

**33** YEARS OF  
MAKING  
IN INDIA  
FOR INDIA



# TVS Electronics Limited

Annual Report 2019 - 20



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## Corporate Information

### Board of Directors

Gopal Srinivasan, Chairman  
 Srilalitha Gopal, Managing Director  
 D Sundaram  
 M Lakshminarayan  
 M F Farooqui  
 Narayan K Seshadri  
 (upto 6<sup>th</sup> May, 2019)  
 R S Raghavan  
 K Balakrishnan  
 V Sumantran  
 Subhasri Sriram

### Committees of the Board

#### Audit Committee

M Lakshminarayan, Chairman  
 D Sundaram  
 M F Farooqui  
 K Balakrishnan  
 V Sumantran  
 Subhasri Sriram

#### Stakeholders' Relationship Committee

D Sundaram, Chairman  
 Srilalitha Gopal  
 K Balakrishnan

#### Nomination and Remuneration Committee

M F Farooqui, Chairman  
 M Lakshminarayan  
 K Balakrishnan  
 Subhasri Sriram

#### Corporate Social Responsibility Committee

M Lakshminarayan, Chairman  
 D Sundaram  
 R S Raghavan

### Company Secretary & Compliance Officer

K Santosh

### Chief Financial Officer

Karthi Chandramouli  
 (upto June 30, 2019)  
 A Kulandai Vadivelu  
 (from 6<sup>th</sup> April, 2020)

### Statutory Auditors

Deloitte Haskins & Sells,  
 Chartered Accountants  
 ASV N Ramana Tower, 52,  
 Venkatnarayana Road  
 T Nagar, Chennai – 600 017.

### Secretarial Auditors

S A E & Associates LLP,  
 Practising Company Secretaries,  
 #4, "Aishwarya", 12B/177,  
 6th Street Kumaran Colony,  
 Vadapalani,  
 Chennai-600026

### Cost Auditor

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

### Bankers

IDFC Bank  
 RBL Bank

### Website

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

### Investor E-mail ID

[investorservices@tvs-e.in](mailto:investorservices@tvs-e.in)

### Corporate Identity Number

L30007TN1995PLC032941

### Registered Office

249-A, Ambujammal Street,  
 Off TTK Road Alwarpet,  
 Chennai-600018  
 Tel: 91-44-24679400  
 Email ID: [contactus@tvs-e.in](mailto:contactus@tvs-e.in)

### Administrative Office

Arihant E Park, No 117/1  
 8<sup>th</sup> & 9<sup>th</sup> Floor, L B Road  
 Adyar, Chennai - 600 020  
 Tel:91-44-4200 5200  
 Fax No: 91-44-2225 7577

### Plant / Repair Factories locations

#### Uttarakhand

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

#### Tumkur

Panditanahalli, Hirehalli Post,  
 Tumkur District, Karnataka

### Share Transfer Agents

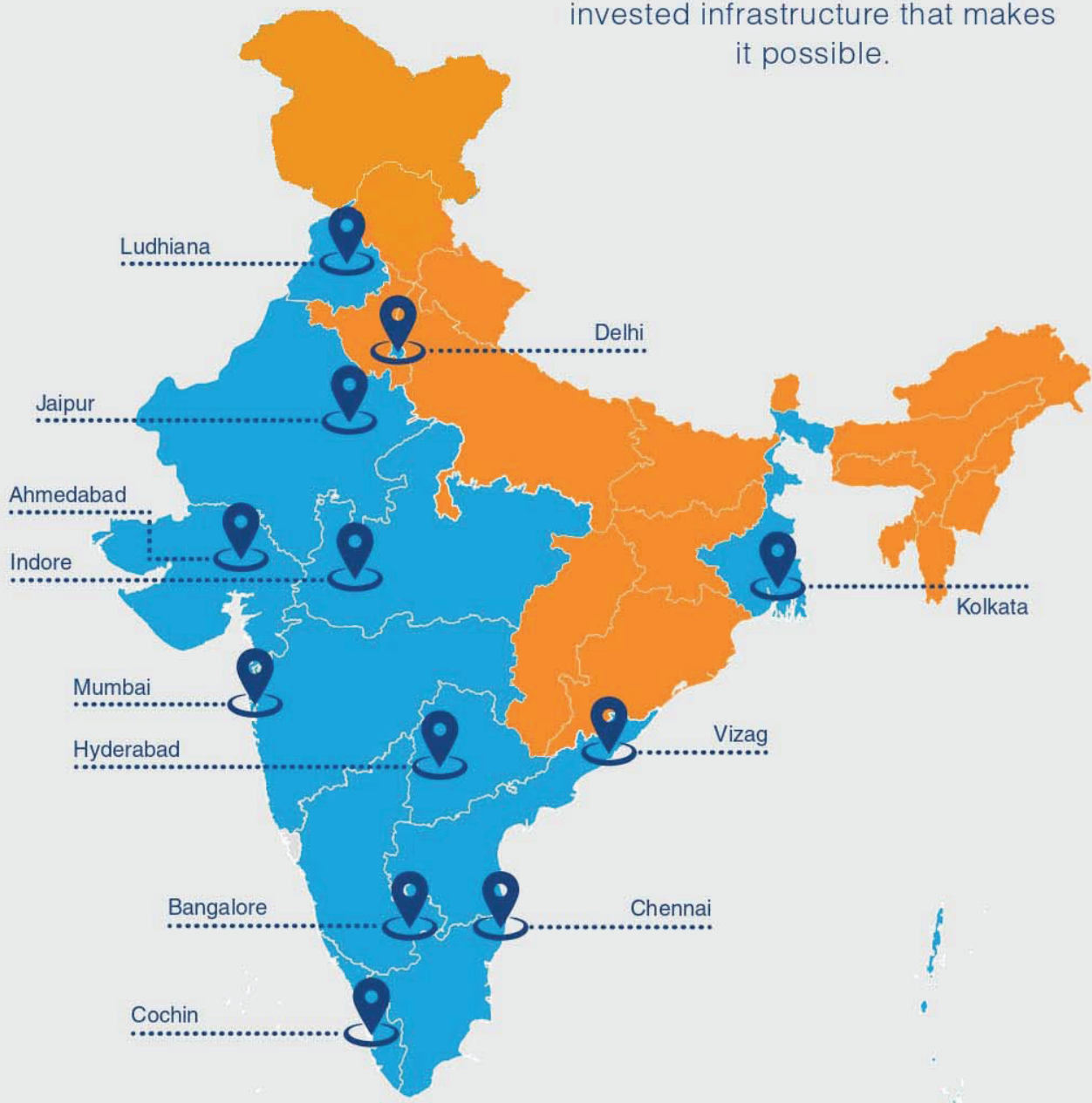
Sundaram-Clayton Limited,  
 "Jayalakshmi Estates" I floor  
 29, Haddows Road  
 Chennai - 600 006  
 Tel: 91-44-28272233 / 28307700  
 Fax No. 91-44-2825 7121  
 E-mail: [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in)  
[icsta@scl.co.in](mailto:icsta@scl.co.in)

### Shares Listed at

BSE Limited  
 National Stock Exchange of India Limited

# Our Branch Presence

Having established strong processes and values, we stand tall with an extensive network and well-invested infrastructure that makes it possible.





