

22nd Annual Report

2017

Carrying Trade to
DIGITAL ECONOMY



Product Solutions



• Dot Matrix Printers

• Keyboard & Mouse

• Thermal Printers

• Barcode Scanners

• Label Printers

• Electronic Cash Registers

• Speciality Printers

30 YEARS OF TRUST, QUALITY & EXCELLENCE

Touch POS System

TP-C4515 STAR

NEW

RoHS

Lead-free

TRUST-VALUE-SERVICE
OUR FLAGSHIP RANGE

OUR INNOVATION

Progress is our only mission. As a part of this mission, we offer hi-tech and evolving products across a wide cross section of segments, so that customers may benefit from this incessant advancement and have their lives transformed by the power of innovation.

Corporate Information

Board of Directors

Gopal Srinivasan, Chairman
 Srilalitha Gopal
 D Sundaram
 R Ramaraj
 (upto 31st March, 2017)
 Kenneth Tai
 Praveen Chakravarty
 Nagendra Palte
 M Lakshminarayan
 M F Farooqui
 Narayan K Seshadri
 R S Raghavan

Committees of the Board

Audit Committee

Praveen Chakravarty, Chairman
 R Ramaraj
 (upto 31st March, 2017)
 D Sundaram
 Nagendra Palte
 M Lakshminarayan
 M F Farooqui

Stakeholders' Relationship Committee

R Ramaraj, Chairman
 (upto 31st March, 2017)
 Srilalitha Gopal
 D Sundaram

Nomination and Remuneration Committee

M F Farooqui, Chairman
 Srilalitha Gopal
 Praveen Chakravarty
 M Lakshminarayan
 Narayan K Seshadri

Business and Technology Committee

M Lakshminarayan, Chairman
 R Ramaraj
 (upto 31st March, 2017)
 Nagendra Palte
 Narayan K Seshadri

Company Secretary & Compliance Officer

S Nagalakshmi

Chief Executive Officer

Prakash Katama

Vice President & Chief Financial Officer

Karthi Chandramouli

Statutory Auditors

Sundaram & Srinivasan,
 Chartered Accountants,
 New No. 4,
 C.P. Ramaswamy Road,
 Alwarpet, Chennai - 600 018

Secretarial Auditors

S. Krishnamurthy & Co.,
 Practising Company Secretaries,
 "Shreshtham",
 Old No.17, New No.16,
 Pattammal Street, Mandaveli,
 Chennai - 600 028.

Cost Auditor

P Raju Iyer, Cost Accountant,
 17 (Old No.8), "Shree Ram Villa",
 Hasthinapuram Main Road,
 Nehru Nagar, Chromepet,
 Chennai - 600 044.

Bankers

State Bank of India
 Canara Bank

Website

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: contactus@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

Plant Locations

Oragadam

Plot No. 0Z-11/2,
 Hi-Tech SEZ,
 SIPCOT, Oragadam,
 Sriperumpudur Taluk,
 Kancheepuram District - 602 105

Uttarkhand

No. E12, Selaqui Industrial
 Estate, Selaqui,
 Dehradun,
 Uttarkhand

Repair Factory Locations: Chennai

Valluvarkottam Tower 1,
 Bascon Maeru Towers,
 Kodambakkam High Road,
 Chennai - 600 034.

Noida

C-22, Sector - 2,
 Gautam Budh Nagar,
 Noida,
 Uttar Pradesh - 201 301

Tumkur

Panditanahalli,
 Hirehalli Post,
 Tumkur District,
 Karnataka

Share Transfer Agents

Sundaram-Clayton Limited,
 "Jayalakshmi Estates", I Floor,
 29, Haddows Road,
 Chennai - 600 006.
 Tel: 91-44-28272233 / 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



Contents

Financial Highlights	3
Notice to the Members	5
Board's Report to the Members	11
Report on Corporate Governance	42
Auditors' Report	58
Balance Sheet	64
Statement of Profit & Loss	65
Notes on Accounts	66
Cash Flow Statement	90
Consolidated Auditors' Report & Accounts	91

Financial Highlights - Standalone - Ten Years at a glance

₹ in Lakhs

Sl. No.	Particulars	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
1.	PROFIT AND LOSS ACCOUNT										
	Revenue from operations	20,764	19,067	19,040	18,162	21,661	23,525	24,742	27,006	59,349	262,503
	Other Income	765	473	407	199	375	250	220	97	154	141
	Total Income	21,529	19,540	19,447	18,361	22,036	23,775	24,962	27,103	59,503	262,644
	Earnings before Interest Depreciation and Tax (EBITDA)	2,615	439	666	1,083	1,303	1,080	1,375	1,706	1,977	1,782
	Depreciation	522	476	449	396	504	619	568	697	860	905
	Profit before Interest and Tax (EBIT)	2,093	(37)	217	686	799	461	809	1,009	1,117	877
	Finance costs	603	522	721	623	659	743	692	573	573	245
	PBT	1,490	(559)	(504)	64	141	(504)	66	317	544	632
	Tax Expense	380	211	(161)	(90)	1	297	26	88	113	(84)
	PAT	1,110	(770)	(343)	154	140	(801)	40	229	431	716
2.	BALANCE SHEET										
	Share Capital	1,767	1,767	1,767	1,767	1,787	1,787	1,802	1,802	1,855	1,861
	Reserves & Surplus	3,296	2,523	2,176	2,324	2,464	1,664	1,749	1,969	2,486	3,279
	Networth	5,063	4,290	3,943	4,091	4,251	3,451	3,551	3,771	4,341	5,141
	Loan Funds	4,538	5,738	6,133	4,498	6,608	6,518	5,796	5,330	3,466	2,641
	Capital Employed	9,601	10,028	10,076	8,589	10,859	9,969	9,347	9,101	7,807	7,782
	Deferred Tax Liability	158	202	184	81	48	345	385	376	373	195
	Total	9,759	10,230	10,260	8,670	10,907	10,314	9,732	9,477	8,180	7,977
	Net Fixed Assets	2,393	2,422	2,135	1,685	4,929	4,651	4,489	4,073	3,843	3,096
	Investments	626	1,501	1,501	2,551	811	214	134	134	41	31
	Current Assets	10,596	10,828	9,827	7,526	9,445	9,261	8,735	10,025	11,844	33,705
	Current Liability & Provision	3,856	4,521	3,203	3,091	4,278	3,812	3,626	4,755	7,548	28,856
	Net Current Assets	6,740	6,307	6,624	4,434	5,167	5,449	5,109	5,270	4,296	4,849
	Total	9,759	10,230	10,260	8,670	10,907	10,314	9,732	9,477	8,180	7,977
3.	RATIOS										
	EPS (₹)	6.3	(4.4)	(2.0)	0.9	0.8	(4.5)	0.2	1.3	2.2	3.9
	Dividend (%)	10.0	-	-	-	-	-	-	-	-	5%*
	Book Value per Share (₹)	29	24	22	23	24	19	20	21	23	28
	Return on Capital Employed (ROCE %)	21.8%	(0.4)%	2.2%	8.0%	7.4%	4.6%	8.7%	11.1%	14.3%	11.3%
	Return on networth (RONW %)	21.9%	(18)%	(8.7)%	3.8%	3.3%	-23.2%	1.13%	6.07%	9.93%	13.93%
	Fixed Asset Turnover Ratio	7.2	7.9	8.4	9.5	6.6	4.9	5.4	6.3	15.0	75.7
	Working Capital Turnover Ratio	2.8	2.9	2.9	3.3	4.5	4.4	4.7	5.2	12.4	57.4
	Debt Equity Ratio	0.9	1.3	1.6	1.1	1.6	1.9	1.6	1.4	0.8	0.5
	EBITDA as % of Sales	12.6%	2.3%	3.5%	6.0%	6.0%	4.6%	5.6%	6.3%	3.3%	0.7%
	EBIT as % of Sales	10.1%	(0.2)%	1.1%	3.8%	3.7%	2.0%	3.3%	3.7%	1.9%	0.3%
	Net profit as % of Total Income	5.2%	(3.9)%	(1.8)%	0.8%	0.6%	-3.4%	0.2%	0.8%	0.7%	0.3%
	R&D (Revenue and Capital) Expenditure as a % of Total Income	1.5%	1.9%	1.1%	0.7%	0.5%	0.4%	0.4%	0.4%	0.0%	
	R&D (Revenue and Capital) Expenditure	317	364	204	137	117	102	94	113	-	

* The Board of Directors have recommended a dividend of 50 paise per Equity Share of face value of ₹10/- each for the financial year ended 31st March, 2017. The dividend will be paid / despatched to the shareholders within 30 days from the date of declaration by the members at the ensuing Annual General Meeting.

Financial Highlights - Standalone - Ten Years at a glance - Segment Wise

Particulars	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
1 Segment Revenue										
a) IT Products & Technical Services	21,529	19,540	19,447	18,361	22,036	23,775	24,962	27,103	29,557	30,890
b) Distribution Services	-	-	-	-	-	-	-	-	29,946	232,012
Net Sales / Income from operations	21,529	19,540	19,447	18,361	22,036	23,775	24,962	27,103	59,503	262,902
2 Segment Results (Profit before tax and interest from each segment)										
a) IT Products & Technical Services	533	(37)	217	686	799	461	872	985	810	(87)
b) Distribution Services									94	963
Total	533	(37)	217	686	799	461	872	985	904	877
Less: i) Finance cost	603	522	721	623	659	965	743	692	573	245
Profit before tax from ordinary activities before tax and exceptional items	(70)	(559)	(504)	64	141	(504)	129	293	331	632
Add: Exceptional items							(63)	-	189	-
Profit from ordinary activities before tax and after exceptional items	(70)	(559)	(504)	64	141	(504)	66	293	520	632
Add: Extraordinary items	1,560						-	24	23	-
Profit before tax after extraordinary items	1,490	(559)	(504)	64	141	(504)	66	317	543	632
3 Capital Employed (Segment Assets - Segment Liabilities)										
a) IT Products & Technical Services	9,601	10,028	10,076	8,589	10,859	9,969	9,347	9,101	9,235	9,510
b) Distribution Services									(1,228)	(1,756)
c) Unallocated									(200)	29
Total	9,601	10,028	10,076	8,589	10,859	9,969	9,347	9,101	7,807	7,783
4 RATIOS										
EBIT as % of Sales										
a) IT Products & Technical Services	2.5%	-0.2%	1.1%	3.7%	3.6%	1.9%	3.5%	3.6%	2.7%	-0.3%
b) Distribution Services									0.3%	0.4%
Total EBIT as % of Sales	2.5%	-0.2%	1.1%	3.7%	3.6%	1.9%	3.5%	3.6%	1.5%	0.3%

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

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

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.

PBT is after exceptional item of expenditure for the FY 2013-14 - ₹ 63.45 Lakhs (Previous Year - NIL)

EBITDA for 2014-15 includes Extraordinary income of ₹ 24 lakhs arising out of sale of land.

The Revenue from Operations for 2015-16 includes income from Distribution Services of ₹ 29,946 Lakhs and FY 2016-17 ₹ 232,012 Lakhs.

EBITDA for 2015-16 includes Extraordinary income of ₹ 24 lakhs arising out of sale of land and exceptional income of ₹ 189 lakhs from sale of long term investments.

The financial results have been regrouped/reclassified wherever necessary as per the requirements.

Notice to the Members

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Company will be held at 'Narada Gana Sabha, 314, (Old No.254) T.T.K. Road, Alwarpet, Chennai 600 018 on Friday, 30th June, 2017 at 10.00 am to transact the following business.

ORDINARY BUSINESS

1. To consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the following Audited Financial Statements and reports of the Company, for the financial year ended 31st March, 2017, as circulated to the shareholders be and are hereby adopted:

- Standalone and Consolidated Financial Statements;
- Reports of the Auditors on the Standalone and Consolidated Financial Statements; and
- Report of the Board of Directors on the Standalone Financial Statement".

2. To consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT dividend at the rate of Rs.0.50 (Fifty paise only) per Equity share of face value of Rs.10/- each, for the year ended 31st March 2017, as recommended by the Board of Directors of the Company, be and is hereby declared and the same be paid to members whose names appear in the Register of Members of the Company and as per the record of the depositories as on 23rd June 2017."

3. To consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. D Sundaram (DIN: 00016304) Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company".

4. To consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139(2) and other applicable provisions of the Companies Act, 2013 read with the rules made thereunder, M/s. Deloitte Haskins and Sells, Chartered Accountants, Chennai (FRN: 008072S) be and are hereby appointed as Statutory Auditors of the Company, in the place of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (FRN: 004207S) whose tenure expires at the conclusion of the ensuing 22nd Annual General Meeting.

RESOLVED FURTHER THAT pursuant to Section 139, 143(1) and other applicable provisions of the Companies Act, 2013, M/s. Deloitte Haskins and Sells, Chartered Accountants, Chennai (FRN:008072S), will hold office as the Statutory Auditors, for their first term of five years, from the conclusion of 22nd Annual General Meeting to the conclusion of the 27th Annual General Meeting of the Company, subject to ratification by the members at every subsequent Annual General Meeting, on such remuneration plus reimbursement of out of pocket expenses and other applicable taxes as may be fixed in this behalf by the Board of Directors, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

5. To consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the remuneration of Rs.1.50 Lakhs plus applicable taxes and out of pocket expenses at actuals, payable to Mr. P. Raju Iyer, Cost Accountant (Membership No.6987) who was appointed by the Board of Directors of the Company to conduct cost audit for the financial year 2017-18 in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, be and is hereby ratified".

6. To consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to second proviso to Section 197(1) of the Companies Act, 2013, payment of remuneration to Mr K E Ranganathan, who was the Managing Director upto 30th June 2016, in excess of 5% of the net profits of the Company but not exceeding 11% of the net profits of the Company for the financial year ended 31st March 2017 computed in the manner laid down in Section 198 of Companies Act, 2013, be and is hereby approved and ratified."

By Order of the Board

Chennai
12th May, 2017

S. Nagalakshmi
Company Secretary

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

Notice to the Members (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 certified copy of that Power of Attorney duly notarised 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/ authorisations submitted on behalf of the companies, LLPs, 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 the items of special business specified above is annexed hereto.
6. The Company does not have any unclaimed dividend amount to be transferred to Investor Education and Protection Fund (IEPF).
7. 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.
8. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company / Depository Participants. Hard copies of the Annual Report will be sent on request. For members who have not registered their email IDs with the Company / Depository Participants, hard copy of the Annual Report is being sent.
9. 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 advice change of address/E-mail address to their Depository Participants.
10. 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.
11. 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.
12. Members / Proxies attending the meeting should submit the duly signed attendance slip at the entrance of the Hall to attend the meeting.
13. 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.
14. 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. All relevant documents referred to in the accompanying Notice will be open for inspection at the Registered Office of the Company **between 2.00 pm and 4.00 pm** on all working days upto and including the date of the AGM.
15. As per the provisions of Companies Act, 2013, nomination facility is available for members. The nomination forms 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

Notice to the Members (Contd.)

Participant with whom they are maintaining their demat account.

16. Remote E-voting facility:

(a) In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company provides remote e-voting facility to all the shareholders, through remote e-voting platform of National Securities Depository Limited (NSDL), for voting on all the resolutions.

(b) **Voting rights** will be reckoned on the basis of the number of shares registered in the names of the members / beneficial owners **as on the cut-off date** fixed for this purpose, viz., Friday, 23rd June 2017.

(c) The Company has appointed Mr. K. Sriram of M/s. S. Krishnamurthy & Co., Practising Company Secretaries, Chennai as scrutinizer for conducting the remote e-voting and also the physical ballot process in the Annual General Meeting in a fair and transparent manner.

(d) **The instructions for remote e-voting are as under:**

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 – 22nd 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

- 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 with a copy marked to evoting@nsdl.com and 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 or contact NSDL at 022-24994600.

Notice to the Members (Contd.)

- (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) **For members who received the notice of Annual General Meeting in physical form, initial password is provided in the Attendance Slip. Members are requested to follow instruction given in Sl. No.(i) to (ix).**
 - (i) **The remote e-voting period commences on Tuesday, 27th June 2017 at 10.00 am and ends on Thursday, 29th June, 2017 at 5.00 pm.** During this period, members holding shares as on Friday, 23rd June, 2017 may cast their votes electronically. Thereafter, the remote 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.
 - (j) The members attending the meeting who have not already cast their vote through remote e-voting, shall be able to exercise their voting rights at the meeting. For such members, physical ballot will be provided by the Company at the meeting. The members who have already cast their vote through remote e-voting can attend the meeting but shall not be entitled to cast their vote again at the meeting. In terms of Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, voting rights on shares lying in the Unclaimed Shares Suspense account, shall remain frozen till the rightful owner claims the shares.
 - (k) The Scrutinizer will submit his report on the remote e-voting and voting at the meeting to the Chairman or any other authorised Director, who will declare the result of the voting within 48 hours from the conclusion of the Annual General Meeting.
 - (l) The result of the voting with details of the number of votes cast for and against each resolution, invalid votes and whether the resolution has been carried or not shall be displayed on the notice board of the Company at its Registered Office and at the Administrative Office. Further, the results of the voting along with the Scrutinizer's Report shall also be placed on the Company's website www.tvs-e.in and on the website of the NSDL and also communicated to the Stock Exchanges.
 - (m) In case of any queries, members may contact the Company at investorservices@tvs-e.in, or scs@tvs-e.in
17. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the Notice. The Director has furnished the requisite consent and declarations for his re-appointment.

Mr. D Sundaram

Mr. D. Sundaram aged 64 years is a renowned finance professional. His experience spans corporate finance, business performance, monitoring operations, governance, mergers & acquisitions, talent/people management and strategy.

He is a Post Graduate in Management Studies (MMS), Chennai, Fellow of the Institute of Cost and Management Accountants, and has completed the Harvard Business School's Advanced Management Programme.

He served in Hindustan Unilever Limited (HUL) as Corporate Accountant, Commercial Manager and Treasurer till 1990. He was seconded to Unilever, London as Commercial Officer for Africa and Middle East Group between 1990 and 1993. He was CFO of Brooke Bond Lipton from 1994 to 1996 and served in Unilever London between 1996 to 1999, as Sr. Vice President (Finance, IT and Strategy). In April 1999 he returned to HUL as Finance & IT Director and was elevated as Vice

Notice to the Members (Contd.)

Chairman of HUL in April 2008. Mr. D Sundaram has an overall experience of more than 34 years with Hindustan Unilever Limited. He is a two-time winner of the prestigious “CFO of the Year for FMCG Sector” award by CNBC TV18 (2006 and 2009).

He is currently the Vice Chairman and Managing Director of TVS Capital Funds Pvt. Ltd. He brings deep financial expertise and significant understanding of consumer related businesses. He also served as an independent director on the Board of State Bank of India, between

January 2009 to June 2014 and continues to serve as a member of the board of governors of Institute of Financial Management and Research, Chennai, since 2005. Besides, he is on the Board of Directors of various other Companies, the list of which is given in the table below.

Mr. D Sundaram does not hold any Equity Shares in the Company. He is not related to any Director of the Company.

The other directorships and memberships of committees held by Mr. D Sundaram are provided hereunder:

S. No.	Name of the Company	Nature of interest	Committee Memberships / Chairmanships
1.	TVS Capital Funds Private Limited	Vice Chairman & Managing Director	-
2.	Institute of Financial Management & Research	Member – Board of Governors	-
3.	GlaxoSmithKline Pharmaceuticals Limited	Independent Director	Chairman - Audit Committee
4.	SBI General Insurance Company Limited	Independent Director	-
5.	Crompton Greaves Consumer Electricals Limited	Independent Director	a. Chairman - Audit Committee b. Member - Nomination and Remuneration Committee c. Member - Stakeholders' Relationship Committee
6.	Nine Dot Nine Mediaworx Private Limited	Director	-
7.	Maxivision Eye Hospitals Private Limited	Director	-
8.	TVS Wealth Private Limited	Director	-
9.	MedPlus Health Services Private Limited	Director	a. Member - Audit Committee b. Member - Remuneration Committee c. Member - Stores Operations Committee

Chennai
12th May, 2017

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

By Order of the Board
S. Nagalakshmi
Company Secretary

Notice to the Members (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:

Item 5

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of Mr. P Raju Iyer, Cost Accountant (Membership No. 6987) as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 and fixed a sum of ₹1.50 Lakhs plus service tax as may be applicable and reimbursement of out of pocket expenses, as remuneration payable to him, for the financial year 2017-18, subject to the ratification by shareholders. His appointment was approved by the Board of Directors at their meeting held on 12th May, 2017.

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

Item 6

The shareholders vide a Special Resolution passed through Postal Ballot on 11th April 2014, approved payment of remuneration of ₹ 80 Lakhs p.a to Mr. K E Ranganathan as Managing Director, for a period of 3 years from 6th February 2014 to 5th February 2017.

Subsequently, the Board at its meeting held on 6th May 2015, had approved grant of upto 2 lakhs stock options under the Employees Stock Option Scheme 2011 subject to the approval of the Shareholders and the Central Government, in addition to the above remuneration.

The shareholders vide Special Resolution passed on 5th August 2015, approved the grant of upto 2 lakhs stock options, subject to the approval of the Central Government, since it was anticipated that, considering the perquisite value of stock options that may be exercised by him, the total managerial remuneration would exceed the relevant limits specified in Schedule V of the Companies Act, 2013.

The Central Government, vide its letter dated 21st March 2016, approved remuneration of ₹ 88 lakhs for the financial year 2015-16 including the value of 2 lakhs

equity shares of ₹ 10/- each and ₹ 90.80 lakhs per annum including the value of 2 lakhs equity shares of ₹ 10/- each for the period 1st April 2016 to 5th February 2017 to Mr. K E Ranganathan.

Though the shareholders' approval was obtained for grant of 2,00,000 stock options, the Nomination and Remuneration Committee (NRC) had granted 60000 stock options only to Mr. K E Ranganathan, all of which were exercised during the year.

Mr. K E Ranganathan resigned as Managing Director with effect from 1st July 2016. He was paid a remuneration of ₹ 22.50 Lakhs for the period from 1st April 2016 to 30th June 2016.

Considering the value of stock options exercised during the year, as per debit to the Statement of Profit and Loss, there was a marginal excess paid to Mr. K E Ranganathan by ₹ 1.50 Lakhs during 2016-17. The Board on the recommendation of the Nomination and Remuneration Committee have approved the same together with the proposal to obtain such governmental approvals as may be required.

The overall managerial remuneration paid by the Company for the financial year 2016-17 including the perquisite value of stock options was less than 11% of the net profits of the Company, computed in the manner laid out in Section 197 and 198 of Companies Act, 2013. The Company seeks shareholders approval by way of ratification, to the payment of remuneration in excess of 5%, in accordance with the second proviso to Section 197 (1), however within the limits of first proviso to Section 197(1) of Companies Act, 2013.

Accordingly, the resolution is being placed before the members for approval.

None of the present Directors / Key Managerial personnel or their relatives are interested / concerned in this resolution.

By Order of the Board
S. Nagalakshmi
Company Secretary

Chennai

12th May, 2017

Registered Office:

"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006

Board's Report to the Shareholders

Your Directors have pleasure in presenting the 22nd Annual Report of your Company for the financial year ended 31st March, 2017. The Management Discussion and Analysis (MDAR) is an integral part of this report.

