

# TVS ELECTRONICS LIMITED

18<sup>th</sup> ANNUAL REPORT 2012 - 2013

Touching Lives through Product Innovations



# *Make the **right** move, not just the **next** move.*

Built for the road ahead, backed by trust. Tough on the outside, yet sensitive to your business needs. When you buy a TVS-E product, you don't just get cutting-edge technology – you receive good business psychology.



## Contents

### TVS ELECTRONICS LIMITED

1. Board of Directors	...	2
2. Financial Highlights	...	3
3. Notice to the Shareholders	...	4
4. Directors' Report to the Shareholders	...	7
5. Report on Corporate Governance	...	15
6. Auditors' Report	...	25
7. Balance Sheet	...	28
8. Statement of Profit & Loss	...	29
9. Notes to Balance Sheet	...	30
10. Notes to Statement of Profit & Loss	...	38
11. Notes on Accounts	...	40
12. Disclosure-Clause 32 of the Listing Agreement	...	53
13. Cash Flow Statement	...	54
14. Statement relating to Subsidiaries	...	55

### CONSOLIDATED ACCOUNTS

1. Auditors' Report on Consolidated Accounts	...	56
2. Consolidated Balance Sheet	...	57
3. Consolidated Statement of Profit & Loss	...	58
4. Notes to Consolidated Balance Sheet	...	59
5. Notes to Consolidated Statement of Profit & Loss	...	67
6. Consolidated Cash Flow Statement	...	69
7. Accounting Policies on Consolidation	...	70
8. Disclosure of information relating to Subsidiaries	...	70

### Board of Directors

Gopal Srinivasan	Chairman
Srilalitha Gopal	
H Lakshmanan	
D Sundaram	
R Ramaraj	
Balu Doraisamy	
Kenneth Tai	
Praveen Chakravarty	

### Committees of the Board

#### Audit Committee

D Sundaram	Chairman
H Lakshmanan	
R Ramaraj	
Praveen Chakravarty	

#### Investors' Grievance Committee

R Ramaraj	Chairman
H Lakshmanan	
D Sundaram	

#### Remuneration/Compensation Committee

Balu Doraisamy	Chairman
Gopal Srinivasan	
H Lakshmanan	
R Ramaraj	
D Sundaram	

#### Company Secretary & Compliance Officer

S Nagalakshmi

#### Auditors

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

#### President & CEO

J N Sastry

#### Bankers

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

### Registered Office

"Jayalakshmi Estates"  
29, Haddows Road  
Chennai - 600 006  
Tel: 91-44-28277155

### Administrative Office

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

### Plant

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

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

### Share Transfer Agents

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

### Shares Listed at

BSE Limited  
National Stock Exchange of India Limited

## Financial Highlights - Ten Years at a glance

₹ in lakhs

Sl. No	Particulars	2003	2004-2005 #	2005-2006	2006-2007	2007-2008 @	2008-2009	2009-2010	2010-2011	2011-2012 \$	2012-2013
1.	<b>PROFIT AND LOSS ACCOUNT</b>										
	Revenue from operations	26,151	31,574	25,950	27,242	20,764	19,067	19,040	18,162	21,661	23,525
	Other Income	400	166	623	472	765	473	407	199	375	250
	<b>Total Income</b>	<b>26,551</b>	<b>31,740</b>	<b>26,573</b>	<b>27,714</b>	<b>21,529</b>	<b>19,540</b>	<b>19,447</b>	<b>18,361</b>	<b>22,036</b>	<b>23,775</b>
	Earnings before interest										
	Depreciation and Tax (EBITDA)	<b>1,515</b>	<b>1,773</b>	<b>1,631</b>	<b>1,652</b>	<b>2,615</b>	<b>439</b>	<b>666</b>	<b>1,083</b>	<b>1,303</b>	<b>1,080</b>
	Depreciation	521	754	743	702	522	476	449	396	504	619
	<b>Profit before Interest and Tax (EBIT)</b>	<b>994</b>	<b>1,019</b>	<b>888</b>	<b>950</b>	<b>2,093</b>	<b>(37)</b>	<b>217</b>	<b>686</b>	<b>799</b>	<b>461</b>
	Finance costs	508	470	600	764	603	522	721	623	659	965
	<b>PBT</b>	<b>486</b>	<b>549</b>	<b>288</b>	<b>186</b>	<b>1,490</b>	<b>(559)</b>	<b>(504)</b>	<b>64</b>	<b>141</b>	<b>(504)</b>
	Tax Expense	121	121	(27)	-	380	211	(161)	(90)	1	297
	<b>PAT</b>	<b>365</b>	<b>428</b>	<b>315</b>	<b>186</b>	<b>1,110</b>	<b>(770)</b>	<b>(343)</b>	<b>154</b>	<b>140</b>	<b>(801)</b>
2.	<b>BALANCE SHEET</b>										
	Share Capital	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,787	1,787
	Reserves & Surplus	1,935	2,196	2,354	2,371	3,296	2,523	2,176	2,324	2,464	1,664
	<b>Networth</b>	<b>3,702</b>	<b>3,963</b>	<b>4,121</b>	<b>4,138</b>	<b>5,063</b>	<b>4,290</b>	<b>3,943</b>	<b>4,091</b>	<b>4,251</b>	<b>3,451</b>
	Loan Funds	6,994	6,538	8,860	8,909	4,538	5,738	6,133	4,498	6,608	6,518
	<b>Capital Employed</b>	<b>10,696</b>	<b>10,501</b>	<b>12,981</b>	<b>13,047</b>	<b>9,601</b>	<b>10,028</b>	<b>10,076</b>	<b>8,589</b>	<b>10,859</b>	<b>9,969</b>
	Deferred Tax Liability	370	452	298	197	158	202	184	81	48	345
	<b>Total</b>	<b>11,066</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>	<b>10,260</b>	<b>8,670</b>	<b>10,907</b>	<b>10,314</b>
	<b>Net Fixed Assets</b>	<b>5,036</b>	<b>5,518</b>	<b>3,864</b>	<b>3,397</b>	<b>2,393</b>	<b>2,422</b>	<b>2,135</b>	<b>1,685</b>	<b>4,929</b>	<b>4,651</b>
	<b>Investments</b>	<b>1,636</b>	<b>1,637</b>	<b>1,642</b>	<b>1,692</b>	<b>626</b>	<b>1,501</b>	<b>1,501</b>	<b>2,551</b>	<b>811</b>	<b>214</b>
	Current Assets	12,422	11,000	12,815	13,090	10,596	10,828	9,827	7,526	9,445	9,261
	Current Liability & Provision	8,028	7,202	5,042	4,935	3,856	4,521	3,203	3,091	4,278	3,812
	<b>Net Current Assets</b>	<b>4,394</b>	<b>3,798</b>	<b>7,773</b>	<b>8,155</b>	<b>6,740</b>	<b>6,307</b>	<b>6,624</b>	<b>4,434</b>	<b>5,167</b>	<b>5,449</b>
	<b>Total</b>	<b>11,066</b>	<b>10,953</b>	<b>13,279</b>	<b>13,244</b>	<b>9,759</b>	<b>10,230</b>	<b>10,260</b>	<b>8,670</b>	<b>10,907</b>	<b>10,314</b>
3.	<b>RATIOS</b>										
	a) EPS (Rs)	2.1	2.4	1.8	1.1	6.3	(4.4)	(2.0)	0.9	0.8	(4.5)
	b) Dividend (%)	7.5	9.0	7.5	7.5	10.0	-	-	-	-	-
	c) Book Value per Share (Rs)	21	22	23	23	29	24	22	23	24	19
	d) Return on Capital Employed (ROCE %)	9.3%	9.7%	6.8%	7.3%	21.8%	(0.4)%	2.2%	8.0%	7.4%	4.6%
	e) Return on networth (RONW %)	9.9%	10.8%	7.7%	4.5%	21.9%	(18)%	(8.7)%	3.8%	3.3%	-23.2%
	f) Fixed Asset Turnover Ratio	5.4	6.0	5.5	7.5	7.2	7.9	8.4	9.5	6.6	4.9
	g) Working Capital Turnover Ratio	5.6	7.7	4.5	3.4	2.8	2.9	2.9	3.3	4.5	4.4
	h) Debt Equity Ratio	1.9	1.6	2.1	2.2	0.9	1.3	1.6	1.1	1.6	1.9
	i) EBITDA as % of Sales	5.8%	5.6%	6.3%	6.1%	12.6%	2.3%	3.5%	6.0%	6.0%	4.6%
	j) EBIT as % of Sales	3.8%	3.2%	3.4%	3.5%	10.1%	(0.2)%	1.1%	3.8%	3.7%	2.0%
	k) Net profit as % of Total Income	1.4%	1.3%	1.2%	0.7%	5.2%	(3.9)%	(1.8)%	0.8%	0.6%	-3.4%
	l) R&D (Revenue and Capital) Expenditure as a % of Total Income	1.3%	1.8%	1.7%	1.3%	1.5%	1.9%	1.1%	0.7%	0.5%	0.4%

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

RONW is Profit after Tax divided by Networth.

Movements in Reserves and Surplus represents changes in PAT net of dividend and dividend tax, movement in cost of ESOP and Investment Allowance. Fixed Assets Turnover Ratio is Sales divided by Average Net Fixed Assets as at the end of the year.

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

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

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

\$ PBT is after exceptional item of expenditure for the FY 2011-12 - Rs.20.61 Lakhs (Previous Year - Rs.62.25 Lakhs) and Loss from discontinuing operation for FY 2011-12 NIL (Previous Year - Rs.25 Lakhs).

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.

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



## Notice to the Shareholders

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G N Chetty Road, T Nagar, Chennai - 600 017 on Friday, the 23<sup>rd</sup> August, 2013 at 10:15 AM to transact the following business.

### ORDINARY BUSINESS

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

"RESOLVED THAT the Audited Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon as presented to the meeting be and the same are hereby approved and adopted".

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

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

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

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

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

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

**By Order of the Board**

Registered Office:  
"Jayalakshmi Estates"  
29, Haddows Road,  
Chennai - 600 006.  
20<sup>th</sup> May, 2013

**S. Nagalakshmi  
Company Secretary**

### NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members as the case may be of the Company. The instrument appointing the Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.

2. The Register of Members and the share transfer books of the Company will remain closed from Monday, 19<sup>th</sup> August, 2013 to Friday, 23<sup>rd</sup> August, 2013, both days inclusive.

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

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

4. Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding and trading.
5. 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.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
7. Members are requested to sign at the space provided on the attendance slip and hand over the same at the entrance of the meeting hall.
8. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to serve documents on its shareholders through electronic mode. Members are requested to support this green initiative by

## Notice to the Shareholders (Contd.)

registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with Company/its Share Transfer Agents.

9. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be appointed/re-appointed at this meeting, nature of their expertise in specific functional areas, their other Directorships and Committee Memberships, (only Audit Committee and Shareholders'/Investors' Grievances Committee) their shareholding in the Company and relationships between directors inter-se are given below:

### Mr. R. RAMARAJ

Mr. R Ramaraj, 63 years old, is a B.Tech in Chemical Engineering from the University of Madras and an MBA from the IIM, Calcutta. Beginning his career in Sales and Marketing, he went on to pioneer the retail marketing of computers in India by establishing Computer Point in 1984. He was a Founder Director of Microland Ltd before a stint in cellular telephony as Director, Sterling Cellular up to 1996. He was the Co-Founder and CEO of Sify and was the first Indian Internet Company from India to list on NASDAQ National Market in the US (NASDAQ –SIFY).

He was on the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers) for two terms. He was a member of the Global Board of Trustees of TIE (The Indus Entrepreneurs).

He was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September, 2000. In October 2000, Sify was voted the 'Company of the Year' at the Silicon India Annual Technology and Entrepreneurship Conference in San Jose, California, USA. In 2001, in a CNET.com poll in India, he was voted the IT Person of the Year 2000. He was invited by the UN General Secretary, Mr. Kofi Annan to be a member of UN's Working group on Internet Governance (WGIG). Under his leadership, the Company was voted 'ISP of the Year' at the second annual Internet World Asia Industry Awards, 2001 from among nominees such as NTT DoCoMo of Japan and Korea Thrunet. The nominations were for excellence based on strategic vision, innovation, customer service, bandwidth performance and connectivity.

In 2010, CII recognized him with a Life Time Achievement Award for nurturing the Spirit of Entrepreneurship and inspiring and mentoring numerous entrepreneurs. Currently

he is the Senior Advisor at Sequoia Capital. He is a Member of the Board of Governors of the Indian Institute of Management, Calcutta.

He is on the Board of Olympic Gold Quest (OGQ), a Not for Profit organization. OGQ is committed to bridging the gap between the best athletes in India and the best athletes in the world thus helping Indian athletes to win Olympic Gold medals. He is the Co-Founder and Director of Coaching Foundation of India, an organization that trains and certifies CEO Coaches.

He is a Member of the Audit Committee, Investors' Grievance Committee and Remuneration and Compensation Committee of the Company. He holds 35,000 Equity Shares in the Company. He is not related to any Director of the Company.

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

SI No	Name of the Companies	Position held	Committee Membership / Chairmanship
1	R S Software (India) Ltd	Director	Member - Audit Committee
2.	TVS-E Servicetec Limited	Director	Member - Audit Committee
3.	Universal Print Systems Ltd	Director	-
4.	Accel Frontline Limited	Director	Chairman - Audit Committee
5.	Madura Micro Finance Limited	Director	-
6.	Executive and Business Coaching Foundation of India Limited	Director	-
7.	Adiquity Technologies Pvt Ltd	Director	-
8.	iMerit Technology Services Pvt Ltd	Director	-
9.	Ideacts Innovations Private Limited	Nominee Director	-
10.	Kamani Oil Industries Pvt Ltd	Director	-
11.	MAPE Advisory Group Pvt Ltd	Director	-

The membership in Committee of other companies is also listed hereunder:

S. No.	Name of the Company	Committee Name	Position
1.	TVS-E Servicetec Limited	Audit Committee	Member
2	R S Software (India) Ltd	Audit Committee	Member
3	Accel Frontline Limited	Audit Committee	Chairman

## Notice To The Shareholders (Contd.)

### MR. KENNETH TAI

Mr. Kenneth Tai is the Chairman of InveStar Corp., DigiTimes Inc., and Richtek Technology Corp. In addition, Mr. Tai sits on the Board of various public-listed companies in Taiwan. Between 1976 and 1993, Mr. Tai co-founded and held senior positions in Acer Group where he was responsible for the sales and marketing strategy. Mr. Tai holds a Master's degree in Business Administration from Tamkang University, Taiwan and a Bachelor of Science degree in Electrical Engineering from National Chiao Tung University, Taiwan.

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

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

S. No.	Name of the Company	Position held
1.	Richtek Technology Corporation	Chairman
2.	Investar Capital Inc	Chairman
3.	Digitimes.Inc	Chairman
4.	Wafer Works Corporation	Director
5.	D-Link Corporation	Director
6.	Fullerton Technology Inc	Director
7.	Global Testing Corp. of Singapore	Director
8.	TVS Capital Funds Limited	Director

**By Order of the Board**

Registered Office:  
"Jayalakshmi Estates"  
29, Haddows Road,  
Chennai - 600 006.  
20<sup>th</sup> May, 2013

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



## Directors' Report to the Shareholders

The Directors hereby present their Eighteenth Annual Report on the business and operations of the Company and the financial accounts for the year ended 31<sup>st</sup> March, 2013.

### Financial Results

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

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Sales and other income	23775	22036
Earnings Before Interest & Tax (EBIT)	461	820
Profit/ (Loss) Before Tax (PBT) before exceptional items	(504)	161
Exceptional/Discontinuing Operations	-	(21)
Profit / (Loss) Before Tax	(504)	141
Profit / (Loss) after Tax (PAT)	(801)	140
Add: Brought forward from previous year	729	589
Add (Less): Tax relating earlier years	-	-
Total available for appropriations	(72)	729
Surplus in Profit and Loss account	(72)	729

### Business results and key highlights of operations

For the year ended 31<sup>st</sup> March, 2013, the Company reported Sales Revenue and Other Income of Rs.237.75 Cr as against Rs.220.36 Cr in the previous year. Sales include Rs.44.75 Cr from Services business (previous year Rs.23.33 Cr for six months).

The Company continues to grow in the "Point of Sale and Transaction Management Products" business consisting of Receipt and Invoice Printers, Label Printers, Bar Code Scanners, and accessories. About 15% growth has been seen as compared to previous year in this category. In terms of Go-to-market approach, the Company has evolved more direct customer engagement to grow its business.

The overall Dot Matrix Printer (DMP) market shrunk by 23% year on year in terms of volume and 17% in value and the Company managed to gain market share from competitors and thus increased its market share from 34% to 39% even under difficult market conditions.

Services business has shown healthy growth of 19% in the current year over the previous year. It added 4 new clients to the customer base. It also expanded its operations for walk-in customers providing repair of Smart Phones, which resulted in increased volumes by more than 50% over the planned

volumes. Correspondingly, revenues from this business grew during the 2<sup>nd</sup> half of the financial year.

However, some of the healthy revenue generating brands are slowing down in business volumes and hence profitability is under pressure.

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

### Growing the business

The Board of Directors of the Company in their Report for the Year 2011-12 had articulated the Industry Outlook, emerging trends in the Industry and key initiatives taken by the Company to move into a higher growth trajectory.

During the early part of 2013-14, the Company will be embarking on Sales Transformation and optimisation, Re-engineering Services Business and transforming its proven Manufacturing and Supply Chain capability into a business unit. In addition, the Company plans to build and evolve a Solutions Line of Business (LOB) under the Products Business Unit, which will be structured based on Industry verticals such as Banking and Financial Services, Hospitality, Healthcare and Retail areas. In approaching customers in these areas, Company will build partnerships with appropriate software vendors for each vertical.