## Financial Highlights - Standalone - Ten Years at a glance

| Particulars  | PREVIOUS GAAP |               |               |               |               |               |                |                |                |               | IND AS |  |  |  |
|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|--------|--|--|--|
|  | 2010-11       | 2011-12       | 2012-13       | 2013-14       | 2014-15       | 2015-16       | 2016-17        | 2017-18        | 2018-19        | 2019-20       |        |  |  |  |
|  | ₹ in Lakhs    |               |               |               |               |               |                |                |                |               |        |  |  |  |
| <b>PROFIT AND LOSS ACCOUNT</b>                               |               |               |               |               |               |               |                |                |                |               |        |  |  |  |
| Revenue from operations                                      | 18,162        | 21,661        | 23,525        | 24,742        | 27,006        | 59,349        | 252,316        | 410,890        | 275,684        | 25,872        |        |  |  |  |
| Other Income   | 199           | 375           | 250           | 220           | 97            | 154           | 307            | 220            | 373            | 533           |        |  |  |  |
| <b>Total Income</b>  | <b>18,361</b> | <b>22,036</b> | <b>23,775</b> | <b>24,962</b> | <b>27,103</b> | <b>59,503</b> | <b>252,623</b> | <b>411,110</b> | <b>276,057</b> | <b>26,405</b> |        |  |  |  |
| Earnings before interest Depreciation and Tax (EBITDA)       | 1,083         | 1,303         | 1,080         | 1,375         | 1,706         | 1,977         | 1,747          | 3,033          | 1,831          | 1,274         |        |  |  |  |
| Depreciation   | 396           | 504           | 619           | 566           | 697           | 860           | 593            | 446            | 368            | 1,040         |        |  |  |  |
| <b>Profit before Interest and Tax (EBIT)</b>                 | <b>686</b>    | <b>799</b>    | <b>461</b>    | <b>809</b>    | <b>1,009</b>  | <b>1,117</b>  | <b>1,154</b>   | <b>2,587</b>   | <b>1,463</b>   | <b>234</b>    |        |  |  |  |
| Finance costs  | 623           | 659           | 965           | 743           | 692           | 573           | 281            | 142            | 41             | 236           |        |  |  |  |
| <b>PBT</b>   | <b>64</b>     | <b>141</b>    | <b>(504)</b>  | <b>66</b>     | <b>317</b>    | <b>544</b>    | <b>873</b>     | <b>2,445</b>   | <b>1,422</b>   | <b>(2)</b>    |        |  |  |  |
| Tax Expense  | (90)          | 1             | 297           | 26            | 88            | 113           | 240            | 821            | 678            | (41)          |        |  |  |  |
| <b>PAT</b>   | <b>154</b>    | <b>140</b>    | <b>(801)</b>  | <b>40</b>     | <b>229</b>    | <b>431</b>    | <b>633</b>     | <b>1,624</b>   | <b>744</b>     | <b>39</b>     |        |  |  |  |
| <b>BALANCE SHEET</b>   |               |               |               |               |               |               |                |                |                |               |        |  |  |  |
| Share Capital  | 1,767         | 1,787         | 1,787         | 1,802         | 1,802         | 1,855         | 1,861          | 1,861          | 1,861          | 1,865         |        |  |  |  |
| Reserves & Surplus   | 2,324         | 2,464         | 1,664         | 1,749         | 1,969         | 2,486         | 4,925          | 6,496          | 6,837          | 6,197         |        |  |  |  |
| <b>Networth</b>  | <b>4,091</b>  | <b>4,251</b>  | <b>3,451</b>  | <b>3,551</b>  | <b>3,771</b>  | <b>4,341</b>  | <b>6,786</b>   | <b>8,357</b>   | <b>8,698</b>   | <b>8,062</b>  |        |  |  |  |
| Loan Funds   | 4,498         | 6,608         | 6,518         | 5,796         | 5,330         | 3,466         | 2,137          | 329            | -              | 1,443         |        |  |  |  |
| <b>Capital Employed</b>                                      | <b>8,589</b>  | <b>10,859</b> | <b>9,969</b>  | <b>9,347</b>  | <b>9,101</b>  | <b>7,807</b>  | <b>8,923</b>   | <b>8,686</b>   | <b>8,698</b>   | <b>9,505</b>  |        |  |  |  |
| Deferred Tax Liability / (Asset)                             | 81            | 48            | 345           | 385           | 376           | 373           | (434)          | (171)          | 127            | 2             |        |  |  |  |
| <b>Total</b>   | <b>8,670</b>  | <b>10,907</b> | <b>10,314</b> | <b>9,732</b>  | <b>9,477</b>  | <b>8,180</b>  | <b>8,489</b>   | <b>8,515</b>   | <b>8,825</b>   | <b>9,507</b>  |        |  |  |  |
| <b>Net Fixed Assets</b>                                      | <b>1,685</b>  | <b>4,929</b>  | <b>4,651</b>  | <b>4,489</b>  | <b>4,073</b>  | <b>3,843</b>  | <b>3,215</b>   | <b>2,798</b>   | <b>3,068</b>   | <b>2,669</b>  |        |  |  |  |
| <b>Investments</b>   | <b>2,551</b>  | <b>811</b>    | <b>214</b>    | <b>134</b>    | <b>134</b>    | <b>41</b>     | <b>742</b>     | <b>523</b>     | <b>57</b>      | <b>96</b>     |        |  |  |  |
| Current Assets   | 7,526         | 9,445         | 9,261         | 8,735         | 10,025        | 11,844        | 33,951         | 100,113        | 13,347         | 15,065        |        |  |  |  |
| Current Liability & Provision                                | 3,091         | 4,278         | 3,812         | 3,626         | 4,755         | 7,548         | 29,419         | 94,919         | 7,647          | 8,323         |        |  |  |  |
| <b>Net Current Assets</b>                                    | <b>4,434</b>  | <b>5,167</b>  | <b>5,449</b>  | <b>5,109</b>  | <b>5,270</b>  | <b>4,296</b>  | <b>4,532</b>   | <b>5,194</b>   | <b>5,700</b>   | <b>6,742</b>  |        |  |  |  |
| <b>Total</b>   | <b>8,670</b>  | <b>10,907</b> | <b>10,314</b> | <b>9,732</b>  | <b>9,477</b>  | <b>8,180</b>  | <b>8,489</b>   | <b>8,515</b>   | <b>8,825</b>   | <b>9,507</b>  |        |  |  |  |
| <b>RATIOS</b>  |               |               |               |               |               |               |                |                |                |               |        |  |  |  |
| EPS (Rs)   | 0.9           | 0.8           | (4.5)         | 0.2           | 1.3           | 2.2           | 3.4            | 8.7            | 4.0            | 0.2           |        |  |  |  |
| Dividend (%)   | -             | -             | -             | -             | -             | -             | 5%             | 15%            | 15%            | 15%*          |        |  |  |  |
| Book Value per Share (Rs)                                    | 23            | 24            | 19            | 20            | 21            | 23            | 36             | 45             | 47             | 43            |        |  |  |  |
| Return on Capital Employed (ROCE %)                          | 8.0%          | 7.4%          | 4.6%          | 8.7%          | 11.1%         | 14.3%         | 12.9%          | 29.8%          | 16.8%          | 2.5%          |        |  |  |  |
| Return on networth (RONW %)                                  | 3.8%          | 3.3%          | -23.2%        | 1.3%          | 6.07%         | 9.93%         | 9.33%          | 19.43%         | 8.55%          | 0.48%         |        |  |  |  |
| Fixed Asset Turnover Ratio                                   | 9.5           | 6.6           | 4.9           | 5.4           | 6.3           | 15.0          | 71.5           | 136.7          | 94.0           | 9.0           |        |  |  |  |
| Working Capital Turnover Ratio                               | 3.3           | 4.5           | 4.4           | 4.7           | 5.2           | 12.4          | 57.2           | 84.5           | 50.6           | 4.2           |        |  |  |  |
| Debt Equity Ratio  | 1.1           | 1.6           | 1.9           | 1.6           | 1.4           | 0.8           | 0.3            | 0.0            | -              | 0.2           |        |  |  |  |
| EBITDA as % of Sales   | 6.0%          | 6.0%          | 4.6%          | 5.6%          | 6.3%          | 3.3%          | 0.7%           | 0.7%           | 0.7%           | 4.9%          |        |  |  |  |
| EBIT as % of Sales   | 3.8%          | 3.7%          | 2.0%          | 3.3%          | 3.7%          | 1.9%          | 0.5%           | 0.6%           | 0.5%           | 0.9%          |        |  |  |  |
| Net profit as % of Total Income                              | 0.8%          | 0.6%          | -3.4%         | 0.2%          | 0.8%          | 0.7%          | 0.3%           | 0.4%           | 0.3%           | 0.2%          |        |  |  |  |
| R&D (Revenue and Capital) Expenditure as a % of Total Income | 0.7%          | 0.5%          | 0.4%          | 0.4%          | 0.4%          | 0.0%          |                |                |                |               |        |  |  |  |
| R&D ( Revenue and Capital) Expenditure                       | 137           | 117           | 102           | 94            | 113           | -             |                |                |                |               |        |  |  |  |