Financial Results

The financial performance of the Company for the year ended 31st March 2017 is summarized below:

(₹ in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from operations (Net)	2,62,503	59,349
Earnings Before Interest & Tax (EBIT)	877	904
Profit/ (Loss) Before Tax (PBT) and before exceptional items	632	331
Exceptional items / Extra-ordinary Items	-	207
Profit / (Loss) Before Tax	632	538
Profit / (Loss) After Tax (PAT)	716	431
Add: Brought forward from previous year	629	198
Total available for appropriations	1,345	629

Company performance

Revenue from operations, net of excise duty has increased to ₹ 2,62,503 lakhs as against ₹ 59,349 lakhs in the previous year. Of this, revenue from core IT Products and Technical Services has grown to ₹ 30,890 lakhs from ₹ 29,677 lakhs in the previous year – a growth of 4.08%. The Earnings before interest and taxes for the year has dropped to ₹ 877 lakhs from ₹ 904 lakhs in the previous year, chiefly due to the gestation phase of a few new exclusive smart mobile service centers and the decline in service calls from certain existing exclusive service centers. The Company is taking actions towards course correction, as explained in the Management's Discussion. However, the Profit before tax before exceptional items, has grown significantly from ₹ 331 lakhs in previous year to ₹ 632 lakhs in FY 2016-17 owing to a reduction in finance and interest costs.

Ever since the Centre withdrew the legal tender status of high value currency notes in November, there has been a sea change in the way Indians are transacting. Prior to this event, a majority of consumers were accustomed to transacting only by cash; even leading ecommerce sites reported a high consumer preference for Cash on Delivery (estimated 83 percent of ecommerce transactions - which includes 72 percent from major cities and 90 percent from smaller towns). However, with demonetization leading to paucity of hard cash, citizens were nudged to transition to digital transactions. Banks tied up with merchants to equip them with Point of Sale (POS) machines to sustain their business. When the demonetization initiative was announced, the Company quickly stepped up to help its banking clients to recalibrate their ATMs and install new POS terminals to aid the 'less-cash' efforts of the Government. This timely and need-of-the-hour servicing not only reiterated the quality of manpower at the Company's disposal, but also its capability to step up to the occasion during a national emergency. With 10 years of experience in serving national banks and as a frontrunner in the POS peripheral hardware space for 20-plus years, the Company is looking to leverage burgeoning opportunities in this space and further enhance its offerings.

Dividend

The Directors are pleased to recommend a dividend of 50 paise per share for the financial year ended 31st March 2017 (Previous Year Nil). The dividend, if approved by shareholders would absorb ₹ 112.54 lakhs (including taxes) and will be paid to all the equity shareholders whose names appear in the Register of Members of the Company and with the Depositories as on 23rd June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of the Company's two business lines viz., IT related Products and Technical Services and Distribution Services, internal controls and their adequacy, risk management systems and other material developments during the financial year 2016-17.

Board's Report to the Members (Contd.)

Economy and macro trends:

The transition to a less-cash economy, set in motion by the note replacement exercise, is just one of many steps initiated by the NDA government to transform India into a digitally empowered nation. As you may know, the government is currently working on a series of initiatives that seek to establish three strong pillars for a transition to Digital India. There are plans to address internet reach and connectivity issues across India by ramping up the national broadband network and providing more public Wi-fi hotspots so that all citizens have access to safe and secure cyber-connectivity. A series of e-governance initiatives are being flagged off to ensure that all interactions between the government and its citizens are brought online for enhanced transparency. There's also an accompanying thrust on universal digital literacy and universal access to digital infrastructure.



While the government is putting in place the enabling infrastructure for Digital India, the private sector is also gearing up in many ways for digital disruption. The traditional retail business has already been revolutionized by e-commerce. Companies are increasingly relying on data mining and analytics to improve their strategic decision-making. Multi-national companies, BFSI players, leading FMCG firms have all jumped on to the digital bandwagon and are looking in to tap the potential of big data to gauge consumer trends, garner consumer feedback and improve the quality of service. This has motivated, and in a few cases, forced regional players to up their game and stay competitive too. It's not just the regional chains but also the 'mom and pop' – the kirana stores - that are showing increased interest in tapping into technology. However, high costs and lack of service support have been a constraining factor. This is a gap that the Company is looking to bridge.

The Company is looking to assist mid and small scale enterprises in monitoring consumer buying behavior in order to adopt targeted marketing strategies through efficient data capture. The enterprises who have built their payment and billing infrastructure are today limited by the non-availability of quality POS products and the

lack of efficient after-sales service. This is also a challenge that the Company looks forward to taking head-on. The Company's aim is to provide a holistic offering of product and service support that connects an enterprise to its customers. We plan to leverage our well-established distribution & service networks to help enterprises achieve their digital transformation.

Overview of financial and operating performance:

The year witnessed some ups and downs but ended on a positive note for the mainstream IT Products and



Technical Services business. The Company's robust product quality, coupled with its 'Make in India' edge helped it gain a further 3% market share in Dot Matrix printers. We closed the year with a 40% share in Dot matrix

printers despite the segment experiencing a decline as discussed in our previous annual reports. The Company also registered strong growth of 40 % year-on-year in its Point of Sale printers range viz., Thermal and Label printers - a high growth segment which, of late is explored by many new semi-brands. Besides catering to the market through its own product range, the Company also markets select global brands under exclusive India distribution agreements. Today, the Company is the only one in India offering POS Thermal printers with multiple options and variants at different price points.

The other high growth product range, Label printer is equally promising where the Company retains its market share at 19%. Both these POS printer ranges along with Scanners and POS DMPs are the core focus for expansion and deeper penetration. The advent of GST added with the government's serious demonetisation drive can leapfrog growth rates for the industry as a whole. The Century-old trust and deep appreciation of the market and customer preferences makes the Company the brand of choice for any retailer in India.



During the year, the Services arm has gone through a consolidation exercise where a handful of service centres were either merged or exited. The Company continues

Board's Report to the Members (Contd.)

to be one of the top 3 national partners for marquee electronic brands to operate authorised in-warranty and post-warranty services. The year also witnessed the opening of 11 new service centres in various cities and towns. The total count of these centres was over 60 by year-end.



A high pace of technological change, online distribution and deep-discount pricing are all set to provide a renewed push to the smart phone category. Rapid changes in consumer preferences with respect to smartphone brands and the improvements in quality standards led to a decline in footfalls in some of our exclusive service centres and repair hubs. However, newly opened service outlets of a couple of brands have completed their gestation period to end the financial year with positive margins. These factors reflect in the overall operating loss of Rs 86 lakhs (Previous Year operating profit Rs 810 lakhs) for the core IT Products and Services division.

Besides running exclusive brand service centres for its strategic partners, the Company also offers service solutions for multiple brands under one roof in select geographies. These Multi brand service centres offer authorised in-warranty and out-of-warranty services for multiple brands covering smartphones, laptops, personal computers, printers etc. The Company remains the preferred national service partner for major brands in the Mobile Phones, Computers and other IT products for both warranty and repair services. The Company's e-Auction platform 'auctionindia.com' continued registering steady growth in FY 2016-17.

The Company's 'Distribution Services' line had shown remarkable traction during the year. As this business focusses on high volumes and controlled risks, the margins earned are low. The profit from this division for the year in absolute terms was ₹ 963 lakhs (Previous year ₹ 94 lakhs) which is fully attributable to the successful partnerships the Company has built. The dynamics of this distribution service are very volatile and susceptible to macroeconomic and regulatory changes.

Industry and Business Outlook

"TVS-E aims to be the POS technology ladder for retailers and enterprises that look to leverage the cashless economy and up their game"

Staying true to the Company's aim of evolving with the needs of its customers and the industry, the Company as a manufacturer of Dot Matrix Printers, augmented its services to meet the entire range of customer requirements - from providing POS installation services to data capturing solutions.

It is becoming increasingly evident that data capture and mining will play a critical role in business success in future. The fast spread of telecom networks will additionally ensure that the best of digital technology reaches the last mile. With government spending on infrastructure and Telecommunications, the use of data capture devices like NFC and POS terminals may be used more widely in a multiple applications. Data capture, storage and analytics will be critical in powering Smart Cities, a marquee government project. As one of the leading B2B service providers in this segment in the country, the Company hopes to remain a go-to brand for enterprises looking to deploy POS terminals. In addition, the Company has enhanced its services to emerge as a leading service partner to major smartphone vendors, from market leaders to new entrants and innovates its processes. Its strong direct and indirect workforce of 2000+ on-field engineers are tasked with providing strong customer support.

Besides technological upgrades, the smartphone segment is also witnessing the broader consumer trend of premiumization. While the sub ₹ 8,000 price category is witnessing a decline, encouragingly, phones priced above ₹ 8,000 are seeing traction. The company offers services for the top 2 pan-India brands and may add more such brands under the MBO umbrella. The Company expects the MBO initiative to be the strong growth driver for its Service line as these service outlets would be able to service several multiple devices progressively,

Board's Report to the Members (Contd.)

including smart phones, laptops, PCs, and printers. The Company prefers to offer these services only under the authorized partnership format through alliances with interested brands. With the long pedigree of being a consumer brand, the rich experience in electronics and service delivery, the Company is optimistic about redefining the customer experience through its own multi-brand service centers.

The company plans to expand its MBO footprint across the nation with an asset-light model, in addition to running the current exclusive service outlets. The onsite service delivery model envisages large-scale additions of regional and rural partnerships in order to widen its reach. The two primary service delivery models would reap cross-pollination benefits, as the respective categories expand. With cost-consciousness at the forefront, the key focus area for the Service line is to contribute positive margins in the quarters to come.



The Company's flagship Products line appears set to achieve good growth rates, the drivers not just being government reforms, but also our own unique insights into customer needs and preferences. This deep understanding of customers, acquired over the years, help the company continuously innovate on new product ranges in the POS line, in the form of Touch POS terminals, Bluetooth printers, special scanners etc. The reforms push of government may trigger a catch-up in growth rates between Tier 1, 2 and to some extent tier 3 cities / towns. We find that new-generation retailers adapt faster to technology and prefer to be more organized. These patterns are already visible in smaller towns / up-country locations and encourages the company to expand its distribution and service reach to newer areas. While the larger business pie will continue to originate from the metros thanks to GST and digital initiatives, the growth from non-metros also offers a promising opportunity for the Company.

In addition to leveraging on the strong government supplies network and distribution channels, the Company has started partnering with Retail Solutions Providers and Systems Integrators more proactively. These partnerships are a demonstration of the robust product quality of the Company's POS line.

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.

Business Risks & Opportunities

The Company's key imperative over the medium term will be sustaining the current revenue streams, even as we build a strategic framework and drive the Servicetec business, leveraging macro trends and business opportunities as described elsewhere.

Key success factors (and therefore risks) are predicated on the timely execution of these plans, building the internal capabilities by attracting and retaining talent and keeping pace with technological and market changes. The Board and management of the Company are confident of proactively managing these risks.

Internal Control Systems and their adequacy

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

The scope and authority of the Internal Auditors are clearly defined. The findings and recommendations of the Internal Auditors are reviewed by the Audit committee

Board's Report to the Members (Contd.)

of the Board on a periodical basis and necessary corrective actions by the process owners are taken.

Internal Financial Controls

The Company has established Internal Financial Controls framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the Company and tested by the internal auditors and presented to the audit committee. Based on periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Controls.

Risk Management process

Our Company has an established Risk Management Process which is tested by the internal auditors and overseen by the Audit Committee through a structured framework. The framework is implemented through a bottom up approach identifying, assessing, monitoring and managing key risks across the Company's business units. The management of the Company has reported to the Board that the Company's risk management and internal compliance and control system is operating effectively.

The Company follows the policy of hedging forex risk on its imports by taking full cover.

At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Company.

Business Planning and Information Technology

The Company has moved its applications and data base to a Cloud-based server as planned during 2015-16. This has resulted in de-risking the storage of critical information in our own hardware. The Company also simultaneously monitors software upgradation which helps run business operations in an efficient manner.

The data analytics capabilities acquired by the Company last year helps capturing relevant information for decision-making across various businesses. The information dashboards so generated helped the

management and operating teams to have real-time information on process controls and take pro-active steps to manage operations.

Human Resource Development

The Company has developed structured HR policies and programs in the areas of resourcing, performance management systems, competency-based training and development and talent management to support the current and future needs of the organization.

Leadership development is a key focus area and the Company continues to develop internal talent through structured talent assessment programs, job rotation and cross-functional team assignments.

Learning & Development is another focus area wherein technical training is given to employees through internal trainers. Employees are also encouraged to participate in external programs to acquire new skills and update their knowledge based on latest trends in the industry.

The Company continues to engage the employees through different forums. The annual Management Kick-off (MKO) meeting is organized for annual goals deployment and followed by a midyear goal alignment meeting, for review. As part of the "Awards, Recognition & Communication" (ARC) program, the Company recognizes valued employees for their exceptional performance throughout the year.

Safety

The Company is fully committed to the ultimate goal of employee safety. Safety training and safety audit are frequently conducted enabling the Company to maintain an accident-free record at its factories for several years.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) activities have been embedded in the value system of the Company for many decades. The Company continues to be actively engaged in CSR initiatives for development of the society through partnerships and continued to focus on to helping lesser privileged communities in areas like education, health & hygiene, culture & heritage and actively

Board's Report to the Members (Contd.)

participated in other welfare projects. The Company was not required to constitute a Corporate Social Responsibility Committee in terms of Section 135 of Companies Act, 2013 till financial year 2016-17.

However, the provisions of Section 135 of Companies Act, 2013 has become applicable to the Company with effect from 1st April 2017. Accordingly, the Board of Directors of the Company, at the Board meeting held on 12th May 2017, constituted the CSR Committee, the details of which are provided in the Corporate Governance report.

Code of Business Conduct and Ethics

All the members of the Board and senior management personnel have confirmed compliance with the Code of Business Conduct and Ethics for the year ended 31st March, 2017. The Annual Report contains a declaration to this effect signed by the Chief Executive Officer for the Code. The Code is available on the Company's Website www.tvs-e.in.

Vigil Mechanism / Whistle Blower policy

The Company has established a vigil mechanism, which is overseen by the Audit Committee. The Chairman of the Audit Committee has been appointed as the Ombudsman for the Vigil mechanism. The policy provides a formal mechanism for all directors, employees to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics policy. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning Company. The Policy is available on the Company's Website www.tvs-e.in.

Prevention of Insider Trading

The Company has complied with the provisions of SEBI (Prevention of Insider Trading) Regulations, which is to be complied with effect from 15th May, 2015. The Company has adopted Fair Practices Code (FPC) as per the regulations. The Board and the designated

employees of the Company have confirmed compliance with the FPC as applicable as on 31st March 2017. Code of Conduct for Insider Trading Regulation and the Fair Practices Code are available on the Company's Website www.tvs-e.in.

Holding Company

TVS Investments Limited (TVSI), our Holding Company holds 59.96% of the outstanding equity as on 31st March 2017 (previous year 60.15%). TVSI has applied to National Company Law Tribunal for conversion into a private limited company. The change in the constitution of TVSI will not impact the Company in any manner.

Subsidiary Company

Prime Property Holdings Limited (PPH), is the Company's Wholly Owned Subsidiary, in which the Company holds 100% of 50,000 Equity Shares of the Company at Rs.10/- each.

As already informed to the members, PPHL (Transferor) filed the necessary documents for an amalgamation with the Company (Transferee) with the stock exchanges. The stock exchanges have accorded their in-principle approval for the Scheme and steps are being taken to file the application with National Company Law Tribunal.

Consolidated Accounts

The Consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI LODR) Regulations, 2015.

M/s. Benani Foods Private Limited (BFPL) is an associate of PPHL which holds 34.06% of Cumulative Compulsorily Convertible Participating Preference Share (CCCPS) in BFPL as on 31st March 2017. In terms of the notification dated 27th July 2016 issued by the Ministry of Corporate Affairs, the audited financial statements of PPHL and BFPL have been consolidated with the audited financial statements of the Company.

Board's Report to the Members (Contd.)

A Statement under Section 129(3) of the Companies Act, 2013 is enclosed as Annexure A. The audited consolidated financial statements together with Auditors report forms part of the Annual report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the audited financial statements of PPHL and BFPL will be made available to the shareholders, on receipt of a request from any shareholder of the Company and it has also been placed on the website of the Company at www.tvs-e.in. This will also be available for inspection by the shareholders at the Registered Office of the Company, during business hours.

Annual Return

Extract of Annual Return in Form MGT-9 is given as Annexure B to this report.

Number of Board Meetings

The Board of Directors met four times during 2016-17. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

Changes in the Share Capital

The paid up share capital of the Company as on 31st March 2017 is ₹18,61,28,180/- consisting of 1,86,12,818 Equity Shares of ₹10/- each. During the year, Company allotted 60,000 Equity shares of ₹10/- each under Employees Stock Option Scheme, 2011.

Particulars of Loans, Guarantees or Investments

The Company has not granted any fresh loans or guarantees or provided any security in connection with any loan to any other body corporate or person covered under the provisions of Section 186 of Companies Act 2013.

The repayment period of intercorporate loan of ₹ 1.50 Cr given in the last financial year to Prime Property Holdings Limited (PPHL), its Wholly Owned Subsidiary, was extended upto 31st March, 2018, based on the request received from PPHL, since their investments are

expected to be redeemed during the financial year 2017-18, to enable them to repay the intercorporate loan. PPHL has paid on 31st March, 2017, interest of ₹ 18.23 Lakhs fully accrued upto 31st March, 2017.

The details of investments made by the Company are given in the financial statements.

Related Party Transactions

All the related party transactions entered into are on 'arm's length' basis and in the ordinary course of business and are in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. None of the transactions are in the nature of having any potential conflict with the interests of the Company at large. There were no material related party transactions during the year.

Omnibus approvals are obtained for related party transactions which are repetitive in nature. In respect of unforeseen transactions, specific approvals are obtained. All related party transactions are approved / reviewed by the Audit Committee on a quarterly basis, with all the necessary details and are presented to the Board and taken on record.

The details of transactions with related parties are provided in the financial statements.

The Related Party Transactions policy as approved by the Board is uploaded on the Company's website at www.tvs-e.in

Directors and Key Managerial Personnel

Retirement by Rotation

Mr. D Sundaram (DIN: 00016304), Director retires by rotation at the ensuing Annual General Meeting of the Company under Section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment. The brief resume of Mr. D Sundaram and other relevant information have been furnished in the Notice of Annual General Meeting (AGM). Appropriate resolutions for his appointment are being placed for approval of the shareholders at the AGM.

Board's Report to the Members (Contd.)

Independent Directors

All independent Directors hold office for a fixed period of five years and are not liable to retire by rotation. Mr. R Ramaraj, an Independent Director representing small shareholder, who was appointed for a period of three years from 1st April 2014 to 31st March 2017, by way of postal ballot on 29th September 2014, completed his term of appointment as Independent Director on 31st March, 2017. Board places on record its deep appreciation for his valuable advice and guidance and for his contribution to the Board and as a member of various board committees of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015. The terms of appointment of Independent Directors are available in the Company's website www.tvs-e.in.

Separate Meeting of Independent Directors

During the year, a separate meeting of Independent Directors was held on 2nd November 2016. The Independent Directors actively participated and provided guidance to the Company in all its spheres.

Woman Director

In terms of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (LODR) Regulations, 2015 the Company has appointed Mrs. Srilalitha Gopal (DIN: 02329790) who is serving on the Board of the Company, since the year 2011.

Key Managerial Personnel (KMPs)

Mr. Prakash Katama was appointed as the Chief Executive Officer of the Company with effect from 4th May 2016. Mr. Karthi Chandramouli was appointed as the Chief Financial Officer with effect from 1st September 2016. Mr. Karthi is a Chartered Accountant with about fourteen years of experience in Finance, Business Strategy and Risk Management.

In terms of Section 2(51) and Section 203 of the Companies Act, 2013, Mr. Prakash Katama, Chief Executive Officer, Mr. Karthi Chandramouli, Chief Financial Officer and Ms. S Nagalakshmi, Company Secretary are the key managerial personnel of the Company.

Mr. K E Ranganathan (DIN 00058990), Managing Director resigned from the services of the Company effective 1st July 2016. Necessary intimations have been made to the stock exchanges in which the shares of the Company are listed.

Evaluation of the Board's performance

The Board has carried out an evaluation of its own performance, and that of its directors individually and the sub committees of the Board. The manner in which the evaluation has been carried out is explained in the Corporate Governance report.

The Company has also devised a Policy on Board Diversity detailing the functional, strategic and structural diversity of the Board.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of the Company review the composition of the Board, to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of the shareholders of the Company.

In accordance with Section 178 of Companies Act, 2013, the Nomination and Remuneration Policy was formulated to govern the terms of nomination, appointment and remuneration of Directors, Key Managerial and Senior Management Personnel of the Company.

The Policy ensures that (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance

Board's Report to the Members (Contd.)

objectives appropriate to the working of the Company and its goals. The Policy has been approved by the Nomination and Remuneration Committee and the Board. The Remuneration Policy document as approved by the Board is available on the Company Website www.tvs-e.in.

Statutory Auditors

As per the provisions of Section 139 of the Companies Act 2013, the transitional period of office of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Statutory Auditors of the Company will conclude from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors place on record their appreciation and gratitude for the services rendered by M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, during their tenure as the statutory auditors of the Company for over three decades.

The Audit Committee and the Board of Directors of the Company have recommended the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai (FRN:008072S) as the statutory auditors of the Company, subject to the approval of the shareholders. M/s. Deloitte Haskins & Sells have consented to the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under the provisions of Section 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

They will hold office as statutory auditors for the first term of five years from the conclusion of the 22nd Annual General Meeting till the conclusion of 27th Annual General Meeting of the Company, subject to ratification of the appointment by members at every Annual General Meeting held during their tenure of office as statutory auditors.

Explanation to remarks in the Independent Auditors Report

With reference to the basis of qualified opinion, in the Independent Auditors report, Board wishes to state that the Central Government vide its order dated 21st March 2016, approved a remuneration of ₹ 90.80 Lakhs p.a for

the year 2016-17 including the value of stock options to Mr. K E Ranganathan, who was the Managing Director of the Company upto 30th June 2016. While the actual remuneration was within the limits approved by the Central Government for the year 2016-17, considering the value of stock options as debited to the Statement of Profit and Loss, the total remuneration for the said period of three months was marginally in excess by ₹ 1.50 Lakhs. The overall managerial remuneration including the perquisite value of stock options was less than 11% of the net profits of the Company. The Company is taking necessary steps to obtain requisite approvals for the said excess remuneration as required in terms of provisions of Section 197(1) of Companies Act, 2013.

Internal Auditors

The Company has appointed M/s. Grant Thornton India LLP, as Internal Auditors for the year 2017-18.

Cost Auditors

In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audits) Rules, 2014, printers manufactured by the Company and falling under the specified Central Excise Tariff Act heading are covered under the ambit of mandatory cost audits from the financial years commencing on or after 1st April 2015.

The Audit Committee recommended and the Board of Directors appointed Mr. P Raju Iyer, Cost Accountant, Chennai as the Cost Auditor of the Company, to carry out the cost audit for 2017-18. The Company has also received the consent from Mr. P Raju Iyer for his appointment. A sum of ₹ 1.50 Lakhs plus service tax, has been fixed by the Board of Directors in addition to the reimbursement of out of pocket expenses and is required to be ratified by the members at the ensuing Annual General Meeting as per Section 148(3) of Companies Act, 2013.

Secretarial Auditors

The Company appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai to carry out Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year 31st March, 2017 is enclosed as Annexure C.