Services business will continue its focus on acquiring new customers in the B2B, B2O and B2C spaces.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The year 2012-13 was difficult for the Industry in terms of continuously high inflation and also rupee depreciation by over 15% over the previous year. This resulted in deferment of the purchases by the enterprise customers and also the retail customers which had its effect on sales volume growth. This had its effect on pricing and consequently on the sales volume.

Significant allocation in the infrastructure budget in 2013-14 will drive further growth. Government of India aims to invest more than Rs.20,000 Crores in expanding broadband penetration. The Electronic chip making project, digitization of academic databases across educational institutions, vehicle databases,

driving license databases etc. are major focus areas. Increased allocation to education and banking facilities to all inhabitants are some positive drivers. Telecommunications will remain the largest spending area and expected to grow at annual 6.8% with more spending on enterprise network equipment.

### Industry Outlook

The overall PC sales (Desktop + Notebook) in India grew by 3.5%. The tablet revolution is hitting this area. The overreliance on Windows 8 and under estimation of tablet market hit the PC market hard. The consumer notebook market is an area which has seen a growth in IT channel. The commercial PC market is seeing longer tech life cycles. The market for 7 inch tablet is growing today with number of first time buyers in this area.

### Some key trends

- a. At retail level: The Indian retail industry experienced growth of 10.6% and expected to grow further. The organized retail constitutes to 8% of the total retail market and it is expected to gain higher market share in retail market.
- b. At business level: The Indian Small and Medium Sized Business (SMB) space today is largely dominated by micro scale businesses, contributing 95% of the SMB landscape followed by small scale businesses contributing 4.8% and rest 0.2% by medium scale businesses. 45% of SMBs are in the rural regions. 2/3<sup>rd</sup> of the SMBs are mobile and internet subscribers. The Government is spending in various IT projects such as unique identification project and National optical network fibre. The Government is expected to spend 10.5% over 2012 in IT including hardware, software, external IT services and telecommunications.

Stability in policy frame-work both at the Centre and the States is critical for sustenance and growth of business. Though overall sentiment for IT Hardware business remains slow & sluggish, with Tablet market taking the share of PC sales, sectors like Retail, Hospitality, Manufacturing, Logistics & Transportation, Health Care, Banking Financial Services & Insurance and e-Governance & Education are expected to accelerate their IT spends given their focus to increase their products and services penetration into Heart of India.

The Company visualizes increasing opportunities for the POS products and solutions in Banking and e-Governance spaces. The Government policy on FDI, will accelerate into the organized retail with multi brand and specialty stores. Dominance of unorganized retail, flexible credit options and convenient shopping locations will help traditional retail to continue dominance in retail sector. Smaller cities will witness growth and retail players would tap the potential in these cities.

The growing number of merchant establishments requiring digitization offers significant opportunities for the IT products. India is the fifth attractive emerging retail market. The Indian retail market contributes to 10% of the GDP. The retail market is growing @ CAGR of 25 - 20% annually. The Company is focusing on Point of sale business and leveraging the touch points of sales and service partners and positioning as "The touch points of India" and with the Company's theme of 'Taking IT to the Heart of India' the Company believes that customers prefer products that operate in humid and dusty environment with lowest cost of ownership and yet provide ease of operation and capability in Indian languages. The Company has witnessed growth in the POS business and growing consistently @ 15%.

With the expansion of economy and consequent expansion in the market for products like smart phones, ATMs etc., there is growing demand for warranty business and it is expected to grow significantly and as a national service provider with a country wide net work that we have and the expertise, there is potential for growing maintenance and repair services in the B2B and B2O and B2C areas.

### B. Business Risks & Opportunities

The Government has taken various e-Governance projects which involves IT Automation. The UID projects and schemes of Government are disbursed through Direct cash transfers which requires lot of data processing, authentication and payments to the deeper pockets in India. The domestic demand and consumption is leading to a significant need for data capturing, authentication processing and disseminating information etc. In every area of the economy the above need is increasingly becoming critical for success of businesses. The banking sector with its Financial Inclusion objective, organized retail with a need to penetrate more markets, logistics and supply chain wanting to efficiently reach more products and many other businesses with similar objectives are keen to increase automation right from the point of capture of data. Consequently, demand for many types of digital devices and services are expected to dramatically expand.

### C. Internal Control Systems and Risk Management

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

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

The Audit Committee of the Board reviews the findings and recommendations of the internal auditors periodically. The Company follows the policy of hedging forex risk on its imports by taking full cover. The Risk management frame work covering business, operational and financial risks is being continuously reviewed.

### D. Business Planning and Information Technology

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

### E. Human Resource Development

As on 31<sup>st</sup> March 2013, the Company has total strength of 611 employees, consisting of 187 employees in Products unit and 424 employees in Services unit. The Company has been successful in building a performance driven culture through a systematic performance evaluation process influencing total compensation and for personal development, training and leadership. The Company's human resource management strategies have supported in business growth in a challenging environment. The focus is to create an environment where performance is rewarded, respected and get opportunities to realise their potential. The Company's talent acquisition plan includes optimal mix of experienced and fresh hires with diverse educational, cultural & national backgrounds. The Company focuses on attracting the best talent and blends successfully the mid-career recruitment through growing internal talents. The diversity broadens the talent pool available to the Company, enriches the quality of workforce coming from different cultures and different outlook. The Company continues to invest training programmes for enhancing the competencies with skill base training and refresher training. The employee well being has always been priority with comprehensive health insurance policies. The Company has continuous engagement programme through quarterly communication meetings from the CEO desk and Award & Recognition programmes to motivate the employees by giving spot, monthly & quarterly awards. The compliance Cell in HR continues to keep track of employment and labour laws.

### F. Safety

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

### G. Corporate Social Responsibility

The Company continues to be actively engaged in Corporate Social Responsibility (CSR) initiatives for development of the

society through partnerships particularly to improve the lesser privileged communities. The Company has identified the following areas around which the Team CSR operates:

#### Health and hygiene:

The Company continues to run Healthcare programs for school children including initiatives to provide support for the children of Government Tribal Welfare School. Under the said Scheme, more than 5000 students have been covered.

#### Education:

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

#### Cautionary Statement

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

#### Awards and Recognitions

The Company has been awarded:

- i) VAR India Award for Best Key Board (Mechanical) 2012
- ii) VAR India Award for Best POS – Indian Brand 2012
- iii) CELLIT Awards 2012 – Favorite POS Printer brand
- iv) Best Partner Award for DELL for Field Services 2012.
- v) HTC Quietly Brilliant Customer Services Experience Award 2013.
- vi) Nokia Amazing Everyday Award 2013.

#### Change in legal structure of the Holding Company

Pursuant to the "Composite Scheme of Arrangement" sanctioned by Hon'ble High Court of Judicature at Madras, vide their Order dt. 3<sup>rd</sup> August, 2012, M/s. TVS Investments Ltd (TVSI) which has been the Holding Company of the Company (holding 60.69% as on 31<sup>st</sup> March, 2013) has become a wholly owned subsidiary of M/s. Sundaram Investments Ltd (SIL).

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

Accordingly, the Company has become an indirect Subsidiary of SIL as per Section 4(1)(c) of the Companies Act, 1956 from the effective date viz., 21<sup>st</sup> August, 2012.

However, there is no change in the status of holding of TVSI over the Company before and after the said Scheme. The Company continues to be a subsidiary of TVS Investments Limited.

### Subsidiary Companies

The Company has two subsidiaries viz. Prime Property Holdings Limited and Tumkur Property Holdings Limited.

Company has an investment of Rs.5 Lakhs comprising of 50,000 Equity Shares of Rs.10/- each in M/s. Tumkur Property Holdings Limited (TPHL). Since, the network of TPHL had fully eroded due to accumulated losses, as on 31<sup>st</sup> March, 2013, Company's investment in TPHL to the extent of Rs.5 Lakhs had been fully diminished and provided for in the books of accounts of the Company as on 31<sup>st</sup> March 2013.

### Consolidated Accounts

The accounts of the subsidiaries are consolidated with the accounts of the Company in accordance with Accounting Standard 21 (AS 21) prescribed by The Institute of Chartered Accountants of India. The consolidated accounts duly audited by the Statutory Auditors and the consolidated financial information form part of the Annual Report.

In accordance with the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 in February, 2011, the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Report of the Auditors of the subsidiary companies are not attached to the Balance Sheet of the Company.

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

### Dividend

Considering the current financial position of the Company, the Directors do not propose any dividend for the financial year ended 31<sup>st</sup> March, 2013.

### Directors

Mr. Balu Doraisamy, Director has expressed his desire to resign from the Board of Directors of the Company effective from the close of 31<sup>st</sup> May, 2013. He was appointed as a Director in the year 2011 and the Company was benefited by

his valuable guidance and directions, particularly in terms of long term outlook for the growth of the Company. Directors place on record their deep sense of appreciation for the service rendered by Mr. Balu Doraisamy during his tenure.

Mr. R. Ramaraj and Mr. Kenneth Tai, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The brief resume of these Directors and other information have been detailed in the notice convening the Annual General Meeting of the Company. Necessary resolutions are being placed before the members for approval.

The Directors recommend their re-appointment as Directors of the Company.

### Auditors

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (Registration No.004207S) retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

### Employee Stock Option Plan

Out of 2,15,000 options issued under the Employee Stock Option Scheme (ESOP) in 2011, 2,00,000 options have lapsed. 15,000 options were still in force. These Options were issued at Rs.10/- per Equity Share and be allotted one Equity Share of the Company of the nominal value of Rs.10/- per Equity Share on payment of exercise price during the exercise period.

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

### Conversion of Warrants

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

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

### Credit Rating

During the year, the Company had obtained Investment grade credit rating from Brickwork Ratings India Private Limited. This would enable the Company to obtain more favourable terms from bankers.

### Personnel

The particulars of the employees covered by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is set out in Annexure "C" 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 1<sup>st</sup> May 2012. The Company has taken steps to register with appropriate authorities for setting up "e-waste" collection centres in all the States. It is also tying up with vendors for e-waste disposal.

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

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

### Corporate Governance

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

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

### Public Deposits

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31<sup>st</sup> March, 2013.

### Investments

The Company had an investment of Rs.7.10 Crores in TVS Shriram Growth Fund (Fund) of which it had divested Rs. 5.70 Crores during the year. Further the Company also redeemed investments of Rs.0.22 Crores during the year. In both the transactions, the Company earned a profit of Rs.0.44 Crores.

### Directors' Responsibility Statement

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

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors 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 31<sup>st</sup> March, 2013 and of the loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts for the year ended 31<sup>st</sup> March, 2013 on a "going concern" basis.

### ACKNOWLEDGEMENT

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

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

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

**For and on behalf of the Board**

Chennai  
20<sup>th</sup> May, 2013

**Gopal Srinivasan**  
Chairman



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

### Annexure 'A' to Directors' Report

Statement is as on 31<sup>st</sup> March, 2013, pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI (ESOP & ESPS) Guidelines, 1999.

#### Employees Stock Option Scheme 2011

a)	Options Granted	2,15,000 options granted on 2.5.2012.
b)	Pricing Formula	The Exercise Price for the purpose of grant of stock options will be decided by the Compensation Committee, provided that the Exercise Price per option shall not be less than the par value of the Equity Share of the Company.
c)	Options Vested	15,000
d)	Options Exercised	Nil
e)	The total no. of ordinary shares arising as a result of exercise of options	Nil
f)	Options lapsed	2,00,000
g)	Variation of terms of options	Nil
h)	Money realized by exercise of options	Nil
i)	Total no. of options in force	15,000
j)	(i) Details of options granted to Senior Managerial Personnel during the year	Nil
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital outstanding (excluding outstanding warrants & conversions) of the Company at the time of grant.	Nil
k)	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the International Accounting Standard (IAS 33)	Not applicable

**For and on behalf of the Board**

Chennai  
20<sup>th</sup> May, 2013

**Gopal Srinivasan**  
Chairman

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

### Annexure 'B' to the Directors' Report

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

#### A. CONSERVATION OF ENERGY

##### (a) Measures taken:

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

##### (b) Proposed measures:

BIS safety compliances for all the products in progress

#### B. TECHNOLOGY ABSORPTION

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

##### (a) IT Peripherals

- Intellectual property creation through own Micro Controller and Gate Array technology for all 24 Wire printers and ready for commercial production from Oct 13 onwards.
- New High Speed print head evaluation is in progress.
- Bluetooth enabled mobile printers and scanners are ready for launch.
- Localization of 3 inch thermal printer.

##### (b) Customization projects

- New Thermal printer for Indian Railways for UTS ticketing application with existing customer application
- New Thermal Printer Mechanism for Bharat Electronics Ltd.

##### 2. Future plan of action

The Company will be repositioning some of the existing products and introducing new products in areas of Retail Printing, Point of Sale applications, Authentication and Payment industry.

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

Rs. In Lakhs

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Capital Expenditure	0.53	0.41
Revenue Expenditure	101.71	116.64
Total	102.24	117.05

Total expenditure as a percentage of total turnover = 0.43% (0.53%)

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

##### a) Efforts in brief

- Key research employees and new joiners have been trained in paper transportation for DMP system,

Thermal technology, Electronic Cash Registers, Power consumption, Plastic / Sheetmetal parts design and ROHS compliance.

- All R&D Personnel have been trained in Six Sigma Green belt program, New Product Introduction (NPI) program and Analysis tools.

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

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

##### c) Technology absorption

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

#### C. EXPORT ACTIVITIES

The Company exported Printers / Printer components.

Rs. In Lakhs

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(a) Total Forex earned (FOB)	315.71	84.56
(b) Total Forex used (FOB)	5831.49	5366.37

For and on behalf of the Board

Chennai  
20<sup>th</sup> May, 2013

**Gopal Srinivasan**  
Chairman

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

### Annexure 'C' to the Directors Report

Particulars of employees whose remuneration was equal to or more than Rs.5 Lakhs per month as per Section 217 (2A) of the Companies Act, 1956 for the year 1.4.2012 to 31.3.2013

S No.	Name	Age (Years)	Designation	Date of Employment	Remuneration (Rs. Lakhs)	Qualification	Experience (Years)	Previous Employment	
								Designation	Company Name
Employed throughout the year									
1	Mr.J.N.Sastry	52	President & CEO	17 <sup>th</sup> October 2011	102.82	B. Tech	27	Director, Technology Support Delivery, India	Hewlett Packard Co
Employed for a part the year - NIL									

#### Notes:

1. Years of experience include experience prior to joining the Company also
2. Remuneration comprises of salary, dearness allowances wherever applicable, house rent allowance, special allowance, conveyance allowance, Contribution to Provident Fund, Super-Annuation Fund, Medical Insurance Premium, Leave travel assistance and other benefits
3. Besides, the above employee is entitled to Gratuity as per Rules
4. Employee Stock Options was as approved by Compensation Committee of the Company.
5. Terms of employment of the employee was not contractual
6. Employee referred above is not related to any of the directors
7. Employee referred above either individually or together with spouse or children does not hold any shares of the Company.

**For and on behalf of the Board**

Chennai  
20<sup>th</sup> May, 2013

**Gopal Srinivasan**  
Chairman

## Report on Corporate Governance

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

### Company's Philosophy on Corporate Governance

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

In line with the Corporate Governance principles, the activities and conduct of the Company are governed by the Code of Business Conduct and Ethics for its Directors (including its Non-Executive Directors) and senior management personnel.

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

### A. MANDATORY REQUIREMENTS

#### 1.Board of Directors

- 1.1 A strong Corporate Governance is 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.
- 1.2 The structure consists of Board of Directors and various Sub-Committees overseeing the entire management.

The Board consists of eight Directors of whom five are Independent Directors and all of them are Non-Executive directors.

- 1.3 During the financial year 2012-13 four Board Meetings were held. The gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:  
  
3<sup>rd</sup> May, 2012, 4<sup>th</sup> August, 2012, 6<sup>th</sup> November, 2012 and 7<sup>th</sup> February, 2013.
- 1.4 The last Annual General Meeting (AGM) of the Company was held on 4<sup>th</sup> August, 2012 and six Directors including the Chairman of the Audit Committee attended the AGM.
- 1.5 The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of directorships and Committee Chairmanships/ Memberships held by them in other companies, are given herein below.
- 1.6 None of the Directors is a member in more than ten Committees and acts as a Chairman in more than five Committees across all companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies have been made by the Directors and none of them hold the office of Director in more than fifteen public companies.

Name of the Director	Category	No. of Board Meetings during the year 2012-13		Whether attended last AGM held on 4 <sup>th</sup> August, 2012	Number of other Directorships and Committee Memberships/ Chairmanships		
		Held	Attended	Last AGM	Other Directorships (a)	Committee Memberships (b)	Committee Chairmanships
Mr. Gopal Srinivasan Chairman DIN 00177699	Non-Independent Non-Executive	4	4	Yes	18	1	-
Mr. H Lakshmanan DIN 00057973	Non-Independent Non-Executive	4	4	Yes	20	7	5
Mr. R Ramaraj DIN 00090279	Independent Non-Executive	4	2	Yes	11	2	1
Mr. D Sundaram DIN 00016304	Independent Non-Executive	4	4	Yes	7	4	2
Mr. Kenneth Tai DIN 01964412	Independent Non-Executive	4	2	No	8	-	-
Mr. Balu Doraisamy DIN 00081807	Independent Non-Executive	4	3	No	1	-	-
Mr. Praveen Chakravarty DIN 00766422	Independent Non-Executive	4	3	Yes	2	-	-
Mrs. Srilalitha Gopal DIN 02329790	Non-Independent Non-Executive	4	4	Yes	2	-	-

## Report on Corporate Governance (Contd.)

- (a) includes directorship of private limited companies, Section 25 companies, and foreign companies.
  - (b) only membership of Audit Committee and Shareholders Grievance Committee of other companies have been considered which includes Committees where the Director is also Chairman.
- 1.7 None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
  - 1.8 None of the Directors are related to each other except Mr. Gopal Srinivasan and Mrs. Srilalitha Gopal who are spouses.
  - 1.9 The Company ensures that all statutory, significant material information are placed before the Board/ Committees of Directors for their approval to enable them to discharge their responsibilities as trustees of the large family of shareholders. During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration. The Board periodically reviews compliance of all laws applicable to the Company.
  - 1.10 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.
  - 1.11 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.
  - 1.12 Code of Conduct for Board of Directors and Senior Management.  
  