\* The Board of Directors had declared interim dividend of ₹ 1.50 per Equity Share of face value of ₹ 10/- each.

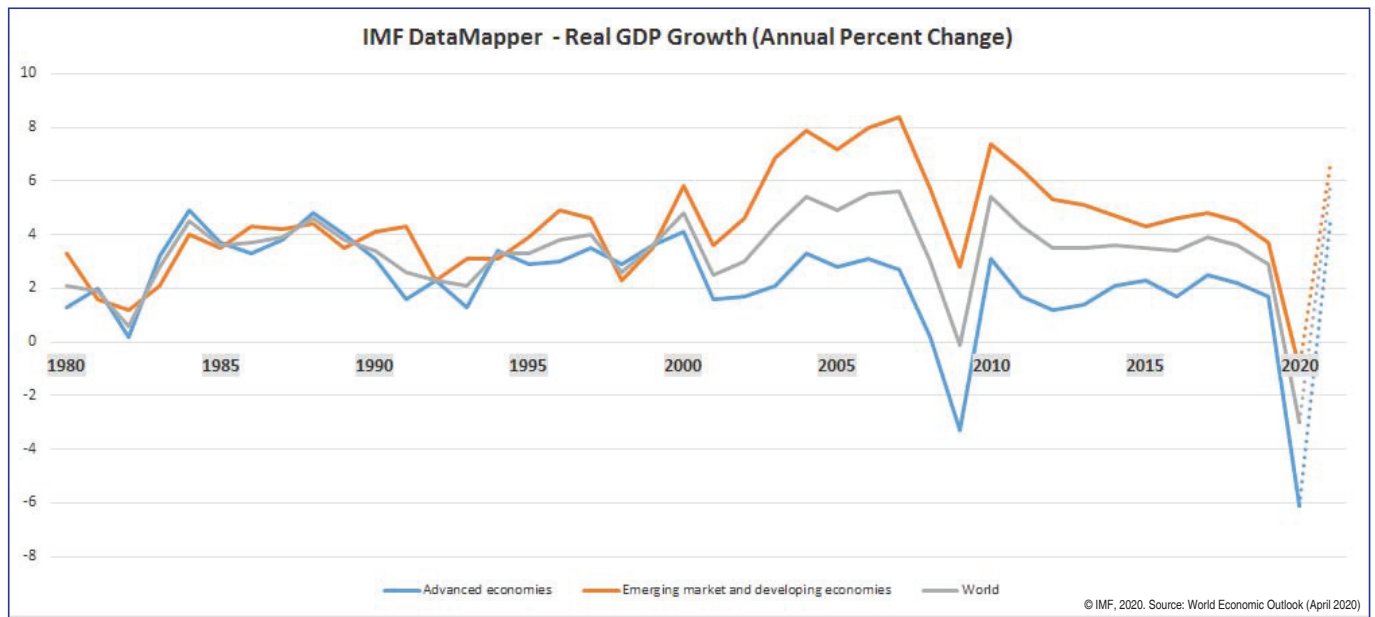
## Financial Highlights - Standalone - Ten Years at a glance - Segment Wise

| Particulars  | PREVIOUS GAAP |               |               |               |               |               |               |               |               |               | IND AS        |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2010-11       | 2011-12       | 2012-13       | 2013-14       | 2014-15       | 2015-16       | 2016-17       | 2017-18       | 2018-19       | 2019-20       |               |               |               |               |               |               |
| <b>1</b>   | ₹ in Lakhs    |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>Segment Revenue</b>   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| a) Products & Solutions  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 15,065        |
| b) Customer support service  | 18,361        | 22,036        | 23,775        | 24,962        | 27,103        | 29,557        | 30,225        | 22,359        | 22,335        | 22,335        | 22,335        | 22,335        | 22,335        | 22,335        | 22,335        | 8,298         |
| c) IT Products & Technical Services  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 2,509         |
| d) Fulfillment & Distribution Services   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 2,509         |
| <b>Net Sales / Income from operations</b>  | <b>18,361</b> | <b>22,036</b> | <b>23,775</b> | <b>24,962</b> | <b>27,103</b> | <b>29,557</b> | <b>30,225</b> | <b>22,359</b> | <b>22,335</b> | <b>22,335</b> | <b>22,335</b> | <b>22,335</b> | <b>22,335</b> | <b>22,335</b> | <b>22,335</b> | <b>25,872</b> |
| <b>2</b>   | ₹ in Lakhs    |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>Segment Results (Profit before tax and interest from each segment)</b>          |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| a) Products & Solutions  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 1,005         |
| b) Customer support service  | 686           | 799           | 461           | 872           | 985           | 810           | (116)         | 737           | 983           | 983           | 983           | 983           | 983           | 983           | 983           | (1,337)       |
| c) IT Products & Technical Services  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 33            |
| d) Fulfillment & Distribution Services   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | (299)         |
| <b>Total</b>   | <b>686</b>    | <b>799</b>    | <b>461</b>    | <b>872</b>    | <b>985</b>    | <b>810</b>    | <b>(116)</b>  | <b>737</b>    | <b>983</b>    | <b>983</b>    | <b>983</b>    | <b>983</b>    | <b>983</b>    | <b>983</b>    | <b>983</b>    | <b>(299)</b>  |
| Less: i) Finance cost  | 623           | 659           | 965           | 743           | 692           | 573           | 281           | 142           | 41            | 41            | 41            | 41            | 41            | 41            | 41            | 236           |
| Add : Other Income   |               |               |               |               |               |               | 307           | 220           | 218           | 218           | 218           | 218           | 218           | 218           | 218           | 533           |
| <b>Profit before tax from ordinary activities before tax and exceptional items</b> | <b>64</b>     | <b>141</b>    | <b>(504)</b>  | <b>129</b>    | <b>293</b>    | <b>331</b>    | <b>873</b>    | <b>2,076</b>  | <b>1,780</b>  | <b>1,780</b>  | <b>1,780</b>  | <b>1,780</b>  | <b>1,780</b>  | <b>1,780</b>  | <b>1,780</b>  | <b>(2)</b>    |
| Add: Exceptional items   |               |               |               | (63)          | -             | 189           | -             | 369           | (358)         | (358)         | (358)         | (358)         | (358)         | (358)         | (358)         |               |
| <b>Profit on ordinary activities before tax and after exceptional items</b>        | <b>64</b>     | <b>141</b>    | <b>(504)</b>  | <b>66</b>     | <b>293</b>    | <b>520</b>    | <b>873</b>    | <b>2,445</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>(2)</b>    |
| Add: Extraordinary items   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>Profit before tax after extraordinary items</b>                                 | <b>64</b>     | <b>141</b>    | <b>(504)</b>  | <b>66</b>     | <b>317</b>    | <b>543</b>    | <b>873</b>    | <b>2,445</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>1,422</b>  | <b>(2)</b>    |
| <b>3</b>   | ₹ in Lakhs    |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>Capital Employed</b>  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| (Segment Assets - Segment Liabilities)   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| a) Products & Solutions  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 3,903         |
| b) Customer support service  | 8,589         | 10,859        | 9,969         | 9,347         | 9,101         | 9,235         | 7,825         | 6,345         | 7,194         | 7,194         | 7,194         | 7,194         | 7,194         | 7,194         | 7,194         | 3,695         |
| c) IT Products & Technical Services  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 142           |
| d) Fulfillment & Distribution Services   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 322           |
| <b>Total</b>   | <b>8,589</b>  | <b>10,859</b> | <b>9,969</b>  | <b>9,347</b>  | <b>9,101</b>  | <b>7,807</b>  | <b>6,786</b>  | <b>8,357</b>  | <b>8,698</b>  | <b>8,698</b>  | <b>8,698</b>  | <b>8,698</b>  | <b>8,698</b>  | <b>8,698</b>  | <b>8,698</b>  | <b>8,062</b>  |
| <b>4</b>   | RATIOS        |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>EBIT as % of Sales</b>  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| a) Products & Solutions  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 6.7%          |
| b) Customer support service  | 3.7%          | 3.6%          | 1.9%          | 3.5%          | 3.6%          | 2.7%          | -0.4%         | 3.3%          | 4.4%          | 4.4%          | 4.4%          | 4.4%          | 4.4%          | 4.4%          | 4.4%          | -16.1%        |
| c) IT Products & Technical Services  |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 1.3%          |
| d) Fulfillment & Distribution Services   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               | 0.6%          |
| <b>Total EBIT as % of Sales</b>  | <b>3.7%</b>   | <b>3.6%</b>   | <b>1.9%</b>   | <b>3.5%</b>   | <b>3.6%</b>   | <b>1.5%</b>   | <b>0.3%</b>   | <b>0.5%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>-1.2%</b>  |

