary

The Ministry of Corporate Affairs, Government of India, vide general circular No.2 and 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of certain conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular including the disclosure of information of Subsidiary's Balance Sheet of the Company.

Rs. in Lakhs

Particulars	Prime Property Holdings Limited	
	Year ended 31.03.2014	Year ended 31.03.2013
1. Share Capital - Equity	5.00	5.00
2. Reserves and Surplus <sup>§</sup>	705.66	681.64
3. Total Liabilities*	6.23	163.58
4. Total Assets*	716.89	850.22
5. Investments	-	-
6. Gross Income	0.43	515.96
7. Profit / (Loss) before Tax	(0.20)	457.15
8. Provision for taxation – Current	(24.23)	72.39
9. Profit / (Loss) after Tax	24.03	384.76
10. Dividend / Proposed Dividend including dividend tax	-	-

<sup>§</sup> Reserves and Surplus is net of debit balance in Statement of Profit and Loss. \* Total Liabilities includes Current Liabilities & Provisions.

\* Total Assets includes Net Fixed Assets, Current Assets and Miscellaneous Expenditure.



# TVS Electronics Limited

Registered Office : "Jayalakshmi Estate", 29, Haddows Road, Chennai - 600 006.  
CIN : L30007TN1995PLC032941



## ATTENDANCE SLIP

Please hand over this Attendance Slip at the entrance of the Meeting Hall.

NAME AND ADDRESS OF THE SHAREHOLDER

Number of Shares held

Client ID	Folio No.

(Strike whichever not applicable)

NAME OF THE PROXY (IN CAPITAL LETTERS)

19<sup>th</sup> ANNUAL GENERAL MEETING  
4<sup>th</sup> September, 2014, 10.00 AM  
Narada Gana Sabha  
No. 314/254, TTK Road, Alwarpet,  
Chennai - 600 018

<input type="checkbox"/> Member	<input type="checkbox"/> Proxy
---------------------------------	--------------------------------

I hereby record my presence at the Meeting.

Signature of the Member or Proxy

# TVS Electronics Limited

Registered Office : "Jayalakshmi Estate", 29, Haddows Road, Chennai - 600 006.  
CIN : L30007TN1995PLC032941



## PROXY FORM

I / We .....  
of .....  
in the district of ..... being member(s) of  
TVS ELECTRONICS LIMITED hereby appoint ..... of .....  
in the district of .....  
or failing him / her ..... of .....  
in the district of .....  
as my / our proxy to vote for me / us on my / our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, the  
4th day of September, 2014 at 10.00 AM and /or at any adjournment thereof as per the resolutions overleaf.

Signed this ..... day of ..... 2014.

Client ID	Folio No.	Number of Shares held

(Strike whichever not applicable)

Proxy Form must reach Company's Registered Office not later than  
48 hours before the commencement of the Meeting.

Re. 1/-  
Revenue  
Stamp  
Signature

### FOR OFFICE USE ONLY

Proxy No.	Date of Receipt

# TVS Electronics Limited

Registered Office : "Jayalakshmi Estate", 29, Haddows Road, Chennai - 600 006.  
CIN : L30007TN1995PLC032941



Resolution No.	Description	Type of Resolution	Optional	
			For	Against
Ordinary Business				
1)	Adoption of Financial Statements for the year ended 31st March 2014	Ordinary		
2)	Reappointment of Mrs. Srilalitha Gopal as a Director	Ordinary		
3)	Appointment of Auditors and fixing their remuneration	Ordinary		
Special Business				
4)	Appointment of Mr. Praveen Chakravarty as an Independent Director	Ordinary		
5)	Appointment of Mr. Kenneth Tai as an Independent Director	Ordinary		
6)	Appointment of Mr. K E Ranganathan as a Director	Ordinary		
7)	Approval for borrowing powers upto Rs. 100 Crores	Special		

# Touching lives through multiple segments



**TVS Electronics Limited**

South Phase, 7A, Second Floor, Industrial Estate, Guindy, Chennai - 600 032  
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