The Company has adopted a Code of Business Conduct and Ethics for Board of Directors and Senior Management personnel (Code) viz., all members of management one level below Directors, including all functional heads. The Code has been communicated to all the Directors and members of the senior management. The Code is also available on the Company's website www.tvs-e.in. All Directors and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2013. The Annual Report contains a declaration to this effect signed by the President and Chief Executive Officer.

## 2. Audit Committee

The Board constituted an Audit Committee on 18<sup>th</sup> August, 2003. The said Committee was constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

- 2.1 Brief terms of reference of the Audit Committee are as under:
  - 1) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  - 2) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
    - b. Changes, if any, in accounting policies and practices and reasons for the same.
    - c. Major accounting entries involving estimates based on the exercise of judgment by management.
    - d. Significant adjustments made in the financial statements arising out of audit findings.
    - e. Compliance with Accounting Standards and with listing and other legal requirements relating to financial statements.
    - f. Disclosure of any related party transactions.
    - g. Qualifications in the draft audit report.
  - 3) Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval.
  - 4) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - 5) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.



## Report on Corporate Governance (Contd.)

- 6) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- 7) The recommendations of the Audit Committee on financial management including the Audit Report shall be binding on the Board. In case the Board does not accept the recommendations of the Committee it shall record the reasons there for and communicate such reasons to the Shareholders.
- 8) Discussion with internal auditors on any significant findings and follow up thereon.
- 9) Reviewing the findings of any internal investigations by the internal auditors or any other firms of Chartered Accountants or other entities/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 10) Discussion with Statutory Auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- 11) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 12) Reviewing the Company's financial and risk management policies.
- 13) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends declared) and creditors.
- 14) To review the functioning of the Whistle Blower mechanism, in case, the same is existing.
- 15) Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
- 16) Authority to investigate into any matter referred to it by the Board.
- 17) The Audit Committee shall mandatorily review the following information:
- Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Explanation: The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- 18) All regulations pertaining to the meetings of the Board / Committees of the Board as contained in the Articles of Association of the Company in so far as they are not repugnant to the context and meaning thereof, to the provisions contained herein, shall mutatis-mutandis, apply to the meetings of this Committee.
- 2.2 The previous Annual General Meeting of the Company was held on 4<sup>th</sup> August, 2012 and the Chairman of the Audit Committee Mr. D. Sundaram attended the meeting.
- 2.3 Four Audit Committee Meetings were held during the year. The gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:
- 3<sup>rd</sup> May, 2012, 4<sup>th</sup> August, 2012, 6<sup>th</sup> November, 2012 and 7<sup>th</sup> February, 2013.
- 2.4 The composition of the Audit Committee and the details of Audit Committee meetings attended by its members during the financial year 2012-13 are given below:

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

### 3. Remuneration/Compensation Committee:

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

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

3.2 The brief terms of reference of the Remuneration Committee are as under:

The Committee, on behalf of the Board of Directors determine with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including payment of minimum remuneration in terms of Schedule XIII of the Companies Act, 1956, and deal with any matters of remuneration to senior executives of the Company and also have such power as may be entrusted to them from time to time by the Board of Directors or any other matter including pension rights and any compensation payment etc.

3.3 The Remuneration Committee met two times during the year on the following dates:

- (1) on 2<sup>nd</sup> May, 2012 formulated the Employees Stock Option Scheme 2011 and granted options under the scheme to Non-Executive Directors and President & CEO; and
- (2) on 4<sup>th</sup> August, 2012 reviewed and approved the policy on performance compensation of the Company consequent to the integration of the products and services businesses and the strategic growth initiatives undertaken by the Company.

3.4 The Committee which also functions as Compensation Committee administers and superintends the stock options granted to eligible employees of the Company. The Committee is also empowered to formulate any proposal or issue of shares under Employee Stock Option Schemes.

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

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

### 3.6 Remuneration Policy

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

During the year, 2012-13, the Company paid Sitting Fees of Rs.2,500/- per meeting to its Non-Executive Directors for attending meetings of the Board and meetings of Committees of the Board. The Company also reimburses out-of-pocket expenses incurred by the Directors for attending meetings.

3.7 Details of Remuneration paid to the Non-Executive Directors of the Company for the year ended 31<sup>st</sup> March, 2013:

Name of the Directors	Sitting Fees paid (Rs.)
Mr. Gopal Srinivasan	12,500
Mr. H Lakshmanan	30,000
Mr. D Sundaram	30,000
Mr. R. Ramaraj	25,000
Mr. Balu Doraisamy	12,500
Mr. Kenneth Tai	5,000
Mrs. Srilalitha Gopal	12,500
Mr. Praveen Chakravarty	17,500

## Report on Corporate Governance (Contd.)

3.8 Details of shares of the Company held by the Directors as on 31<sup>st</sup> March, 2013 are given below:

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

### 4. Investors' Grievance Committee

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

4.1 Four Investors' Grievance Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

5<sup>th</sup> April, 2012, 6<sup>th</sup> July, 2012, 4<sup>th</sup> August, 2012, and 9<sup>th</sup> January, 2013.

4.2 The composition of Investors' Grievance Committee and details of meetings attended by its members are given below:

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

4.3 Complaints received and redressed during the financial year 2012-13:

Pending at beginning of year	Received during the year	Resolved during the year	Pending at end of year
Nil	2	2	Nil

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

As on 31<sup>st</sup> March, 2013 all the complaints received from the investors were redressed and no complaints were pending for redressal as on that date. The dematerialisation requests from the Shareholders were also carried out within the stipulated time period and no Certificates were pending for dematerialisation as at the end of the financial year 31<sup>st</sup> March, 2013.

### 5. Reconciliation of Share Capital Audit

As required by the Regulations of the Securities and Exchange Board of India (SEBI), the issued and listed capital of the Company is reconciled with the aggregate of the number of shares held by investors in physical mode and in the demat mode. A Certificate is being obtained on a quarterly basis to this effect from a Practicing Company Secretary and submitted to the Stock Exchanges where the Company's shares are listed. No discrepancies were found or reported by the Secretarial Auditor between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories for the financial year 2012-13.

#### 5.1 General Body Meetings

##### a. Annual General Meetings

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2010	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road, T. Nagar, Chennai – 600 017	6.9.2010	10.00 AM
2011	Sri Thyaga Brahma Gana Sabha (Vani Mahal) T. Nagar, Chennai – 600 017	21.9.2011	10.30 AM
2012	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Chetty Road T. Nagar, Chennai – 600 017	4.8.2012	10.35 AM

##### b. Extraordinary General Meeting

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

## Report on Corporate Governance (Contd.)

### c. Postal Ballot

No Postal Ballot was conducted during the year by the Company.

### 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
2009-10	Appointment of Mr. S S Raman as Managing Director of the Company from 1 <sup>st</sup> April, 2010 to 30 <sup>th</sup> April, 2012	6 <sup>th</sup> September, 2010
2010-11	1. Offer not exceeding 3,50,000 warrants with option to exercise the right to be allotted equal number of Equity Shares of Rs.10/- each on preferential basis to Tranzmute Business Advisory LLP, Mumbai.	
	2. Offer not exceeding 12,35,000 Equity Stock Options convertible into equal number of Equity Shares of Rs.10/- each constituting about 7% of the paid-up capital of the Company as on 31 <sup>st</sup> March, 2011 to Employees and Directors of the Company under the ESOP Scheme 2011.	
	3. Offer not exceeding 5,30,000 Equity Stock Options convertible into equal number of Equity Shares of Rs.10/- each constituting about 3% of the paid-up capital of the Company as on 31 <sup>st</sup> March, 2011 to Directors of TVS Investments Limited, the Holding Company under ESOP Scheme 2011.	
	4. Offer of Stock Options equal to or exceeding 1% of the issued capital of the Company in any year to Employees and Directors of the Company and to Directors of TVS Investments Limited under the ESOP Scheme 2011	21 <sup>st</sup> September, 2011
2011-12	Amendment to Articles of Association – e-Governance	4 <sup>th</sup> August, 2012

e. No special Resolutions is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

## 6. Disclosures

6.1 During the year, the Company has not entered into any transaction of material nature with the Directors, their relatives or management, which were in conflict with the interest of the Company. The transactions with promoters, its subsidiaries and associate companies etc., of routine nature

have been reported elsewhere in the annual report as per the Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India.

- 6.2. 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.
- 6.3. All the mandatory requirements specified under Clause 49 of the Listing Agreements with Stock Exchanges have been complied with.

## 7. Non-Mandatory Requirements

- 7.1. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements with the Stock Exchanges.
- 7.2. The Company ensures that any person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- 7.3. The Company has set up a Remuneration Committee, details of which have been given earlier in this Report. The said Committee also functions as Compensation Committee.
- 7.4. The statutory financial statements of the Company are unqualified.

## 8. Means of Communication

- 8.1 The quarterly unaudited results of the Company have been published in English in Business Line and the Tamil version in Makkal Kural.
- 8.2 The quarterly/annual financial results, shareholding pattern, etc., are sent to Stock Exchanges both in physical and in electronic forms. The shareholders can access the same at [www.nseindia.com](http://www.nseindia.com) and at [www.bseindia.com](http://www.bseindia.com) and the Company's website at [www.tvs-e.in](http://www.tvs-e.in)

## 9. General Information for Shareholders:

### a. Annual General Meeting –

Date : Friday, 23<sup>rd</sup> August, 2013

Time : 10.15 AM

Venue : Sri Thyaga Brahma Gana Sabha  
(Vani Mahal), No. 103, GN Chetty Road,  
T Nagar, Chennai- 600 017

## Report on Corporate Governance (Contd.)

As required under Clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Friday, 23<sup>rd</sup> August, 2013.

- b. Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- c. Financial reporting for the quarter ending for financial year ending 31<sup>st</sup> March, 2014 (Tentative)

30 <sup>th</sup> June, 2013	On or Before 15 <sup>th</sup> August, 2013
30 <sup>th</sup> September, 2013	On or Before 14 <sup>th</sup> November, 2013
31 <sup>st</sup> December, 2013	On or Before 14 <sup>th</sup> February, 2014
31 <sup>st</sup> March, 2014	On or Before 30 <sup>th</sup> May, 2014

- d. Period of Book Closure - 19<sup>th</sup> August, 2013 to 23<sup>rd</sup> August, 2013 both days inclusive.

### 10. Listing on Stock Exchanges:-

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

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

Annual listing fees have been paid to the above Stock Exchanges.

Corporate Identification Number (CIN) of the Company: L30007TN1995PLC032941

### 11. Market Price Data

11.1 High, Low (based on closing prices) and number of shares traded during each month in the financial year 2012-13 on BSE Limited and National Stock Exchange of India Limited:

11.2 Share Price performance in comparison to broad based indices – BSE Sensex.

The Company's share price performance in comparison to BSE Sensex based on share price as on 31<sup>st</sup> March, 2013.

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, 2012	19.30	16.00	22,000	19.00	16.15	59,368
May, 2012	18.70	16.55	37,913	18.85	16.20	92,252
June, 2012	17.80	15.85	18,580	17.80	15.25	71,828
July, 2012	18.45	15.80	28,446	18.65	15.70	74,397
August, 2012	17.35	15.00	18,065	19.90	15.50	54,840
September, 2012	16.65	14.65	13,508	16.35	14.90	77,270
October, 2012	19.00	15.10	41,244	18.35	15.30	94,581
November, 2012	17.40	14.70	47,346	16.80	14.80	97,786
December, 2012	23.00	15.05	3,44,860	22.90	15.10	5,68,875
January, 2013	19.30	15.75	70,656	19.45	16.10	1,95,408
February, 2013	18.45	14.30	45,021	18.85	15.05	86,446
March, 2013	16.60	13.94	40,736	16.00	13.50	1,08,313



Financial year	Percentage change in	
	Company's share price (%)	Sensex (%)
2012-13	(10.40)	8.22
2011-12	(22.14)	(10.50)
2010-11	(17.97)	10.94
2009-10	90.33	80.54

## 12. Transfer System:

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

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

### Sundaram-Clayton Limited

"Jayalakshmi Estates"

I floor, 29, Haddows Road

Chennai 600 006

Telephone nos. 044 28284959 (D)/ 28272233 / 28307700

Fax No. 044 2825 7121

Email id kr.raman@scl.co.in, sclshares@gmail.com

Time: 10.00 a.m. to 3.30 p.m.

(Monday to Friday except holidays)

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

## 13. a. Distribution of equity shareholding as on 31<sup>st</sup> March, 2013:

No. of shares held	No. of share Holders	% of share Holders	No. of shares held	% of share holding
Upto 500	20,985	91.70	27,42,024	15.52
501 to 1000	1,111	4.85	9,13,020	5.17
1001 to 2000	403	1.76	6,15,524	3.48
2001 to 3000	123	0.54	3,10,397	1.76
3001 to 4000	76	0.33	2,66,894	1.51
4001 to 5000	56	0.24	2,65,707	1.50
5001 to 10000	79	0.35	5,99,913	3.39
10001 and above	52	0.23	1,19,59,339	67.67
<b>TOTAL</b>	<b>22,885</b>	<b>100.00</b>	<b>1,76,72,818</b>	<b>100.00</b>

## b. Pattern of equity shareholding as on 31<sup>st</sup> March, 2013

Shareholders	No. of shares held	% of total shares held
Promoter Companies	1,07,26,449	60.69
Directors & Relatives	36,050	0.20
Corporate Bodies	4,41,725	2.49
Nationalised Banks/ MF/ UTI/PFI	67,050	0.37
Resident Individuals	60,66,327	34.33
Foreign Institutional Investors	100	0.00
Non-Resident Indians/ Overseas Corporate Bodies	3,35,117	1.92
<b>TOTAL</b>	<b>1,76,72,818</b>	<b>100.00</b>

## 14. Dematerialisation of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 95.31% of the Company's equity share capital are in dematerialised form as on 31<sup>st</sup> March, 2013.

- The Company's equity shares are regularly traded on the National Stock Exchange of India Limited and the BSE Limited, in dematerialised form.
- Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE236G01019.

## Report on Corporate Governance (Contd.)

- Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:
- As on 31<sup>st</sup> March, 2013, the Company had outstanding warrants of 3,50,000 issued to an investor which are convertible to equal number of Equity Shares of Rs.10/- each. Upon conversion, this will constitute 1.94% of enhanced equity share capital of the Company.

### 15. Plant locations:

Oragadam : Plot No 0Z-11/2, Sipcot Hi-Tech SEZ  
Oragadam, Sriperumpudur Taluk,  
Kancheepuram District – 602 105

Uttarkhand : No. E12, F-92 & F-93  
Selaqui Industrial Estate  
Selaqui, Dehradun,  
Uttarkhand  
Tel: 0135-269 8662/63

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

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

Email id : kr.raman@scl.co.in, sclshares@gmail.com  
investorscomplaintssta@scl.co.in

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

Compliance Officer: Ms. S Nagalakshmi, Company Secretary  
E-mail: s.nagalakshmi@tvs-e.in

### 17. 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 - Investors to register e-mail ids with DP or the Company.
- 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.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will be transferred to the "Investor Education and Protection Fund" (IEPF) in terms of Section 205C of the Companies Act, 1956.
- Status of unclaimed dividends due for remittance into IEPF is given below:

Financial Year	Date of Declaration	Date of transfer to Special Account	Due Date for transfer to IEPF
Year ended 31.3.2006	28.09.2006	03.10.2006	03.10.2013
Year ended 31.3.2007	24.09.2007	30.10.2007	30.11.2014
Year ended 31.3.2008	05.09.2008	11.10.2008	11.10.2015



## Auditors Certificate

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

To  
The Shareholders of TVS Electronics Limited  
Chennai - 600 006

We have examined the compliance of the conditions of Corporate Governance by TVS Electronics Limited, Chennai for the year ended 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implications thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

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

Chennai  
20<sup>th</sup> May, 2013

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

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

To  
The Shareholders of TVS Electronics Limited  
Chennai - 600 006

We hereby declare that all Members of the Board and the Senior Management Personnel have affirmed compliance with the respective provisions of the Code of Conduct of the Company formulated by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2013.

Chennai  
20<sup>th</sup> May, 2013

**J N SASTRY**  
President and Chief Executive Officer

## Independent Auditors' Report

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

We have audited the accompanying financial statements of TVS Electronics Limited, Chennai - 600 006 ("the Company") which comprise of Balance Sheet as at 31<sup>st</sup> March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with Notes on accounts.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and Fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Levy and collection of Cess on Turnover or Gross Receipts.