ROCE is Profit before Interest and Tax divided by Capital Employed; RONW is Profit after Tax divided by Net Worth. 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. The financial results for the year 2011-12 include the effects of "Customer Support Service" business acquired from TVS-E Servicetec Limited, Chennai effective from 1st October, 2011. PBT is after exceptional item of expenditure for the FY 2013-14 - ₹ 63.45 Lakhs (Previous Year - NIL). EBITDA for 2014-15 includes Extraordinary income of ₹ 24 lakhs arising out of sale of land. The Revenue from Operations for 2015-16 includes income from Distribution Services of ₹ 29946 Lakhs and FY 2016-17 ₹ 232012 Lakhs. EBITDA for 2015-16 includes Extraordinary income of ₹ 24 lakhs arising out of sale of land and exceptional income of ₹ 189 lakhs from sale of long term investments. EBITDA for 2017-18 includes Exceptional item of ₹ 369 lakhs arising out of sale of land and other assets at oragadam. The financial statements for 2017-18 have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. Up to the year ended March 31, 2017, the company prepared its financial statements in accordance with the requirements of previous GAAP. The date of transition to Ind AS is April 1, 2016 and hence the previous year financials have been restated as per Ind AS to make it comparable. The financial results have been regrouped/reclassified wherever necessary as per the requirements.

# Management Discussion and Analysis

## Global & Indian Economy Outlook



The World Economic Situation has changed dramatically due to the outbreak of COVID-19. A rare disaster, the coronavirus pandemic, has resulted tragically in a large number of human lives being lost. As countries implement necessary quarantines and social distancing practices to contain the pandemic, the world has been put in a Great Lockdown. Many countries are facing multiple crises including health, financial and a collapse in commodity prices, which interact in complex ways.

There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions and repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes, confidence effects, and volatile commodity prices.

According to International Monetary Fund (IMF) *Report, April 2020*, the global economy is projected to contract sharply by  $-3\%$  in 2020. This is a downgrade of 6.3 percentage points from the IMF Report (January 2020), a major revision over a very short period. This makes the Great Lockdown the worst recession since the Great Depression, and far worse

## Management Discussion and Analysis (Contd.)

than the Global Financial Crisis of 2008. Assuming the pandemic fades in the second half of 2020 and that policy actions taken around the world are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains, the projected global growth in 2021 to rebound to 5.8 percent.

This recovery in 2021 is only partial as the level of economic activity is projected to remain below the level it was projected for 2021, before the virus hit. The cumulative loss to global GDP over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars, greater than the economies of Japan and Germany, combined.

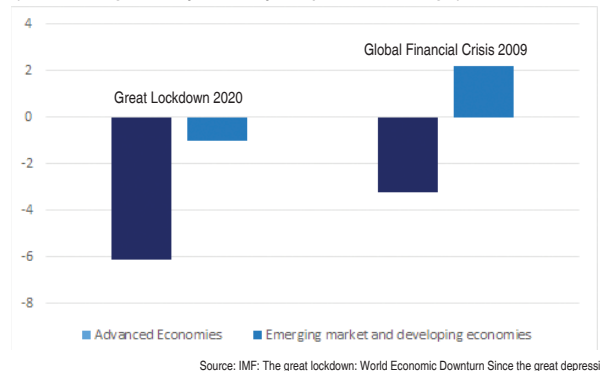
Countries reliant on tourism, travel, hospitality, and entertainment for their growth are experiencing particularly large disruptions. Emerging markets and developing economies face additional challenges with unprecedented reversals in capital flows as global risk appetite wanes, and currency pressures, while coping with weaker health systems, and more limited fiscal space to provide support. Moreover, several economies entered this crisis in a vulnerable state with sluggish growth and high debt levels.

For the first time since the Great Depression both advanced economies and emerging market and developing economies are in recession. For this year, growth in advanced economies is projected at -6.1 percent. Emerging market and developing economies with normal growth levels well above advanced economies are also projected to have negative growth rates of -1.0 percent in 2020, and -2.2 percent if China is excluded. Income per capita is projected to shrink for over 170 countries. Both advanced economies and emerging market and developing economies are expected to partially recover in 2021.

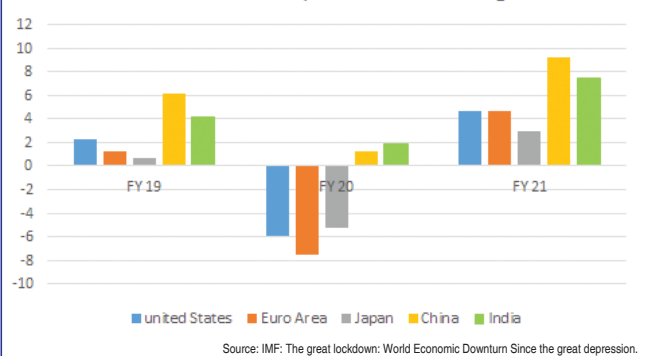
Among emerging market and developing economies, all countries face a health crisis, severe external demand shock, dramatic tightening in global financial conditions, and a plunge in commodity prices, which will have a severe impact on economic activity in commodity exporters. Emerging Asia is projected to be the only region with a positive growth rate of 1% in 2020. In China, indicators such as industrial production, retail sales, and fixed asset investment suggest that the contraction in economic activity in the first quarter could have been about 8% year over year. Even with a sharp rebound in the remainder of the year and sizable fiscal support, the economy is projected to grow at a subdued 1.2% in 2020. According to IMF, India's growth is seen recovering sharply from 1.9% to 7.4% in the next fiscal year and China's growth is projected to grow from 1.2% to 9.2% in 2021.