Board's Report to the Members (Contd.)

The Board has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai as the Secretarial Auditors for carrying out the secretarial audit for the financial year 2017-18.

Clarification to the observations in the Secretarial Audit Report

The Company is seeking requisite approvals from shareholders at the annual general meeting for managerial remuneration. There have been delays in two instances in disclosing the outcome of the Board meetings to stock exchanges due to network connectivity issues. Disclosures to the stock exchanges, together with the proceedings of the Annual General Meetings have been made in terms of regulation 13, Part A, Schedule III of Listing Regulations.

Employee Stock Option Plan

During the year, 60,000 stock options were granted under the Employees Stock Options Scheme, 2011 to the then Managing Director of the Company. These options were exercised and 60,000 Equity Shares were allotted on 18th May 2016. The current position of the Stock Options granted under Employees Stock Option Scheme 2011 are provided in this Report as Annexure D.

Credit Rating

During the year 2016-17 Brickwork Ratings India Private Limited have reaffirmed the Company's Credit Rating at 'BBB+'. The Company has informed the Stock Exchanges accordingly.

Transfer to Investor Education and Protection Fund

There was no amount required to be transferred to Investor Education and Protection Fund during the year.

Particulars of Employees and related disclosures

The particulars of the employees covered by the provisions of Section 197 (12) of Companies Act, 2013 and the rules thereunder forms part of this report. However, as per the provisions of Section 136(1) of Companies Act, 2013, the annual report is being sent to all the members excluding this statement. This will be made available for inspection at the Registered Office of the Company during working hours.

Comparative analysis of remuneration paid

A comparative analysis of remuneration paid to Directors and employees with the Company's performance is given as Annexure E to this report.

E-Waste Management

The Company is well ahead in terms of e-waste management compliance directed by Government of India with effect from 1st May, 2012. The Company has registered and authorized collection, storage and disposal centres in the required locations and has complied with the statutory requirements relating to E-Waste Management.

Report on energy conservation, technology absorption, foreign exchange and research and development

Information relating to energy conservation, technology absorption, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with the provisions of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are given in Annexure F to the Board's Report.

Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, a Management Discussion and Analysis Report and a Corporate Governance Report are made part of this Annual Report.

A Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Report.

Public Deposits

The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 for the year ended 31st March, 2017.

Board's Report to the Members (Contd.)

Other laws

During the year under review, the Company has received a complaint from a woman employee and the same was disposed off, after following due procedures and guidelines provided under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There have been no complaints pending for disposal.

Awards and Recognitions

During the year, the Company has been awarded:

- a. Most admired brand in Indian ICT Industries – 2017
- b. Dell appreciation for best Service delivery performance – 2017
- c. From Xiaomi India:
 - i. Best Service Partner (West) – 2016-17
 - ii. Best Service Centre - 2016-17 - Vashi
 - iii. 3rd Best Service Centre West – 2016-17 - Lower Parel.
- iv. Individual Award - Best Centre Manager – 2016-17

Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultants, advisors of the Company and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17:

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, further confirm:

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards have been followed and that there were no material departures;

- ii) that they had 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 31st March, 2017 and of the profits of the Company for the year under review;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the annual accounts for the year ended 31st March, 2017 on a "going concern" basis;
- v) that they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- vi) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 TVS Investments Limited (Formerly Sundaram Investment Limited) and T.V.Sundram Iyengar & Sons Private 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
12th May, 2017

Gopal Srinivasan
Chairman

Annexure A to Board's Report

Form AOC-I

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiary For the Financial year ended 31st March 2017

Part "A" : Subsidiary

(₹ in Lakhs)

1.	Sl.No	1
2.	Name of the subsidiary	Prime Property Holdings Limited
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same reporting period as that of Holding Company
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees
5.	Share capital	5.00
6.	Reserves & Surplus	793.33
7.	Total Assets	960.94
8.	Total Liabilities	960.94
9.	Investments	744.91
10.	(a) Turnover	-
	(b) Other Income	126.41
11.	Profit before Taxation	37.19
12.	Provision for Taxation	8.25
13.	Profit after Taxation	28.94
14.	Proposed dividend	-
15.	% of shareholding	100%

Notes:

- Names of subsidiaries which are yet to commence operations : Nil.
- Names of subsidiaries which have been liquidated or sold during the year : Nil
- Benani Foods Private Limited, an Associate of the wholly owned subsidiary, M/s. Prime Property Holdings Limited, Chennai is disclosed in Part B.

Annexure A to Board's Report (Contd.)

Part "B" : Associate

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate		Benani Foods Private Limited
1.	Latest audited Balance Sheet Date	31 st March, 2017
2.	Shares of Associate held by the company on the year end*:-	
	a) No. of Shares	5,165 Cumulative Compulsorily Convertible Participating Preference Shares of ₹ 10/- each
	b) Amount of Investment in Associate	₹ 274.97 lakhs
	c) Extent of Holding%	34.06%
3.	Description of how there is significant influence	Holding more than 20%
4.	Reason why the associate is not consolidated	Not Applicable
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 19.20 lakhs (negative)
6.	Profit / Loss for the year (attributable to shareholding as per latest audited Balance Sheet)	Loss of ₹ 63.66 Lakhs
	i. Considered in Consolidation	Yes. The share of loss is aggregated in the consolidated financial statements of TVS Electronics Limited, Chennai under equity method
	ii. Not Considered in Consolidation	Not Applicable

* Held by M/s. Prime Property Holdings Limited, the Wholly Owned Subsidiary of the Company.

1. Name of associate which is yet to commence operations: Nil
2. Name of associate which has been liquidated or sold during the year: Nil

For and on behalf of the Board

GOPAL SRINIVASAN
Chairman

KARTHI CHANDRAMOULI
Vice President - Finance & CFO
Chennai
May 12, 2017

PRAKASH KATAMA
Chief Executive Officer

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

FORM MGT - 9
EXTRACT OF ANNUAL RETURN
as on the Financial Year Ended on 31st March, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i) CIN:-	L30007TN1995PLC032941
(ii) Registration Date	15/09/1995
(iii) Name of the Company	TVS Electronics Limited
(iv) Category / Sub-Category of the Company	Public Company
(v) Address of the Registered office and contact details	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006 Tel: 91-44-28277155, E-mail: contactus@tvs-e.in
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Sundaram-Clayton Limited, Jayalakshmi Estates, 1st Floor, 29, Haddows Road, Chennai - 600 006 Tel: 91-44-28307700, E-mail: kr.raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company is given below:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacturing of Computer Printers	26204	3.7%
2	Trading of:		
	Computer Printers / Keyboards	47411	2.6%
	Telecom Parts	47414	3.3%
	Distribution Sales - Mobile Phones	46524	88.1%
3	Services	61101	2.4%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	T V Sundram Iyengar & Sons Private Limited, TVS Building, West Veli Street, Madurai - 625 001.	U34101TN1929PTC002973	Ultimate Holding Company	59.96% (through Sl. No. 2)	Sec.2(46)
2	TVS Investments Limited (Formerly Sundaram Investment Limited), Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006.	U65993TN2004PLC054696	Holding Company	59.96%	Sec.2(46)
3	Prime Property Holdings Limited, Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006.	U45200TN2007PLC065330	Subsidiary Company	100%	Sec.2(87)
4	Benani Foods Private Limited, No.47, South Reddy Street, Athipet Village, Ambattur, Chennai - 600 058	U15490TN2013PTC093940	Associate of Wholly Owned Subsidiary	34.06% (through Sl.No.3)	Sec.2(6)

Annexure B to Board's Report (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year		
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	% of total shares
A. Promoters									
(1) Indian									
(a) individual/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	1,11,60,093	-	1,11,60,093	60.15%	1,11,60,093	-	1,11,60,093	59.96%	-0.19%
(e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	11,160,093	-	11,160,093	60.15%	11,160,093	-	11,160,093	59.96%	-0.19%
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A) (1) + (A) (2)	1,11,60,093	-	1,11,60,093	60.15%	1,11,60,093	-	1,11,60,093	59.96%	-0.19%
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	1,500	2,700	4,200	0.02%	1,500	2,700	4,200	0.02%	0.00%
(b) Banks / Financial Institutions	18,354	600	18,954	0.10%	77,487	600	78,087	0.42%	0.32%
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	100	100	-	-	100	100	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	19,854	3,400	23,254	0.12%	78,987	3,400	82,387	0.44%	0.32%

Annexure B to Board's Report (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year			
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares
(2) Non-Institutions												
(a) Bodies Corporate												
(i) Indian	4,15,775	3,71,001	7,86,776	4.24%	4,63,324	3,58,451	8,21,775	4.42%	47,549	-12,550	34,999	0.17%
(ii) Overseas	-	-	-	-	-	-	-	-	-	-	-	-
(b) Individuals												
(i) Individual Shareholders holding nominal share capital upto ₹ One Lakh	47,40,318	4,80,072	52,20,390	28.14%	45,79,330	4,44,411	50,23,741	26.99%	-1,60,988	-35,661	-1,96,649	-1.15%
(ii) Individual Shareholders holding nominal share capital in excess of ₹ One Lakh	10,68,587	-	10,68,587	5.76%	11,96,244	32,500	12,28,744	6.60%	1,27,657	32,500	1,60,157	0.84%
(c) Others (specify)												
NRI Non-Repatriable	22,059	800	22,859	0.12%	27,153	800	27,953	0.15%	5094	0	5,094	0.00%
NRI Repatriable	1,17,909	1,52,950	2,70,859	1.46%	1,19,975	1,48,150	2,68,125	1.44%	2,066	-4,800	-2,734	-0.02%
Sub-total (B) (2)	63,64,648	10,04,823	73,69,471	39.72%	63,86,026	9,84,312	73,70,338	39.60%	21,378	-20,511	867	2.01%
Total Public Shareholding (B) = (B) (1) + (B) (2)	63,84,502	10,08,223	73,92,725	39.85%	64,65,013	9,87,712	74,52,725	40.04%	80,511	-20,511	60,000	1.73%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL [A + B + C]	1,75,44,595	10,08,223	1,85,52,818	100.00%	1,76,25,106	9,87,712	1,86,12,818	100.00%	80,511	-20,511	60,000	0.00%

Annexure B to Board's Report (Contd.)

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	TVS Investments Limited	1,11,60,093	60.15	-	1,11,60,093	59.96	-	(0.19)
	TOTAL	1,11,60,093	60.15	-	1,11,60,093	59.96	-	(0.19)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,11,60,093	60.15		
	At the End of the year *			1,11,60,093	59.96

* There is no change in the number of shares held during the year. The change in percentage of holding is due to allotment of shares by the Company under ESOP Scheme 2011.

Annexure B to Board's Report (Contd.)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name of the shareholders	Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
							No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	TRANZMUTE BUSINESS ADVISORY LLP FOLIO NO. P13050013694	350,000	01/04/2016 31/03/2017	Opening balance Closing balance	-	-	-	-	350,000	1.88
2	JOSEPH JIVANAYAKAM DANIEL Client Id : 33897794 DP ID : IN301549		01/04/2016 30/06/2016 01/07/2016 31/03/2017	Opening balance Transfer / Purchase Transfer / Purchase Closing balance	50,046 13,954	0.27 0.07	50,046 64,000	0.27 0.34		0.34
3	GOVINDBHAI LALJIBHAI KAKADIA Client Id : 1201090005727936 DP ID : 10900	-	01/04/2016 09/12/2016 16/12/2016 23/12/2016 30/12/2016 13/01/2017 31/03/2017	Opening balance Transfer / Purchase Transfer / Purchase Transfer / sale Transfer / Purchase Transfer / Purchase Closing balance	500 18,823 323 21,950 21,390	- 0.10 - 0.12 0.11	500 19,323 19,000 40,950 62,340	- 0.10 0.10 0.22 0.33	62,340	0.33
4	ANGEL BROKING PRIVATE LIMITED Client Id : 1203320000000051 DP ID : 33200	9,541	01/04/2016 01/04/2016 08/04/2016 15/04/2016 22/04/2016 29/04/2016 06/05/2016 13/05/2016 20/05/2016 27/05/2016 03/06/2016 10/06/2016 17/06/2016 24/06/2016 30/06/2016 01/07/2016 08/07/2016	Opening balance Transfer / sale Transfer / Purchase Transfer / Purchase Transfer / sale Transfer / sale Transfer / Purchase Transfer / Purchase Transfer / sale Transfer / Purchase Transfer / Purchase Transfer / sale Transfer / Purchase Transfer / Purchase Transfer / sale Transfer / Purchase	2,048 1,014 3,915 5,052 4,836 611 1,192 3,033 3,673 2,111 2,575 4,195 1,312 1,443 559 411	0.01 0.01 0.02 0.03 0.03 - 0.01 0.02 0.02 0.02 0.01 0.02 0.01 0.01 - -	7,493 8,507 12,422 7,370 2,534 3,145 4,337 1,304 4,977 2,866 5,441 1,246 2,558 1,115 1,674 2,085	0.04 0.05 0.07 0.04 0.01 0.02 0.01 0.03 0.02 0.03 0.01 0.01 0.01 0.01 0.01 0.01		

29

Annexure B to Board's Report (Contd.)

[illegible]

Annexure B to Board's Report (Contd.)

8	CELESTINA DANIEL Client Id : 53103021 DP ID : IN301549	1	01/04/2016	Opening balance	-	-	-	-	-		
			11/11/2016	Transfer / Purchase	40,000	0.21	40,001	0.21			
			31/03/2016	Closing balance						40,001	0.21
9	DIVYA DANIEL Client Id : 21885522 DP ID : IN301151	NIL	01/04/2016	Opening balance							
			15/07/2016	Transfer / Purchase	36,000	0.19	36,000	0.19		36,000	0.19
			31/03/2017	Closing balance							
10	EDELWEISS CUSTODIAL SERVICES LTD Client Id : 20061814 DP ID : IN301348	NIL	01/04/2016	Opening balance							
			15-07-2016	Transfer / Purchase	2,350	0.01	2,350	0.01			
			02-12-2016	Transfer / sale	1,700	0.01	650	0.00			
			16-12-2016	Transfer / sale	180	-	470	-			
			23-12-2016	Transfer / Purchase	1,600	0.01	2,070	0.01			
			13-01-2017	Transfer / Purchase	9,413	0.05	11,483	0.06			
			20-01-2017	Transfer / Purchase	2,706	0.01	14,189	0.08			
			27-01-2017	Transfer / sale	60	-	14,129	0.08			
			03-02-2017	Transfer / sale	778	-	13,351	0.07			
			10-02-2017	Transfer / Purchase	5,167	0.03	18,518	0.10			
			17-02-2017	Transfer / Purchase	859	-	19,377	0.10			
			24-02-2017	Transfer / Purchase	1,067	0.01	20,444	0.11			
			10-03-2017	Transfer / sale	6,190	0.03	14,254	0.08			
			17-03-2017	Transfer / Purchase	1,233	0.01	15,487	0.08			
			24-03-2017	Transfer / sale	300	-	15,187	0.08			
			31-03-2017	Transfer / Purchase	18,681	0.10	33,868	0.18		33,868	0.18
			31/03/2017	Closing balance							

Annexure B to Board's Report (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel:

Name of the Director / KMP (M/s.)	Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
GOPAL SRINIVASAN PREMA SRINIVASAN Folio No. G00453	150	No Change	Opening balance	-	-	-	-		
			Closing balance	-	-	-	-	150	-
SRILALITHA GOPAL	NIL		-	-	-	-	-	NIL	-
D SUNDARAM	NIL		-	-	-	-	-	NIL	-
R RAMRAJ * Client ID : 40512806 DP ID : IN300476	35,000	No Change	Opening balance	-	-	-	-		
			Closing balance	-	-	-	-	35,000	0.19
KENNETH TAI	NIL		-	-	-	-	-	NIL	-
PRAVEEN CHAKRAVARTY	NIL		-	-	-	-	-	NIL	-
NAGENDRA PALLE	NIL		-	-	-	-	-	NIL	-
M LAKSHMINARAYAN	NIL		-	-	-	-	-	NIL	-
M F FAROOQUI	NIL		-	-	-	-	-	NIL	-
NARAYAN K SESHADRI Client id :1204470004464691 Dp Id : 44700	5,30,000	No Change	Opening balance	-	-	-	-	-	-
			Closing balance	-	-	-	-	5,30,000	2.86
R S RAGHAVAN	NIL		-	-	-	-	-	NIL	-

* ceased to be a Director with effect from 1st April, 2017 consequent to completion of his term as Independent Director on 31st March, 2017.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in Lakhs)

S. No.	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the financial year				
(i)	Principal Amount	3,528.37	-	-	3,528.37
(ii)	Interest due but not paid	3.49	-	-	3.49
(iii)	Interest accrued but not due	22.27	-	-	22.27
	Total (i+ii + iii)	3,554.13	-	-	3,554.13
	Change in Indebtedness during the financial year				
	Addition	-	-	-	-
	Reduction	(637.24)	-	-	(637.24)
	NET CHANGE	(637.24)	-	-	(637.24)
	Indebtedness at the end of the financial year				
(i)	Principal Amount	2,891.13	-	-	2,891.13
(ii)	Interest due but not paid	-	-	-	-
(iii)	Interest accrued but not due	16.85	-	-	16.85
	Total (i+ii + iii)	2,907.98	-	-	2,907.98

Refer long-term borrowings, short-term borrowings and current maturities of long-term debt.

Annexure B to Board's Report (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Mr. K E Ranganathan, Managing Director (upto 30 th June 2016)	
1	Gross Salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.50	22.50
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2	Stock Option as per debit to Statement of Profit and Loss	1.70	1.70
3	Sweat Equity	-	-
4	Commission -	-	-
	- as % of Profits	-	-
	- Others, specify	-	-
5	Others, please specify (Variable Pay)	-	-
	Total (A)	24.20	24.20
	Ceiling as per the Act *	102.58	102.58

* Subject to approval of members.

B. Remuneration to other Directors: (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. R Ramaraj	Mr. Praveen Chakravarty	Mr. Kenneth Tai	Dr. Nagendra Palle	Mr. M Lakshmi-narayan	Mr. M F Farooqui	
1	Independent Directors							
	Fees for attending Board, Committee Meetings	2.25	2.50	0.25	1.25	2.50	3.00	11.75
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	2.25	2.50	0.25	1.25	2.50	3.00	11.75
2	Other Non-Executive Directors	Name of Directors					Total Amount	
		Mr. Gopal Srinivasan	Mrs. Srilalitha Gopal	Mr. D Sundaram	Mr. Narayan K Seshadri	Mr. R S Raghavan		
	Fees for attending Board, Committee Meetings	0.75	2.75	2.75	1.75	0.75	8.75	
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	0.75	2.75	2.75	1.75	0.75	8.75	
	Total (B) = (1)+(2)							20.50
	Total Managerial Remuneration (A) + (B)							44.70
	Overall Ceiling as per the Act	Not Applicable						

Annexure B to Board's Report (Contd.)

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Company Secretary	CEO	CFO	
1	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	29.00	100.00	42.00	171.00
(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of Profits	-	-	-	-
	- Others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	29.00	100.00	42.00	171.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	COMPANY	Not Applicable				
	Penalty					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment					
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment					
	Compounding					

Notes : Extract of Annual Return as per Form No. MGT- 9 shall form part of the Board's Report attached to the Audited Financial Statements of the Company.

For and on behalf of the Board

Chennai
12th May, 2017

Gopal Srinivasan
Chairman

Annexure C to Board's Report

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members of

TVS Electronics Limited

[CIN: L30007TN1995PLC032941]

Jayalakshmi Estates, No.29 (8), Haddows Road,
Chennai-600 006.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **TVS ELECTRONICS LIMITED** (hereinafter called "*the Company*") **during the financial year from 1st April 2016 to 31st March 2017** ("*the year*" / "*audit period*" / "*period under review*").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2017 but before the issue of this report;
- (ii) Our observations during the course of our visit to their Corporate Office;
- (iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel of the Company and taken on record by the Board of Directors/ Audit Committee; and
- (iv) The representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the **financial year ended on 31st March 2017**, the Company has complied with the statutory provisions listed hereunder and also has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along

with our letter of even date annexed to this report as Annexure – A.

1. Compliance with specific statutory provisions **We report that:**

1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 (*the Act*) and the rules made thereunder.
- (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('*SEBI Act*):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

Annexure C to Board's Report (Contd.)

- (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
 - (vii) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India.
 - (viii) The following laws specifically applicable to the Company, namely, Special Economic Zones Act, 2005 and Special Economic Zones Rules, 2006, since one of the Company's units is located in a Special Economic Zone.
- 1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2017 but before the issue of this report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:
- (i) The Company has complied with the applicable provisions/ clauses of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1.1 (i) to (vi) above, *subject to our observations set-out herein and in Annexure B to this report*;
 - (ii) The Company has to take steps to improve the level of compliance with the applicable Secretarial Standards mentioned under paragraph 1.1 (vii) above; and
 - (iii) The Company has to take steps to improve the quality of compliance with the Act / Rules mentioned under paragraph 1.1 (viii) above.
- 1.3. We are informed that, during/ in respect of the year:
- (i) The Company was not required to comply with the following laws/ guidelines/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
 - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (ii) Considering the nature of the Company's business, no law other than those specified in paragraph 1.1(viii) above, was specifically applicable to the Company, compliance with which we are specifically required to report on.
- 2. Board processes:**
- We further report that:**
- 2.1 The Board of Directors of the Company is duly constituted with five Non-Executive Non-Independent Directors (including a Woman Director) and six Independent Directors as on 31st March 2017. The following changes occurred in composition of the Board of Directors during the year:
- (i) Mr. R S Raghavan was appointed as an Additional Director with effect from 4th May 2016 and as a non-independent non-executive director at the 21st annual general meeting held on 30th June 2016.
 - (ii) Mrs. Srilalitha Gopal, the retiring director was re-appointed in compliance with the provisions of the Act at the annual general meeting on 30th June 2016.
 - (iii) Mr. K E Ranganathan ceased to be a Director and Managing Director consequent to his resignation with effect from 1st July 2016.
- 2.2 Adequate notice was given to all directors to plan their schedule for Board Meetings. Notice of Board meetings were sent at least seven days in advance. *However, in the absence of evidence we were not able to verify whether agenda and detailed notes on agenda were sent at least seven days before the Board meetings.*
- 2.3 The following items, were either circulated separately or at the meetings and we note from the minutes consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards:
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/results, unaudited financial results and connected papers; and

Annexure C to Board's Report (Contd.)

- (ii) Additional subjects/ information and supplementary notes.
- 2.4 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.5 We note from the minutes that, at the Board meetings held during the year:
 - (i) Majority decisions were carried through; and
 - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be recorded as part of the minutes.

3 Compliance mechanism

We further report that there are reasonably adequate systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. *The systems and processes have to be further strengthened in*

order to make them commensurate with the size of the Company and nature of its business and its multi-locational operations.

4 Specific events/ actions

We further report that during the audit period, the Company's Board of Directors approved a Scheme of Amalgamation for merger of the Company's Wholly Owned Subsidiary Company, M/s. Prime Property Holdings Limited with the Company with effect from 1st April, 2016 under Sections 391-394 of the Companies Act, 1956, subject to the necessary statutory processes and approvals.