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Chennai  
20<sup>th</sup> May, 2013

## Annexure to the Auditors' Report

### Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March, 2013

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b) The assets are physically verified, in phases, by the Management during the year as per the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification. The discrepancies noticed on such verification have been appropriately dealt with in the books of account of the Company.
- c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
2. a) The stock of raw materials, stores, spare parts and finished goods other than in transit were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. a) During the year, the Company has granted interest bearing loan of ₹108.50 lakhs to a Company covered in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms of the loan are not prima facie prejudicial to the interest of the company. The receipt of interest is regular. The amount due from such company as at year end viz 31<sup>st</sup> March 2013 is ₹308.50 lakhs (including the opening balance as on 01/04/2012 of ₹200 lakhs). The principal is due for repayment on or before 31<sup>st</sup> March, 2014.
- b) During the year the Company has not availed any loan from companies covered in the Register maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said Register.
- b) In our opinion and according to the information and explanations given to us, the transactions entered in the Register maintained under Section 301 and exceeding during the financial year by ₹ 5.00 lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time..
6. The Company has not accepted any deposits from the public.
7. The internal audit system, of the Company is entrusted to a firm of Chartered Accountants, which in our opinion, is commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
9. a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. However delays were noticed in respect of remittance of Service tax and Income tax deducted at source in two instances.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.



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

c According to the information and explanations given to us, the following are the details of the disputed

dues, that were not deposited with the concerned authorities.

Name of the Statute	Nature of dues	Amount (₹ in lakhs)	Forum where dispute is pending
Sales Tax Acts of various states	Statutory Forms/Entry Tax/ Warranty replacement stock related/Turnover dispute	158.52	Assistant Commissioner / Deputy Commissioner / Appellate Authorities – Commercial Taxes of various states.
Income Tax Act, 1961	a) Cost of acquisition of certain capital asset sold/ and determination of capital gain.	220.00	Commissioner of Income Tax (Appeal), Chennai.
	b) Claim of TDS disallowed.	49.65	
	c) Inventory write-off disallowed.	193.82	
	d) Wrong levy of interest under various provisions of the Act.	14.09	
		477.56	
Finance Act, 1994	Dispute on availment of input tax credit for exempted and dutiable goods.	121.15	Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT).
Central Excise Act, 1944	Dispute on availment of refund in future payment	13.23	Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT).

- The Company neither has accumulated losses as at the end of the financial year nor has incurred cash loss during the financial year and in the immediately preceding year.
- Based on our verification and according to the information and explanations given by the Management, the Company has not defaulted in repayment of dues to any financial institution or bank.
- Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company is not a chit / nidhi / mutual benefit fund / society and as such clause (xiii) of the Order is not applicable.
- The Company is not dealing or trading in shares, securities, debentures and other investments. The Company is holding only Long Term Investments. All investments are held in the Company's own name except in the case of investment in wholly owned subsidiaries where certain number of shares are held by nominees as provided in Section 49 (3) of the Companies Act, 1956.
- The Company has not given any guarantee for loans taken by others from bank or financial institution.

- In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- On the basis of our examination, the Company has not used the funds raised on short-term basis for long-term investments.
- During the year, the Company has not allotted any shares on preferential basis to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- During the year, the Company has not issued any debentures.
- During the year, the Company has not raised any money by public issue.
- Based on the audit procedures adopted and information and explanations given to us by the Management, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Chennai  
20<sup>th</sup> May, 2013

## Balance Sheet as at 31<sup>st</sup> March, 2013

₹ in lakhs

Particulars	Note no.	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1	1,767.28	1,767.28
(b) Reserves and surplus	2	1,664.09	2,463.64
(c) Money received against share warrants	1	19.91	19.91
		<b>3,451.28</b>	<b>4,250.83</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	998.00	1,666.00
(b) Deferred tax liabilities (Net)		344.79	48.31
(c) Other Long term liabilities	4	1.83	9.84
(d) Long-term provisions	5	302.27	370.59
		<b>1,646.89</b>	<b>2,094.74</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	5,520.42	4,942.23
(b) Trade payables		2,077.49	2,266.68
(c) Other current liabilities	7	929.71	1,179.14
(d) Short-term provisions	8	500.76	451.62
		<b>9,028.38</b>	<b>8,839.67</b>
<b>TOTAL</b>		<b>14,126.55</b>	<b>15,185.24</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		1,804.14	1,630.35
(ii) Intangible assets		2,847.13	3,222.31
(iii) Capital work-in-progress		-	76.43
(b) Non-current investments	10	214.39	811.23
(c) Long-term loans and advances	11	3,871.61	3,564.63
(d) Other non-current assets	12	175.79	574.34
		<b>8,913.06</b>	<b>9,879.29</b>
<b>2 Current assets</b>			
(a) Inventories	13	1,657.96	1,763.04
(b) Trade receivables	14	2,320.28	2,733.44
(c) Cash and cash equivalents	15	724.61	418.64
(d) Short-term loans and advances	16	249.66	238.67
(e) Other current assets	17	260.98	152.16
		<b>5,213.49</b>	<b>5,305.95</b>
<b>TOTAL</b>		<b>14,126.55</b>	<b>15,185.24</b>
<b>Notes on Accounts</b>	24		

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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

## Statement of Profit & Loss for the Year ended 31<sup>st</sup> March, 2013

₹ in lakhs

Particulars	Note no.	Year ended 31.03.2013	Year ended 31.03.2012
I. Revenue from operations	18	23,524.52	21,661.46
II. Other income	19	250.32	374.75
<b>III. Total Revenue (I + II)</b>		<b>23,774.84</b>	<b>22,036.21</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	9,191.64	10,065.87
Purchases of Stock-in-Trade	20	5,726.99	4,335.26
Changes in inventories of finished goods, work-in-process & stock-in-trade	20	43.87	(213.36)
Employee benefits	21	2,458.29	1,775.66
Finance costs	22	964.93	658.66
Depreciation and Amortization expense		619.36	504.08
Other Expenses	23	5,273.88	4,748.86
<b>Total Expenses</b>		<b>24,278.96</b>	<b>21,875.03</b>
<b>V. Profit before exceptional items and tax (III-IV)</b>		<b>(504.12)</b>	<b>161.18</b>
VI. Exceptional items - Loss on sale of unused assets		-	20.61
<b>VII. Profit before tax (V - VI)</b>		<b>(504.12)</b>	<b>140.57</b>
<b>VIII Tax Expense:</b>			
(1) Current tax		-	33.00
(2) Deferred tax		296.48	(32.25)
(3) Tax relating to earlier years		-	0.21
<b>IX Profit/(Loss) for the period (VII-VIII)</b>		<b>(800.60)</b>	<b>139.61</b>
X Earnings per equity share: (Refer Note 24(1)-AS 20)			
(1) Basic		(4.53)	0.79
(2) Diluted		(4.48)	0.79
<b>Notes on Accounts</b>	<b>24</b>		

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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

## Notes to Balance Sheet

### Note no. 1 - Share Capital

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of par value of ₹ 10/- each	<b>2,50,00,000</b>	<b>2,500.00</b>	2,50,00,000	2,500.00
<b>Issued</b>				
Equity Shares of par value of ₹ 10/- each	<b>1,76,72,818</b>	<b>1,767.28</b>	1,76,72,818	1,767.28
<b>Subscribed &amp; Paid up</b>				
1,76,72,818 Equity Shares of ₹ 10 each fully paid	<b>1,76,72,818</b>	<b>1,767.28</b>	1,76,72,818	1,767.28
<b>Total</b>	<b>1,76,72,818</b>	<b>1,767.28</b>	1,76,72,818	1,767.28

### 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	1,76,72,818	1,767.28
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,76,72,818	1,767.28

### Right and preferences attached to equity share:

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

**Money received against share warrants:** This is in respect of 3,50,000 warrants. The holder of the warrants has the option to exercise the right to be allotted equal number of Equity shares of par value of ₹10/- each at a premium of ₹12.75 per equity share. The aggregate price of warrants is ₹79.62 Lakhs. As per terms of allotment 25% is to be paid immediately on allotment. Thus a sum of ₹19.91 Lakhs is

received on 3<sup>rd</sup> October, 2011 viz., the date of allotment. The conversion option which is to be exercised before 2<sup>nd</sup> April, 2013 has been exercised. Accordingly 3,50,000 number of Equity shares of ₹ 10/- aggregating to ₹ 35,00,000/- is to be allotted to the Share warrant holder. The premium of ₹12.75 payable per equity share on 3,50,000 number of Equity shares aggregating to ₹ 44,62,500/- has also been received. This will be credited to Share premium Account on allotment of shares.

### 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 31.03.2013	As at 31.03. 2012
TVS Investments Limited, Chennai	<b>1,07,26,449</b>	1,05,53,449

### Details of shareholders holding more than five percent shares

Name of Shareholder	As at 31.03.2013	As at 31.03. 2012
	No. of Shares held	No. of Shares held
TVS Investments Limited, Chennai	<b>1,07,26,449</b>	1,05,53,449

## Notes to Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 2 - Reserves and Surplus</b>		
<b>a. Capital Reserves</b>		
Balance at the beginning of the year	60.60	60.60
Closing Balance	60.60	60.60
<b>b. Securities Premium Account</b>		
Balance at the beginning of the year	1,281.92	1,281.92
Closing Balance	1,281.92	1,281.92
<b>c. Share Options Outstanding Account</b>		
Balance at the beginning of the year	-	0.25
(+) Current Year Transfer	1.05	-
(-) Written Back in Current Year	-	0.25
Closing Balance	1.05	-
<b>d. Other Reserves:</b>		
<b>General Reserve</b>		
Balance at the beginning of the year	349.58	349.58
Closing Balance	349.58	349.58
<b>e. Investment Subsidy</b>		
Balance at the beginning of the year	15.00	15.00
Closing Balance	15.00	15.00
<b>f. Investment Allowance Reserve</b>		
Balance at the beginning of the year	27.46	27.46
Closing Balance	27.46	27.46
<b>g. Surplus i.e. Balance in the Statement of Profit &amp; Loss</b>		
Balance in the Statement of Profit & Loss as at the beginning of the year	729.08	589.47
(+) Net Profit/(Net Loss) For the current year	(800.60)	139.61
Closing Balance	(71.52)	729.08
<b>Total</b>	<b>1,664.09</b>	<b>2,463.64</b>

## Notes to Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 3 - Long-Term Borrowings</b>		
<b>Secured</b>		
Term loans		
From banks #	998.00	1,666.00
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking paripassu with other term lenders)		
# Loan repayable in twelve quarterly instalments commencing from November 2012		
<b>Total</b>	<b>998.00</b>	<b>1,666.00</b>
(a) Total Loan repayable over term of loans	2,000.00	
(b) Loan repayable in 2012-13	334.00	
(c) Balance long-term loan as at 31.03.2012	1,666.00	
(d) Instalment paid in advance	167.00	
(e) Balance	1,499.00	
(f) Description of loan	Corporate Loan	
(g) Frequency of repayment(s)	Quarterly	
(h) No. of instalments	12	
(i) Maturity	01.08.2015	
(j) Total of loans repayable over term of loans	1,499.00	
(k) Loan repayable in 2013-14	501.00	
(l) Balance long-term loan 31.03.2013	1,498.99	
(m) Amount payable in each instalment	167.00	
<b>Note no. 4 - Other Long-Term Liabilities</b>		
Income received in advance - Unexpired Annual Maintenance Contracts	1.83	9.84
<b>Total</b>	<b>1.83</b>	<b>9.84</b>
<b>Note no. 5 - Long-Term Provisions</b>		
<b>(a) Provision for Employee benefits</b>		
Leave encashment	46.47	45.05
<b>(b) Provision for Warranty &amp; Sales Tax</b>		
Warranty	105.96	203.34
Sales Tax	48.12	48.12
<b>(c) Provision for Expenses</b>	<b>101.72</b>	<b>74.08</b>
<b>Total</b>	<b>302.27</b>	<b>370.59</b>



## Notes to Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 6 - Short-Term Borrowings</b>		
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks	3,200.00	3,200.00
(Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a pari passu basis to the consortium of banks).		
	3,200.00	3,200.00
<b>Secured</b>		
From banks	501.00	334.00
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking pari passu with other term lenders)		
	501.00	334.00
<b>Unsecured</b>		
<b>Loans repayable on demand</b>		
From banks	1,819.42	1,408.23
	1,819.42	1,408.23
<b>Total</b>	<b>5,520.42</b>	<b>4,942.23</b>
<b>Note no. 7 - Other Current Liabilities</b>		
Interest accrued and due on borrowings	53.40	57.40
Interest accrued but not due on borrowings	12.98	13.05
Income received in advance - Unexpired Annual Maintenance Contracts	23.76	21.70
Unclaimed dividends	7.15	9.60
Unpaid interest accrued on matured deposits	-	0.36
Other payables :		
Statutory Liabilities	110.56	101.28
Retention Money	20.46	20.46
Security Deposits	74.48	92.75
Employee Related	98.15	129.87
Liability towards expenses	528.77	732.67
<b>Total</b>	<b>929.71</b>	<b>1,179.14</b>
<b>Note no. 8 - Short Term Provisions</b>		
(a) Provision for Employee benefits		
Leave Encashment	8.75	8.31
(b) Provision for Warranty	206.94	124.83
(c) Provision for Expenses	285.07	318.48
<b>Total</b>	<b>500.76</b>	<b>451.62</b>

## Notes to Balance Sheet (Contd.)

₹ in lakhs

### Note no.9 - Fixed Assets

	Fixed Assets		Gross Block		Accumulated Depreciation		Net Block	
	Balance as at 01.04.2012	Additions/ (Disposals)	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation charge for the year	Withdrawn on disposals	Balance as at 31.03.2013	Balance as at 31.03.2012
<b>a</b>								
<b>Tangible Assets</b>								
Land	223.58	-	223.58	-	-	-	223.58	223.58
<b>Land Total</b>	223.58	-	223.58	-	-	-	223.58	223.58
Buildings including improvements	691.16	167.06	850.82	379.90	40.98	3.09	417.79	311.26
	-	(7.40)	-	-	-	-	-	-
<b>Buildings Total</b>	691.16	159.66	850.82	379.90	40.98	3.09	417.79	311.26
Plant and Equipment	3,461.82	160.90	3,571.53	2,541.50	128.44	35.81	2,634.13	920.32
		(51.19)						
<b>Plant and Equipment Total</b>	3,461.82	109.71	3,571.53	2,541.50	128.44	35.81	2,634.13	920.32
Furniture and Fixtures	200.38	17.86	190.79	116.30	13.19	25.51	103.98	84.08
		(27.45)						
<b>Furniture and Fixtures Total</b>	200.38	(9.59)	190.79	116.30	13.19	25.51	103.98	84.08
Vehicles	29.95	-	0.55	29.25	0.08	29.21	0.12	0.70
		(29.40)						
<b>Vehicles Total</b>	29.95	(29.40)	0.55	29.25	0.08	29.21	0.12	0.70
Office equipment	1,522.94	92.05	1,457.33	1,432.53	51.99	150.08	1,334.44	90.41
		(157.66)						
<b>Office equipment Total</b>	1,522.94	(65.61)	1,457.33	1,432.53	51.99	150.08	1,334.44	90.41
Others:								
<b>Tangible Assets Additions Total</b>		437.87						
<b>Tangible Assets Disposals Total</b>		(273.10)						
<b>Tangible Assets Total</b>	6,129.83	164.77	6,294.60	4,499.48	234.68	243.70	4,490.46	1,630.35
<b>Intangible Assets</b>								
Computer software	66.94	9.50	76.44	36.88	30.37	-	67.25	30.06
<b>Computer software Total</b>	66.94	9.50	76.44	36.88	30.37	-	67.25	30.06
Intellectual Property Rights	800.00	-	800.00	715.67	44.33	-	760.00	84.33
Business Rights	3,262.91		3,262.91	154.99	309.98		464.97	3,107.92
<b>Intellectual Property and Business Rights Total</b>	4,062.91	-	4,062.91	870.66	354.31	-	1,224.97	3,192.25
<b>Intangible Assets Total</b>	4,129.85	9.50	4,139.35	907.54	384.68	-	1,292.22	3,222.31
<b>c</b>								
<b>Capital Work in Progress (at Cost)</b>								
Buildings	4.73	(4.73)	-	-	-	-	-	4.73
Plant & Equipment	71.70	(71.70)	-	-	-	-	-	71.70
<b>Capital work in progress Total</b>	76.43	(76.43)	-	-	-	-	-	76.43
<b>Grand Total</b>	10,336.11	97.84	10,433.95	5,407.02	619.36	243.70	5,782.68	4,929.09

## Notes to Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 10 - Non-Current Investments (At Cost)</b>		
<b>Other Investments - Non trade</b>		
(a) Investment in Equity instruments	100.73	100.73
Less : Provision for diminution in the value of Investments	5.00	-
<b>Sub Total</b>	<b>95.73</b>	100.73
(b) Other investments	118.66	710.50
<b>Total</b>	<b>214.39</b>	811.23
Aggregate cost of unquoted investments	219.39	811.23
Less: Provision for diminution in value of investments	5.00	-
<b>Total</b>	<b>214.39</b>	811.23

### Details of Other Investments - Non trade

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"
			2013	2012			2013	2012	2013	2012		
(a)	<b>Investment in Equity Instruments</b>											
	Tumkur Property Holdings Limited, Chennai	Subsidiary	50,000	50,000	Unquoted	Fully paid	100%	100%	5.00	5.00	Yes	
	Less: Provision for diminution in value of investments								5.00	-		
									-	5.00		
	Prime Property Holdings Limited, Chennai	Subsidiary	50,000	50,000	Unquoted	Fully paid	100%	100%	5.00	5.00	Yes	
	Modular Infotech Private Limited, Pune	Others	9,07,255	9,07,255	Unquoted	Fully paid			90.73	90.73	Yes	
	<b>Total</b>								95.73	100.73		
(b)	<b>Other investments:</b>											
	Capital contribution to TVS Shriram Growth Fund, Chennai	Others	11,866.18	71,050	Unquoted	Fully paid			118.66	710.50	Yes	
	<b>Total</b>								<b>214.39</b>	<b>811.23</b>		