The recovery forecast for 2021 depends critically on the pandemic being brought under control in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. The Government of India is taking various initiatives to boost the Indian economy by way of announcing a number of relaxations and providing various relief funds including the COVID-19 relief package of ₹ 20 Lakh Crores.

**Global crisis**  
**Both advanced economies and emerging market and developing economies are in recession. Major economies have also been significantly downgraded.**  
 (real GDP growth, year-on-year percent change)



Real GDP Growth, YOY Percent Change



## Management Discussion and Analysis (Contd.)

### Industry Overview

#### IT & ITeS

India has become the digital capabilities hub of the world with around 75 percent of global digital talent present in the country and with a low-cost advantage by being 5-6 times inexpensive than the US. The IT & ITeS industry has always been a key part of India's economy.

The Indian IT industry which was expected to grow at 7.7 percent in FY 2020 will now witness flattish to muted growth in FY 2020 owing to the coronavirus outbreak. As per the report of ICRA, the IT industry is expected to grow at 3-5% as against 6-8% in FY 2020. With the slowdown in growth during the first half of 2020-21, the margins are expected to decline from 22.4% in FY 2019 to 20.08% in FY 2021. The growth of the IT industry will remain at 6-8% over the FY2021-FY 2024.

According to IBEF Report (March 2020), the market size of IT services during FY 2019 is around US\$ 92.49 which is a 51% share of total Indian IT sector revenues in FY 19. BFSI continues to be the major vertical of the IT sector. The market size of Business Process Management (BPM), Software products and engineering services (SPES) and Hardware during FY 2019 is US\$ 36.2, 34.39 and 14.48 billion respectively.

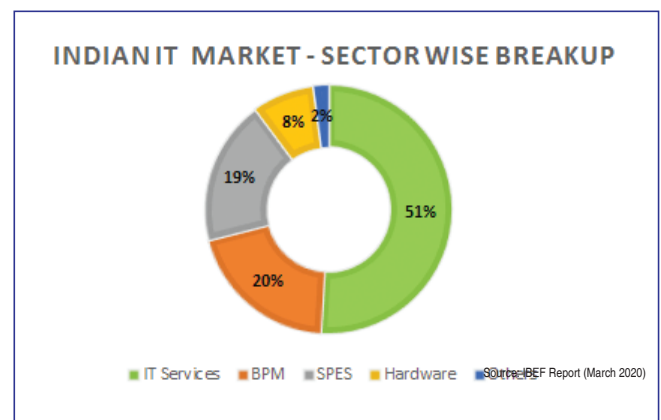
New geographies, customer segments and new verticals provide huge opportunities for IT and ITeS industry. BIRC nations, continental Europe, Canada and Japan have IT spending of approximately US\$ 380-420 billion.

Adoption of technology and outsourcing is expected to make Asia the 2<sup>nd</sup> largest IT market. Small and Medium businesses have IT spend of approximately US\$ 230-250 billion, but contribute just 25 percent to India's IT revenue. The emergence of new service offerings and business models would aid in tapping market profitably and efficiently. Government, healthcare, media and utilities together have IT spend of approximately US\$ 190 billion, but account just 8 percent of India's IT revenue. Emerging verticals like retail, healthcare, utilities are driving growth and are expected to increase the IT spending.

However, due to the dramatic change in the global economy, it is expected that there will be cuts in IT spending budgets. As per the reports of ICRA, it is expected that there will be consolidation in the industry especially among small and mid-size players. Indian IT companies with their stellar track record will be one of the major beneficiaries of any such consolidation initiatives.

#### IT Peripherals

The computer peripherals industry is riding high on the back of the ever-widening IT base in India. A sector that thrives on inventions, the peripherals industry has witnessed stable demand as customers crave newer and better products with each anticipated launch. Input, Output and Input/output (I/O) devices make up the computer peripherals market. Input devices include keyboards, mouse, scanners, microphones, barcode readers, digital cameras etc. whereas output devices comprise printers (impact and non-impact), plotters and monitors, terminals, projectors, speakers and auxiliary memory devices such as disk drives etc.





## Management Discussion and Analysis (Contd.)

While several industries reel under the COVID-19 lockdown impact in India, PC and laptops have seen a massive surge in bulk buying from corporates and enterprises to keep their workforce stay home, safe and connected. Millions of Indians across the spectrum began working from home from early March as part of COVID-19 containment measures.

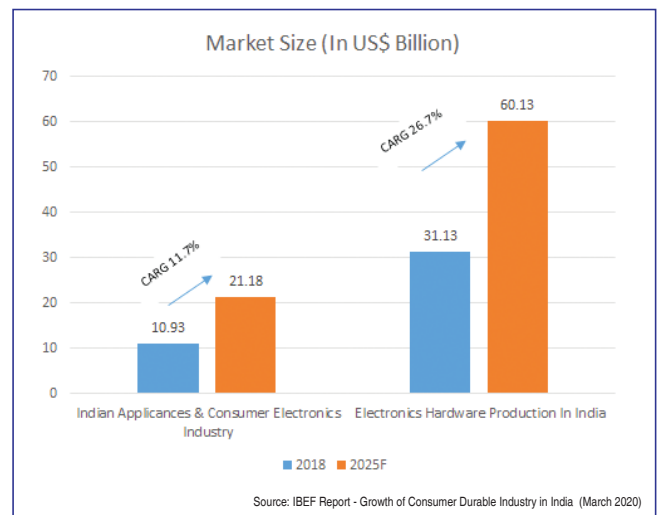
The computer peripherals market growth is driven by initial cost, recurring cost, brand names, warranty as well as innovation in product design. Another important demand driver is the number of functions, which a product may be able to perform. Most of the demand comes from sectors such as banking and finance, insurance, telecom, education, manufacturing and retail. The demand has also increased with the number of international companies opening offices in India, across all sectors.

With rapid new innovations, the rate of obsolescence in this industry is high. This has proved to be advantageous as it keeps the demand stable. However, it also affects the demand as customers are always anticipating better products.

For India, China is the biggest trading partner. As per the Financial Express report (May 10 2020), in 2019, India imported products valued at US\$ 480 billion from around the world, in which products valued at US\$ 68.16 Billion were imported from China. Due to the outbreak of COVID-19, there is a global supply chain disruptions and demand shocks. The industry is expected to recover partially in the second half of FY2020-21.

### Consumer Electronics

The consumer electronics segment is one of the fastest growing industry segment in India. According to IBEF report, the market size of Indian appliance and consumer electronics (ACE) market has reached ₹76,400 crore (US\$ 10.93 billion) in 2019 and is expected to double to ₹1.48 lakh crore (US\$ 21.18 billion) by 2025. Electronics hardware production in the country reached ₹38,800 crore (US\$ 5.55 billion) in FY18, growing at a CAGR of 26.7 percent between FY14-18. Demand for electronics hardware in India is expected to reach US\$ 400 billion by FY24 and also the Draft National Policy (DNP) targets production of one billion mobile handsets by 2025. The e-commerce has contributed immensely to increase the sale of consumer electronics including smartphone, television, air-conditioner and washing machine. The sales on e-commerce platform has gone up in 2019 from the previous year, which marketers attributed to a continued shift of consumption habits and a plethora of price aggressive online launches.