For S Krishnamurthy & Co.
Company Secretaries

K. Sriram
Partner

Date : 12th May, 2017

Place : Chennai

Membership No: F6312

Certificate of Practice No: 2215

Annexure – A to Secretarial Audit Report of even date

To the Members of:

TVS Electronics Limited

[CIN: L30007TN1995PLC032941]

Jayalakshmi Estates, No.29 (8), Haddows Road,
Chennai-600006

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2017 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered the compliance related action taken by the Company after 31st March 2017 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/

professional opinion obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.
Company Secretaries

K. Sriram
Partner

Date : 12th May, 2017

Place : Chennai

Membership No: F6312

Certificate of Practice No: 2215

Annexure – B to Secretarial Audit Report of even date- Observations

I. In respect of compliance with The Companies Act, 2013

1. **Managerial remuneration:** Remuneration paid to Mr. K E Ranganathan, who was the Company's Managing Director upto 30th June 2016, was in excess of Central Government's approval vide reference SRN No.C63708259/2015-CL-VII dated 21st March 2016 as well five percent (5%) of the net profit for the year ended 31st March 2017 computed in the manner prescribed under section 197(1) read with section 198 of the Act. This excess was on account of the perquisite value arising from his exercising of the 60,000 stock options granted to him. We are informed that since the overall managerial remuneration after considering the said perquisite value of the stock options was less than 11% of the net profits for the year ended 31st March 2017, approval of the shareholders is being sought for the said excess remuneration at the ensuing annual general meeting, as required under the second proviso to section 197(1) of the Act.
2. **Whole-time Key Managerial Personnel:** In terms of section 203(1)(iii) of the Act, the Company was required to appoint a whole time key managerial personnel in the position of Chief Financial Officer (CFO) on 1st April 2014. The appointment of CFO has since been made on 1st September 2016.

II. In respect of compliance with The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations 2015

3. **Board meeting outcome:** In terms of regulation 30 read with Part A to Schedule III, the Company is required to disclose the outcome of Board meetings held to consider financial results and certain other specified matters to NSE and BSE within thirty minutes of the closure of the said Board meetings. There were delays in such disclosure in respect of two Board meetings held to consider financial results.
4. **Notice of annual general meeting:** Notice convening the 21st annual general meeting on 30th June 2016, which was duly sent to the members of the Company, was not simultaneously sent to NSE and BSE as required under regulation 30 read with Part A to Schedule III.
5. **Option in respect of results:** Intimation of the Company's decision whether or not it was exercising the option to additionally submit consolidated results in addition to standalone results during the financial year 2016-17 which should have been communicated to NSE and BSE before 30th June 2016 as required under regulation 33(3)(b)(i), was communicated on 10th August 2016.

For S Krishnamurthy & Co.
Company Secretaries

K. Sriram
Partner

Date : 12th May, 2017
Place : Chennai

Membership No: F6312
Certificate of Practice No: 2215

Annexure 'D' to Board's Report

Disclosure under SEBI (ESOP & ESPS) Guidelines, 1999 (Cumulative Position)

Employees Stock Option Scheme 2011

a)	Options Granted	11,65,000
b)	Pricing Formula	The Exercise Price for the purpose of grant of stock options will be decided by the Nomination and Remuneration 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	6,20,000
d)	Options Exercised	5,90,000
e)	The total no. of ordinary shares arising as a result of exercise of options	5,90,000
f)	Options lapsed	2,75,000
g)	Variation of terms of options	Nil
h)	Money realized by exercise of options	₹ 59,00,000/-
i)	Total no. of options in force	3,00,000
j)	(i) Details of options granted to Senior Managerial Personnel during the year	60,000
	(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)	₹ 3.82

For and on behalf of the Board

Chennai
12th May, 2017

Gopal Srinivasan
Chairman

Annexure 'E' to Board's Report

Comparative Analysis of Remuneration

S. No.	Name (M/s.)	Designation	Ratio to Median Remuneration	% increase in Remuneration
1.	Gopal Srinivasan	Chairman	NA	NA
	D Sundaram	NENID	NA	NA
	Srilalitha Gopal	NENID	NA	NA
	Kenneth Tai	NEID	NA	NA
	R Ramaraj	NEID	NA	NA
	Praveen Chakravarty	NEID	NA	NA
	Dr. Nagendra Palle	NEID	NA	NA
	M. Lakshminarayan	NEID	NA	NA
	M F Farooqui	NEID	NA	NA
	Narayan K Seshadri	NENID	NA	NA
	R S Raghavan	NENID	NA	NA
	S Nagalakshmi	Company Secretary	NA	NIL
2.	Percentage Increase in the median remuneration of employees in the financial year		14.35%	
3.	The number of permanent employees in the rolls of the Company		562	
4.	Average percentile increase in the salaries of employees other than the managerial personnel during the year 2016-17 was 12% and for the managerial personnel was NIL.			
5.	It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.			

Annexure 'F' to Board's Report

Annexure "F" to Board's Report for the year ended 31st March, 2017

Information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 3 of the Companies (Accounts) Rules, 2014

A. PRODUCT SAFETY & ENERGY CONSERVATION

(a) Measures taken:

BIS Safety compliances Testing, Certification and registration completed for all products.

(b) Proposed measures:

Requirement for Safety compliance and Compulsory Registration in BIS is under progress for additional products.

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
- ii. 9W Low Current print head
- iii. Mobile printer 2"
- iv. New variant in Mechanical key board category
- v. Receipt printer for Diary segment to work in Solar powered environment

(b) Customization projects

New Thermal printer for ticketing application developed

2. Future plan of action

The Company is working on Retail automation and payment devices in the area of Point of Sales by offering innovation and customization.

3. Technology absorption, adoption and Innovations

a) Efforts in brief

Key research employees and new joiners have been trained for DMP system, Thermal technology, Electronic Cash Registers, Power consumption, Plastic / Sheet metal parts design and ROHS compliance.

b) Benefits derived as a result of the above efforts

Feature rich products for Retail automation.

c) Technology absorption

- 1) Battery operated thermal technology receipt printer with Bluetooth interface
- 2) DC-DC power source compatible with solar power

C. EXPORT ACTIVITIES

The Company exported Printers and other components

Rs. in Lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(a) Total Forex earned (FOB)	4,598.74	6,178.38
(b) Total Forex used (FOB)	10,571.87	9,411.17

For and on behalf of the Board

Chennai
12th May, 2017

Gopal Srinivasan
Chairman

Report on Corporate Governance

[Under Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

(1) Brief statement on Company's Philosophy on Code of 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.

The Company believes that good and effective Corporate Governance is a continuous and ongoing process. 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 measures implemented by the Company, including the Vigil Mechanism, internal control systems, integrity management are regularly assessed for its effectiveness. 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.

(2) 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.

Composition and category of the Board of Directors as on 31st March 2017:

Category	No. of Directors
Non Executive Chairman	1
Non Executive Non Independent Directors	3
Non Executive Woman Director	1
Non Executive Independent Directors	6*
Total (all non-promoter Directors)	11*

* Includes One Non-Executive Independent Director who completed his tenure as Independent Director on 31st March, 2017.

The structure consists of Board of Directors and various sub committees overseeing the entire management.

All the Directors have disclosed other directorships and committee positions in other public companies. It is observed that directorships / committee memberships and chairmanships are as per the prescribed limits provided under the applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

During the financial year 2016-17, four Board Meetings were held respectively on 4th May, 2016, 10th August, 2016, 2nd November 2016 and 10th February, 2017. The gap between any two meetings did not exceed 120 days.

The last Annual General Meeting (AGM) of the Company was held on 30th June, 2016 and seven 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 and AGM held during 2016-17 and as on date of this report and the number of directorships and Committee Chairmanships / Memberships held by them in other companies are provided hereunder:

Report on Corporate Governance (Contd.)

Name of the Director	Category	No. of Board Meetings during the year 2016-17		Whether attended last AGM held on 30 th June, 2016	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	3	Yes	12	1	-
Mrs. Srilalitha Gopal DIN 02329790	Non-Independent Non-Executive	4	4	Yes	2	-	-
Mr. D Sundaram DIN 00016304	Non Independent Non Executive	4	4	Yes	9	4	2
Mr. R Ramaraj (c) DIN 00090279	Independent Non-Executive	4	2	No	11	3	1
Mr. Kenneth Tai DIN 01964412	Independent Non-Executive	4	1	No	1	-	-
Mr. Praveen Chakravarty DIN 00766422	Independent Non-Executive	4	3	Yes	5	-	-
Dr. Nagendra Palte DIN 06964686	Independent Non-Executive	4	1	No	1	-	-
Mr. M Lakshminarayan DIN 00064750	Independent Non-Executive	4	2	No	10	4	1
Mr. M F Farooqui DIN 01910054	Independent Non-Executive	4	4	Yes	1	-	-
Mr. Narayan K Seshadri DIN 00053563	Non Independent Non-Executive	4	4	No	18	7	4
Mr. R S Raghavan (d) DIN 00260912	Non Independent Non-Executive	4	4	Yes	5	2	-
Mr. K E Ranganathan (e) Managing Director DIN 00058990	Non- Independent Executive	1	1	Yes	Not Applicable		

(a) includes directorship of private limited companies and bodies corporate in India. (b) Includes membership of Audit Committee, Stakeholders Relationship Committee only.

(c) Ceased to be a Director with effect from 1st April, 2017, consequent to completion of term as Independent Director on 31st March, 2017.

(d) appointed with effect from 4th May 2016. (e) resigned with effect from 1st July, 2016.

Shares held by Directors

Details of shares of the Company held by the Directors as on 31st March, 2017 are given below:

Name of the Director	Number of Equity Shares held
Mr. Gopal Srinivasan	150
Mrs. Srilalitha Gopal	NIL
Mr. R. Ramaraj [§]	35,000
Mr. D Sundaram	NIL
Mr. Kenneth Tai	NIL

Name of the Director	Number of Equity Shares held
Mr. Praveen Chakravarty	NIL
Dr. Nagendra Palte	NIL
Mr. M Lakshminarayan	NIL
Mr. M F Farooqui	NIL
Mr. Narayan K Seshadri	5,30,000

[§] Ceased to be a Director with effect from 1st April, 2017, consequent to completion of his term as Independent Director on 31st March, 2017.

Report on Corporate Governance (Contd.)

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company other than Sitting Fees for Board and Committee Meetings and professional fees for rendering services.

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 terms of Regulation 17 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Code of Conduct 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. All Directors and Senior Management Personnel have confirmed

compliance with the Code for the year ended 31st March, 2017. The Annual Report contains a declaration to this effect signed by the Chief Executive Officer.

Directors

Mr. Praveen Chakravarty, Mr. Kenneth Tai, Dr. Nagendra Palle, Mr. M Lakshminarayan and Mr. M F Farooqui have satisfied the criteria of Independence under Section 149(6) of the Companies Act, 2013.

The shareholders of the Company:

- (a) at the 19th Annual General Meeting of the Company held on 4th September, 2014 have appointed Mr. Praveen Chakravarty and Mr. Kenneth Tai as Independent Directors under Section 149(6) of the Companies Act, 2013, for a period of 5 years from 1st April 2014 not liable to retire by rotation.
- (b) have appointed Dr. Nagendra Palle, Mr. M Lakshminarayan and Mr. M F Farooqui as Independent Directors under Section 149 of the Companies Act, 2013 for a period of 5 years, not liable to retire by rotation, by way of a Postal Ballot on 5th August, 2015.
- (c) have also appointed the following Directors:
 - (1) Mr. Narayan K Seshadri as Director of the Company at the 20th Annual General Meeting held on 6th August, 2015.
 - (2) Mr. R S Raghavan as Director of the Company at the 21st Annual General Meeting held on 30th June, 2016.

Mr. R. Ramaraj has been appointed as an Independent Director representing Small Shareholders under Section 151 of the Companies Act, 2013 for a period of 3 years, not liable to retire by rotation, by way of a Postal Ballot on 29th September, 2014. Mr. R Ramaraj ceased to be a Director with effect from 1st April, 2017, consequent to completion of his term of appointment as Independent Director on 31st March, 2017.

Report on Corporate Governance (Contd.)

(3) Audit Committee

On 12th May, 2017, the Board had reconstituted the Audit Committee. The members of the Audit Committee possess financial / accounting expertise and exposure. The Audit Committee consists of majority of Independent Directors.

The members of the Audit Committee are:

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

Mr. D Sundaram - Non Executive Non Independent

Dr. Nagendra Pale - Non Executive Independent

Mr. M Lakshminarayan - Non Executive Independent

Mr. M F Farooqui - Non Executive Independent

The reconstitution of the Audit Committee is consequent to the completion of the term of Mr. R Ramaraj, as Independent Director with effect from 1st April, 2017.

The Company Secretary of the Company shall act as the Secretary of the Committee.

The Committee's constitution and terms of reference are in compliance of the Companies Act, 2013, Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 30th June, 2016.

Brief Terms of Reference

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 quarterly and annual financial results and statements before submission to the Board for approval.

3. 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.
4. Approving payment to statutory auditors, including cost auditors for any other services rendered by them.
5. To review the functioning of the Whistle Blower and Vigil mechanism.
6. Approval or any subsequent modification of transactions of the Company with related parties.
7. Scrutiny of inter-corporate loans and investments
8. Evaluation of internal financial controls and risk management systems
9. Other matters as set out in Section 177 of the Companies Act, 2013 and the rules made thereunder and under Part C of Schedule II read with Regulation 18(3) of the SEBI (LODR) Regulations, 2015.

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.

Four Audit Committee Meetings were held during the year respectively on 4th May, 2016, 10th August, 2016, 1st November, 2016 and 10th February, 2017. The gap between any two meetings did not 120 days.

The Audit Committee invites Head of Finance function, representatives of Statutory Auditors and Internal Auditors and such other executives, as may be required.

Report on Corporate Governance (Contd.)

Details of the Audit Committee Meeting:

The details of Audit Committee meetings attended by its members, in terms of the SEBI (LODR) Regulations, 2015, during the financial year 2016-17 are given below:

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. Praveen Chakravarty, Chairman	Non-Executive Director-Independent	4	4
2.	Mr. R Ramaraj *	Non-Executive Director-Independent	4	2
3.	Dr. Nagendra Pale	Non-Executive Director – Independent	4	1
4.	Mr. D Sundaram	Non-Executive Director-Non-Independent	4	4
5.	Mr. M Lakshminarayan	Non-Executive Director – Independent	4	3
6.	Mr. M F Farooqui	Non-Executive Director – Independent	4	4

* ceased to be a Member of the Audit Committee with effect from 1st April, 2017, consequent to completion of his term of appointment as Independent Director on 31st March, 2017.

(4) Nomination and Remuneration Committee:

On 6th August, 2015, the Board had reconstituted the Nomination and Remuneration Committee in the following manner in terms of Section 178 of the Companies Act, 2013 and also in line with the requirements of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Mr. M F Farooqui - Non Executive Independent - Chairman of the Committee

Mr. Praveen Chakravarty - Non Executive Independent

Mr. M Lakshminarayan - Non Executive Independent

Mrs. Srilalitha Gopal - Non Executive Non Independent

Mr. Narayan K Seshadri - Non Executive Non Independent

The Company Secretary shall be the Secretary of the Committee.

There has been no change in the constitution or terms of the Committee during the year.

Brief terms of reference:

- 1) To identify persons who are qualified to become directors and who may be appointed in senior management and recommend their appointment and / or removal to the Board of Directors of the Company.
- 2) To carry out the evaluation of every Director's performance.
- 3) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and other employees.
- 4) To formulate the criteria of evaluation of Independent Directors and the Board.
- 5) To devise a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- 6) To review and recommend remuneration of Managing Directors / Whole time directors based on their performance and defined assessment criteria.
- 7) To administer, monitor, formulate the detailed terms and conditions of the Employees Stock Option Scheme and allot shares under the said ESOP Scheme to the employees / Directors of the Company, its subsidiaries and holding company.
- 8) Other matters as set out in Section 178 of the Companies Act, 2013 and the rules made thereunder and under Part D of Schedule II read with Regulation 19(4) of the SEBI(LODR) Regulations, 2015.

Report on Corporate Governance (Contd.)

The Nomination and Remuneration Committee met three times during the year on 3rd May, 2016, 10th August, 2016 and 2nd November, 2016.

The details of Nomination and Remuneration Committee meetings attended by its members are given below:

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. M F Farooqui, Chairman	Non-Executive Director- Independent	3	3
2.	Mrs. Srilalitha Gopal	Non-Executive Director- Non-Independent	3	3
3.	Mr. Praveen Chakravarty	Non-Executive Director- Independent	3	2
4.	Mr. M Lakshminarayan	Non-Executive Director- Independent	3	2
5.	Mr. Narayan K Seshadri	Non-Executive Director- Non-Independent	3	3

Policy on Remuneration and Selection Criteria

The Board has, on the recommendation of the Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

The Nomination and Remuneration Policy (NRC) is posted on the website www.tvs-e.in.

Remuneration Policy

Directors

NRC will recommend the remuneration for Executive and Non-Executive Directors, which will then be approved by Board and shareholders, wherever required, as the case may be.

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board Meetings. The sitting fees shall be decided by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.

(5) Remuneration to Directors:

(a) Non – Executive Directors

During the year, 2016-17, the Company paid Sitting Fees of ₹ 25,000/- per meeting to its Non-Executive Directors for attending meetings of the Board and its Committees, which is within the limits prescribed under the Companies Act, 2013.

Details of sitting fees paid for the year ended 31st March, 2017:

Name of the Director	Sitting Fees paid (₹)
Mr. Gopal Srinivasan	75,000
Mrs. Srilalitha Gopal	2,75,000
Mr. D Sundaram	2,75,000
Mr. R Ramaraj [§]	2,25,000
Mr. Praveen Chakravarty	2,50,000
Mr. Kenneth Tai	25,000
Dr. Nagendra Palle	1,25,000
Mr. M Lakshminarayan	2,50,000
Mr. M F Farooqui	3,00,000
Mr. Narayan K Seshadri	1,75,000
Mt. R S Raghavan	75,000

[§] Ceased to be a Director with effect from 1st April, 2017, consequent to completion of his term as Independent Director on 31st March, 2017.

Report on Corporate Governance (Contd.)

(b) Executive Director

During the year, Mr. K E Ranganathan served as the Managing Director for a period of 3 months from 1st April 2016 to 30th June 2016. The details of his remuneration are provided in the Board's report.

There is no separate provision for payment of severance fees to any of the Directors of the Company.

Senior Management Personnel

The remuneration of Senior Management and Key Managerial personnel is decided considering the current employment scenario and remuneration package of the industry. The relationship between the remuneration and performance benchmark is also made clear while determining their remuneration package.

Criteria for Board membership

Directors

The Company has appointed the Directors with rich experience and expertise in various Sectors of Finance, Information Technology, governance and other disciplines to ensure Board diversity with Directors having expertise in the fields related to the Company's business.

Independent Directors

The Independent Directors are appointed by the shareholders with no direct or indirect material relationship with the Company or any of its officers and they meet all criteria specified in Section 149(7) of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee ensures that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

Evaluation

Board Evaluation and criteria

Pursuant to the provisions of Companies Act, 2013, the Board has carried out an evaluation of its own performance, the Directors individually as well as the evaluation of the working of all its Committees. Evaluation has been carried out on the basis of functioning, adequacy of composition of the Board and its Committees, Board processes and of its Committees, Board culture, execution and performance of the obligations and governance of the Board as well as the Committees.

Policy on Board Diversity

The Nomination and Remuneration Committee has devised the Policy on Board diversity to have balance of skills, experience and diversity on the Board.

(6) Stakeholders' Relationship Committee:

On 12th May, 2017, the Board had reconstituted the Stakeholders' Relationship Committee in the following manner in terms of Section 178 of the Companies Act, 2013 and also in line with the requirements of Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Mrs. Srilalitha Gopal - Non Executive Non Independent Director

Mr. D Sundaram - Non Executive Non Independent Director

The reconstitution of the Stakeholders' Relationship Committee is consequent to the completion of the term of appointment of Mr. R Ramaraj, Independent Director with effect from 1st April, 2017.

The Stakeholders' Relationship Committee met four times during the year on 4th May, 2016, 10th August, 2016, 2nd November, 2016 10th February, 2017.

Report on Corporate Governance (Contd.)

Mr. R Ramaraj, an Independent Director, representing small shareholders and also the Chairman of the Stakeholders' Relationship Committee Ceased to be the Chairman of the Committee with effect from 1st April, 2017, consequent to completion of his term of appointment as Independent Director on 31st March, 2017.

The details of Stakeholders' Relationship Committee meetings attended by its members are given below:

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. R Ramaraj, * Chairman	Non-Executive Director- Independent	4	2
2.	Mr. D Sundaram	Non-Executive Director- Non-Independent	4	3
3.	Mrs. Srilalitha Gopal	Non-Executive Director- Non-Independent	4	4

* ceased to be the Chairman of the Stakeholders' Relationship Committee with effect from 1st April, 2017, consequent to completion of his term of appointment as Independent Director on 31st March, 2017.

Complaints received and redressed during the financial year 2016-17:

Pending at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
Nil	4	4	Nil

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

As on 31st March, 2017 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 31st March, 2017.

Business and Technology Committee:

At the Board Meeting held on 6th August, 2015, the Board has constituted the Business & Technology Committee to review, evaluate, monitor and advise on Company's technological requirements based on emerging technologies and oversee the implementation of new IT initiatives and also to review the efficacy and safety of the existing Information technology systems etc.

At the Board Meeting held on 12th May, 2017, the Board has reconstituted the Business & Technology Committee. The reconstitution of the Business and Technology Committee is consequent to the completion of the term of appointment of Mr. R Ramaraj, Independent Director with effect from 1st April, 2017.

The following are the members of the Business and Technology Committee:

Mr. M Lakshminarayan - Non Executive Independent Director - Chairman of the Committee

Dr. Nagendra Palle - Non Executive Independent Director

Mr. Narayan K Seshadri - Non Executive Non Independent Director

The Committee met on 3rd November, 2016 and 9th February, 2017. The details of Business and Technology Committee meetings attended by its members are given below:

Report on Corporate Governance (Contd.)

S. No.	Name of the Member	Status	Number of Meetings	
			Held	Attended
1.	Mr. M Lakshminarayan, Chairman	Non-Executive Director-Independent	2	2
2.	Mr. R Ramaraj *	Non-Executive Director-Independent	2	2
3.	Dr. Nagendra Palle	Non-Executive Director-Independent	2	2
4.	Mr. Narayan K Seshadri	Non-Executive Director – Non-Independent	2	-

* ceased to be a Member of the Business and Technology Committee with effect from 1st April, 2017, consequent to completion of his term of appointment as Independent Director on 31st March, 2017.

Corporate Social Responsibility (CSR) Committee

The Company constituted the CSR Committee at the Board meeting held on 12th May, 2017 as per Section 135 of the Companies Act, 2013. The CSR Committee consists of the following Members.

Mr. M Lakshminarayan, Chairman

Mr. D Sundaram, Member

Mr. R S Raghavan, Member

Risk Management

The Company has formulated and implemented a detailed Risk Management Policy covering key aspects as provided under SEBI (LODR) Regulations, 2015.

Meeting of Independent Directors

During the year, the Independent Directors met on 1st November 2016 and evaluated the performance of Non Independent Directors, the Board as a whole

and the Chairman of the Company considering the views of other Directors.

The Independent Directors also discussed the Board processes including the evaluation of quality content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Company has issued formal letters of appointment to Independent Directors and also disclosed the terms of appointment in the website of the Company.