## Notes to Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no.11 - Long Term Loans and Advances - Unsecured, considered good</b>		
<b>a. Capital Advances</b>	<b>16.66</b>	9.26
<b>b. Security Deposits</b>	<b>2,713.06</b>	2,666.71
<b>c. Loans and advances to related parties</b> (Inter corporate deposit)	<b>308.50</b>	200.00
<b>d. Others:</b>		
(i) Balance with Statutory Authorities:		
Customs	13.60	13.60
Sales tax	12.22	12.22
Tax deducted at source net of provisions	626.16	482.96
	<b>651.98</b>	508.78
(ii) Advances to Vendors	181.41	179.88
	<b>833.39</b>	688.66
<b>Total</b>	<b>3,871.61</b>	3,564.63
<b>Note no. 12 - Other non-current assets</b>		
a. Debts due by related parties (Unsecured, considered good)	84.81	500.17
b. Claims Receivable - Sales Tax	90.98	74.17
<b>Total</b>	<b>175.79</b>	574.34
<b>Note no. 13 - Inventories</b>		
<b>a. Raw Materials and components (at Cost)</b>		
Components	555.89	506.41
Indirect material	17.83	17.41
Goods-in transit	50.35	-
	<b>624.07</b>	523.82
<b>b. Work-in-process (at Cost) - Computer Peripherals</b>	-	0.37
<b>c. Finished goods</b> (at Cost or Net realisable value whichever is lower)		
Manufactured	317.82	361.32
Traded	685.20	877.53
Goods-in transit	30.87	-
	<b>1,033.89</b>	1,238.85
<b>Total</b>	<b>1,657.96</b>	1,763.04

## Notes to Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 14 - Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,071.19	2,386.58
	<b>2,071.19</b>	2,386.58
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	249.09	346.86
Unsecured, considered doubtful	111.19	105.23
	<b>360.28</b>	452.09
Less: Provision for doubtful debts	111.19	105.23
	<b>249.09</b>	346.86
<b>Total</b>	<b>2,320.28</b>	2,733.44
<b>Note no. 15 - Cash and Cash equivalents</b>		
a. Balances with banks	716.45	407.44
b. Cheques, drafts on hand	-	0.76
c. Cash on hand	1.01	0.84
d. Earmarked balances with banks	7.15	9.60
(Unclaimed dividend)		
<b>Total</b>	<b>724.61</b>	418.64
<b>Note no. 16 - Short-Term Loans and Advances</b>		
Balance with Statutory Authorities:		
(i) Sales Tax	149.15	157.43
(ii) Central Excise	20.95	8.47
Others:		
(i) Prepaid expenses	70.85	58.69
(ii) Due from Employees	8.71	14.08
<b>Total</b>	<b>249.66</b>	238.67
<b>Note no. 17 - Other Current Assets</b>		
a. Interest Receivable	10.79	0.58
b. Unbilled Revenue	250.19	151.58
<b>Total</b>	<b>260.98</b>	152.16

## Notes to Statement of Profit and Loss

₹ in lakhs

Particulars	Year ended 31.03 2013	Year ended 31.03. 2012
<b>Note no. 18 - Revenue From Operations</b>		
Sale of products	20,660.16	20,322.98
Sale of services	2,982.73	1,463.45
Other operating revenues	12.33	8.70
	<b>23,655.22</b>	<b>21,795.13</b>
Less: Excise duty	130.70	133.67
<b>Total</b>	<b>23,524.52</b>	<b>21,661.46</b>
<b>Note no. 19 - Other Income</b>		
Interest Income	80.44	9.55
Dividend Income	3.63	-
Gain on sale of investments	44.54	-
Profit on sale of fixed assets	17.28	4.46
Forex fluctuation gain	96.30	92.35
Management Services Income	2.89	262.16
Other non-operating income	5.24	6.23
<b>Total</b>	<b>250.32</b>	<b>374.75</b>
<b>Note no. 20 - Cost of Materials Consumed and Changes in Inventories of Finished Goods, Work-in-Process &amp; Stock-in-Trade</b>		
<b>A) Cost of Materials Consumed</b>		
a) Opening stock	523.82	653.38
b) Add: Purchases *	9,291.89	9,936.31
	<b>9,815.71</b>	<b>10,589.69</b>
c) Less: Closing stock	624.07	523.82
<b>Total (A)</b>	<b>9,191.64</b>	<b>10,065.87</b>
<b>B) Changes in Inventories of Finished Goods, Work-in-Process &amp; Stock-in-Trade</b>		
a) Opening stock		
Work-in-process	0.37	2.43
Finished Goods	361.32	145.90
	<b>(i) 361.69</b>	<b>148.33</b>
b) Closing stock:		
Work-in-process	-	0.37
Finished Goods	317.82	361.32
	<b>(ii) 317.82</b>	<b>361.69</b>
<b>Total (B)</b>	<b>[(i) - (ii)] 43.87</b>	<b>(213.36)</b>
<b>GRAND TOTAL [ A + B ]</b>	<b>9,235.51</b>	<b>9,852.51</b>
<b>Purchases of Stock-in-Trade</b>		
a) Opening stock	877.53	504.37
b) Add: Purchases **	5,565.53	4,708.42
	<b>6,443.06</b>	<b>5,212.79</b>
c) Less: Closing stock	716.07	877.53
<b>Consumption of Traded Items</b>	<b>5,726.99</b>	<b>4,335.26</b>
* Components and parts of Computer Peripherals		
** Finished goods of Computer Peripherals viz., Point of sale products and Keyboards		



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

₹ in lakhs

Particulars	Year ended 31.03 2013	Year ended 31.03. 2012
<b>Note no. 21 - Employee Benefits</b>		
Salaries and wages	2,204.58	1,559.08
Leave Encashment	8.94	20.60
Contributions to Provident & other funds	133.95	98.33
Expense on Employee Stock Option Scheme (ESOP)	1.05	(0.25)
Welfare expenses	109.77	97.90
<b>Total</b>	<b>2,458.29</b>	<b>1,775.66</b>
<b>Note no. 22 - Finance Costs</b>		
Interest expense	938.76	627.76
Other borrowing costs - Loan processing charges	26.17	30.90
<b>Total</b>	<b>964.93</b>	<b>658.66</b>
<b>Note no. 23 - Other Expenses *</b>		
Consumption of stores and spares	63.30	55.56
Power and Fuel	114.70	72.17
Rent	384.87	281.86
Repairs & Maintenance - Building	185.34	119.84
Repairs & Maintenance - Plant & Equipment	9.09	16.98
Repairs & Maintenance - Office Equipments	161.17	145.42
Repairs & Maintenance - Vehicle	2.35	2.98
Insurance	54.74	44.66
Rates and Taxes (excluding taxes on income)	58.79	36.72
Audit Fees [Refer Note 24 (7)]	17.71	15.83
Directors Sitting Fees	1.45	2.10
Loss on Sale of Assets	12.27	54.77
Carriage Outward	517.93	397.44
Sales commission, discounts	861.03	1,115.10
Warranty Expenses	167.63	279.33
Marketing	108.99	129.68
Travelling & Conveyance	458.12	326.79
Legal & Consultancy	794.19	721.91
Data Processing	660.31	351.61
Miscellaneous expenses	639.90	578.11
(under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)		
<b>Total</b>	<b>5,273.88</b>	<b>4,748.86</b>
* Refer under note no 24 for prior period items.		

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>Note no. 24- Notes On Accounts</b>		
<b>1 ACCOUNTING STANDARDS COMPLIANCE</b>		
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.		
<b>AS - 1 Disclosure of accounting policies</b>		
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.		
<b>AS - 2 Valuation of inventories</b>		
a Raw materials, components, stores and spares and other trading products are valued at cost determined on weighted average basis. Work in process includes material cost and applicable direct overheads. Finished goods and traded goods are valued at the aggregate of material cost and applicable direct and indirect overheads or net realisable value whichever is lower.		
b Excise Duty in respect of finished goods lying within the factory are included in the valuation of inventories.		
c As per practice consistently followed, Customs Duty and Countervailing Duty payable on raw materials, components and finished goods lying in customs bonded warehouses is accounted for on debonding. Non-provision of this duty will not affect the profit for the year.		
<b>AS - 3 Cash Flow Statements</b>		
Cash Flow Statement has been prepared under " Indirect Method".		
<b>AS - 4 Contingencies and Events occurring after the Balance Sheet date</b>		
There are no contingencies and events after the Balance Sheet date that affect the financial position of the Company. Contested liabilities and outstanding bank guarantees are disclosed by way of a note.		
<b>AS - 5 Net Profit or Loss for the year, prior period items and changes in accounting policies</b>		
Details of prior period items in the Statement of Profit and Loss		
<b>i) Expenses</b>		
Welfare	0.33	-
Lease rent	-	3.79
Repairs and Maintenance- Plant and Machinery	0.21	-
Repairs and Maintenance- Office Equipments	0.41	-
Other expenses	2.99	-
Foreign Travel	-	1.53
Consultancy	1.07	1.09
	<b>5.01</b>	<b>6.41</b>
<b>ii) Income</b>		
Power & Fuel - Others	0.44	0.18
Repairs & Maintenance - Housekeeping	0.56	-
Repairs & Maintenance - Civil	0.05	-
Rent	0.70	-
Lease rental - PC	0.84	-
Interest	-	0.19
Repairs & Maintenance - Others	0.15	0.02
	<b>2.74</b>	<b>0.39</b>

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>AS - 6 Depreciation accounting</b>		
a	<p>Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 with applicable shift allowance except:</p> <p>i) On computers (including printers, uninterruptible power supply systems and computer accessories) and vehicles acquired on or after 01-04-1998, depreciation has been charged at 30% and 18% respectively on Straight Line Method (SLM), which are higher than the rates prescribed in Schedule XIV.</p> <p>ii) In respect of Buildings acquired on lease, depreciation has been charged at 20% on straight line method which is higher than the rate prescribed in Schedule XIV to the Companies Act, 1956.</p> <p>iii) On Intellectual Property Rights, depreciation has been charged at 9.5% per annum under straight line method for ten years.</p> <p>iv) On Business Rights, depreciation has been charged at 9.5% per annum under straight line method for 10 years.</p> <p>v) On Software, depreciation has been charged at 50% per annum on pro-rata basis under straight line method.</p> <p>vi) On assets whose actual cost does not exceed ₹ 5,000 individually, depreciation has been provided at 100%.</p> <p>vii) Moulds has been subject to depreciation @ 31.67% per annum as against normal rate of 16.21% per annum prescribed in Schedule XIV of the Companies Act, 1956.</p> <p>viii) On certain class of assets, depreciation has been charged at 99% of its original cost on pro-rata basis, considering the useful life of asset as one year as against rate prescribed in Schedule XIV of the Companies Act, 1956.</p>	
b	<p>In respect of assets depreciated on straight line method which have been acquired on amalgamation / business transfer, depreciation is provided on the original cost of acquisition as appearing in the books of transferor companies.</p>	
	<b>AS - 7 Accounting for Construction Contracts</b>	
	This Accounting Standard is not applicable.	
	<b>AS - 8 Accounting for Research and Development</b>	
	This Accounting Standard is withdrawn.	
	<b>AS - 9 Revenue Recognition</b>	
a	Income and Expenditure are accounted on a going concern basis.	
b	The Company's income consists of income from sale of manufactured equipments, traded goods, after sales service, warranty management & repair services and income from Information Technology (IT) related consultancy services.	
c	<p>Sales is accounted net of Excise Duty, Service Tax and Sales Tax / Value Added Tax.</p> <p>i) Income from consultancy services and annual maintenance contracts are considered on accrual basis.</p> <p>ii) Income from services is recognised after rendering services.</p> <p>iii) Income from Information Technology solutions are recognised depending upon the stage of completion of the project.</p>	

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
d Other income includes realised exchange fluctuation gain on Sale of products, Sale of services of ₹ 96.30 lakhs ( Previous year ₹84.56 lakhs).		
e Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.		
f Dividend Income is recognised when the Company in which shares are held, declares the dividend and when the right to receive the same is established.		
g In respect of domestic sale of manufactured and traded items, the recognition is on the basis of delivery of goods to the designated transporters of the Customer, while in respect of export sales the recognition is on the basis of "LET Export " certificate issued by Customs Authorities.		
<b>AS - 10 Accounting for Fixed Assets</b>		
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.		
Technical know-how fees paid is capitalised under Plant and Equipment.		
Temporary constructions / alteration costs are charged off in the same year.		
Lease hold land represents ₹199.15 lakhs(Previous year ₹199.15 Lakhs) paid to State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT), Chennai for 6.16 acres of land in their Oragadam Special Economic Zone( SEZ),Tamil Nadu. The lease period is 99 years.The plant at Oragadam has commenced the commercial production on 31 <sup>st</sup> August 2012.		
The full scale production is expected in the next financial year from which the cost of lease hold land will be amortised.		
<b>AS - 11 Accounting for effects in foreign exchange rates</b>		
a Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the market exchange rate prevailing on the date of the Balance Sheet.		
b Year end foreign currency denominated liabilities and receivables are translated at exchange rates prevailing as at Balance Sheet date, the difference being charged/credited to respective revenue or capital account . Any difference between the forward rate and the exchange rate on the date of inception of forward contract is recognised as discount or premium over the period of the contract .		
c Other income includes realised exchange fluctuation gain on Sale of products, Sale of services of ₹ 96.30 lakhs ( Previous year ₹84.56 lakhs).		
d Derivative transactions :		
The Company uses forward exchange contracts to hedge its exposure in foreign currency in respect of Imports of Inputs.		
a) Forward exchange contracts outstanding as at 31 <sup>st</sup> March, 2013		
- Euro 4,39,795 (LY - 3,44,043) equivalent to ₹	<b>321.52</b>	182.55
- Japanese Yen 31,22,768 (LY - 67,92,967) equivalent to ₹	<b>19.50</b>	43.71
- USD 17,63,961 (LY - 10,73,239) equivalent to ₹	<b>982.31</b>	543.05

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
b) Foreign currency exposures not covered by Forward exchange contracts as at 31 <sup>st</sup> March, 2013		
- Euro - 2,62,874 (LY - 2,27,719) equivalent to ₹	192.33	151.63
- Japanese Yen - NIL (LY - NIL) equivalent to ₹	-	-
- USD - 6,62,408 (LY - 1,64,759) equivalent to ₹	368.88	81.82
The company has not availed any External Commercial Borrowings.		
<b>AS - 12 Accounting for Government Grants</b>		
The Company has not received any Government grants.		
<b>AS - 13 Accounting for Investments</b>		
Investments are stated at cost. Provision for diminution in value is made only if such a decline is other than temporary in the opinion of the Management.		
The cost of investments of 50,000 equity shares in wholly owned subsidiary Tumkur Property Holdings Limited, Chennai is ₹ 5 lakhs and its net worth is ₹ (5.39) lakhs as of 31 <sup>st</sup> March, 2013. Hence the provision for diminution in value of ₹ 5 lakhs has been made in Statement of Profit & Loss.		
During the year, out of the total cost of investment of ₹710.50 lakhs in TVS Shriram Growth Fund, Chennai, investment costing ₹570.00 lakhs was sold. The sum realised was ₹599.07 lakhs.		
Thus a profit of ₹ 29.07 lakhs was made. Further investment of ₹21.84 lakhs was redeemed by TVS Shriram Growth Fund for a sum of ₹37.31 lakhs, resulting a profit of ₹15.47 lakhs.		
Cost of investments held in TVS Shriram Growth Fund as on 31 <sup>st</sup> March 2013 - ₹118.66 lakhs (11866.18 units). The market value (NAV) of these units is ₹ 121.63 lakhs.		
<b>AS - 14 Accounting for amalgamation</b>		
This Standard is not applicable to the Company for the year under review.		
<b>AS - 15 Accounting for Retirement benefits</b>		
As per Accounting Standard 15 on "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:		
<b>(a) Short term Employee Benefits</b>		
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>(b) Long term Employee Benefits</b>		
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 are paid to the Regional Provident Fund Commissioner, Tambaram, Chennai-600045, are charged to revenue during the period. The Company has no further obligations for future provident fund benefits other than regular contributions.		

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
(b) Gratuity : This is a defined contribution plan and the Company's Scheme is administered by Trustees and funds managed by the Life Insurance Corporation of India(LIC). The liability for Gratuity to employees as at the Balance Sheet date is determined based on the actuarial valuation and on basis of demand from Life Insurance Corporation of India. The contribution paid thereof is charged in the books of accounts.		
<b>Disclosure as per AS15 (Revised) – Defined Benefit Plans</b>		
Past Service benefit	146.58	155.17
<b>Present Value of the obligation as at the beginning of the year</b>	155.17	85.96
Interest Cost	11.77	6.43
Current Service Cost	20.83	10.52
Benefits Paid	(41.92)	(15.00)
Acquisitions	-	60.76
Plan amendment cost	-	-
Actuarial Gain/(Loss) on obligation	0.73	6.50
<b>Present Value of the obligation as at Balance Sheet date</b>	146.58	155.17
<b>Fair value of planned assets as at the beginning of the year</b>	157.63	90.22
Expected Return on planned assets	13.51	8.33
Contributions	17.25	13.62
Benefits paid	(41.92)	(15.00)
Acquisitions	-	60.76
Actuarial Gain/(Loss) on planned assets	(6.85)	(0.30)
<b>Fair value of planned assets as at Balance Sheet date</b>	139.62	157.63
<b>Amounts recognized in the Balance Sheet</b>		
Present Value of the obligation as at Balance Sheet date	146.58	155.17
Fair value of planned assets as at Balance Sheet date	139.62	157.63
Funded status of the plan - (assets) / Liability	(6.96)	(2.46)
<b>Amounts recognized in the statement of Profit and Loss</b>		
Current Service cost	20.83	10.52
Interest cost	11.77	6.43
Expected Return on planned assets	(13.51)	(8.33)
Net actuarial gain or loss recognized in the year	7.57	6.81
Expenses recognized in the statement of Profit and Loss	26.65	15.43
<b>Principal actuarial assumptions</b>		
Discount Rate	8.27%	8.77%
Salary escalation	5.00%	5.00%
Expected return on planned assets	9.30%	9.30%
<b>AS - 16 Borrowing cost</b>		
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.		
<b>AS - 17 Segment reporting</b>		
Since the group of products sold and services rendered by the Company pertains to Information Technology related products and services, the operations of the Company relate to a single reportable segment.		



## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>AS - 18 Related Party disclosure</b>		
Disclosure is made as per the requirements of the Standard and as per the clarifications issued by the Institute of Chartered Accountants of India.		
<b>AS - 19 Leases</b>		
This Standard is not applicable as the Company does not have any finance lease agreement in force.		
<b>AS - 20 - Earnings Per Share</b>		
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.		
Profit after tax	(800.60)	139.61
Weighted number of equity shares	1,76,72,818	1,76,72,818
Nominal value of the shares	₹ 10/-	₹ 10/-
(i) Earnings per share - Basic	(4.53)	0.79
(ii) Earnings per share - Diluted	(4.48)	0.79
<b>AS - 21 Consolidated Financial Statements</b>		
Consolidated Financial Statements of the Company and its wholly owned below mentioned Subsidiaries are enclosed.		
(i) Tumkur Property Holdings Limited, Chennai		
(ii) Prime Property Holdings Limited, Chennai		
<b>AS - 22 Accounting for taxes on income</b>		
Income Tax payable under the normal computation of taxable income and also under the provisions of Section 115JB, viz., Minimum Alternate Tax is "NIL".		
Deferred tax liability resulting from timing differences between book and taxable profit including depreciation on acquired Business Rights, is accounted for, using the tax rates in force as on the Balance Sheet date.		
<b>AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements</b>		
This Standard is not applicable to the Company for the year under review.		
<b>AS - 24 Discontinuing Operations</b>		
In respect of Contract Manufacturing Services business which was sold during 2007, the details of liabilities carried over in the financial statements are furnished below:		
<b>Liabilities in respect of discontinued operations</b>		
Opening Balance as on 01.04.2012	20.46	20.46
Less: Discharged during the year	-	-
Closing balance as on 31.03.2013	20.46	20.46
No expenditure has been incurred during the year relating to the above discontinued business.		

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>AS - 25 Interim Financial Reporting</b>		
Quarterly financial results are published in accordance with the requirement of Listing Agreement with Stock Exchanges. The recognition and measurement principle as laid down in the Standard have been followed in the preparation of these results.		
<b>AS - 26 Intangible Assets</b>		
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.		
<b>AS - 27 Financial Reporting of Interest in Joint Ventures</b>		
This Standard is not applicable to the Company.		
<b>AS - 28 Impairment of Assets</b>		
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.		
<b>AS - 29 Provisions, Contingent Liabilities and Contingent Assets</b>		
Warranty cost on sale of products has been determined based on management estimates/ historical data and provided for - ₹ 312.90 lakhs ( Previous Year - ₹ 328.17 Lakhs)		
Contingent liabilities are disclosed in Note No.5 and Contested liabilities are disclosed in Note No.6.		
Contingent assets are neither recognised nor disclosed.		
<b>AS - 30 Financial Instruments: Recognition and Measurement</b>		
This Standard is not applicable.		
<b>AS - 31 Financial Instruments: Presentation</b>		
This Standard is not applicable.		
<b>AS - 32 Financial Instruments: Disclosures</b>		
This Standard is not applicable.		
2 Previous year figures have been regrouped wherever necessary to conform to current year's classification.		
3 <b>Deposits include</b>		
Deposits with (a) Post Office and Telephones	<b>0.76</b>	0.91
(b) Sales Tax	<b>3.21</b>	2.83
4 <b>Trade Payables Includes:</b>		
Disclosure under Micro, Small and Medium Enterprises Development Act (MSMED), 2006.		
i) Principal amount due to suppliers.	<b>20.44</b>	-
ii) Interest accrued and due to suppliers on the above amount	-	-
iii) Payment made to suppliers (other than interest) beyond the appointed day	<b>39.78</b>	7.37
iv) Interest paid to suppliers in terms of Section 16 of MSMED Act, 2006	<b>0.22</b>	0.03
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	-	-

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>5 Contingent liabilities and Commitments not provided for</b>		
<b>a Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt	59.23	49.22
Bank Guarantees	138.51	229.30
<b>Other money for which the company is contingently liable</b>		
On Letters of Credit opened with Banks	2,645.30	2,821.79
Central Excise Duty	-	45.62
Customs Duty	-	339.06
Service Tax	-	2.78
<b>b Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account	59.30	11.21
<b>6 Liability disputed not provided for</b>		
a) Sales Tax	110.39	221.95
b) Central Excise Duty	13.23	13.23
c) Customs Duty (Special Additional Duty )	-	10.25
d) Income Tax	477.76	478.09
e) Service Tax	121.15	121.15
<b>7 Payment to Auditors</b>		
a) As Auditor	10.11	10.36
b) For taxation matters	2.25	2.42
c) For company law matters	-	0.28
d) For other services	1.56	1.47
e) Reimbursement of expenses	3.80	1.30
Total	17.72	15.83
<b>8 Details of Revenue/Capital Expenditure incurred for "In House" R &amp; D Unit</b>		
<b>a ) Revenue Expenditure incurred under the following heads of account</b>		
Salaries, Wages & Allowances	64.25	68.53
Travelling & Conveyance	9.46	8.39
Product Development	18.46	22.04
Tools & Accessories	-	0.04
Stores Consumables	0.11	0.11
Consultancy & Technology	6.75	9.32
Reliability Testing, Field Tests & Trials	1.43	6.45
Miscellaneous Expenses	1.25	1.76
	101.71	116.64
<b>b) Capital Expenditure</b>		
<b>Addition to Fixed assets</b>		
Office Equipments	0.53	0.41
	0.53	0.41

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>9 Employee Stock Option Scheme 2011 (ESOP - 2011)</b>		
In accordance with Board resolution dated 23 <sup>rd</sup> July, 2011 and Shareholders' special resolution dated 21 <sup>st</sup> September, 2011 the ESOP-2011 was instituted during the year.		
As per the above scheme, the company issued 2,15,000 numbers of options to six eligible employees / directors on 2 <sup>nd</sup> May, 2012 at face value of ₹ 10/-. Of this 2,00,000 options lapsed as the same did not qualify for vesting. The cost of the vesting of live options in respect of the remaining 15000 options is ₹ 1.05 lakhs has been provided. This represents the excess of the market price viz., ₹ 7/- per equity share over the issue price of ₹ 10/- per equity share as on the "Grant Date".		
<b>10 Related Party Disclosures as per Accounting Standard - 18</b>		
<b>A) List of Related Parties as per Clause 3(a) of the Standard where control exists</b>		
<b>Reporting Entity</b>	<b>TVS Electronics Limited, Chennai</b>	
	<b>Period</b>	
<b>Holding Companies</b>		
T.V.Sundram Iyengar & Sons Limited, Madurai (Holding Company of Sundaram Investment Limited, Chennai)	<b>01.04.2012 to 31.03.2013</b>	
Sundaram Investment Limited, Chennai (Holding Company of TVS Investments Limited, Chennai)	<b>01.04.2012 to 31.03.2013</b>	
TVS Investments Limited, Chennai (Holding Company of Reporting Entity)	<b>01.04.2012 to 31.03.2013</b>	
<b>Wholly owned Subsidiaries</b>		
Prime Property Holdings Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
Tumkur Property Holdings Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
<b>B) Other Related Parties with whom transactions have been made during the year</b>		
<b>Fellow Subsidiaries</b>		
Sundaram-Clayton Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
TVS Motor Company Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
Sundaram Auto Components Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
TVS Capital Funds Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
TVS-E Access India Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
TVS-E Servicetec Limited, Chennai	<b>01.04.2012 to 31.03.2013</b>	
Sravanaa Properties Limited, Chennai	<b>01.04.2012 to 01.11.2012</b>	
<b>C) Particulars of transactions with Related Parties</b>		
<b>(i) Purchases made</b>		
<b>Fellow Subsidiary</b>		
Sundaram-Clayton Limited, Chennai	<b>161.12</b>	<b>32.97</b>

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>(ii) Services availed</b>		
<b>Holding Company</b>		
TVS Investments Limited, Chennai	572.92	487.03
<b>Fellow Subsidiaries</b>		
TVS-E Servicetec Limited, Chennai	-	263.57
TVS Capital Funds Limited, Chennai	-	1.23
Sundaram-Clayton Limited, Chennai	7.18	7.26
TVS Motor Company Limited	0.65	-
<b>(iii) Sale of Materials / Fixed Assets</b>		
<b>Fellow Subsidiaries</b>		
TVS-E Servicetec Limited, Chennai	-	156.74
TVS Motor Company Limited, Chennai	2.05	-
Sundaram Auto Components Limited, Chennai	0.25	-
<b>Holding Company</b>		
TVS Investments Limited, Chennai	2.21	-
<b>(iv) Services rendered</b>		
<b>Fellow Subsidiaries</b>		
TVS Motor Company Limited, Chennai	80.09	49.03
TVS-E Servicetec Limited, Chennai	-	220.60
TVS Capital Funds Limited, Chennai	11.76	7.89
Sundaram Auto Components Limited, Chennai	4.80	-
Sundaram-Clayton Limited, Chennai	29.78	18.14
<b>Holding Company</b>		
TVS Investments Limited, Chennai	4.12	8.03
<b>(v) Rent paid</b>		
<b>Fellow Subsidiary</b>		
Sravanaa Properties Limited, Chennai	1.50	2.70
<b>(vi) Rent Received</b>		
<b>Fellow Subsidiary</b>		
TVS-E Servicetec Limited, Chennai	-	1.09
<b>(vii) Interest received on Inter Corporate Deposits given</b>		
<b>Fellow subsidiaries</b>		
TVS-E Servicetec Limited, Chennai	34.29	2.33
Sravanaa Properties Limited, Chennai	1.39	-
<b>(viii) Inter Corporate Deposits given</b>		
<b>Fellow subsidiary</b>		
TVS-E Servicetec Limited, Chennai	108.50	200.00

## Notes on Accounts (Contd.)

₹ in lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
<b>(ix) Investment in TVS Shriram Growth Fund, Chennai</b>		
Contribution during the year	-	1,050.00
Redemption during the year	21.84	89.50
<b>(x) Sale of Investments to wholly owned Subsidiary</b>		
Prime Property Holdings Limited, Chennai	599.07	-
<b>(xi) Amount outstanding as at Balance Sheet date</b>		
<b>a) Trade Receivables</b>		
<b>Fellow Subsidiaries</b>		
Sundaram-Clayton Limited, Chennai	8.84	5.06
TVS Motor Company Limited, Chennai	5.54	4.97
TVS-E Access India Limited, Chennai	28.00	28.00
Sundaram Auto Components Limited, Chennai	0.24	-
TVS Capital Funds Limited, Chennai	-	7.89
TVS-E Servicetec Limited, Chennai	315.30	172.45
<b>Wholly owned Subsidiaries</b>		
Prime Property Holdings Limited, Chennai - Due under 'Contractual Obligation'.	-	330.00
Prime Property Holdings Limited, Chennai - Due under 'Loan/ 'Interest on Loan'	26.61	112.00
<b>b) Trade Payables</b>		
<b>Holding Company</b>		
TVS Investments Limited, Chennai	146.11	65.89
<b>Fellow Subsidiaries</b>		
TVS-E Servicetec Limited, Chennai	-	58.17
Sundaram-Clayton Limited, Chennai	3.61	3.61
TVS Capital Funds Limited, Chennai	0.10	-



## Notes on Accounts (Contd.)

### 11. Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956.

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

₹ in lakhs

	Year ended 31.03.2013	Year ended 31.03.2012
<b>I RAW MATERIALS &amp; COMPONENTS CONSUMED</b>		
<b>1 Raw Material &amp; Intermediates &amp; Components Consumed</b>		
i) Integrated Circuits (Nos)	170.34	236.83
ii) Miscellaneous Items	9,065.17	9,615.68
(which do not individually account for more than 10% of the value of the consumption)		
<b>Total</b>	<b>9,235.51</b>	<b>9,852.51</b>
<b>2 Consumption of Raw Materials &amp; Components</b>		
a) Imported	4,209.55	4,453.33
b) Indigenous	5,025.96	5,399.18
<b>Total</b>	<b>9,235.51</b>	<b>9,852.51</b>
<b>II Consumption of Machinery Spares</b>		
a) Imported	18.52	19.39
b) Indigenous	17.38	20.34
<b>Total</b>	<b>35.90</b>	<b>39.73</b>
<b>III Imports (CIF VALUE)</b>		
a) Raw materials	48.57	62.87
b) Spares, Stores and Components	2,435.84	2,546.39
c) Capital goods	25.69	3.54
d) Traded goods	3,274.05	2,706.21
<b>Total</b>	<b>5,784.15</b>	<b>5,319.01</b>
<b>IV OTHER EXPENDITURE IN FOREIGN CURRENCY</b>		
Salaries	16.68	26.16
Staff Welfare	0.01	0.04
Rent	-	2.48
Rates & Taxes	-	0.36
Repairs & Maintenance	-	1.45
Travel & Conveyance	7.47	14.94
Consumables	0.54	
Communication expenses	0.30	0.75
Other selling expenses	0.01	0.09
Consultancy, Legal fee & Retainers	21.83	0.81
Audit Fees	0.37	-
Bank charges	0.09	0.14
Sitting fees	0.03	0.03
Stationery	0.01	0.12
<b>V SALE BY CLASS OF GOODS</b>		
(a) Computer Peripherals	16,472.69	16,283.28
(b) Income on Services rendered	3,073.49	1,718.19
(c) Service, Spares & others	3,981.23	3,922.15
<b>Total</b>	<b>23,527.41</b>	<b>21,923.62</b>
<b>VI EARNINGS IN FOREIGN EXCHANGE</b>		
Exports	315.71	84.56
<b>Total</b>	<b>315.71</b>	<b>84.56</b>

## Notes on Accounts (Contd.)

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

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

₹ in lakhs

Description	Year ended 31.03.2013			Year ended 31.03.2012		
	Opening stock	Production / Purchases meant for Sale	Closing stock	Opening stock	Production / Purchases meant for Sale	Closing stock
<b>(A) MANUFACTURED ITEMS</b>						
a) Uninterruptible power supplies				0.07		
b) Computer Peripherals	277.27		248.63	120.96		277.27
c) Others	84.05		69.19	24.87		84.05
	<b>361.32</b>	<b>-</b>	<b>317.82</b>	145.90		361.32
<b>(B) TRADED ITEMS</b>						
a) Uninterruptible power supplies						
b) Computer Peripherals	515.71		428.42	342.40		515.71
c) Others	361.82		287.65	161.97		361.82
	<b>877.53</b>	<b>5,565.53</b>	<b>716.07</b>	504.37	4,708.42	877.53

Signature to Schedule 1 to 23 and notes there on

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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

## Disclosure Statement

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

(i) Disclosure in respect of Loans and Advances/Investments to Parent/Subsidiary/Associate companies during the year. ₹ in lakhs

Particulars	Name of the Parent/ Subsidiary/Associate Company	Amount Outstanding as on 31 <sup>st</sup> March, 2013	Maximum amount due at any one time of the year	Remarks
<b>A.LOANS AND ADVANCES</b> 1. Loans and Advances in the nature of Loans made to Parent Company 2.Loans and Advances in the nature of Loans made to Subsidiary 3.Loans and Advances in the nature of Loans made to Associates 4.Loans and Advances in the nature of loans made to firms/companies in which the Directors of the Company are interested				
<b>B.INVESTMENTS</b> 1. Investment made in Parent Company 2.Investments made in Associate Company 3.Investments made in Subsidiary Company	Tumkur Property Holdings Limited, Chennai  Prime Property Holdings Limited, Chennai	5.00 (fully provided)  5.00	5.00  5.00	

(II) Disclosure in respect of Loans and Advances /Investments by Parent/Subsidiary/Associate companies during the year.

<b>A.LOANS AND ADVANCES</b> 1. Loans and Advances in the nature of Loans made to Parent Company 2.Loans and Advances in the nature of Loans made to Subsidiary ** 3.Loans and Advances in the nature of Loans made to Associates	Prime Property Holdings Limited, Chennai	26.61	26.61	
<b>B.INVESTMENTS</b> 1. Investment made by Parent Company 2.Investments made in Associate Company	TVS Investments Limited, Chennai			

\*\* This amount represents the interest on the loan to be repaid by the subsidiary.