However, due to the outbreak of COVID-19, this industry is facing heavy headwinds across the globe. Retail shops and showrooms of major brands, super markets, and hypermarkets have been shut down for an indefinite period of time affecting sales of various consumer electronics products. Even home delivery of consumer electronics ordered through e-commerce platform was restricted. The outbreak of COVID-19 also disrupted the global supply chain of the major consumer electronic brands. China is not only the largest consumer and producer of various consumer electronics products but also caters to a wide range of countries by exporting several input supplies that are essentially used to produce finished goods. Shut down of the production in China has forced other consumer electronics makers based in the US and Europe to temporarily hold the production of finished goods. This is leading to an increase in the supply and demand gap.

## Management Discussion and Analysis (Contd.)

The Government of India is influencing the development of the Indian appliances and consumer electronics market by strongly promoting the “Make in India” initiative by increasing the custom duty on imports of washing machines, refrigerators and other appliances. As a result, domestic brands have felt a growing pressure to manufacture products locally and are planning investment in manufacturing and backward integration.

The Indian electronic industry has a lot of scope for growth from rural markets with consumption expected to grow in these areas as penetration of brands increases. As per the IBEF report on Consumer Durables (March, 2020), Consumer electronics exports from India reached ₹3,154.06 crore (US\$ 451.29 million) in FY19. Also demand for durables like refrigerators as well as consumer electronic goods are likely to witness growing demand in the coming years in the rural markets as the government plans to invest significantly in rural electrification. The S&P BSE Consumer Durables Index is up 6.8 per cent in January 2020 and gained 32.1 percent in the last one year. Consumer durables index under the Index of Industrial Production (IIP) has grown 5.5 per cent year-on-year in 2018-19. Consumer durable loans in India increased by 70 per cent in December 2019.

### Company Overview

A century is a fairly long span of time. And the TVS Group has notched several achievements and crossed many milestones in this time. With over \$6 Billion in revenue, the TVS Group is one of the Top 5 family owned business groups in India. It is also one of the first companies in Asia to win the prestigious Deming Award for Quality.

TVS Electronics Limited (TVS-E), a subsidiary of the distinguished & prestigious TVS Group, was founded in 1986. TVS-E has two legacy business verticals viz. “Products & Solutions” and “Servicetec”.

In the Products & Solutions business vertical, we design, manufacture, assemble, market, sell and service various transaction automation products that include Dot Matrix Printers, Mechanical Keyboards, Thermal Printers, Label Printers, Barcode Scanners, Electronic Cash Registers, Membrane keyboards, Mouse, Currency Counting Machines to name a few.

In the Servicetec business vertical, we cover the entire lifecycle of after-sale service catering to both OEMs and end customers which includes repair engineering services, Installation and Demo Services, Remote Tech Support, Call Centre Services, Parts Management services etc.

The world as we see it is evolving, with new opportunities and fresh challenges branching off at every turn. We look forward to each day, with an eagerness to stay relevant and to deliver value. And, we have met each challenge with powerful ideas – from our early days to the present where we offer a vast number of solutions to the electronics industry.

This mind set has helped us anticipate and adapt to new developments. As our customers navigate the shape-shifting world of commerce, we stand by them, ever ready to transform and offer up-to-date support. We call this Infinite Evolution.

With our century-old legacy of quality and trust and over two decades of expertise in developing cutting edge technology products and services – we are poised to deliver need-of-the-hour solutions.

### Our Business Verticals

#### Products & Solutions

With our extensive dealership network, we market and sell transaction automation products including Printers and Keyboards, and through our wide reach of service infrastructure we are able to cater to the end-to-end needs of our customers. Product development is at the core of our product solutions vertical and meeting customer requirements through innovative products has enabled us to retain the market share.





## Management Discussion and Analysis (Contd.)

Our products cater to seven broad sectors, namely, Retail – SME, Government, BFSI, Hospitality, Healthcare, E-commerce and Transport, Large Format Retail (LFR) Stores and Quick Service Restaurants (QSR). Out of our total revenues from the product solutions business, transaction automation product peripheral hardware contributes 35% while 65% is being contributed by the Dot Matrix Printer, keyboard and related supplies.

Over the years, our product range has evolved with the evolving needs of our customers. Now our products ecosystem consists of Data Identification products, Data Capturing products, Data Processing products and Data Dissemination products. The complete details of our Products & Solutions offerings are available at our website [www.tvs-e.in](http://www.tvs-e.in).

### Performance

During FY2020, the product solutions business vertical refreshed its range of transaction automation products and further strategized to expand its reach into the “Point of Transactions” landscape.

The Company’s Dot Matrix Printer range has gained added momentum during the year as its market share improved from 29% to 37% with supplies made to Insurance Companies during the year.

Also, Thermal Printer range has gained added momentum during the year as its market share improved from 22% to 24%. These printers are used largely to print invoices or receipts in modern Retail Stores, Quick Service Restaurants, E-Commerce Platforms, and the Health Care industry, amongst others. As legacy Dot Matrix Printers become more and more obsolete in certain sectors, they are being replaced by sophisticated Thermal range printers where TVS-E is gaining market traction.

The market for the Label Printers that print barcodes or QR code labels, and their scanners, growth is flat. For these products, TVS-E holds a market share of 14% and 19% respectively. While the share remained same for Label Printers, it has dropped 6% in case of Scanners due to the increase of many low-end variants in the market. However, the Company witnessed increase in the market share of Passbook printers from 4% to 15%

The Company expanded its GTM opportunities through participating in Government E-Commerce market place and built inside sales capability.

Overall, during the year, the Products BU witnessed a subdued demand for its categories of products reflecting an economy in the verge of recovering from large government policy actions and coupled with the impact of COVID 19 from mid of March 2020.

### Servicetec

The Servicetec business vertical looks after installations and technical service calls for over 25 brand partners, covering more than 15,000+ pin codes across India, with a very wide array of electronic product categories. The Company has partnered with leading brands to provide onsite support and walk-in centre services for in-warranty and out-of-warranty fulfilment of their Products.

Apart from addressing the IT services segment, TVS Electronics has a strong presence in the mobile/ handheld segment, consumer electronics and the banking segment. For the mobility products and consumer electronics segments, we

## Management Discussion and Analysis (Contd.)

have strong relationships with leading smartphone and white goods manufacturing players for both in-warranty and out-of-warranty services. The Company also provides installation and service of PoS terminals apart from an extensive service network for its Products & Solutions business.

Customer centricity is at the forefront of every service that TVS-E provides and remains at the core of the Company's performance metrics. While our competitors typically serve specific customer segments, without much flexibility or customisation options in their offerings, we have a suite of services that encompasses every stage of the post-purchase product lifecycle. Over the next few years, we plan to consolidate our position as a strong player offering 'one-stop-shop' solutions for all customer post-purchase product needs. The complete details of our Servicetec business vertical offerings are available at our website [www.tvse.in](http://www.tvse.in)

### Performance

During FY2020, the Servicetec business vertical revenue registered a growth of 16% YoY. This was 2<sup>nd</sup> consecutive year of double-digit growth for the services business.

The Company expanded its service footprint across more than 427 districts in India for onsite services and also increased its retail network for customer walk-in services to 200 centres which is more than 40% compared to previous year. Due to increased geography coverage, revenue from Onsite Services for IT & IT Peripheral products doubled during the year and were able to add new clients in the IT, Telecom and Consumer Electronics product segment.