(7) General Body Meetings:

a. Annual General Meetings

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2014	Narada Gana Sabha, No. 314/254, TTK Road, Alwarpet, Chennai – 600 018	04.09.2014	10.00 AM
2015	Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G N Chetty Road, T. Nagar, Chennai – 600 017	06.08.2015	3.15 PM
2016	Narada Gana Sabha, No. 314/254, TTK Road, Alwarpet, Chennai – 600 018	30.06.2016	10.30 AM

b. Extraordinary General Meeting

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

c. Postal Ballot

No Postal Ballot process was conducted during the year.

Report on Corporate Governance (Contd.)

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
2013-14	Borrowing Powers to the Board under Section 180(1)(c) of the Companies Act, 2013	4 th September, 2014

- e. None of the subjects placed before the shareholders in the 22nd Annual General Meeting requires approval by a Postal Ballot.

(8) Means of communications:

The quarterly unaudited results of the Company have been published in English in Business Standard and the Tamil version in Makkal Kural.

The quarterly / annual financial results, shareholding pattern, official announcements etc., are sent to Stock Exchanges. The shareholders can access the same at www.nseindia.com and at www.bseindia.com and the Company's website at www.tvs-e.in.

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

(9) General shareholder Information:

a. Annual General Meeting –

Date : Friday, 30th June 2017

Time : 10.00 a.m.

Venue : Narada Gana Sabha
No.314 (Old No.254), TTK Road,
Alwarpet, Chennai – 600 018.

As required under SEBI (LODR) Regulations, 2015, the particulars of Director seeking re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Friday, 30th June 2017.

- b. Financial Year : 1st April to 31st March

c. Financial reporting for the quarter ending for financial year ending 31st March, 2018 (Tentative)

30 th June, 2017	On or Before 14 th August, 2017
30 th September, 2017	On or Before 14 th November, 2017
31 st December, 2017	On or Before 14 th February, 2018
31 st March, 2018	On or Before 30 th May, 2018
Annual General Meeting	Between June and September 2018

- d. The Board of Directors at their meeting held on 12th May, 2017 have recommended a dividend of 50 Paise per Equity Share of face value of ₹ 10/- each for the financial year ended 31st March, 2017.

- e. Record date for ascertaining shareholders eligible to cast their votes for the items set out in the notice convening the AGM through e-voting- 23rd June 2017.

- f. 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 2017-18.

Corporate Identification Number (CIN) of the Company: L30007TN1995PLC032941.

- g. Market Price Data

High, Low (based on closing prices) and number of shares traded during each month in the financial year 2016-17 on BSE Limited and National Stock Exchange of India Limited:

Report on Corporate Governance (Contd.)

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, 2016	119.20	101.50	9,03,696	119.50	101.10	38,39,395
May, 2016	112.00	92.70	4,15,925	112.00	91.90	16,47,897
June, 2016	109.00	92.05	5,18,109	109.45	91.20	27,34,518
July, 2016	118.90	100.00	6,86,568	118.70	99.00	27,10,887
August, 2016	110.00	87.65	5,56,526	109.70	82.50	28,57,357
September, 2016	105.00	91.00	4,87,473	104.80	91.75	25,53,494
October, 2016	112.80	95.85	5,81,182	112.40	95.65	28,84,792
November, 2016	177.30	88.55	24,66,106	177.30	90.60	1,10,04,591
December, 2016	231.90	162.05	58,50,379	231.90	162.50	2,71,38,365
January, 2017	209.75	188.05	13,40,837	209.85	188.00	64,69,740
February, 2017	211.90	172.50	8,47,471	211.70	171.95	43,32,415
March, 2017	183.55	165.55	4,86,919	183.40	164.40	29,33,374

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

Financial year	Percentage change in	
	Company's share price (%)	Sensex (%)
2016-17	66.99	16.88
2015-16	210.79	(9.36)
2014-15	133.33	24.89

h. 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 11th 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 21st 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 28272233 / 28307700
 Fax No. 044 2825 7121
 Email id: kr.raman@scl.co.in,
 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.

i. Distribution of equity shareholding as on 31st March, 2017:

No. of shares held	No. of share Holders	% of share Hold-ers	No. of shares held	% of share Hold-ing
Upto 500	26,479	93.51	28,78,757	15.47
501 to 1000	1,091	3.85	8,90,989	4.79
1001 to 2000	411	1.45	6,22,412	3.34
2001 to 3000	123	0.43	3,14,482	1.69
3001 to 4000	48	0.17	1,70,786	0.92
4001 to 5000	55	0.19	2,63,714	1.42
5001 to 10000	69	0.24	5,04,054	2.71
10001 and above	42	0.16	1,29,67,624	69.67
TOTAL	28,318	100.00	1,86,12,818	100.00

Report on Corporate Governance (Contd.)

j. Pattern of equity shareholding as on 31st March, 2017

Shareholders	No. of shares held	% of total shares held	No. of Shareholders
Promoter Company	1,11,60,093	59.96	1
Directors & Relatives	5,65,400	3.04	5
Corporate Bodies	8,21,775	4.42	346
Nationalised Banks / MF / UTI/PFI	82,287	0.42	13
Resident Individuals	56,87,085	30.56	27,157
Foreign Institutional Investors	100	-	1
Non-Resident Indians/Overseas Corporate Bodies	2,96,078	1.60	795
TOTAL	1,86,12,818	100.00	28,318

k. 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 31st March, 2017, is given below:

Mode of Holding	Percentage	No. of shareholders	No. of Shares
Demat	94.69	23,765	1,76,25,106
Physical	5.31	4,553	9,87,712
Total	100.00	28,318	1,86,12,818

- 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**

l. Plant / Factories locations:

Plants

Oragadam

Plot No 0Z-11/2, Hi-Tech SEZ, SIPCOT, Oragadam, Sriperumbudur Taluk, Kancheepuram District - 602 105.

Uttarkhand

No. E12, Selaqui Industrial Estate, Selaqui, Dehradun, Uttarkhand

Repair Factory

Chennai

Valluvarkottam Tower 1, Bascon Maeru Towers, Kodambakkam High Road, Chennai - 600 034.

Noida

C-22, Sector - 2, Gautam Budh Nagar, Noida, Uttar Pradesh - 201 301

Tumkur

Panditanahalli, Hirehalli Post, Tumkur District, Karnataka.

m. 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 28272233 / 28307700
Fax No. 044 2825 7121
Email id: kr.raman@scl.co.in,
sclshares@gmail.com
investorscomplaintsstta@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

o Transfer of unpaid / unclaimed amounts to Investor Education and Protection Fund:

The Company is not having any unclaimed dividends which is due for remittance into IEPF.

p. Unclaimed Shares:

In terms of Regulation 39 of SEBI (LODR) Regulations 2015, 94,182 number of unclaimed shares in 640 share certificates were dematerialised and transferred to Unclaimed Suspense Account.

Report on Corporate Governance (Contd.)

During 2015-16, 400 shares in 3 share certificates were transferred to the rightful owner of the shares and as on 1st April, 2016, 93,782 number of shares in 637 share certificates were unclaimed.

During 2016-17, 1,300 shares in 2 share certificates were transferred to the rightful owners and 92,482 shares in 635 share certificates remain unclaimed as on 31st March, 2017. The voting rights of such shares shall remain frozen till the rightful owner claims the shares.

The Disclosures with respect to demat suspense account / unclaimed suspense account is given below:

(a)	aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	637 shareholders for 93,782 shares
(b)	number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	2 shareholders for 1300 shares
(c)	number of shareholders to whom shares were transferred from suspense account during the year;	2 shareholders for 1300 shares
(d)	aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	635 shareholders for 92,482 shares
(e)	that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	The voting rights of such shares shall remain frozen till the rightful owner claims the shares

q. 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 - Electronic copy of full Annual Report 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, hard copy of the annual report is being sent. The Company will send a hard copy of the full Annual Report, if requested by the Members. 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.

(10) Other Disclosures:

Related Party transactions

All transactions entered into with Related Parties as defined under Clause 49 of the erstwhile Listing Agreement and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms length basis and did not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were

Report on Corporate Governance (Contd.)

in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which is available on the Company's website www.tvse.in.

The Board has obtained certificates/disclosures from key management personnel and senior management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

The Company has complied with Regulation 23 of SEBI (LODR) Regulations, 2015 and applicable provisions of Companies Act, 2013 with respect to related party transactions.

Vigil and Whistle Blower mechanism

The Company has formulated the Vigil and Whistle Blower Mechanism as required under the Companies Act, 2013 which is in line with Regulation 22 of SEBI (LODR) Regulations, 2015. The Company has appointed the Audit Committee Chairman as the Ombudsman for the mechanism, under which employees can directly report to the ombudsman. It is affirmed that no personnel is denied access to the Audit Committee.

All the mandatory requirements specified under Regulation 22 of the SEBI (LODR) Regulations, 2015 have been complied with.

Corporate Governance requirement with respect to subsidiary

1. Since the subsidiary is not a material subsidiary, there is no requirement to appoint an Independent Director of the Company on the Board of Directors of the Subsidiary.
2. The Audit committee reviews the financial statements and in particular, the investments made by the subsidiary.

3. The management of the subsidiary periodically presents a statement of all significant transaction to the Board of Directors of the Company.

Since the Company is not having any material subsidiary, there is no requirement to evolve a Policy for determining material subsidiaries.

Disclosure of commodity prices and commodity hedging activities is not applicable to the Company considering the nature of its business.

Compliance Certificate from Statutory Auditors

Certificate from M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, confirming compliance with conditions of Corporate Governance under SEBI (Listing Obligations and Requirements) Regulations, 2015 is forming part of this Annual Report.

Secretarial Compliance Certificate from Secretarial Auditor

Secretarial Audit Report given by M/s. S Krishnamurthy & Co, Practising Company Secretaries is forming part of this Annual Report.

Employee Stock Options

The information on Options granted by the Company during the financial year 2016-17 and other particulars with regard to Employees' Stock Options are set out under Board's Report.

CEO / CFO certification

The Chief Executive Officer and Chief Financial Officer of the Company have certified to the Board of Directors, inter-alia, the accuracy of financial statements of the Company as required under the SEBI (LODR) Regulations, 2015

Disclosures

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.

Report on Corporate Governance (Contd.)

Familiarisation Program for Board Members

Presentations are made by the management team giving an overview and familiarize the directors with the operations and business model of the Company. The Directors are also appraised of the Industry developments and new initiatives and strategy of the Company from time to time. The Board members are presented with reports, internal policies and periodic presentations at the Board and Board Committee meetings. The Board members are also appraised of their roles, rights and responsibilities under Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

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

The Board:

The Board has a Non-Executive Chairman who functions from his own office.

Shareholder's rights

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are also posted on the Company's website.

Modified opinion in Audit Report

The Auditors' report to the members for the year ended 31st March 2017 has an observation for which the Board has provided necessary clarification in the Board's report.

Separate posts of Chairman and CEO

The Company has appointed separate persons to the post of Chairman and Chief Executive Officer.

Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

Auditors Certificate

Auditors' certificate on compliance of the provisions of the Code of Corporate Governance

To

The Shareholders of TVS Electronics Limited
Chennai - 600 006

We have examined the compliance of conditions of Corporate Governance by TVS Electronics Limited, Chennai - 600 006 (the Company) for the year ended 31st March 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR Regulations].

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI LODR Regulations, as applicable.

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

For SUNDARAM & SRINIVASAN

Chartered Accountants

Firm Registration No: 004207S

M. BALASUBRAMANIAM

Partner

Membership No.F7945

Chennai
12th May, 2017

Declaration from CEO regarding the adherence to the Code of Business Conduct and Ethics by the Board of Directors and Senior Management

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby certify that the Members of the Board of Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics of the Company during the year ended 31st March, 2017.

Chennai
12th May, 2017

Prakash Katama
Chief Executive Officer

Independent Auditors' Report

To the Members of,
TVS Electronics Limited,
Chennai.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of TVS Electronics Limited, Chennai – 600 006 (“the company”), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 qualified audit opinion on the standalone financial statements.

Basis for Qualified Opinion

The company has paid a sum of Rs. 1.50 lakhs as remuneration to the then Managing Director, in excess of the amount approved by the Central Government and provisions of section 197 of the Companies Act, 2013 read with schedule V. The Company is taking steps to seek, from the Central Government, waiver of recovery of excess paid.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion paragraph above, the aforesaid standalone

Independent Auditors' Report (Contd.)

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) of the state of affairs of the Company as at 31st March 2017;
- b) its **Profit** for the year ended on that date; and
- c) its 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company.
- f. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-2".

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note no. 26(5) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- iv. The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08th November 2016 to 30th December 2016. Based on audit procedures and relying on management representation we report that the disclosures are in accordance with the books of accounts maintained by the company and as produced to us by the management. Refer note no. 26(12) to the financial statements.

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

M BALASUBRAMANIAM
Partner
Membership No: F7945

Place : Chennai
Date : May 12, 2017

Annexure to the Auditors' Report

Annexure-1 referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2017.

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. Discrepancies noticed on such verification have been properly dealt with in the books of accounts.
- (c) The title deeds of immovable properties are in the custody of company's banker who has certified for the same.
2. The inventory has been physically verified at reasonable intervals during the year by the management. It was represented to us that inventory with third party is also verified from time to time. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. During the year, the company has not granted any loan nor has furnished any guarantee nor provided any security. Hence reporting on whether there is compliance with provisions of section 185 of the Companies Act, 2013 does not arise.

The loan granted to the wholly owned subsidiary company last year is yet to be received from the loanee company.

There are no fresh loans granted or investments made by the company during the year. Hence reporting under section 186 of the Act does not arise.
5. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.
6. We have broadly reviewed the books of account maintained by the company under sub-section (1) of Section 148 of the Companies Act, 2013, read with rules made by the Central Government 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.
7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However we have observed a few instances of belated remittance of Service Tax, Employees' State Insurance, profession Tax and Tax Deducted at Source, into the Government.
- (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, Value Added Tax and Cess were in arrears, as at 31st March 2017 for a period of more than six months from the date they became payable.
- (c) According to 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 the dispute is pending
Income Tax Act, 1961	Income Tax	41.07	Income Tax Appellate Tribunal, Chennai
	Tax deducted at source and interest thereon	5.39	Assessing Officer
Central Excise Act, 1944	Excise Duty	13.23	Customs Excise and Service Tax Appellate Tribunal, Chennai.
Sales Tax - Central Sales Tax / Value Added Tax of various states.	Sales tax	55.40	Departmental Authorities of various states
		1.96	Honourable High Court of Kerala.
Employees' Provident Funds and Miscellaneous Provisions Act, 1952.	Provident Fund	55.86	Honourable High Court of Judicature at Madras

8. 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 its banks. The company has not borrowed from any financial institution and Government nor has issued any debenture.
9. (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
- (b) The company has not availed any term loan during the year. The term loan availed in earlier year was applied for the purpose for which they were availed.
10. Based on the audit procedures adopted and information and explanations given to us by the management, no fraud by the company has been noticed or reported during the course of our audit.
11. Based on our verification, we observe that the company has paid a sum of Rs. 1.50 lakhs as remuneration, in excess of the amount approved by the Central Government and provisions of section 197 of the Companies Act, 2013 read with Schedule V. The Company is taking steps to seek, from the Central Government, waiver of recovery of excess paid.
12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer note no. – 26(8) to the financial statements.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013. However, the company has allotted 60,000 numbers of equity shares under ESOP to the then Managing Director.
15. In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them except for Rs. 1.70 lakhs being the difference between the grant price and market price, debited to Statement of Profit and Loss, pertaining to grant of 60,000 numbers of equity shares to the then Managing Director under ESOP.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No: 004207S
M BALASUBRAMANIAM
Partner
Membership No: F7945

Place : Chennai
Date : May 12, 2017

Annexure to the Auditors' Report

ANNEXURE - 2 Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TVS ELECTRONICS LIMITED, CHENNAI ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts

Annexure to the Auditors' Report (Contd.)

- and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business .
- ii. continuous adherence to Company's policies .
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances .
- iv. existing system to prevent and detect fraud and errors .
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information

For Sundaram & Srinivasan

Chartered Accountants
Firm Registration No: 004207S

M BALASUBRAMANIAM

Place : Chennai
Date : May 12, 2017

Partner
Membership No: F7945

Balance Sheet as at 31st March, 2017

₹ in Lakhs

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1	1,861.28	1,855.28
(b) Reserves and surplus	2	3,279.39	2,485.59
		<u>5,140.67</u>	<u>4,340.87</u>
2 Non-current liabilities			
(a) Long-term borrowings	3	187.50	437.50
(b) Deferred tax liabilities (Net)		194.83	373.43
(c) Other Long term liabilities	4	27.20	43.87
(d) Long-term provisions	5	252.36	206.22
		<u>661.89</u>	<u>1,061.02</u>
3 Current liabilities			
(a) Short-term borrowings	6	2,453.63	3,028.37
(b) Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises		82.59	41.32
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		24,843.72	4,908.25
(c) Other current liabilities	7	2,266.17	1,237.41
(d) Short-term provisions	8	1,383.84	1,111.25
		<u>31,029.95</u>	<u>10,326.60</u>
TOTAL		<u><u>36,832.51</u></u>	<u><u>15,728.49</u></u>
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	9		
(i) Tangible assets		1,480.06	1,906.74
(ii) Intangible assets		1,615.74	1,934.45
(iii) Intangible assets under development		-	2.10
(b) Non-current investments	10	31.34	41.34
(c) Long-term loans and advances	11	3,179.19	3,232.49
(d) Other non-current assets	12	43.03	40.23
		<u>6,349.36</u>	<u>7,157.35</u>
2 Current assets			
(a) Inventories	13	15,310.53	4,082.86
(b) Trade receivables	14	12,667.59	2,888.56
(c) Cash and cash equivalents	15	1,224.18	565.05
(d) Short-term loans and advances	16	845.41	772.85
(e) Other current assets	17	435.44	261.82
		<u>30,483.15</u>	<u>8,571.14</u>
TOTAL		<u><u>36,832.51</u></u>	<u><u>15,728.49</u></u>
Notes on Accounts	26		

For and on behalf of the Board

GOPAL SRINIVASAN
Chairman

KARTHI CHANDRAMOULI
Vice President - Finance & CFO
Chennai
May 12, 2017

PRAKASH KATAMA
Chief Executive Officer

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, 2017

₹ in Lakhs

Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
I. Revenue from operations (Gross)	18	2,62,901.85	59,621.81
Less: Excise Duty		398.63	272.40
Revenue from operations (Net)		2,62,503.22	59,349.41
II. Other income	19	140.70	153.63
III. Total Revenue (I + II)		2,62,643.92	59,503.04
IV. Expenses:			
Cost of materials consumed	20	19,316.18	8,454.65
Purchases of Stock-in-Trade	20	2,21,551.77	38,682.98
Changes in inventories of finished goods & stock-in-trade	20	(17.67)	81.41
Employee benefits	21	3,115.19	2,839.76
Finance costs	22	244.66	573.40
Depreciation and Amortization expense		905.36	859.60
Other Expenses	23	16,896.26	7,680.53
Total Expenses		2,62,011.75	59,172.33
V. Profit before exceptional and extraordinary items and tax (III - IV)		632.17	330.71
VI. Exceptional items	24	-	189.43
VII. Profit before extraordinary items and tax (V + VI)		632.17	520.14
VIII. Income from Extraordinary Items	25	-	23.39
IX. Profit before tax (VII + VIII)		632.17	543.53
X. Tax Expense:			
(1) Current tax		133.00	115.00
(2) Deferred tax		(178.60)	(2.65)
(3) Tax relating to earlier years		(38.33)	-
		(83.93)	112.35
XI. Profit/(Loss) for the period (IX - X)		716.10	431.18
XII. Earnings per equity share in ₹ : (Refer Note 26(1)-AS 20)			
EPS before Extraordinary Income			
(1) Basic		3.85	2.26
(2) Diluted		3.82	2.25
EPS after Extraordinary Income			
(1) Basic		3.85	2.36
(2) Diluted		3.82	2.35
Notes on Accounts	26		

For and on behalf of the Board

GOPAL SRINIVASAN
Chairman

KARTHI CHANDRAMOULI
Vice President - Finance & CFO
Chennai
May 12, 2017

PRAKASH KATAMA
Chief Executive Officer

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 31.03.2017		As at 31.03.2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Authorised				
Equity Shares of par value of ₹ 10/- each	2,50,00,000	2,500.00	25,000,000	2,500.00
Issued				
Equity Shares of par value of ₹ 10/- each	1,86,12,818	1,861.28	1,85,52,818	1,855.28
Subscribed & Paid up				
Equity Shares of ₹ 10 each fully paid	1,86,12,818	1,861.28	1,85,52,818	1,855.28
Total Share Capital	1,86,12,818	1,861.28	1,85,52,818	1,855.28

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	18,552,818	1,855.28
Shares allotted during the year	60,000	6.00
Shares outstanding at the end of the year	18,612,818	1,861.28

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, 2013.
- (ii) There are no restrictions attached to the equity shares.

Shares allotted during the year:

60,000 numbers of equity shares were allotted on 18th May, 2016 to the holder of 60,000 numbers of options under ESOP Scheme, 2011 granted on 6th May, 2015 to Mr. K.E. Ranganathan, the then Managing Director. On receipt of the

face value of ₹ 6 Lakhs, premium recognised under ESOP Reserve of ₹ 17,25,000/- 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 31.03.2017	As at 31.03.2016
TVS Investments Limited, Chennai	11,160,093	11,160,093

Details of shareholders holding more than five per cent of paid up capital

Name of the Shareholder	No. of Shares held	
	As at 31.03.2017	As at 31.03.2016
TVS Investments Limited, Chennai	11,160,093	11,160,093

Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 2 - Reserves and Surplus		
a. Capital Reserves		
Balance at the beginning of the year	60.60	60.60
Closing Balance (a)	60.60	60.60
b. Securities Premium Account		
Balance at the beginning of the year	1,436.00	1,326.55
Add : Securities premium on allotment during the year	17.25	109.45
Closing Balance (b)	1,453.25	1,436.00
c. Share Options Outstanding Account		
Balance at the beginning of the year	50.94	74.34
(+) Current Year Transfer	77.70	86.89
(-) Transferred to Securities premium Account	17.25	109.45
(-) Written Back in Current Year	-	0.84
Closing Balance (c)	111.39	50.94
d. Other Reserves:		
General Reserve		
Balance at the beginning of the year	294.27	294.27
(+) Transfer from Investment Subsidy	15.00	-
Closing Balance (d)	309.27	294.27
e. Investment Subsidy		
Balance at the beginning of the year	15.00	15.00
(-) Transferred to General Reserve	15.00	-
Closing Balance (e)	-	15.00
f. Surplus i.e. Balance in the Statement of Profit & Loss		
Balance in the Statement of Profit & Loss as at the beginning of the year	628.78	197.60
(+) Net Profit/(Net Loss) For the current year	716.10	431.18
Closing Balance (f)	1,344.88	628.78
Total = (a)+(b)+(c)+(d)+(e)+(f)	3,279.39	2,485.59

Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 3 - Long-term borrowings		
Secured		
Term loan		
From bank #	187.50	437.50
(Secured by first pari passu hypothecation charge on the entire fixed assets of the company excluding intangible assets)		
Total	<u>187.50</u>	<u>437.50</u>
(a) Description of loan (Granted on 5 th March, 2016)	Corporate Loan	
(b) Total Loan repayable over term of loans Payable after one year moratorium	500.00	
(c) Frequency of repayment(s)	Quarterly	
(d) No. of instalments	8	
(e) Amount payable in each instalment	62.50	
(f) Maturity Date	05.03.2019	
(g) Loan repaid in FY 2016-17	62.50	
(h) Loan repayable in FY 2017-18	250.00	
(i) Loan Balance as on 31.03.2017 (included in Long term Borrowings)	187.50	
Note No. 4 - Other Long-Term Liabilities		
Income received in advance		
Unexpired Annual Maintenance Contracts	27.20	43.87
Total	<u>27.20</u>	<u>43.87</u>
Note No. 5 - Long-Term Provisions		
(a) Employee benefits		
Leave encashment	71.08	57.16
(b) Warranty	181.28	124.69
(c) Expenses	-	24.37
Total (a) + (b) + (c)	<u>252.36</u>	<u>206.22</u>

Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 6 - Short-Term Borrowings		
SECURED		
Loans repayable on demand		
From bank	2,453.63	3,028.37
(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 pari passu basis to the consortium of banks).		
Total	2,453.63	3,028.37
Note No. 7 - Other Current Liabilities		
Current maturities of Long term debt	250.00	62.50
Interest accrued but not due on borrowings	16.85	28.97
Income received in advance - Unexpired Annual Maintenance Contracts	33.84	41.17
Other payables :		
Statutory Liabilities	359.77	117.75
Security Deposits	91.77	93.20
Employee Related	227.35	134.72
Liability towards expenses	1,286.59	759.10
Total	2,266.17	1,237.41
Note No. 8 - Short Term Provisions		
(a) Employee benefits		
Leave Encashment	6.72	17.15
(b) Warranty	344.62	230.16
(c) Expenses	1,032.50	863.94
Total (a) + (b) + (c)	1,383.84	1,111.25

Notes to Balance Sheet (Contd.)