Investment by the loanee in the shares of the Parent Company and the Subsidiary Company when the Company has made a Loan or Advance in the nature of loan - Nil

## Cash Flow Statement

₹ in lakhs

	Year ended 31.03.2013	Year ended 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and exceptional items</b>	<b>(504.12)</b>	161.18
Adjustment for :		
Depreciation	619.36	504.08
Employee stock option expense	1.05	(0.25)
Interest Income	(80.44)	(9.55)
Dividend Income	(3.63)	-
Profit on sale of assets	(17.28)	(4.46)
Profit on sale of investments	(44.54)	-
Loss on sale of assets	12.27	54.77
Diminution in the value of investments	5.00	-
Interest paid	938.76	627.76
	<b>1,430.55</b>	1,172.35
<b>Operating Profit before Working Capital changes</b>	<b>926.43</b>	1,333.53
Adjustment for :		
Inventories	105.08	(423.87)
Trade Receivables	413.16	(1,158.34)
Loans and Advances	(317.97)	(339.91)
Other non-current / current assets	289.73	(202.71)
Trade Payables	(189.19)	780.42
Non-current / Current liabilities and provisions	(276.62)	406.20
	<b>24.19</b>	(938.21)
<b>Cash from Operations</b>	<b>950.62</b>	395.32
Direct taxes paid net of provision	-	(33.21)
<b>Net cash from operating activities (A)</b>	<b>950.62</b>	362.11
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(447.37)	(3,759.20)
Capital Work-in-Progress	76.43	(76.43)
Sale of Investments	636.38	2,700.00
New Investments made	-	(960.50)
Exceptional items of expenditure	-	(20.61)
Sale of fixed assets	34.41	37.10
Interest Income	80.44	9.55
Dividend Income	3.63	-
<b>Net cash from / (used in ) investing activities (B)</b>	<b>383.92</b>	(2,070.09)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share Capital - Convertible Warrants	-	19.91
Repayment of Loans	(89.81)	2,110.32
Interest paid	(938.76)	(627.76)
<b>Net cash used in financing activities (C)</b>	<b>(1,028.57)</b>	1,502.47
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>305.97</b>	(205.51)
<b>Opening Cash and Cash equivalents as at 01.04.2012</b>	<b>418.64</b>	624.15
<b>Closing Cash and Cash equivalents as at 31.03.2013</b>	<b>724.61</b>	418.64

**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

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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

## Statement relating to Subsidiaries

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

Particulars	Name of the Subsidiaries	
	Tumkur Property Holdings Limited, Chennai	Prime Property Holdings Limited, Chennai
1. Financial year of the Subsidiary ended on	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2013
2. Shares of Subsidiary held by the Company on 31.03.2013		
a. Number and face value of equity	50,000 equity shares of ₹10/- each fully paid up	50,000 equity shares of ₹10/- each fully paid up
b. Extent of holding	100%	100%
3. Net aggregate amount of Profit / (Loss) of the Subsidiaries for the above financial year of the Subsidiaries not dealt with in the Company's accounts so far as it concerns the members of the holding Company		
	Amount in ₹	Amount in ₹
a. For the financial year of the Subsidiaries - Profit / (Loss)	(8,53,718)	3,84,76,245
b. For the previous financial years since they became Subsidiaries - Profit / (Loss)	(1,85,976)	2,96,87,239
4. Net aggregate amount of Profit / (Loss) of the Subsidiaries for the above financial year of the Subsidiaries dealt with in the Company's accounts so far as it concerns the members of the holding Company		
a. For the financial year of the Subsidiaries - Profit / (Loss)	Nil	Nil
b. For the previous financial years since they became Subsidiaries. - Profit / (Loss)	Nil	Nil
5. Change of interest of the Company in the Subsidiaries between the end of the financial year of the Subsidiaries and the financial year of the Company.	Not Applicable	Not Applicable
6. Material changes between the end of the financial year of the Subsidiaries and the end of the financial year of the Company.	Not Applicable	Not Applicable
i) Fixed Assets		
ii) Investments		
iii) Money Lent		
iv) Borrowings other than for meeting current liabilities		

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

## Independent Auditors' Report on Consolidated Accounts

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

We have audited the accompanying consolidated financial statements of TVS Electronics Limited, Chennai ("the Company") and its subsidiaries, which comprise of consolidated Balance Sheet as at 31<sup>st</sup> March 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

We did not audit the financial statements of subsidiaries viz. i) Prime Property Holdings Limited, Chennai and ii) Tumkur Property Holdings Limited, Chennai.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Sundaram & Srinivasan**

Chartered Accountants  
Firm Registration No.: 004207S

**M. BALASUBRAMANIAM**

Chennai  
May 20, 2013

Partner  
Membership no.: F7945

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013

₹ in lakhs

Particulars	Note no.	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1	1,767.28	1,767.28
(b) Reserves and surplus	2	2,340.36	2,113.16
(c) Money received against share warrants	1	19.91	19.91
		<b>4,127.55</b>	<b>3,900.35</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	998.00	1,666.00
(b) Deferred tax liabilities (Net)		344.79	48.31
(c) Other Long term liabilities	4	1.83	221.84
(d) Long-term provisions	5	308.30	431.21
		<b>1,652.92</b>	<b>2,367.36</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	5,520.42	4,942.23
(b) Trade payables		2,083.23	2,270.85
(c) Other current liabilities	7	933.92	1,179.99
(d) Short-term provisions	8	627.76	457.30
		<b>9,165.33</b>	<b>8,850.37</b>
<b>TOTAL</b>		<b>14,945.80</b>	<b>15,118.08</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1</b>			
(a) Fixed assets	9		
(i) Tangible assets		1,820.64	1,741.99
(ii) Intangible assets		2,847.13	3,222.31
(iii) Capital work-in-progress		-	76.43
(b) Non-current investments	10	789.52	801.32
(c) Long-term loans and advances	11	3,871.66	3,565.07
(d) Other non-current assets	12	149.19	244.35
		<b>9,478.14</b>	<b>9,651.47</b>
<b>2 Current assets</b>			
(a) Inventories	13	1,657.96	1,763.04
(b) Trade receivables	14	2,350.23	2,733.44
(c) Cash and cash equivalents	15	820.08	578.34
(d) Short-term loans and advances	16	378.41	239.44
(e) Other current assets	17	260.98	152.35
		<b>5,467.66</b>	<b>5,466.61</b>
<b>TOTAL</b>		<b>14,945.80</b>	<b>15,118.08</b>
<b>Notes on Accounts</b>	24		

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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



## Consolidated Statement of Profit & Loss for the Year ended 31<sup>st</sup> March, 2013

₹ in lakhs

Particulars	Note no.	As at 31.03.2013	As at 31.03.2012
I. Revenue from operations	18	23,524.52	21,661.46
II. Other income	19	765.98	382.48
<b>III. Total Revenue (I + II)</b>		<b>24,290.50</b>	<b>22,043.94</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	9,191.64	10,065.87
Purchases of Stock-in-Trade	20	5,726.99	4,335.26
Changes in inventories of finished goods, work-in-process & stock-in-trade	20	43.87	(213.36)
Employee benefits	21	2,458.29	1,775.66
Finance costs	22	1,018.30	658.66
Depreciation and Amortization expense		619.36	504.08
Other Expenses	23	5,283.07	4,764.65
<b>Total Expenses</b>		<b>24,341.52</b>	<b>21,890.82</b>
<b>V. Profit before exceptional items and tax (III-IV)</b>		<b>(51.02)</b>	<b>153.12</b>
VI. Exceptional items - Loss on sale of unused assets			20.61
<b>VII. Profit before tax (V - VI)</b>		<b>(51.02)</b>	<b>132.51</b>
VIII Tax Expense:			
(1) Current tax		127.00	33.76
(2) Deferred tax		296.48	(32.25)
(3) Tax relating to earlier years		(54.61)	0.20
<b>IX Profit/(Loss) for the period (VII-VIII)</b>		<b>(419.89)</b>	<b>130.80</b>
X Earnings per equity share: (Refer Note 24(1)-AS 20)			
(1) Basic		(2.38)	0.74
(2) Diluted		(2.35)	0.74
<b>Notes on Accounts</b>	<b>24</b>		

For and on behalf of the Board

As per our report of even date annexed

**GOPAL SRINIVASAN**  
Chairman

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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

## Notes to Consolidated Balance Sheet

### Note no. 1 - Share Capital

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of par value of ₹ 10/- each	2,50,00,000	2,500	2,50,00,000	2,500
<b>Issued</b>				
Equity Shares of par value of ₹ 10/- each	1,76,72,818	1,767.28	1,76,72,818	1,767.28
<b>Subscribed &amp; Paid up</b>				
1,76,72,818 Equity Shares of ₹10 each fully paid	1,76,72,818	1,767.28	1,76,72,818	1,767.28
<b>Total</b>	<b>1,76,72,818</b>	<b>1,767.28</b>	<b>1,76,72,818</b>	<b>1,767.28</b>

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

Particulars	Equity Shares	
	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	1,76,72,818	1,767.28
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,76,72,818	1,767.28

### Right and preferences attached to equity share:

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

**Money received against share warrants:** This is in respect of 3,50,000 warrants. The holder of the warrants has the option to exercise the right to be allotted equal number of Equity shares of par value of ₹10/- each at a premium of ₹12.75 per equity share. The aggregate price of warrants is ₹79.62 Lakhs. As per terms of allotment 25% is to be paid immediately on allotment. Thus a sum of ₹19.91 Lakhs is received on 3<sup>rd</sup> October, 2011 viz., the date of allotment.

The conversion option which is to be exercised before 2<sup>nd</sup> April, 2013 has been exercised. Accordingly 3,50,000 number of Equity shares of ₹ 10/- aggregating to ₹ 35,00,000/- is to be allotted to the Share warrant holder. The premium of ₹ 12.75 payable per equity share on 3,50,000 number of Equity shares aggregating to ₹ 44,62,500/- has also been received. This will be credited to Share premium Account on allotment of shares.

### 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 31.03.2013	As at 31.03. 2012
TVS Investments Limited, Chennai	1,07,26,449	1,05,53,449

### Details of shareholders holding more than five percent shares

Name of Shareholder	As at 31.03.2013	As at 31.03. 2012
	No. of Shares held	No. of Shares held
TVS Investments Limited, Chennai	1,07,26,449	1,05,53,449

## Notes to Consolidated Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 2 - Reserves &amp; Surplus</b>		
<b>a. Capital Reserves</b>		
Balance at the beginning of the year	60.60	60.60
Capital reserve on consolidation	0.04	0.04
Closing Balance	60.64	60.64
<b>b. Securities Premium Account</b>		
Balance at the beginning of the year	1,281.92	1,281.92
Closing Balance	1,281.92	1,281.92
<b>c. Share Options Outstanding Account</b>		
Balance at the beginning of the year	-	0.25
(+) Current Year Transfer	1.05	-
(-) Written Back in Current Year	-	0.25
Closing Balance	1.05	-
<b>d. Other Reserves:</b>		
<b>General Reserve</b>		
Balance at the beginning of the year	349.58	349.58
Closing Balance	349.58	349.58
<b>e. Investment Subsidy</b>		
Balance at the beginning of the year	15.00	15.00
Closing Balance	15.00	15.00
<b>f. Investment Allowance Reserve</b>		
Balance at the beginning of the year	27.46	27.46
Closing Balance	27.46	27.46
<b>g. Share of loss in erstwhile associate group company</b>	-	(0.47)
	-	(0.47)
<b>h. Surplus i.e. Balance in the Statement of Profit &amp; Loss</b>		
Balance in the Statement of Profit & Loss as at the beginning of the year	379.03	248.23
(+) Net Profit/(Net Loss) For the current year	(419.89)	130.80
(+) Unrealised profit on sale of asset of an earlier year now realised	645.57	-
Closing Balance	604.71	379.03
<b>Total</b>	<b>2,340.36</b>	<b>2,113.16</b>

## Notes to Consolidated Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 3 - Long-Term Borrowings</b>		
<b>Secured</b>		
Term loans		
From banks #	<b>998.00</b>	1,666.00
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking paripassu with other term lenders)		
# Loan repayable in twelve quarterly instalments commencing from November 2012		
<b>Total</b>	<b>998.00</b>	<b>1,666.00</b>
(a) Total Loan repayable over term of loans	<b>2,000.00</b>	
(b) Loan repayable in 2012-13	<b>334.00</b>	
(c) Balance long-term loan as at 31.03.2012	<b>1,666.00</b>	
(d) Instalment paid in advance	<b>167.00</b>	
(e) Balance	<b>1,499.00</b>	
(f) Description of loan	<b>Corporate Loan</b>	
(g) Frequency of repayment(s)	<b>Quarterly</b>	
(h) No. of instalments	<b>12</b>	
(i) Maturity	<b>01.08.2015</b>	
(j) Total of loans repayable over term of loans	<b>1,499.00</b>	
(k) Loan repayable in 2013-14	<b>501.00</b>	
(l) Balance long-term loan 31.03.2013	<b>998.00</b>	
(m) Amount payable in each instalment	<b>167.00</b>	
<b>Note no. 4 - Other Long-Term Liabilities</b>		
Income received in advance-Unexpired Annual Maintenance Contracts	<b>1.83</b>	9.84
Advance received for sale of land	-	100.00
Long term advance payable	-	112.00
<b>Total</b>	<b>1.83</b>	<b>221.84</b>
<b>Note no. 5 Long-Term Provisions</b>		
(a) Provision for Employee benefits		
Leave encashment	<b>46.47</b>	45.05
(b) Provision for Warranty & Sales Tax		
Warranty	<b>105.96</b>	203.34
Sales Tax	<b>48.12</b>	48.12
(c) Provision for Expenses	<b>101.72</b>	74.08
(d) Provision for Tax	<b>6.03</b>	60.62
<b>Total</b>	<b>308.30</b>	<b>431.21</b>

## Notes to Consolidated Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 6 Short-Term Borrowings</b>		
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks	<b>3,200.00</b>	3,200.00
(Secured by a first charge on all movable properties of the Company, present and future, a pari passu charge on the current assets of the Company by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares and further secured by a second charge on immovable properties on a pari passu basis to the consortium of banks).		
	<b>3,200.00</b>	3,200.00
<b>Secured</b>		
From banks	<b>501.00</b>	334.00
(Secured by first charge on the entire fixed assets of the company and second charge on the company's entire current assets ranking pari passu with other term lenders)		
	<b>501.00</b>	334.00
<b>Unsecured</b>		
<b>Loans repayable on demand</b>		
From banks	<b>1,819.42</b>	1,408.23
	<b>1,819.42</b>	1,408.23
<b>Total</b>	<b>5,520.42</b>	4,942.23
<b>Note no. 7 - Other Current Liabilities</b>		
Interest accrued and due on borrowings	<b>53.40</b>	57.40
Interest accrued but not due on borrowings	<b>12.98</b>	13.05
Income received in advance-Unexpired Annual Maintenance Contracts	<b>23.76</b>	21.70
Unclaimed dividends	<b>7.15</b>	9.60
Unpaid interest accrued on matured deposits	-	0.36
Other payables :		
Statutory Liabilities	<b>113.99</b>	101.75
Retention Money	<b>20.46</b>	20.46
Security Deposits	<b>74.48</b>	92.75
Employee Related	<b>98.15</b>	129.87
Liability towards expenses	<b>529.55</b>	733.05
<b>Total</b>	<b>933.92</b>	1,179.99
<b>Note no. 8 - Short Term Provisions</b>		
(a) Provision for Employee benefits		
Leave Encashment	<b>8.75</b>	8.31
(b) Provision for Warranty	<b>206.94</b>	124.83
(c) Provision for Expenses	<b>285.07</b>	318.49
(d) Provision for Tax	<b>127.00</b>	5.67
<b>Total</b>	<b>627.76</b>	457.30

## Notes to Consolidated Balance Sheet (Contd.)

Note no.9 - Fixed Assets										₹ in lakhs
Fixed Assets		Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 01.04.2012	Additions/ (Disposals)	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation charge for the year	Withdrawn on disposals	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012	
<b>a</b>										
<b>Tangible Assets</b>										
Land	335.22	253.23	240.08	-	-	-	-	240.08	335.22	
		(348.37)								
<b>Land Total</b>	335.22	(95.14)	240.08	-	-	-	-	240.08	335.22	
Buildings including improvements	691.16	167.06	850.82	379.90	40.98	3.09	417.79	433.03	311.26	
	-	(7.40)	-	-	-	-	-	-	-	
<b>Buildings Total</b>	691.16	159.66	850.82	379.90	40.98	3.09	417.79	433.03	311.26	
Plant and Equipment	3,461.82	160.90	3,571.53	2,541.50	128.44	35.81	2,634.13	937.40	920.32	
		(51.19)								
<b>Plant and Equipment Total</b>	3,461.82	109.71	3,571.53	2,541.50	128.44	35.81	2,634.13	937.40	920.32	
Furniture and Fixtures	200.38	17.86	190.79	116.30	13.19	25.51	103.98	86.81	84.08	
		(27.45)								
<b>Furniture and Fixtures Total</b>	200.38	(9.59)	190.79	116.30	13.19	25.51	103.98	86.81	84.08	
Vehicles	29.95	-	0.55	29.25	0.08	29.21	0.12	0.43	0.70	
		(29.40)								
<b>Vehicles Total</b>	29.95	(29.40)	0.55	29.25	0.08	29.21	0.12	0.43	0.70	
Office equipment	1,522.94	92.05	1,457.33	1,432.53	51.99	150.08	1,334.44	122.89	90.41	
		(157.66)								
<b>Office equipment Total</b>	1,522.94	(65.61)	1,457.33	1,432.53	51.99	150.08	1,334.44	122.89	90.41	
Others:										
<b>Tangible Assets Additions Total</b>		691.10								
<b>Tangible Assets Disposals Total</b>		(621.47)								
<b>Tangible Assets Total</b>	6,241.47	69.63	6,311.10	4,499.48	234.68	243.70	4,490.46	1,820.64	1,741.99	
<b>b</b>										
<b>Intangible Assets</b>										
Computer software	66.94	9.50	76.44	36.88	30.37	-	67.25	9.19	30.06	
	66.94	9.50	76.44	36.88	30.37	-	67.25	9.19	30.06	
<b>Computer software Total</b>	800.00	-	800.00	715.67	44.33	-	760.00	40.00	84.33	
Intellectual Property Rights										
Business Rights	3,262.91	-	3,262.91	154.99	309.98	-	464.97	2,797.94	3,107.92	
Intellectual Property and Business Rights Total	4,062.91	-	4,062.91	870.66	354.31	-	1,224.97	2,837.94	3,192.25	
<b>Intangible Assets Total</b>	4,129.85	9.50	4,139.35	907.54	384.68	-	1,292.22	2,847.13	3,222.31	
<b>c</b>										
<b>Capital Work In Progress ( at Cost )</b>										
Buildings	4.73	(4.73)	-	-	-	-	-	-	4.73	
Plant & Equipment	71.70	(71.70)	-	-	-	-	-	-	71.70	
<b>Capital work in progress Total</b>	76.43	(76.43)	-	-	-	-	-	-	76.43	
Grand Total	10,447.75	2.70	10,450.45	5,407.02	619.36	243.70	5,782.68	4,667.77	5,040.73	