TVS-E scaled up to support L3-L4 repairs for all electronics products including mobility products, IT & consumer electronics segment. The company continued its efforts to lower fixed costs by outsourcing of commodity skills and retaining niche skills which will allow to make service business scalable with faster growth.

New service offerings in areas of Repair factory, E-recycling, Extended warranty plans and Bio-Medical Equipment services were piloted during FY2020 and will be launched in the coming year.

The Company deployed more than 3000+ professionals pan India, offering onsite services to OEM brands, E-commerce brands and end customers for IT products, Telecom products and Consumer Electronics

Services business also expanded its footprint in newer skills and device categories like Consumer Electronics, Digital signage and classrooms, RO Water Purifiers and Audio products. To escalate the growth, the Company continues in investing in technology, people and infrastructure.

### **Growth Outlook and Initiatives**

Electronics industry is one of India's largest and fastest growing industry and is increasingly finding applications in all sectors of the economy. The National Policy on Electronics 2019 (NPE 2019), proposed by the Ministry of Electronics and Information Technology (MeitY) has been approved and it envisions positioning India as a global hub for Electronics System Design and Manufacturing - (ESDM) by encouraging and driving capabilities in the country for developing core components and creating an enabling environment for the industry to compete globally. NPE 2019 provides various incentives and support for manufacturing of core electronics components. According to the NPE 2019, the policy targets to achieve a turnover of USD 400 billion by 2025. This will include targeted production of 1.0 billion mobile handsets



## Management Discussion and Analysis (Contd.)

by 2025, valued at USD 190 billion. Surge in manufacturing of core electronics components will provide opportunities for TVS Electronics Limited (TVS-E) to increase its range of Automatic Identification and Data Capture (AIDC) products.

Further, with rapid development in the fields of information technology and hardware, India is about to witness a fourth industrial revolution (Industry 4.0). The concept of 'Industry 4.0' is going to change the way India manufactures, designs and refurbishes the products. Driven by the power of big data, high computing capacity, artificial intelligence and analytics, Industry 4.0 aims to completely digitise the manufacturing sector. Industry 4.0, is mainly comprising of a 'connected shop floor' where data is collected from various sensors (IoT) and other input devices to be used for predictive maintenance, better control and 100% traceability. Industry 4.0 will increase the market size of products with Radio Frequency Identification Device (RFID) scanning capabilities and TVS-E will explore opportunities by strengthening the scanner products portfolio with RFID scanning capabilities and its related solutions for manufacturing, logistics and warehousing.

TVS-E always aims to offer comprehensive after-sales service solutions across product categories from various industries. Currently, TVS-E is targeting to explore opportunities in the fast growing industries in India. One such is the medical devices market. As per the report on Medical devices (Feb, 2020) by Investindia.gov.in, India is amongst the top 20 global medical devices market and is the 4th largest medical devices market in Asia after Japan, China and South Korea. The current market size of the medical devices industry in India is estimated to be US\$11 billion and it is expected to reach US\$ 50 billion by 2025. The "Make in India" charter has motivated medical device manufacturers in India, with promise of the government support in the form of land allocation and subsidies to encourage growth of the domestic medical device industry. The Company has started to explore opportunities in the Medical device segment for repair and maintenance services in a phased manner.

We are also discovering opportunities in security and surveillance industry as the market size is expected to reach USD 144.85 Billion by 2027, growing at a 14.6% CARG from 2020 to 2027 as per the Valuates Report dated 11<sup>th</sup> May, 2020. Multiple factors are driving the growth in the segment, including Government & strong government push to enhance security, purchases for initiatives such as the Smart City project, which covers 100 cities and funds allocated under the Nirbhaya Fund for women's safety, which covers eight cities. TVS-E will explore opportunities by adding new product lines and by providing repair, maintenance and deployment services to AI based surveillance solutions.

Considering the outbreak of Covid-19 and current situation, TVS-E is exploring opportunities to support country fight against Covid-19 and stay healthy. Increased awareness on health and safety amongst the people has made temperature screening devices and sanitizing devices as one of the essential products. TVS-E will explore opportunities for adding new product lines to support people fight against Covid-19 and stay healthy.

In addition to the above, we continue to focus on achieving long-term growth through value-added services for customers by providing on-site and retail services, keeping the comfort of customers in mind. As customers are an integral part of the Company, we aim to bring in more regional repair centres, which are in close proximity to the customers. This in turn, will help reduce our logistics and transportation costs and will help serve our customers faster.

## Management Discussion and Analysis (Contd.)

### Financial and Operational Highlights

During FY2019-20, the Company's 'Products & Solutions' & 'Customer Support Services' segments collectively has earned revenues of ₹ 234 Crores.

The Revenue for previous year included revenues from 'online distribution' business under 'Distribution and Fulfilment' segment for period of four months. This is a high volume, high value business with low margins and hence the revenues are not fully comparable.

Profit before 'Exceptional items' was ₹ 3.48 Cr. Further during the Financial Year 2019-20, the Company focussed on new business development activities which will materialize and bring in benefits over the coming years. The businesses were also impacted in Q4 FY'20 on account of lockdown (COVID). The Company has provided for an impairment of carrying value of intangible asset in the Customer Support Services segment, disclosed as 'Exceptional Items'.

The company has opted for lower tax rate u/s 115BAA of the Income Tax Act during the year. The company has not foregone any carried forward loss or MAT credit on this account. The Profit After Tax for the year was at ₹ 0.4 Crores.

### Financial Ratios

| Particulars              | FY 2019-20 | FY 2018-19 | Change |
|--------------------------|------------|------------|--------|
| Debt Turnover Ratios     | 8          | 13         | -39%   |
| Inventory Turnover Ratio | 4          | 10         | -60%   |
| Interest Coverage Ratio  | 2.5        | 36         | -93%   |
| Current Ratio            | 1.21       | 1.36       | -11%   |
| Debt Equity Ratio        | 0.18       | -          |        |
| Operating Profit Margin  | 0.19%      | 0.53%      | -64%   |
| Net Profit Margin        | 0.15%      | 0.27%      | -45%   |
| Return on Net Worth      | 0.48%      | 8.55%      | -94%   |

### Business Risks & Opportunities

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

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

## Management Discussion and Analysis (Contd.)

Enterprise Risks of TVS-E are categorised into (a) Strategic, (b) Operational, (c) Financial and (d) Legal and Compliance risks. Some of the significant risks have been enlisted below along with its mitigation plans:

| Risk Type                                    | Risk Overview   | Mitigation Plan   |
|--|---|---|
| Strategic Risk – Geopolitical risk           | TVS-E imports bulk of its supplies / finished products from the People Republic of China. Situation like disruption of manufacturing in China due to outbreak of Covid-19 or any impact to the bilateral trade arrangement will have multiple implications to TVS-E's business lines.   | The Company is continuously monitoring the risk and opportunities and are taking various measures to minimize the impact.   |
| Strategic Risk - Technology risk             | Two dimensional printing as a technology and need could fade away impacting demand for TVS-E's Dot Matrix, Thermal, Label & Mobile Printers   | 'Products & Solutions' BU is expanding its range beyond Printers into 'Point of Transaction' solutions and added 'Keyboards', 'Touch POS', 'Scanners' etc. More such product range expansion will continue.   |
| Operational Risk - Information security risk | Both Products & Solutions and Services BUs of TVS-E deal with high volume personal data of device users and the service agents have access to customer data of brand partners carrying vulnerability.   | A strong Incident Prevention and Resolution Process along with an Intrusion Prevention System has been put in place to mitigate cyber security threats. TVS-E has also covered the risk under appropriate insurance.  |
| Operational Risk - Reputation risk           | Service agents of TVS-E visits customer places of brand partners in the normal course of business. These agents are well trained on both technical and behavioural aspects before being assigned with the filed job. Nonetheless, the nature of job is susceptible to behavioural / induced behavioural incidents causing reputational and financial loss to TVS-E. | The Company has published a code of conduct mandating the highest moral and ethical standards for its employees / agents, which is also periodically communicated to other stakeholders. It has a whistle-blower policy to ensure suspected or actual violations to the code are reported, investigated and acted upon. |

### Covid-19 Readiness and Business Continuity Plan

TVS-E always believes that success depends heavily on the readiness of business. During the outbreak of Covid-19, we have taken various measures for the safety of our employees, their families, customers and various stakeholders and to minimize the impact on production and volume of business.