Note No. 9 - Fixed Assets									
Fixed Assets	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 01.04.2016 ₹ in Lakhs	Additions ₹ in Lakhs	Disposals ₹ in Lakhs	Balance as at 31.03.2017 ₹ in Lakhs	Balance as at 01.04.2016 ₹ in Lakhs	Depreciation charge for the year ₹ in Lakhs	Withdrawn on disposals ₹ in Lakhs	Balance as at 31.03.2017 ₹ in Lakhs	Balance as at 31.03.2016 ₹ in Lakhs
a) Tangible Assets									
Land	24.11	-	-	24.11	-	-	-	24.11	24.11
Assets under lease	199.15	-	-	199.15	6.33	2.11	-	190.71	192.82
Land Total	223.26	-	-	223.26	6.33	2.11	-	214.82	216.93
Buildings including improvements	1,261.40	56.93	167.33	1,151.00	613.71	145.07	130.18	522.40	647.69
Plant and Equipment	2,667.10	60.61	641.58	2,086.13	2,011.79	230.63	603.46	447.17	655.31
Furniture and Fixtures	314.06	29.59	28.25	315.40	172.67	60.27	14.35	96.81	141.39
Vehicles	57.98	26.03	57.35	26.66	12.19	4.34	13.63	23.76	45.79
Office equipment	858.24	104.95	78.39	884.80	658.61	125.42	74.33	175.10	199.63
Tangible Assets Total	5,382.04	278.11	972.90	4,687.25	3,475.30	567.84	835.95	1,480.06	1,906.74
b) Intangible Assets									
Computer software	201.57	18.81	6.73	213.65	175.12	27.54	6.73	17.72	26.45
Intellectual Property Rights	800.00	-	-	800.00	760.00	-	-	40.00	40.00
Business Rights	3,262.91	-	-	3,262.91	1,394.91	309.98	-	1,558.02	1,868.00
Intellectual Property and Business Rights Total	4,062.91	-	-	4,062.91	2,154.91	309.98	-	1,598.02	1,908.00
Intangible Assets Total	4,264.48	18.81	6.73	4,276.56	2,330.03	337.52	6.73	1,615.74	1,934.45
c) Intangible Assets under development			Capitalized						
Computer Software	2.10	-	2.10	-	-	-	-	-	2.10
Intangible Assets under development Total	2.10	-	2.10	-	-	-	-	-	2.10
Grand Total	9,648.62	296.92	981.73	8,963.81	5,805.33	905.36	842.68	3,095.80	3,843.29

Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03. 2017	As at 31.03.2016
Note No. 10 - Non-Current Investments - Traded Unquoted (At Cost)		
Trade Investments (at Cost)		
(a) Investment in Equity instruments	5.00	5.00
(b) Other investments	30.54	36.34
Total	35.54	41.34
Less : Share of expenses apportioned by TVS Shriram Growth Fund, Chennai	4.20	-
Grand Total	31.34	41.34

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 (9) is 'No' - Basis of Valuation
	(1)	(2)	(3)		(4)	(5)	(6)		(7)	(8)	(9)	(10)
			2017	2016			2017	2016	2017	2016		
(a)	Investment in Equity Instruments - Trade Unquoted											
	i) Prime Property Holdings Limited, Chennai (Equity)	Subsidiary	50,000	50,000	Unquoted	Fully paid	100%	100%	5.00	5.00	Yes	NA
	Sub Total								5.00	5.00		
(b)	Other investments:											
	Capital contribution to TVS Shriram Growth Fund, Chennai	Others	3,053.52	3,634.35	Unquoted	Fully paid	-	-	30.54	36.34	Yes	NA
	Less : Share of expenses apportioned byTVS Shriram Growth Fund, Chennai		(419.64)						(4.20)			
	Sub Total		2,633.88						26.34	36.34		
	Total	Vide Note No: 10							31.34	41.34		

Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 11 - Long Term Loans and Advances - Unsecured, considered good		
a. Capital Advances	14.16	14.52
(a)	<u>14.16</u>	<u>14.52</u>
b. Security Deposits	2,839.01	2,929.48
(b)	<u>2,839.01</u>	<u>2,929.48</u>
c. Others :		
(i) Balance with Statutory Authorities:		
Customs	-	13.60
Sales tax	-	12.22
Advance payment of income tax less provision	11.59	59.57
Income Tax Refund Receivable	211.91	106.62
	<u>223.50</u>	<u>192.01</u>
(ii) Advances to Vendors	102.52	96.48
(c)	<u>326.02</u>	<u>288.49</u>
Total (a+b+c)	<u>3,179.19</u>	<u>3,232.49</u>
 Note No. 12 - Other non-current assets		
Claims Receivable - Sales Tax	43.03	40.23
Total	<u>43.03</u>	<u>40.23</u>
 Note No. 13 - Inventories		
a. Raw Materials and components (at Cost)		
Components	588.27	309.85
Indirect material	19.72	13.94
Goods-in transit	246.38	217.09
	<u>854.37</u>	<u>540.88</u>
b. Finished goods (at Cost or Net realisable value whichever is lower)		
Manufactured	288.91	271.24
Traded	13,695.65	3,019.88
Goods-in transit	471.60	250.86
	<u>14,456.16</u>	<u>3,541.98</u>
Total (a+b)	<u>15,310.53</u>	<u>4,082.86</u>

Notes to Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 14 - Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	12,621.24	2,865.64
	<u>12,621.24</u>	<u>2,865.64</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	46.35	22.92
Unsecured, considered doubtful	55.54	36.95
	<u>101.89</u>	<u>59.87</u>
Less: Provision for doubtful debts	55.54	36.95
	<u>46.35</u>	<u>22.92</u>
Total	<u>12,667.59</u>	<u>2,888.56</u>
Note No. 15 - Cash and Cash equivalents		
a. Balances with banks	1,200.89	440.60
b. Cheques, drafts on hand	16.45	116.82
c. Cash on hand	6.84	7.63
Total (a+b+c)	<u>1,224.18</u>	<u>565.05</u>
Note No. 16 - Short-term Loans and Advances		
Balance with Statutory Authorities:		
Sales Tax	197.86	220.98
Central Excise	23.36	38.44
Advance payment of income tax less provision and tax deducted at source	259.37	294.19
Income Tax Refund Receivable	91.26	-
Others		
Prepaid expenses	113.05	54.63
Employee Advances	10.51	14.61
Loans and advances to related party	150.00	150.00
Total	<u>845.41</u>	<u>772.85</u>
Note No. 17 - Other current assets		
a. Interest Receivable	0.22	0.18
b. Unbilled Revenue	387.41	255.84
c. Insurance Claim Receivable	47.81	5.80
Total (a+b+c)	<u>435.44</u>	<u>261.82</u>

Notes to Statement of Profit and Loss

₹ in Lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Note No. 18 - REVENUE FROM OPERATIONS		
Sale of products	25,343.66	23,260.79
Sale of products - Distribution Business	2,31,298.07	29,901.04
Service Income	5,533.68	6,405.18
Service Income - Distribution Business	714.11	44.59
Other operating revenues	12.33	10.21
	<u>2,62,901.85</u>	<u>59,621.81</u>
Less: Excise duty	398.63	272.40
Total	<u>2,62,503.22</u>	<u>59,349.41</u>
Note No. 19 - OTHER INCOME		
Interest	59.25	28.15
Profit on sale of investments	7.62	3.61
Profit on sale of fixed assets	5.09	1.71
Foreign exchange fluctuation gain	63.41	117.99
Management Services	1.50	1.50
Other non-operating income	3.83	0.67
Total	<u>140.70</u>	<u>153.63</u>
Note No. 20 - COST OF MATERIALS CONSUMED AND CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS & STOCK-IN-TRADE		
A) COST OF MATERIALS CONSUMED		
a) Opening stock	540.88	638.54
b) Add: Purchases *	19,629.67	8,356.99
	<u>20,170.55</u>	<u>8,995.53</u>
c) Less: Closing stock	854.37	540.88
Total (A)	<u>19,316.18</u>	<u>8,454.65</u>
B) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS & STOCK-IN-TRADE		
a) Opening stock		
Finished Goods	271.24	352.65
Less: Excise Duty on Finished Goods	2.95	4.98
	<u>268.29</u>	<u>347.67</u>
(i)		
b) Closing stock:		
Finished Goods	288.91	271.24
Less: Excise Duty on Finished Goods	1.57	2.95
	<u>287.34</u>	<u>268.29</u>
(ii)		
Total (B)	<u>(19.05)</u>	<u>79.38</u>
Add: (Less): Excise Duty on opening and closing of Finished Goods (Net)	1.38	2.03
	<u>(17.67)</u>	<u>81.41</u>
GRAND TOTAL [A + B]	<u>19,298.51</u>	<u>8,536.06</u>
PURCHASES OF STOCK-IN-TRADE		
a) Opening stock	3,270.74	1,798.01
b) Add: Purchases **	2,32,448.28	40,155.71
	<u>2,35,719.02</u>	<u>41,953.72</u>
c) Less: Closing stock	14,167.25	3,270.74
Consumption of Traded Items	<u>2,21,551.77</u>	<u>38,682.98</u>

* Components and parts of Computer Peripherals ** Finished goods of Computer Peripherals viz., Point of sale products Keyboards and mobile phones.

Notes to Statement of Profit and Loss (Contd.)

₹ in Lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Note No. 21 - EMPLOYEE BENEFITS		
Salaries and wages	2,663.55	2,400.21
Leave Encashment	9.50	4.02
Contributions to Provident & other funds	187.29	148.90
Stock Option Scheme (ESOP)	77.70	86.05
Welfare expenses	177.15	200.58
Total	3,115.19	2,839.76
Note No. 22 - FINANCE COSTS		
Interest expense	217.02	551.94
Other borrowing costs - Loan processing charges	27.64	21.46
Total	244.66	573.40
Note No. 23 - OTHER EXPENSES *		
Consumption of stores and spares	59.80	102.68
Power and Fuel	162.82	169.88
Rent	923.96	878.19
Repairs & Maintenance a) Building	338.45	295.83
b) Plant & Equipment	37.49	28.12
c) Office Equipments	294.78	313.35
d) Vehicle	2.79	3.80
Insurance	137.36	102.44
Rates and Taxes (excluding taxes on income)	134.31	74.36
Audit Fees [Refer Note 26 (6)]	21.82	20.03
Directors Sitting Fees	20.50	16.00
Loss on Sale and Discarding of Assets	97.58	19.84
Business Support Service Charges	9,920.34	1,199.14
Travelling & Conveyance	490.86	480.18
Legal & Consultancy	610.34	502.20
Outsource Staffing Services	1,848.20	1,747.98
Miscellaneous expenses	1,794.86	1,726.51
(Under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs 1 lakh, whichever is higher)		
Total	16,896.26	7,680.53



Notes to Statement of Profit and Loss (Contd.)

₹ in Lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Note No. 24 - EXCEPTIONAL ITEMS		
Profit on sale of investment	-	189.43
Total	-	189.43
Note No. 25 - EXTRAORDINARY ITEMS		
Income from sale of land	-	23.39
Total	-	23.39

Notes to Accounts

26 - 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 the net worth of the Company is less than Rs.500 Cr (net worth as on 31st March, 2014, Rs.35.51 Cr), the Company is required to comply with Ind AS for the accounting period beginning on or after 1st April, 2017 as per Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

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. Finished goods and traded goods are valued at the aggregate of material cost, applicable duties and 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 Goods-In-Transit, both Raw materials and Traded items sent by supplier on FOB basis are recognized based on Confirmation received from the Vendor regarding the despatch of goods. Goods-in-Transit available at Bonded Warehouses are recognized based on Bond Statement / Confirmation from authorities.
- d 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

The Board of Directors have recommended a dividend of fifty paise per equity share of face value of ₹10 each for the financial year ended 31.03.2017. The dividend will be paid / despatched to the shareholders within 30 days from the date of approval in the ensuing Annual General Meeting.

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 31.03.2017	₹ in Lakhs As at / Year ended 31.03.2016
i) Expenses		
Employees Welfare	3.47	3.51
Repairs and Maintenance - Plant and Equipment	-	1.43
Other expenses	-	3.96
	<u>3.47</u>	<u>8.90</u>

AS - 6 Depreciation Accounting

This Standard is clubbed with Accounting Standard-10.

AS - 7 Construction Contracts

This Accounting Standard is not applicable.

AS - 8 Research and Development

This Accounting Standard is withdrawn.

Notes to Accounts (Contd.)

AS - 9 Revenue Recognition

- a Income and Expenditure are accounted on a going concern basis.
- b The Company's income consists of
 - i) sale of manufactured equipments,
 - ii) traded goods
 - iii) after sales service
 - iv) warranty management & repair services
 - v) information technology (IT) related consultancy services
 - vi) e-auction services; and
 - vii) distribution services
- c Sale 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 ₹ 63.41 lakhs (Previous year ₹ 117.99 lakhs).
- e Interest income is recognised on a time proportion basis taking into account the amount of outstanding and the rate applicable.
- f In respect of domestic sale of manufactured and traded goods, income is recognised once the goods are delivered to the designated transporters of the customer or to transporters usually contracted by the Company. In respect of export sales income is recognised on the basis of "LET Export" certificate issued by Customs Authorities.
- g As regards Income from distribution services, the income is recognised on delivery of goods to customers.

AS - 10 Property, Plant and Equipment

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.

Depreciation has been provided on Straight Line Method on the basis of useful life of the assets as prescribed by Schedule II to the Companies Act, 2013.

During the year, cost of certain plant and equipment which were fully depreciated in earlier years and carried at NIL value in the books were removed with corresponding debit to accumulated depreciation reserve.

The useful life of the assets are arrived at by retaining 5% of the cost of asset as residual value except in the following where the residual value is arrived at on the basis of valuation. In respect of some unusable assets, depreciation has been accelerated and such unusable assets were written off retaining 5% of the cost. The accelerated depreciation so written off amounts to Rs. 93.12 Lakhs

On assets whose actual cost does not exceed ₹ 5,000 individually, depreciation has been provided at 100%.

Useful life of Tools & Moulds and Office Equipments are estimated at 3 years based on technical valuation.

In respect of Software, the useful life is estimated at 2 years.

Computers, Office Equipments, Furniture & Fixtures, Electrical Installations and Improvement to building taken on lease used in walk-in centres are depreciated over three years while the same category of assets in factory, branches, etc. are depreciated as per Schedule II of the Companies Act, 2013.

Component Accounting

Useful life of the whole asset and part of the asset :

In respect of all depreciable assets, it was ascertained that useful life of part of the asset is not significantly different from the "whole of assets". Accordingly, measurement of depreciation is same for component asset and whole of the asset.

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.

Notes to Accounts (Contd.)

AS - 11 Effects of Changes in foreign exchange rates

- 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.
- 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.
- Other income includes realised exchange fluctuation gain on Sale of products, Sale of services of ₹ 63.41 lakhs (Previous year ₹ 117.99 lakhs).
- Derivative transactions :

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

- Forward exchange contracts outstanding as at 31st March, 2017

				₹ in Lakhs	
				As at / Year ended 31.03.2017	As at / Year ended 31.03.2016
- Euro	NIL	(LY - 4,07,394)	equivalent to ₹	-	306.29
- JPY	NIL	(LY - NIL)	equivalent to ₹	-	-
- USD	17,85,000	(LY - 15,59,201)	equivalent to ₹	1,200.29	1,062.85

- Foreign currency exposures not covered by Forward exchange contracts as at 31st March, 2017

				₹ in Lakhs	
				As at / Year ended 31.03.2017	As at / Year ended 31.03.2016
- Euro	3,80,794	(LY - 2,79,249)	equivalent to ₹	274.49	203.69
- USD	98,301	(LY - 50,400)	equivalent to ₹	63.92	34.21

The company has not availed any External Commercial Borrowings.

AS - 12 Government Grants

The Company has not received any Government grants during the year. Investment subsidy received from Karnataka Industrial Area Development Board (KIADB) for its Tumkur factory related investment in the year 1993-94 is now transferred to General Reserve after Statutory retention period.

AS - 13 Accounting for Investments

All Investments are long term investments and are stated at cost.

Cost of investments held in TVS Shriram Growth Fund, Chennai as on 31st March 2017 - ₹ 30.53 lakhs (3053.52 units at Face Value of ₹ 1,000/-). The market value (NAV) of these units is ₹ 1,015/- as on 31st March 2017, as per the account statement provided by the Investee.

Share of expenses apportioned by the investee, amounting to ₹ 4.2 Lakhs (419.64 units) has been debited to the Statement of Profit & Loss, based on account statement.

As on 31st March 2017, the balance number of units is 2634 amounting to ₹ 26.34 Lakhs.

AS - 14 Accounting for Amalgamation

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

Notes to Accounts (Contd.)

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 benefit 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

₹ in Lakhs

	Gratuity As at / Year ended 31.03.2017	Leave Encashment As at / Year ended 31.03.2017
a) Expenses recognised in the Statement of Profit and Loss		
(i) Current Service Cost	27.20	1.71
(ii) Interest cost	13.59	4.32
(iii) Expected return on plan assets	(18.66)	-
(iv) Net actuarial loss / (gain) recognised in the year	46.96	20.81
Total	69.09	26.84
b) Change in defined benefit obligation during the year ended 31st March 2017		
Present Value of defined Obligation as at the beginning of the year (01-04-2016)	185.57	60.47
Interest Cost	13.59	4.32
Current Service Cost	27.20	1.71
Benefits Paid	(20.37)	(9.50)
Actuarial Gain / (Loss) on obligation	40.09	20.81
Present value of obligation as at the end of the year (31-03-2017)	246.08	77.81

Notes to Accounts (Contd.)

₹ in Lakhs

	Gratuity As at / Year ended 31.03.2017	Leave Encashment As at / Year ended 31.03.2017
c) Change in fair value of plan assets during the year ended 31st March 2017		
Fair value of planned assets at the beginning of the year (01-04-2016)	187.56	-
Expected Return on planned assets	18.66	-
Contributions	46.55	9.50
Benefits paid	(20.37)	(9.50)
Actuarial Gain / (Loss) on planned assets	(6.87)	-
Fair value of plan assets as at the end of the year (31-03-2017)	225.53	-
(d) Balance Sheet movements		
(i) Net assets/ (Liability) at the beginning of the year (01- 04-2016)	1.99	(60.47)
(ii) Contribution made during the year	46.55	9.50
(iii) Expenses	69.09	26.84
(iv) Net assets/ (Liability) at the end of the year (31-03-2017)	(20.56)	(77.81)
(e) Actuarial assumptions		
(i) Discount rate used	7.25%	7.25%
(ii) Expected return on plan assets	5.00%	5.00%
(iii) Salary escalation	9.30%	Not Applicable

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

The Company operates in two segments from 1st April, 2015 namely a) Information Technology related products and technical services and b) Distribution services. (Refer Note 26 (20)).

AS - 18 Related Party disclosure

Disclosure is made as prescribed by the Institute of Chartered Accountants of India. (Refer Note No. 26 (8)).

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 31.03.2017	₹ in Lakhs As at / Year ended 31.03.2016
Profit after tax before extraordinary income	716.10	412.55
Profit after tax after extraordinary income	716.10	431.18
Weighted average number of equity shares (For Basic EPS)	18,604,928	18,238,583
Weighted average number of equity shares (For Diluted EPS)	18,767,901	18,362,869
Nominal value of the shares	₹ 10/-	₹ 10/-
(i) Earnings per share (Before Extraordinary Income)		
- Basic (₹)	3.85	2.26
- Diluted (₹)	3.82	2.25
(ii) Earnings per share (after Extraordinary Income)		
- Basic (₹)	3.85	2.36
- Diluted (₹)	3.82	2.35

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 :

A) Liabilities:- Tax on Depreciation	213.19	368.85
Less:		
B) Assets:- Tax provisions on inadmissible under the Income Tax Act, 1961	(18.36)	(4.58)
A - B (Refer Balance Sheet)	194.83	373.43

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

The Company holds entire compulsorily convertible preference shares in Benani Foods Private Limited, Chennai (BFPL) through its wholly owned subsidiary, constituting 34.06% of total paid up share capital of BFPL. Hence, BFPL is an associate of the company.

AS - 24 Discontinuing Operations

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

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 principles as laid down in the Standard have been followed in the preparation of these results.

Notes to Accounts (Contd.)

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.

AS - 27 Financial Reporting of Interest in Joint Ventures

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

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 - ₹ 525.89 Lakhs (Previous Year - ₹ 354.84 Lakhs).

Contingent liabilities are disclosed in Note No.4 and Contested liabilities are disclosed in Note No. 5.

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 31.03.2017	As at / Year ended 31.03.2016
3	Trade Payables Includes:		
	Disclosure under Micro, Small and Medium Enterprises Development Act (MSMED), 2006.		
	i) Principal amount due to suppliers.	82.59	41.32
	ii) Interest accrued and due to suppliers on the above amount	-	-
	iii) Payment made to suppliers (other than interest) beyond the appointed day	-	-
	iv) Interest paid to suppliers in terms of Section 16 of MSMED Act, 2006	-	-
	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	-	-
4	Contingent liabilities and Commitments not provided for		
a	Contingent Liabilities		
	On Gurantees furnished by the Banks	297.32	245.14

Notes to Accounts (Contd.)