## Notes to Consolidated Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 10 - Non-Current Investments (At Cost)</b>		
<b>Other Investments - Non trade</b>		
(a) Investment in Equity instruments	90.77	90.82
(b) Other investments	698.75	710.50
<b>Total</b>	<b>789.52</b>	<b>801.32</b>
Aggregate cost of unquoted investments	789.52	801.32

### Details of Other Investments - Non trade

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"
			2013	2012			2013	2012	2013	2012		
(a)	<b>Investment in Equity Instruments</b>											
	Modular Infotech Private Limited, Pune	Others	9,07,255	9,07,255	Unquoted	Fully paid			90.73	90.73	Yes	
	<b>Total (a)</b>								90.73	90.73		
(b)	<b>Other investments:</b>											
	Capital contribution to TVS Shriram Growth Fund, Chennai	Others	69,875.31	71,050	Unquoted	Fully paid			698.75	710.50	Yes	
	<b>Total (b)</b>								698.75	710.50		
(c)	<b>Pro-rata Share in the profit of the erstwhile associate company</b>								0.04	0.09		
	<b>Total (c)</b>								0.04	0.09		
	<b>Total</b>								<b>789.52</b>	<b>801.32</b>		

## Notes to Consolidated Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 11 - Long Term Loans and Advances - Unsecured, considered good</b>		
a. Capital Advances	16.66	9.26
b. Security Deposits	2,713.06	2,666.70
c. Loans and advances to related parties (Inter corporate deposit)	308.50	200.00
d. Others:		
Balance with Statutory Authorities:		
Customs	13.60	13.60
Sales tax	12.22	12.22
Income Tax Refund receivable	0.04	-
Tax deducted at source net of provisions	626.16	482.96
	652.02	508.78
Others:		
Interest Receivable	0.01	0.45
Advances to Vendors	181.41	179.88
	833.44	689.11
<b>Total</b>	<b>3,871.66</b>	<b>3,565.07</b>
<b>Note no. 12 - Other non-current assets</b>		
a. Debts due by related parties (Unsecured, considered good)	58.21	170.17
b. Claims Receivable - Sales Tax	90.98	74.18
	-	-
<b>Total</b>	<b>149.19</b>	<b>244.35</b>
<b>Note no. 13 - Inventories</b>		
<b>a. Raw Materials and components (at Cost)</b>		
Components	555.89	506.41
Indirect material	17.83	17.41
Goods-in transit	50.35	-
	624.07	523.82
<b>b. Work-in-process (at Cost) - Computer Peripherals</b>		0.37
<b>c. Finished goods</b> (at Cost or Net realisable value whichever is lower)		
Manufactured	317.82	361.32
Traded	685.20	877.53
Goods-in transit	30.87	-
	1,033.89	1,238.85
<b>Total</b>	<b>1,657.96</b>	<b>1,763.04</b>



## Notes to Consolidated Balance Sheet (Contd.)

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Note no. 14 - Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,101.14	2,386.58
	<b>2,101.14</b>	<b>2,386.58</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	249.09	346.86
Unsecured, considered doubtful	111.19	105.23
	<b>360.28</b>	<b>452.09</b>
Less: Provision for doubtful debts	111.19	105.23
	<b>249.09</b>	<b>346.86</b>
<b>Total</b>	<b>2,350.23</b>	<b>2,733.44</b>
<b>Note no. 15 - Cash and Cash equivalents</b>		
a. Balances with banks	811.92	567.14
b. Cheques, drafts on hand	-	0.76
c. Cash on hand	1.01	0.84
d. Earmarked balances with banks	7.15	9.60
(Unclaimed dividend)		
<b>Total</b>	<b>820.08</b>	<b>578.34</b>
<b>Note no. 16 - Short-term Loans and Advances</b>		
Balance with Statutory Authorities:		
Sales Tax	149.15	157.43
Central Excise	20.95	8.47
Advance Tax Paid	127.00	-
Tax Deducted at source	1.75	0.77
	<b>298.85</b>	<b>166.67</b>
Others:		
Prepaid expenses	70.85	58.69
Due from Employees	8.71	14.08
<b>Total</b>	<b>378.41</b>	<b>239.44</b>
<b>Note no. 17 - Other current assets</b>		
a. Interest Receivable	10.79	0.58
b. Unbilled Revenue	250.19	151.58
c. Related Party	-	0.19
<b>Total</b>	<b>260.98</b>	<b>152.35</b>

## Notes to Consolidated Statement of Profit and Loss

₹ in lakhs

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Note no. 18 - Revenue From Operations</b>		
Sale of products	20,660.16	20,322.98
Sale of services	2,982.73	1,463.45
Other operating revenues	12.33	8.70
	<b>23,655.22</b>	<b>21,795.13</b>
Less: Excise duty	130.70	133.67
<b>Total</b>	<b>23,524.52</b>	<b>21,661.46</b>
<b>Note no. 19 - Other Income</b>		
Interest Income	97.07	17.27
Dividend Income	3.63	-
Gain on sale of investments	60.18	-
Profit on sale of fixed assets	701.54	4.48
Less: Expenses relating to sale of property		
- Professional Fees	(184.55)	-
- Reimbursement of expenses	(15.80)	-
Forex fluctuation gain	96.30	92.35
Management Services Income	2.89	262.16
Other non-operating income	4.72	6.22
<b>Total</b>	<b>765.98</b>	<b>382.48</b>
<b>Note no.20 - Cost of Materials Consumed and Changes in Inventories of Finished Goods, Work-in-Process &amp; Stock-in-Trade</b>		
<b>A) Cost of Materials Consumed</b>		
a) Opening stock	523.82	653.38
b) Add: Purchases *	9,291.89	9,936.31
	<b>9,815.71</b>	<b>10,589.69</b>
c) Less: Closing stock	624.07	523.82
<b>Total (A)</b>	<b>9,191.64</b>	<b>10,065.87</b>
<b>B) Changes in Inventories of Finished Goods, Work-in-Process &amp; Stock-in-Trade</b>		
a) Opening stock		
Work-in-process	0.37	2.43
Finished Goods	361.32	145.90
(i)	<b>361.69</b>	<b>148.33</b>
b) Closing stock:		
Work-in-process	-	0.37
Finished Goods	317.82	361.32
(ii)	<b>317.82</b>	<b>361.69</b>
<b>Total (B)</b>	<b>43.87</b>	<b>(213.36)</b>
<b>GRAND TOTAL [ A + B ]</b>	<b>9,235.51</b>	<b>9,852.51</b>

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

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Purchases of Stock-in-Trade</b>		
a) Opening stock	877.53	504.37
b) Add: Purchases **	5,565.53	4,708.42
	<b>6,443.06</b>	5,212.79
c) Less: Closing stock	716.07	877.53
<b>Consumption of Traded Items</b>	<b>5,726.99</b>	<b>4,335.26</b>
* Components and parts of Computer Peripherals		
** Finished goods of Computer Peripherals viz., Point of sale products and Keyboards		
<b>Note no. 21 - Employee Benefits</b>		
Salaries and wages	2,204.58	1,559.08
Leave Encashment	8.94	20.60
Contributions to Provident & other funds	133.95	98.33
Expense on Employee Stock Option Scheme (ESOP)	1.05	(0.25)
Welfare expenses	109.77	97.90
<b>Total</b>	<b>2,458.29</b>	<b>1,775.66</b>
<b>Note no. 22 - Finance Costs</b>		
Interest expense	992.13	627.76
Other borrowing costs - Loan processing charges	26.17	30.90
<b>Total</b>	<b>1,018.30</b>	<b>658.66</b>
<b>Note no. 23 - Other Expenses</b>		
Consumption of stores and spares	63.30	55.56
Power and Fuel	114.70	72.17
Rent	384.87	281.86
Repairs & Maintenance - Building	185.34	119.84
Repairs & Maintenance - Plant & Equipment	9.09	16.98
Repairs & Maintenance - Office Equipments	161.17	145.42
Repairs & Maintenance - Vehicle	2.35	2.98
Insurance	54.73	44.66
Rates and Taxes (excluding taxes on income)	59.08	46.71
Audit Fees	18.05	16.17
Directors Sitting Fees	1.45	2.10
Loss on Sale of Assets	20.50	54.77
Carriage Outward	517.93	397.44
Sales commission, discounts	861.03	1,115.10
Warranty Expenses	167.63	279.33
Marketing	108.99	129.68
Travelling & Conveyance	458.12	326.79
Legal & Consultancy	794.19	721.91
Data Processing	660.31	351.61
Miscellaneous expenses	640.24	583.57
(under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)		
<b>Total</b>	<b>5,283.07</b>	<b>4,764.65</b>

## Consolidated Cash Flow Statement

₹ in lakhs

	Year ended 31.03.2013	Year ended 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax and exceptional items</b>	<b>(51.02)</b>	153.13
Adjustment for :		
Depreciation	619.36	504.08
Employee stock option expense	1.05	(0.25)
Share of loss in erstwhile associate group company	0.47	
Interest Income	(97.07)	(17.27)
Dividend Income	(3.63)	-
Profit on sale of assets	(701.54)	(4.48)
Profit on sale of investments	(60.18)	-
Loss on sale of assets	20.50	54.77
Interest paid	992.13	627.76
	<b>771.09</b>	1,164.61
<b>Operating Profit before Working Capital changes</b>	<b>720.07</b>	1,317.74
Adjustment for :		
Inventories	105.08	(423.87)
Trade Receivables	383.21	(1,158.51)
Loans and Advances	(445.56)	(333.03)
Other non-current / current assets	(13.47)	(202.73)
Trade Payables	(187.62)	610.26
Non-current / Current liabilities and provisions	(418.53)	581.47
	<b>(576.89)</b>	(926.41)
<b>Cash from Operations</b>	<b>143.18</b>	391.33
Direct taxes paid net of provision	(72.39)	(33.96)
<b>Net cash from operating activities</b>	<b>70.79</b>	357.37
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(700.60)	(3,759.20)
Capital Work-in-Progress	76.43	(76.43)
Sale of Investments	721.05	2,700.00
New Investments made	(649.07)	(960.50)
Exceptional items of expenditure	-	(20.61)
Sale of fixed assets	1,058.81	37.12
Realised profit on sale of fixed asset	645.57	
Interest Income	97.07	17.27
Dividend Income	3.63	
<b>Net cash from / (used in ) investing activities</b>	<b>1,252.89</b>	(2,062.35)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Share Capital - Convertible Warrants	-	19.91
Repayment of Loans	(89.81)	2,110.32
Interest paid	(992.13)	(627.76)
<b>Net cash used in financing activities</b>	<b>(1,081.94)</b>	1,502.47
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>241.74</b>	(202.51)
<b>Opening Cash and Cash equivalents as at 01.04.2012</b>	<b>578.34</b>	780.85
<b>Closing Cash and Cash equivalents as at 31.03.2013</b>	<b>820.08</b>	578.34

**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

**H.LAKSHMANAN**  
Director

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

Chennai  
May 20, 2013

**S.NAGALAKSHMI**  
Company Secretary

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

## 24 Accounting Policies adopted in the preparation of Consolidated Accounts

### A. Principles of Consolidation

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

The consolidated accounts have been prepared based on line by line consolidation by adding together the book values of like items

of assets, liabilities, income and expenses as per the accounts of the parent company and its subsidiary company (duly certified by its auditor) and Intra Group balances/Intra Group transactions have been eliminated.

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

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

Name of the subsidiary	Country of Incorporation	Shareholding as on	Extent of Holding (%) Direct
Prime Property Holdings Limited, Chennai	India	31.03.2013	100%
Tumkur Property Holdings Limited, Chennai	India	31.03.2013	100%

### C. Other significant accounting policies:

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

Accounts annexed to respective financial statements form part of this Consolidated financial statements.

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

## Disclosure of information relating to Subsidiaries

The Ministry of Corporate Affairs, Government of India, vide general circular No.2 and 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011 respectively has granted a general exemption from compliance with Section 212 of the

Companies Act, 1956, subject to fulfillment of certain conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular including the disclosure of information of Subsidiaries Balance Sheet of the Company. Rs. in Lakhs

Particulars	Prime Property Holdings Limited		Tumkur Property Holdings Limited	
	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2013	Year ended 31.03.2012
1. Share Capital – Equity	5.00	5.00	5.00	5.00
2. Reserves and Surplus \$	681.64	296.87	(10.40)	(1.86)
3.Total Liabilities*	163.58	613.16	6.00	0.17
4.Total Assets+	850.22	915.03	0.60	3.31
5. Investments	-	-	-	-
6. Gross Income	515.96	7.73	0.22	-
7. Profit/(Loss) before Tax	457.15	(7.48)	(8.54)	(0.58)
8. Provision for taxation – Current	72.39	(0.75)	-	-
9. Profit/(Loss) after Tax	384.76	(8.23)	(8.54)	(0.58)
10. Dividend/Proposed Dividend including dividend tax	-	-	-	-

\$ Reserves and Surplus is net of debit balance in Statement of Profit and Loss.

\* Total Liabilities includes Current Liabilities & Provisions.

+ Total Assets includes Net Fixed Assets, Current Assets and Miscellaneous Expenditure

## TVS Electronics Limited

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



### ATTENDANCE SLIP

Please hand over this attendance slip at the entrance of the meeting hall

NAME AND ADDRESS OF THE SHAREHOLDER	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="padding: 2px;">Number of Shares held</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> </table>	Number of Shares held			
Number of Shares held					
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Client ID</td> <td style="width: 50%; padding: 2px;">Folio No.</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> </table> <p style="text-align: center; font-size: small;">(Strike whichever not applicable)</p>	Client ID	Folio No.		
Client ID	Folio No.				
NAME OF THE PROXY (IN CAPITAL LETTERS)					
<div style="border: 1px solid black; padding: 5px;"> 18<sup>th</sup> ANNUAL GENERAL MEETING  23<sup>rd</sup> August, 2013 at 10.15 AM  Sri Thyaga Brahma Gana Sabha (Vani Mahal)  No.103, G N Chetty Road, T. Nagar  Chennai - 600 017 </div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center; padding: 5px;"> <input type="checkbox"/> Member </td> <td style="width: 50%; text-align: center; padding: 5px;"> <input type="checkbox"/> Proxy </td> </tr> </table> <p style="text-align: center; font-size: small;">I hereby record my presence at the Meeting</p>	<input type="checkbox"/> Member	<input type="checkbox"/> Proxy		
<input type="checkbox"/> Member	<input type="checkbox"/> Proxy				

Signature of the Member or Proxy



## TVS Electronics Limited

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



### PROXY FORM

I/We.....  
of.....  
in the district of.....being member(s) of  
TVS ELECTRONICS LIMITED hereby appoint.....of.....  
in the district of.....  
or failing him/her.....of.....  
in the district of.....  
as my/our proxy to vote for me/us on my/our behalf at the 18<sup>th</sup> Annual General Meeting of the Company to be  
held on Friday, the 23<sup>rd</sup> day of August, 2013 at 10.15AM and/or at any adjournment thereof.  
Signed this.....day of .....2013.

Client ID	Folio No.	Number of Shares held

(Strike whichever not applicable)

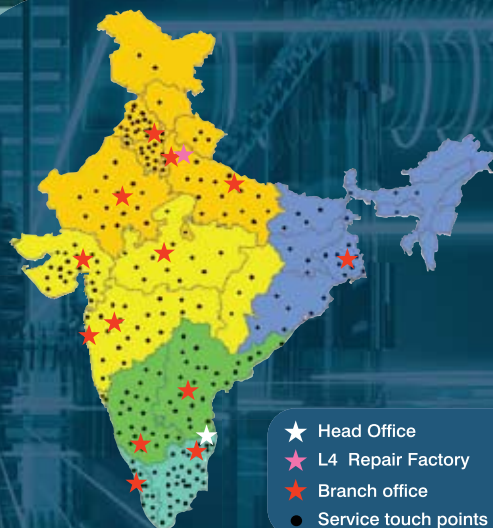
Proxy Form must reach company's registered office not later than 48 hours before the commencement of the meeting

FOR OFFICE USE ONLY	
Proxy No.	Date of Receipt

Re. 1/-  
Revenue  
Stamp  
Signature



*Be part of a **network** that's  
connected to the **future**.*



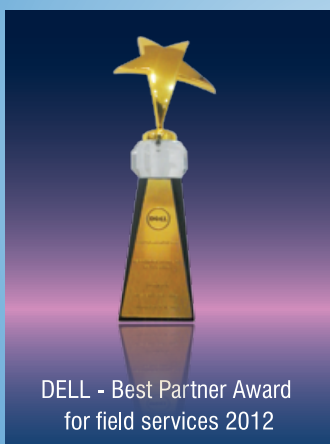




VAR India Award 2012 -  
Best Mechanical Keyboards



CELLIT Awards 2012 -  
Favourite POS Printer Brand



DELL - Best Partner Award  
for field services 2012



VAR India Award 2012 -  
Best POS - Indian Brand



### TVS Electronics Limited

South Phase - 7A, Second Floor, Industrial Estate  
Guindy, Chennai - 600 032 Email: sales-support@tvs-e.in  
Call: Sales - 1800 200 5123  
Service - 1800 425 4566 / 3030 9797 (prefix city STD code)

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

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