	As at / Year ended 31.03.2017	₹ in Lakhs As at / Year ended 31.03.2016
b Claims against the Company not acknowledged as debt	-	2.00
c On Letters of Credit opened with Banks	2,459.88	2,291.93
d Commitments		
Estimated amount of contracts remaining to be executed on capital account	24.47	88.15
5 Liability contested not provided for		
a) Sales Tax	57.36	57.36
b) Central Excise Duty	13.23	13.23
c) Income Tax	46.46	276.76
d) Provident Fund	55.86	-
6 Payment to Auditors		
a) As Auditor	12.65	12.60
b) For taxation matters	2.30	2.29
c) For other services	4.03	3.32
d) Reimbursement of expenses	2.84	1.82
Total	21.82	20.03

7 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 and following are the details

- During the year, 60,000 options granted earlier to the then Managing Director of the Company on 6th May, 2015 have been allotted on 6th May 2016. ESOP reserve of ₹ 1.7 Lakhs has been created during the year. Cumulative ESOP Reserve in the books of ₹ 17.25 Lakhs has been transferred to Securities premium on allotment of shares.
- Further, 3,00,000 options has been granted on 14th October, 2015 to the Chief Operating Officer of the Company, redesignated as Chief Executive Officer effective 04th May 2016 and ESOP Reserve of ₹ 76.00 Lakhs has been created during the year (Cumulative provision created ₹ 111.39 Lakhs).

8 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 Private Limited, Madurai (Ultimate Holding Company)	01.04.2016 to 31.03.2017
TVS Investments Limited (Holding Company of Reporting Entity)	01.04.2016 to 31.03.2017
Wholly owned Subsidiary	
Prime Property Holdings Limited, Chennai	01.04.2016 to 31.03.2017
Associate Company	
Benani Foods Private Limited, Chennai (Associate of wholly owned subsidiary)	01.04.2016 to 31.03.2017

Notes to Accounts (Contd.)

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

Fellow Subsidiaries

Sundaram-Clayton Limited, Chennai	01.04.2016 to 31.03.2017
TVS Motor Company Limited, Chennai	01.04.2016 to 31.03.2017
TVS Capital Funds Limited, Chennai	01.04.2016 to 31.03.2017

Other entities in which Reporting Entity has Significant Influence

Harita Techserv Limited, Chennai	01.04.2016 to 31.03.2017
----------------------------------	--------------------------

Key Management Personnel

Mr. K.E. Ranganathan - Managing Director	01.04.2016 to 30.06.2016
--	--------------------------

C) Particulars of transactions with Related Parties

		₹ in Lakhs
	As at / Year ended 31.03.2017	As at / Year ended 31.03.2016
(i) Services availed		
Harita Techserv Limited, Chennai	1.96	4.90
Sundaram-Clayton Limited, Chennai	11.84	7.45
TVS Investments Limited, Chennai	40.00	43.04
TVS Capital Funds Limited, Chennai	100.00	102.67
(ii) Sale of Materials / Fixed Assets		
TVS Motor Company Limited, Chennai	13.75	14.47
Sundaram-Clayton Limited, Chennai	1.23	0.41
TVS Capital Funds Limited, Chennai	-	2.08
(iii) Services rendered		
TVS Motor Company Limited, Chennai	95.80	87.73
TVS Capital Funds Limited, Chennai	9.80	8.69
Harita Techserv Limited, Chennai	0.10	0.61
Sundaram-Clayton Limited, Chennai	96.30	88.23
(iv) Loans granted to related parties		
Prime Property Holdings Limited, Chennai	-	150.00
(v) Receivable from Prime Property Holdings Limited, Chennai		
Loan	150.00	150.00
Interest	-	0.05
(vi) Amount outstanding as at Balance Sheet date		
a) Trade Receivables		
Sundaram-Clayton Limited, Chennai	20.78	12.51
TVS Motor Company Limited, Chennai	9.86	2.23
TVS Capital Funds Limited, Chennai	0.98	6.12

Notes to Accounts (Contd.)

	As at / Year ended 31.03.2017	₹ in Lakhs As at / Year ended 31.03.2016
b) Trade Payables		
TVS Investments Limited, Chennai	24.06	8.71
TVS Capital Funds Limited, Chennai	0.11	26.24
Sundaram-Clayton Limited, Chennai	3.70	3.78
Harita Techserv Limited, Chennai	2.50	1.77
(vii) Remuneration to Key Management Personnel		
Mr. K.E. Ranganathan - Managing Director		
1. Salary	22.50	60.00
2. Employee Stock Option Plan	1.70	15.55
9 Disclosure Pursuant to Sec 186 (4) of Companies Act, 2013		
Loan granted to Prime Property Holdings Limited, Chennai, wholly owned subsidiary	-	150.00
Purpose - To enable the subsidiary pursue investment activities and to pay advance income tax.		
10 Employee benefits include Bonus payable consequent to retrospective amendment of Payment of Bonus Act, 1965 with effect from 01.04.2014.	3.71	3.71
11 The provisions of Sec.135 of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to this Company.		
12 Disclosure on transactions in demonetised notes and other notes during the period 08.11.2016 and 30.12.2016		
	Specified Bank Notes	Other Denomination Notes
Closing cash in hand on 08/11/2016	14.38	0.85
(+) Permitted Receipts	-	149.19
(-) Permitted payments	-	-
(-) Amount Deposited in banks	14.38	145.92
Closing cash in hand on 30/12/2016	-	4.12

Notes to Accounts (Contd.)

Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 2013.

(Vide notification dated 30th October, 1973 of Department of Company Affairs, Government of India)

₹ in Lakhs

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
13 RAW MATERIALS & COMPONENTS CONSUMED				
1 Raw Material & Intermediates & Components Consumed				
i) Integrated Circuits		191.08		107.43
ii) Miscellaneous Items (which do not individually account for more than 10% of the value of the consumption)		19,108.62		8,428.63
		<u>19,299.70</u>		<u>8,536.06</u>
	% of total consumption	Amount	% of total consumption	Amount
2 Consumption of Raw materials & Components				
a) Imported	4.69%	905.16	21.16%	1,806.23
b) Indigenous	95.31%	18,394.54	78.84%	6,729.83
Total	<u>100.00%</u>	<u>19,299.70</u>	<u>100.00%</u>	<u>8,536.06</u>
14 CONSUMPTION OF MACHINERY SPARES				
a) Imported	32.93%	6.88	47.64%	12.98
b) Indigenous	67.07%	14.02	52.36%	14.26
Total	<u>100.00%</u>	<u>20.90</u>	<u>100.00%</u>	<u>27.24</u>
15 IMPORTS (CIF VALUE)				
a) Raw materials		44.01		23.32
b) Spares, Stores and Components		3,805.30		2,210.17
c) Capital goods		-		-
d) Traded goods		6,700.07		7,155.86
Total		<u>10,549.38</u>		<u>9,389.35</u>
16 OTHER EXPENDITURE IN FOREIGN CURRENCY				
Repairs & Maintenance		-		-
Travel & Conveyance		11.09		6.40
Consultancy, Legal fee & Retainers		10.10		8.99
Director Sitting fees		0.25		0.50
Marketing Expenses-Sales promotion Others		1.05		1.59
Consumables		-		4.34
17 SALE BY CLASS OF GOODS				
(a) Computer Peripherals		16,382.58		13,949.33
(b) Income on Services rendered		6,249.29		6,448.75
(c) Distribution Services		231,298.06		29,901.05
(d) Spares & Components		8,573.29		9,050.28
		<u>262,503.22</u>		<u>59,349.41</u>
18 EARNINGS IN FOREIGN EXCHANGE				
Exports - Components		4,598.74		6,178.38
		<u>4,598.74</u>		<u>6,178.38</u>
19 LICENSED AND INSTALLED CAPACITY				

Information is not required in view of the abolition of the Industrial Licensing requirements.

Disclosure Statement

20. Disclosure made in terms of Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

₹ in Lakhs

Particulars	Name of the Company	Remarks	Amount Outstanding as on 31.03.2017	Amount Outstanding as on 31.03.2016
A. LOANS AND ADVANCES				
1. Loans and Advances in the nature of Loans made to Subsidiary	Prime Property Holdings Limited, Chennai Maximum amount due at any time During the year During the previous year	150.00 150.00	150.00	150.00
B. INVESTMENTS				
1. Investments made in Subsidiary Company	Prime Property Holdings Limited, Chennai (50,000 equity shares of ₹ 10/- each) Maximum amount held at any time During the year During the previous year	5.00 5.00	5.00	5.00
2. Investment made by Holding Company	TVS Investments Limited, Chennai Maximum amount held at any time During the year During the previous year	1,116.01 1,116.01	1,116.01	1,116.01

21. Segment revenues, results and other information

₹ in Lakhs

Information about primary business segments

Particulars	Business Segment		
	IT Products & Technical Services	Distribution Services	Total
Revenue			
External Sales	30,889.67	232,012.18	262,901.85
Inter Segment Sales	-	-	-
Total Revenue	30,889.67	232,012.18	262,901.85
Less: Inter Segment Sales - Elimination	-	-	-
Net Revenue	30,889.67	232,012.18	262,901.85
Segmentwise results before interest and tax	(86.66)	963.49	876.83
Less: Interest	-	-	244.66
Profit before tax from ordinary activities before tax and exceptional items	-	-	632.17
Add: Exceptional items	-	-	-
Profit from ordinary activities before tax and after exceptional items	-	-	632.17
Add: Extraordinary items	-	-	-
Profit before tax after extraordinary items	-	-	632.17
Less: Tax expense	-	-	(83.93)
Profit After Tax	-	-	716.10
Segment Assets	17,585.27	19,023.74	36,609.01
Unallocated segment assets	-	-	223.50
Total Assets	17,585.27	19,023.74	36,832.51
Segment Liabilities	8,076.56	20,779.76	28,856.32
Unallocated segment liabilities	-	-	194.84
Total Liabilities	8,076.56	20,779.76	29,051.16
Total Cost incurred during the year to acquire segment assets	296.92	-	296.92
Segment depreciation/amortisation	905.36	-	905.36
Non-cash expenses / (income) other than depreciation / amortisation	-	-	77.70

Notes to Accounts (Contd.)

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

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

₹ in Lakhs

Description	Year ended 31.03.2017			Year ended 31.03.2016		
	Opening Stock	Production / Purchases meant for Sale	Closing Stock	Opening Stock	Production / Purchases meant for Sale	Closing Stock
	Value	Value	Value	Value	Value	Value
(A) MANUFACTURED ITEMS						
a) Computer Peripherals	140.83		114.16	344.10		140.83
b) Others	130.41		174.75	8.55		130.41
	271.24		288.91	352.65		271.24
(B) TRADED ITEMS						
a) Computer Peripherals	174.14		240.58	600.48		174.14
b) Mobile phones	2,067.41		12,750.21	-		2,067.41
b) Others	1,029.19		1,176.47	1,197.53		1,029.19
	3,270.74	232,448.29	14,167.26	1,798.01	40,155.71	3,270.74

For and on behalf of the Board

GOPAL SRINIVASAN

Chairman

KARTHI CHANDRAMOULI

Vice President - Finance & CFO

Chennai

May 12, 2017

PRAKASH KATAMA

Chief Executive Officer

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

Cash Flow Statement

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax and exceptional/extraordinary items	632.17	330.71
Adjustment for :		
Depreciation and amortisation expenses	905.36	859.60
Employee stock option expense	77.70	86.05
Interest Income	(59.25)	(28.15)
Profit on sale of assets	(5.09)	(1.71)
Profit on sale of investments	(7.62)	(3.61)
Loss on sale of assets	97.58	19.84
Interest paid	217.02	551.94
	<u>1,225.70</u>	<u>1,483.96</u>
Operating Profit before Working Capital changes	1,857.87	1,814.67
Adjustment for :		
Inventories	(11,227.67)	(1,293.65)
Trade Receivables	(9,779.03)	19.14
Loans and Advances	(113.93)	(407.22)
Other non-current / current assets	(176.42)	138.85
Trade Payables	19,976.74	2,148.51
Non Current / Current liabilities and provisions	<u>1,330.82</u>	<u>314.93</u>
	<u>10.51</u>	<u>920.56</u>
Net cash from operating activities (A)	1,868.38	2,735.23
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(296.92)	(648.19)
Intangible assets under development	2.10	(2.10)
Sale of Investments	17.62	96.66
Exceptional / Extraordinary items	-	212.82
Sale of fixed assets	44.46	2.45
Interest Income	59.25	28.15
Net cash from / (used in) investing activities (B)	(173.49)	(310.21)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital against Options under ESOP Scheme	6.00	53.00
Repayment of Loans	(824.74)	(1,534.35)
Interest paid	(217.02)	(551.94)
Net cash used in financing activities (C)	(1,035.76)	(2,033.29)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	659.13	391.73
Opening Cash and Cash equivalents as at 01.04.2016	565.05	173.32
Closing Cash and Cash equivalents as at 31.03.2017	1,224.18	565.05

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

As per our report of even date annexed

GOPAL SRINIVASAN
Chairman

PRAKASH KATAMA
Chief Executive Officer

For SUNDARAM & SRINIVASAN
Chartered Accountants

KARTHI CHANDRAMOULI
Vice President - Finance & CFO

S. NAGALAKSHMI
Company Secretary

Firm Registration No: 004207S

Chennai
May 12, 2017

M BALASUBRAMANIAM
Partner
Membership No: F 7945

Independent Auditors' Report on Consolidated Accounts

To
The Members of TVS Electronics Limited,
Chennai – 600 006.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TVS Electronics Limited, Chennai - 600 006 (hereinafter referred to as “the Holding Company”) and its wholly owned subsidiary (the Holding Company and its wholly owned subsidiary together referred to as “the Group”), its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”). While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms

Independent Auditors' Report on Consolidated Accounts (Contd.)

of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

The holding company has paid a sum of Rs. 1.50 lakhs as remuneration to its then Managing Director, in excess of the amount approved by the Central Government and provisions of section 197 of the Companies Act, 2013 read with schedule V. The holding company is taking steps to seek, from the Central Government, waiver of recovery of excess paid.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the wholly owned subsidiary company whose financial statements reflect total assets of Rs.960.94 lakhs as at 31st March, 2017, total revenues of Rs.126.41 lakhs and net cash inflow amounting to Rs. 72.29 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of loss of Rs. 63.66 lakhs for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of the associate, whose financial statements have not been audited by us. The wholly owned subsidiary's and associate's financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts

and disclosures included in respect of the wholly owned subsidiary, and the associate in terms of sub-sections (3) and (11) section 143 of the Act are based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on

Independent Auditors' Report on Consolidated Accounts (Contd.)

- 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its wholly owned subsidiary company and the associate company incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its wholly owned subsidiary company and its associate (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure 1".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements of the wholly owned subsidiary as noted in "Other Matters":
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 26(F)(v) to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate during the year.
 - iv. In the consolidated financial statements, holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016, by the Holding Company and its subsidiary company incorporated in India has been disclosed as required, on the basis of information available with the companies and these are in accordance with the books of accounts maintained by these companies. - Refer note no. 26(H) to the consolidated financial statements.

For Sundaram & Srinivasan

Chartered Accountants

Firm Registration No.: 004207S

M. BALASUBRAMANIAM

Place : Chennai

Partner

Chennai : May 12, 2017

Membership No. : F7945

Annexure to the Independent Auditors' Report on Consolidated Accounts

Annexure 1 - Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TVS ELECTRONICS LIMITED, CHENNAI ("the Holding Company"), its wholly owned subsidiary company and its associate, which are incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its wholly owned subsidiary company and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both

issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

Annexure to the Independent Auditors' Report on Consolidated Accounts (Contd.)

- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its wholly owned subsidiary company and its associate company, which

is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to its wholly owned subsidiary company and its associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Sundaram & Srinivasan

Chartered Accountants

Firm Registration No.: 004207S

M. BALASUBRAMANIAM

Place : Chennai

Partner

Chennai : May 12, 2017

Membership No. : F7945



Consolidated Balance Sheet as at 31st March, 2017

₹ in Lakhs

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1	1,861.28	1,855.28
(b) Reserves and surplus	2	4,009.07	3,249.98
		<u>5,870.35</u>	<u>5,105.26</u>
2 Non-current liabilities			
(a) Long-term borrowings	3	187.50	437.50
(b) Deferred tax liabilities (Net)		194.83	373.43
(c) Other Long term liabilities	4	27.20	43.87
(d) Long-term provisions	5	252.36	211.87
		<u>661.89</u>	<u>1,066.67</u>
3 Current liabilities			
(a) Short-term borrowings	6	2,453.63	3,028.37
(b) Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises		82.59	41.32
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		24,843.72	4,908.25
(c) Other current liabilities	7	2,268.43	1,238.80
(d) Short-term provisions	8	1,394.19	1,111.25
		<u>31,042.56</u>	<u>10,327.99</u>
TOTAL		<u><u>37,574.80</u></u>	<u><u>16,499.92</u></u>
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	9		
(i) Tangible assets		1,480.06	1,906.74
(ii) Intangible assets		1,615.74	1,934.45
(iii) Intangible assets under development		-	2.10
(b) Non-current investments	10	707.59	899.55
(c) Long-term loans and advances	11	3,205.78	3,258.61
(d) Other non-current assets	12	43.03	40.23
		<u>7,052.20</u>	<u>8,041.68</u>
2 Current assets			
(a) Inventories	13	15,310.53	4,082.86
(b) Trade receivables	14	12,667.59	2,888.56
(c) Cash and cash equivalents	15	1,333.63	602.20
(d) Short-term loans and advances	16	775.41	622.85
(e) Other current assets	17	435.44	261.77
		<u>30,522.60</u>	<u>8,458.24</u>
TOTAL		<u><u>37,574.80</u></u>	<u><u>16,499.92</u></u>
Notes on Accounts	26		

For and on behalf of the Board

GOPAL SRINIVASAN
Chairman

KARTHI CHANDRAMOULI
Vice President - Finance & CFO
Chennai
May 12, 2017

PRAKASH KATAMA
Chief Executive Officer

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, 2017

₹ in Lakhs

Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
I. Revenue from operations (Gross)	18	262,901.85	59,621.81
Less: Excise Duty		398.63	272.40
Revenue from operations (Net)		262,503.22	59,349.41
II. Other income	19	248.95	294.25
III. Total Revenue (I + II)		262,752.17	59,643.66
IV. Expenses:			
Cost of materials consumed	20	19,316.18	8,454.65
Purchases of Stock-in-Trade	20	221,551.77	38,682.98
Changes in inventories of finished goods & stock-in-trade	20	(17.67)	81.41
Employee benefits	21	3,115.19	2,839.76
Finance costs	22	245.42	573.41
Depreciation and Amortization expense		905.36	859.60
Other Expenses	23	16,966.55	7,696.71
Total Expenses		262,082.80	59,188.52
V. Profit before exceptional and extraordinary items and tax (III - IV)		669.37	455.14
VI. Exceptional items	24	-	189.43
VII. Profit before extraordinary items and tax (V + VI)		669.37	644.57
VIII. Income from Extraordinary Items	25	-	23.39
IX. Profit before tax (VII + VIII)		669.37	667.96
X. Tax Expense:			
(1) Current tax		141.25	180.00
(2) Deferred tax		(178.60)	(2.65)
(3) Tax relating to earlier years		(38.33)	-
		(75.68)	177.35
XI. Profit for the period from continuing operations (IX - X)		745.05	490.61
XII. Share of Loss of Associate		63.66	-
XIII. Profit for the Period (XI-XII)		681.39	490.61
XIV. Earnings per equity share in ₹ : (Refer Note 26(1)-AS 20)			
EPS before Extraordinary Income			
(1) Basic		3.66	2.59
(2) Diluted		3.63	2.57
EPS after Extraordinary Income			
(1) Basic		3.66	2.69
(2) Diluted		3.63	2.67
Notes on Accounts	26		

For and on behalf of the Board

GOPAL SRINIVASAN
Chairman

KARTHI CHANDRAMOULI
Vice President - Finance & CFO
Chennai
May 12, 2017

PRAKASH KATAMA
Chief Executive Officer

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 31.03.2017		As at 31.03.2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Authorised				
Equity Shares of par value of ₹ 10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Issued				
Equity Shares of par value of ₹ 10/- each	1,86,12,818	1,861.28	1,85,52,818	1,855.28
Subscribed & Paid up				
Equity Shares of ₹ 10 each fully paid	1,86,12,818	1,861.28	1,85,52,818	1,855.28
Total Share Capital	1,86,12,818	1,861.28	1,85,52,818	1,855.28

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	18,552,818	1,855.28
Shares allotted during the year	60,000	6.00
Shares outstanding at the end of the year	18,612,818	1,861.28

Right and preferences attached to equity share:

- (i) (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, 2013.
- (ii) There are no restrictions attached to the equity shares.

Shares allotted during the year:

60,000 numbers of equity shares were allotted on 18th May, 2016 to the holder of 60,000 numbers of options under ESOP Scheme, 2011 granted on 6th May, 2015 to Mr. K.E. Ranganathan to the then Managing Director.

On receipt of the face value of ₹ 6 Lakhs, premium recognised under ESOP Reserve of ₹ 17,25,000/- 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 31.03.2017	As at 31.03.2016
TVS Investments Limited, Chennai	11,160,093	11,160,093

Details of shareholders holding more than five per cent of paid up capital

Name of the Shareholder	No. of Shares held	
	As at 31.03.2017	As at 31.03.2016
TVS Investments Limited, Chennai	11,160,093	11,160,093

Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 2 - Reserves and Surplus		
a. Capital Reserves		
Balance at the beginning of the year	60.60	60.60
Closing Balance (a)	60.60	60.60
b. Securities Premium Account		
Balance at the beginning of the year	1,436.00	1,326.55
Add : Securities premium on allotment during the year	17.25	109.45
Closing Balance (b)	1,453.25	1,436.00
c. Share Options Outstanding Account		
Balance at the beginning of the year	50.94	74.34
(+) Current Year Transfer	77.70	86.89
(-) Transferred to Securities premium Account	17.25	109.45
(-) Written Back in Current Year	-	0.84
Closing Balance (c)	111.39	50.94
d. Other Reserves:		
General Reserve		
Balance at the beginning of the year	294.27	294.27
(+) Transfer from Investment Subsidy	15.00	-
Closing Balance (d)	309.27	294.27
e. Investment Subsidy		
Balance at the beginning of the year	15.00	15.00
(-) Transferred to General Reserve	15.00	-
Closing Balance (e)	-	15.00
f. Surplus i.e. Balance in the Statement of Profit & Loss		
Balance in the Statement of Profit & Loss as at the beginning of the year	1,393.17	902.56
(+) Net Profit/(Net Loss) For the current year	681.39	490.61
Closing Balance (f)	2,074.56	1,393.17
Total = (a)+(b)+(c)+(d)+(e)+(f)	4,009.07	3,249.98

Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 3 - Long-term borrowings		
Secured		
Term loan		
From bank #	187.50	437.50
(Secured by first pari passu hypothecation charge on the entire fixed assets of the company excluding intangible assets)		
Total	<u>187.50</u>	<u>437.50</u>
(a) Description of loan (Granted on 5 th March, 2016)	Corporate Loan	
(b) Total Loan repayable over term of loans	500.00	
Payable after one year moratorium		
(c) Frequency of repayment(s)	Quarterly	
(d) No. of instalments	8	
(e) Amount payable in each instalment	62.50	
(f) Maturity Date	05.03.2019	
(g) Loan repaid in FY 2016-17	62.50	
(h) Loan repayable in FY 2017-18	250.00	
(i) Loan Balance as on 31.03.2017 (included in Long term Borrowings)	187.50	
Note No. 4 - Other Long-Term Liabilities		
Income received in advance		
Unexpired Annual Maintenance Contracts	27.20	43.87
Total	<u>27.20</u>	<u>43.87</u>
Note No. 5 - Long-Term Provisions		
(a) Employee benefits		
Leave encashment	71.08	57.16
(b) Warranty	181.28	124.69
(c) Expenses	-	24.37
(d) Tax	-	5.65
Total (a) + (b) + (c) + (d)	<u>252.36</u>	<u>211.87</u>

Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 6 - Short-Term Borrowings		
SECURED		
Loans repayable on demand		
From bank	2,453.63	3,028.37
(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).		
Total	2,453.63	3,028.37
Note No. 7 - Other Current Liabilities		
Current maturities of Long term debt	250.00	62.50
Interest accrued but not due on borrowings	16.85	28.97
Income received in advance-Unexpired Annual Maintenance Contracts	33.84	41.17
Other payables :		
Statutory Liabilities	361.64	118.75
Security Deposits	91.77	93.20
Employee's Related	227.35	134.72
Liability towards expenses	1,286.98	759.49
Total	2,268.43	1,238.80
Note No. 8 - Short Term Provisions		
(a) Employee benefits		
Leave Encashment	6.72	17.15
(b) Warranty	344.62	230.16
(c) Expenses	1,032.50	863.94
(d) Provision for Tax	10.35	-
Total (a) + (b) + (c) + (d)	1,394.19	1,111.25

Notes to Consolidated Balance Sheet (Contd.)

Note No. 9 - Fixed Assets		Gross Block				Accumulated Depreciation				Net Block	
Fixed Assets	Balance as at 01.04.2016 ₹ in Lakhs	Additions ₹ in Lakhs	Disposals ₹ in Lakhs	Balance as at 31.03.2017 ₹ in Lakhs	Balance as at 01.04.2016 ₹ in Lakhs	Depreciation charge for the year ₹ in Lakhs	Withdrawn on disposals ₹ in Lakhs	Balance as at 31.03.2017 ₹ in Lakhs	Balance as at 31.03.2017 ₹ in Lakhs	Balance as at 31.03.2016 ₹ in Lakhs	
a) Tangible Assets											
Land	24.11	-	-	24.11	-	-	-	-	24.11	24.11	
Assets under lease	199.15	-	-	199.15	6.33	2.11	-	8.44	190.71	192.82	
Land Total	223.26	-	-	223.26	6.33	2.11	-	8.44	214.82	216.93	
Buildings including improvements	1,261.40	56.93	167.33	1,151.00	613.71	145.07	130.18	628.60	522.40	647.69	
Plant and Equipment	2,667.10	60.61	641.58	2,086.13	2,011.79	230.63	603.46	1,638.96	447.17	655.31	
Furniture and Fixtures	314.06	29.59	28.25	315.40	172.67	60.27	14.35	218.59	96.81	141.39	
Vehicles	57.98	26.03	57.35	26.66	12.19	4.34	13.63	2.90	23.76	45.79	
Office equipment	858.24	104.95	78.39	884.80	658.61	125.42	74.33	709.70	175.10	199.63	
Tangible Assets Total	5,382.04	278.11	972.90	4,687.25	3,475.30	567.84	835.95	3,207.19	1,480.06	1,906.74	
b) Intangible Assets											
Computer software	201.57	18.81	6.73	213.65	175.12	27.54	6.73	195.93	17.72	26.45	
Intellectual Property Rights	800.00	-	-	800.00	760.00	-	-	760.00	40.00	40.00	
Business Rights	3,262.91	-	-	3,262.91	1,394.91	309.98	-	1,704.89	1,558.02	1,868.00	
Intellectual Property and Business Rights Total	4,062.91	-	-	4,062.91	2,154.91	309.98	-	2,464.89	1,598.02	1,908.00	
Intangible Assets Total	4,264.48	18.81	6.73	4,276.56	2,330.03	337.52	6.73	2,660.82	1,615.74	1,934.45	
c) Intangible Assets under development			Capitalized								
Computer Software	2.10	-	2.10	-	-	-	-	-	-	2.10	
Intangible Assets under development Total	2.10	-	2.10	-	-	-	-	-	-	2.10	
Grand Total	9,648.62	296.92	981.73	8,963.81	5,805.33	905.36	842.68	5,868.01	3,095.80	3,843.29	

Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 10 - Non-Current Investments - Trade Unquoted (At Cost)		
Trade Investments (at Cost)		
(a) Investment in Equity instruments	60.00	60.00
(b) Other Investments	647.59	839.55
Total	707.59	899.55

Details of Non-Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Un-quoted	Partly Paid / Fully paid	Extent of Holding (%)		₹ in Lakhs		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			2017	2016			2017	2016	2017	2016		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a) Investment in Equity Instruments - Trade Unquoted												
	Equity shares of Rs.10 each in TVS Training and Services Limited, Chennai	Others	600,000	600,000	Unquoted	Fully paid	9.16%	9.16%	60.00	60.00	Yes	NA
	Sub Total (a)								60.00	60.00		
(b) Other investments:												
i)	Capital contribution to TVS Shriram Growth Fund, Chennai	Others	48,581.52	58,652.35	Unquoted	Fully paid	0	0	509.04	614.57	Yes	NA
	Less : Share of expenses apportioned by TVS Shriram Growth Fund, Chennai		(7,275.64)						(72.76)	0		
	Sub Total (b)		41,305.88						436.28	614.57		
ii)	Cumulative Compulsorily Convertible Participating Preference Share of ₹ 10 each in Benani Foods Private Limited	Associate	5,165.00	4,226.00	Unquoted	Fully paid	34%	100%	274.97	224.98	Yes	NA
	Less : Share of loss for the year								(63.66)			
	Total (c)								211.31			
	Total (a+b+c)	Vide Note No.10							707.59	899.55		

Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 11 - Long Term Loans and Advances - Unsecured, considered good		
a. Capital Advances	14.16	14.52
(a)	<u>14.16</u>	<u>14.52</u>
b. Security Deposits	2,839.01	2,929.48
(b)	<u>2,839.01</u>	<u>2,929.48</u>
c. Others:		
(i) Balance with Statutory Authorities:		
Customs	-	13.60
Sales tax	-	12.22
Advance payment of income tax less provision	11.59	59.57
Income Tax Refund Receivable	238.02	132.74
	<u>249.61</u>	<u>218.13</u>
(ii) Advances to Vendors	102.52	96.48
(iii) Interest receivable	0.48	-
(c)	<u>352.61</u>	<u>314.61</u>
Total (a+b+c)	<u>3,205.78</u>	<u>3,258.61</u>
Note No. 12 - Other non-current assets		
Claims Receivable - Sales Tax	43.03	40.23
Total	<u>43.03</u>	<u>40.23</u>
Note No. 13 - Inventories		
a. Raw Materials and components (at Cost)		
Components	588.27	309.85
Indirect material	19.72	13.94
Goods-in transit	246.38	217.09
	<u>854.37</u>	<u>540.88</u>
b. Finished goods (at Cost or Net realisable value whichever is lower)		
Manufactured	288.91	271.24
Traded	13,695.65	3,019.88
Goods-in transit	471.60	250.86
	<u>14,456.16</u>	<u>3,541.98</u>
Total (a+b)	<u>15,310.53</u>	<u>4,082.86</u>

Notes to Consolidated Balance Sheet (Contd.)

₹ in Lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Note No. 14 - Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	12,621.24	2,865.64
	<u>12,621.24</u>	<u>2,865.64</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	46.35	22.92
Unsecured, considered doubtful	55.54	36.95
	<u>101.89</u>	<u>59.87</u>
Less: Provision for doubtful debts	55.54	36.95
	<u>46.35</u>	<u>22.92</u>
Total	<u>12,667.59</u>	<u>2,888.56</u>
Note No. 15 - Cash and Cash equivalents		
a. Balances with banks	1,310.34	477.75
b. Cheques, drafts on hand	16.45	116.82
c. Cash on hand	6.84	7.63
Total (a+b+c)	<u>1,333.63</u>	<u>602.20</u>
Note No. 16 - Short-term Loans and Advances		
Balance with Statutory Authorities:		
Sales Tax	197.86	220.98
Central Excise	23.36	38.44
Advance payment of income tax less provision	259.37	294.19
Income Tax Refund Receivable	91.26	-
Others		
Prepaid expenses	113.05	54.63
Employee Advances	10.51	14.61
Loans and advances to related party	-	-
Share Application Money Pending Allotment	80.00	-
Total	<u>775.41</u>	<u>622.85</u>
Note No. 17 - Other current assets		
a. Interest Receivable	0.22	0.13
b. Unbilled Revenue	387.41	255.84
c. Insurance Claim Receivable	47.81	5.80
Total (a+b+c)	<u>435.44</u>	<u>261.77</u>

Notes to Consolidated Statement of Profit and Loss

₹ in Lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Note No. 18 - REVENUE FROM OPERATIONS		
Sale of products	25,343.66	23,260.79
Sale of products - Distribution Business	231,298.07	29,901.04
Sale of services	5,533.68	6,405.18
Sale of services - Distribution Business	714.11	44.59
Other operating revenues	12.33	10.21
Total	262,901.85	59,621.81
Excise duty	398.63	272.40
Total	262,503.22	59,349.41
Note No. 19 - OTHER INCOME		
Interest	65.97	32.76
Profit on sale of investments	7.62	56.12
Profit on sale of fixed assets	5.09	85.21
Foreign exchange fluctuation gain	63.41	117.99
Management Services	1.50	1.50
Other non-operating income	105.36	0.67
Total	248.95	294.25
Note No. 20 - COST OF MATERIALS CONSUMED AND CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS & STOCK-IN-TRADE		
A) COST OF MATERIALS CONSUMED		
a) Opening stock	540.88	638.54
b) Add: Purchases *	19,629.67	8,356.99
	20,170.55	8,995.53
c) Less: Closing stock	854.37	540.88
Total (A)	19,316.18	8,454.65
B) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS & STOCK-IN-TRADE		
a) Opening stock		
Finished Goods	271.24	352.65
Less: Excise Duty on Finished Goods	2.95	4.98
	(i) 268.29	347.67
b) Closing stock:		
Finished Goods	288.91	271.24
Less: Excise Duty on Finished Goods	1.57	2.95
	(ii) 287.34	268.29
Total (B)	(19.05)	79.38
Add: (Less): Excise Duty on opening and closing of Finished Goods (Net)	1.38	2.03
	(17.67)	81.41
GRAND TOTAL [A + B]	19,298.51	8,536.06
PURCHASES OF STOCK-IN-TRADE		
a) Opening stock	3,270.74	1,798.01
b) Add: Purchases **	232,448.28	40,155.71
	235,719.02	41,953.72
c) Less: Closing stock	14,167.25	3,270.74
Consumption of Traded Items	221,551.77	38,682.98

* Components and parts of Computer Peripherals ** Finished goods of Computer Peripherals viz., Point of sale products and Keyboards and mobile phones.

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

₹ in Lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Note No. 21 - EMPLOYEE BENEFITS		
Salaries and wages	2,663.55	2,400.21
Leave Encashment	9.50	4.02
Contributions to Provident & other funds	187.29	148.90
Employee Stock Option Scheme (ESOP)	77.70	86.05
Welfare expenses	177.15	200.58
Total	3,115.19	2,839.76
Note No. 22 - FINANCE COSTS		
Interest expense	217.78	551.95
Other borrowing costs - Loan processing charges	27.64	21.46
Total	245.42	573.41
Note No. 23 - OTHER EXPENSES *		
Consumption of stores and spares	59.80	102.68
Power and Fuel	162.82	169.88
Rent	923.96	878.19
Repairs & Maintenance a) Building	338.45	295.83
b) Plant & Equipment	37.49	28.12
c) Office Equipments	294.78	313.35
d) Vehicle	2.79	3.80
Insurance	137.36	102.44
Rates and Taxes (excluding taxes on income)	134.39	74.47
Audit Fees [Refer Note 26 (6)]	22.11	20.32
Directors Sitting Fees	20.50	16.00
Loss on Sale of Assets	97.58	19.84
Loss on Sale of Investments	0.07	-
Business Support Service Charges	9,920.34	1,199.14
Travelling & Conveyance	490.86	480.18
Legal & Consultancy	611.64	517.98
Outsource Staffing Services	1,848.20	1,747.98
Miscellaneous expenses	1,863.41	1,726.51
(Under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs 1 lakh, whichever is higher)		
Total	16,966.55	7,696.71
Note No. 24 - EXCEPTIONAL ITEMS		
Profit on sale of investment	-	189.43
Total	-	189.43
Note No. 25 - EXTRAORDINARY ITEMS		
Income from sale of land	-	23.39
Total	-	23.39

Notes to Consolidated Statement of Profit and Loss

26 Accounting Policies adopted in the preparation of Consolidated Accounts

A. Additional Information on Consolidated Financial Statements as prescribed by schedule III to Companies Act, 2013.

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit / (loss)	
	As a % of consolidated net assets	Amount (In lakhs)	As a % of consolidated profit or (loss)	Amount (In lakhs)
Parent				
TVS Electronics Limited, Chennai	87.57%	5,140.67	105.09%	716.10
Wholly Owned Subsidiary - Indian				
Prime Property Holdings Ltd. , Chennai	13.60%	798.33	4.25%	28.95
Associate - Indian				
Benani Foods Private Limited, Chennai	-0.33%	(19.20)	-9.34%	(63.66)
Sub-total (A)	-	5,919.80	-	681.39
Less : Inter Company Eliminations	-0.84%	(49.45)	-	-
Total	100.00%	5,870.35	100.00%	681.39

Note: Net Assets and share in profit or loss of Parent Company and its wholly owned subsidiary are as per the Standalone Financial Statements of the respective entities.

B. Basis of accounting

The financial statements relating to TVS Electronics Limited (parent company), its wholly owned subsidiary and its associate company are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

C. Principles of Consolidation

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 wholly owned subsidiary company duly certified by its auditor of the respective companies. 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.

D. Details of subsidiary Company and associate company considered in the consolidated accounts are:

Name of the subsidiary	Country of Incorporation	Shareholding as on	Extent of Holding (%)	
			Direct	Indirect
Prime Property Holdings Limited, Chennai	India	31.03.2017	100%	0.00
Benani Foods Private Limited, Chennai	India	31.03.2017	0.00	34.06%

E. 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.

F. 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.

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

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
G. CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
a) Contingent Liabilities		
On Gurantees furnished by the Banks	297.32	245.14
b) Claims against the Company not acknowledged as debt	-	2.00
c) On Letters of Credit opened with Banks	2,459.88	2,291.93
d) Commitments		
Estimated amount of contracts remaining to be executed on capital account	24.47	88.15
e) Liability contested not provided for		
a) Sales Tax	57.36	57.36
b) Central Excise Duty	13.23	13.23
c) Income Tax	46.46	276.76
d) Provident Fund	55.86	-
H. Trade Payables include:		
Disclosure under Micro, Small and Medium Enterprises Development Act (MSMED), 2006.		
i) Principal amount due to suppliers.	82.59	41.32
ii) Interest accrued and due to suppliers on the above amount	-	-
iii) Payment made to suppliers (other than interest) beyond the appointed day	-	-
iv) Interest paid to suppliers in terms of Section 16 of MSMED Act, 2006	-	-
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	-	-
I. Disclosure on transactions in demonetised notes and other notes during the period "08.11.2016 and 30.12.2016"		
	Specified Bank Notes	Other Denomination Notes
Closing cash in hand on 08/11/2016	14.38	0.85
(+) Permitted Receipts	-	149.19
(-) Permitted payments	-	-
(-) Amount Deposited in banks	14.38	145.92
Closing cash in hand on 30/12/2016	-	4.12

J. Segment revenues, results and other information

Information about primary business segments

₹ in Lakhs

Particulars	Business Segment							
	IT Products & Technical Services		Distribution Services		Property Development		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue								
External Sales	30,889.67	29,403.55	232,012.18	29,945.86	-	-	262,901.85	59,349.41
Inter Segment Sales	-	-	-	-	-	-	-	-
Total Revenue	30,889.67	29,403.55	232,012.18	29,945.86	-	-	262,901.85	59,349.41
Less: Inter Segment Sales - Elimination	-	-	-	-	-	-	-	-
Net Revenue	30,889.67	29,403.55	232,012.18	29,945.86	-	-	262,901.85	59,349.41
Segmentwise results before interest and tax	(86.66)	810.05	963.49	94.08	37.96	124.42	914.79	1,028.55
Less : Inter-segment loss							(63.66)	-
Less: Interest	-	-	-	-	-	-	245.42	573.41
Add: Exceptional items								189.43
Add : Extra ordinary income								23.39
Profit before tax	-	-	-	-	-	-	605.71	667.96
Less: Tax expense	-	-	-	-	-	-	(75.68)	(177.35)
Profit After Tax	-	-	-	-	-	-	681.39	490.61
Segment Assets	17,378.26	12,956.45	19,023.74	2,417.67	948.80	926.48	37,350.80	16,300.60
Unallocated segment assets	-	-	-	-	-	-	224.00	199.32
Total Assets	17,378.26	12,956.45	19,023.74	2,417.67	948.80	926.48	37,574.80	16,499.92
Segment Liabilities	8,087.41	3,902.59	20,779.76	3,645.74		7.09	28,867.17	7,555.42
Unallocated segment liabilities	-	-	-	-	-	-	194.83	373.43
Total Liabilities	8,087.41	3,902.59	20,779.76	3,645.74	-	7.09	29,062.00	7,928.85
Total Cost incurred during the year to acquire segment assets	296.92	647.09	-	1.10	-	-	296.92	648.19
Segment depreciation/amortisation	905.36	858.50	-	1.10		-	905.36	859.60
Non-cash expenses / (income) other than depreciation / amortisation	77.70		-	-	-	-	77.70	86.05

Consolidated Cash Flow Statement

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax and exceptional items	605.71	455.14
Adjustment for :		
Depreciation and amortisation expenses	905.36	859.60
Employee stock option expense	77.70	86.05
Interest Income	(65.97)	(32.76)
Profit on sale of assets	(5.09)	(85.21)
Profit on sale of investments (Net)	(7.62)	(56.08)
Loss on sale of assets	97.58	19.84
Interest paid	217.78	551.95
Operating Profit before Working Capital changes	1,219.74	1,343.39
Adjustment for :	1,825.45	1,798.53
Inventories	(11,227.67)	(1,293.65)
Trade Receivables	(9,779.03)	19.14
Loans and Advances	(202.65)	(142.22)
Other non-current / current assets	(176.47)	23.89
Trade Payables	19,976.74	2,148.52
Non Current / Current liabilities and provisions	1,336.39	315.68
	(72.69)	1,071.36
Direct taxes paid net of provision	-	(65.00)
Net cash from operating activities (A)	1,752.76	2,804.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(296.92)	(648.19)
Intangible assets under development	2.10	(2.10)
Sale of Investments	199.58	185.08
New Investments made	-	(234.98)
Exceptional / Extraordinary items	-	212.82
Sale of fixed assets	44.46	102.44
Interest Income	65.97	32.76
Net cash from / (used in) investing activities (B)	15.19	(352.17)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital against Options under ESOP Scheme	6.00	53.00
Repayment of Loans	(824.74)	(1,534.35)
Interest paid	(217.78)	(551.95)
Net cash used in financing activities (C)	(1,036.52)	(2,033.30)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	731.43	419.42
Opening Cash and Cash equivalents as at 01.04.2016	602.20	182.78
Closing Cash and Cash equivalents as at 31.03.2017	1,333.63	602.20

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

As per our report of even date annexed

GOPAL SRINIVASAN
Chairman

PRAKASH KATAMA
Chief Executive Officer

For SUNDARAM & SRINIVASAN
Chartered Accountants

KARTHI CHANDRAMOULI
Vice President - Finance & CFO

S. NAGALAKSHMI
Company Secretary

Firm Registration No: 004207S

Chennai
May 12, 2017

M BALASUBRAMANIAM
Partner
Membership No: F 7945

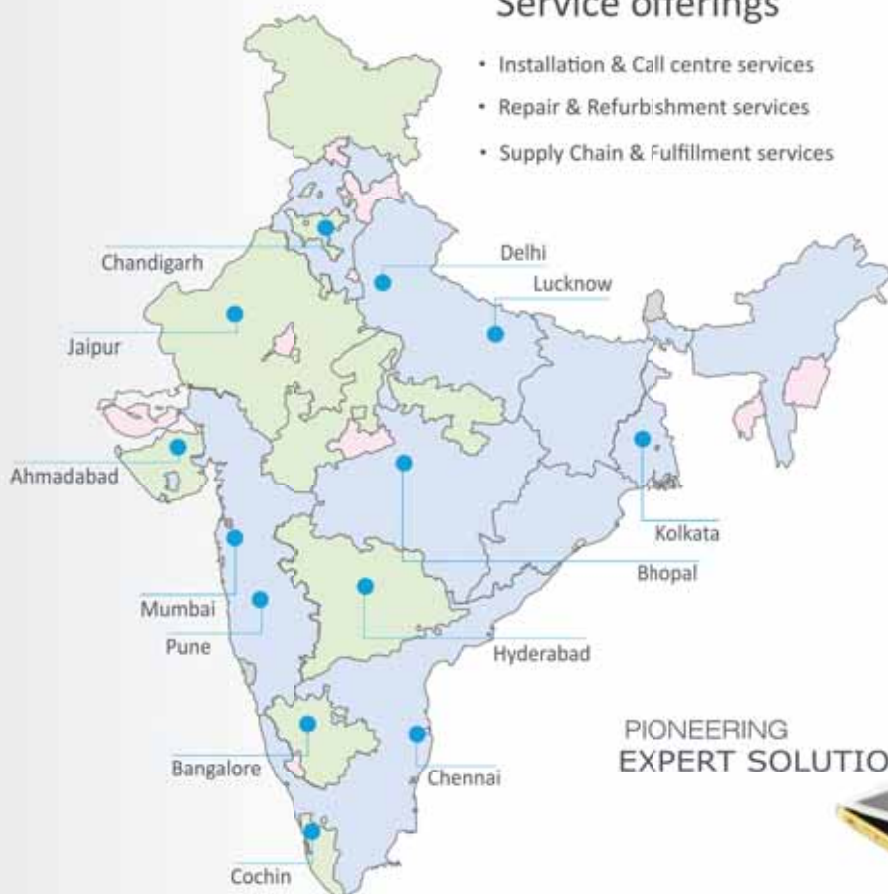


112



Service offerings

- Installation & Call centre services
- Repair & Refurbishment services
- Supply Chain & Fulfillment services
- Managed services
- E-auction services



13 BRANCH OFFICES

200+ AUTHORISED PARTNERS



1000+ QUALITY ENGINEERS



15 REPAIR CENTRES

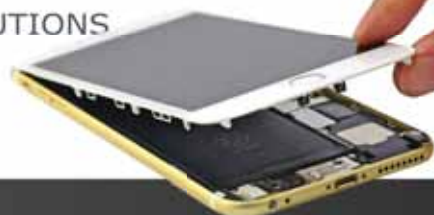
20+ WAREHOUSES / DROP POINTS



60+ EXCLUSIVE STORES FOR MULTIPLE BRANDS



PIONEERING
EXPERT SOLUTIONS



FUTURISTIC NETWORK



CUSTOMER DELIGHT FIRST

We are transcending traditional roles, creating amazing value for existing and prospective partnerships. Our team of experts deliver top notch solutions that exceed expectations, using revolutionary technology that is constantly evolving.

Strong adherence to core values and an iron will to satisfy customers inspires unstinting loyalty from them.

TVS Electronics Limited

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

www.tvs-e.in | Email: sales-support@tvs-e.in

Registered Office:

Jayalakshmi Estate, 29, Haddows Road, Chennai - 600 006