The Company proactively framed a detailed SOP for safety of its field engineers, employees, Walk-in Centres and rendered critical and essential IT/repair services to Hospitals, Banks and other Government Departments, during the lockdown period. TVS-E also assisted in building up facilities for Covid-19 isolations wards with respect to IT and appliance infrastructure. TVS-E has provided personal protective kit to all its field staff to ensure safety of staffs, customers and society.



During the initial stage of outbreak of Covid-19, we anticipated the likely shortfall in inflow of materials and we procured 100% stocks that were required for Q4 FY20. However, nationwide lockdown imposed by Government of India entailed reduction in sale during the late March, 2020.



## Management Discussion and Analysis (Contd.)

Subsequently, based on the guidelines issued by the Central/State Government and local authorities from time to time, TVS-E partially resumed its operations at all its manufacturing plants, walk-in centres and field services.

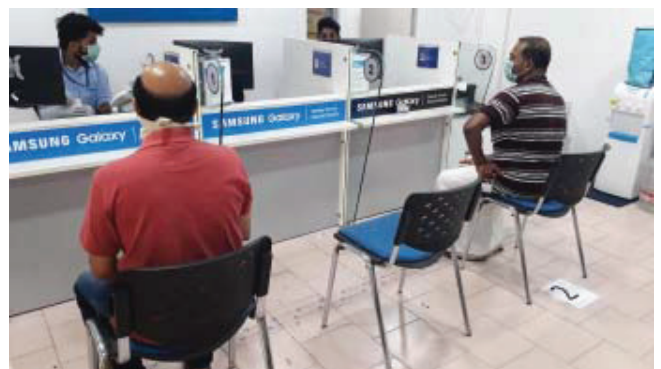
The Company has framed “Work From Home” policy for its employees to ensure the safety and continuity of its corporate functions.

TVS-E has in place a well-defined business continuity plan which permits us to immediately respond to crises in order to shorten recovery time and mitigate impact. To ensure the production at the manufacturing plants, we have procured sufficient stocks in advance which are required for Q1 FY21 and initiated measures for effective and uninterrupted supply chain by exploring alternate sources for procurement. We are following the Company’s SOP including the guidelines issued by government and local authorities from time to time for safety of our employees at all our manufacturing plants.

To ensure the business continuity of our Servicetec segment, we are focusing on digitisation as a key to make the business model agile and scalable. Some of the key initiative taken are:-

- Remote resolution of service calls via Audio and Video DIY. All service complaints are first attempted remotely to offer solution and only the field / home services are offered where hardware failure is reported.
- Service on wheels initiated in 2 Metros and shall be extended to other major cities.
- It is expected that post lifting of lockdown, there will be a surge in service calls for completing all the deferred repairs of the customers. We are increasing resources in the field to address the expected surge in service calls. Local recruitment at city level or location level is being emphasized to ensure resource availability and also render better services to customers in that geography.
- To ensure the readiness of our engineers, we have given sufficient E-training to our engineers via Video.

The Company will closely monitor the developments and will take all the necessary actions to ensure business continuity and minimize the impact of the outbreak of Covid-19.





## Management Discussion and Analysis (Contd.)

### **Internal Control Systems and adequacy of Internal Financial Controls**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit committee defines the scope and authority of the Internal Auditor. The Audit Committee comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference.

The Company has a proper and adequate system of internal controls. Adequate internal controls ensure transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorised use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. An extensive program of internal audits and management reviews supplements the process of internal financial control framework. Documented policies, guidelines and procedures are in place for effective management of internal financial controls.

To maintain its objectivity and independence, the internal auditor reports to the Chairman of the Audit Committee of the Board. The internal auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions proposed to fix the observations are presented to the Audit Committee of the Board.

The internal financial control framework design ensures that the financial and other records are reliable for preparing financial and other statements. As far as possible, emphasis is placed on automation of controls within the process to minimise deviations and exceptions. Investment in advanced IT tools on an ongoing basis is one of the keys means to achieve the automation. In addition, the Company has identified and documented the key risks and controls for each process that has a relationship to the financial operations and reporting. At regular intervals, internal teams test identified key controls. The internal auditors also perform an independent check of effectiveness of key controls in identified areas of internal financial control reporting.

### **Business Planning and Information Technology**

The Company has moved its applications and data base to a Cloud-based server since 2015-16. This has resulted in de-risking the storage of critical information in our own hardware. The Company also simultaneously monitors software upgradation, which helps run business operations in an efficient manner. In terms of Companies Act, 2013, the details of maintenance of books of accounts on cloud server is being intimated to the Registrar of Companies at the time of annual filing.

The data analytics capabilities acquired by the Company last year helps capturing relevant information for decision-making across various businesses. The information dashboards so generated helped the management and operating teams to have real-time information on process controls and take pro-active steps to manage operations.

### **Human Resource Development**

Human Capital is the core towards building talent for the future growth of the Organization. Considering the safety of our employees due to the outbreak of Covid-19, we have framed "Work From Home" policy and a detailed SOP for the safety of our employees, field engineers and agents. Personal protective kit has been provided to the field staff to ensure the safety of our employees, customers and society. We are closely monitoring the developments and conducting frequent awareness sessions on educating safety and precautionary measures to our employees.



## Management Discussion and Analysis (Contd.)

As part of our structured Talent Management program, we organized Leadership coaching programs for the second level leaders who were coached by Senior Leadership team members as Internal Coaches and supported by an External consultant. The success of the program resulted in people taking up new roles and larger responsibilities. We also added lateral talent from Business Schools to build our Leadership pipeline. We continued to invest on the Senior Leadership talent by sponsoring them to specific functional training programs conducted by Business Schools / IIM's to get updated on best in class industry practices and methodologies.

Our e-Learning platform was extensively used for training our Employees and Partners as and when we added more Brands to our portfolio. We continued to work closely with our Engineers/Agents for multi-skilling, and supported them with routine soft skills and behavioural training.

Our focused approach of increasing diversity resulted in creating more opportunity for women employees in our organization and we were able to double the women workforce to 14%.

Digitalization continued during the year and more Business process digitization projects were initiated with active participation of our Employees. Our Performance Management System has been digitized leading to sharper focus on goal setting in alignment to our Quarterly / Annual plan. To drive performance across all levels and to build entrepreneurial mind set, variable pay has been extended across job levels with higher earning potential for exceptional performers.

We recognized best performers with awards at different forums for Individual and team performance as part of our Employee motivation and Communication program.

### Corporate Social Responsibility

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

The Company has constituted the CSR Committee and based on the recommendation by the CSR Committee, the Company undertake various CSR activities. During the year, the Company has undertaken various CSR activities.

Considering the global warming issues and to ensure environmental sustainability, the Company identified government schools and gifted 50 saplings of 6 ft. each as a gift to the Schools. TVS-E employees and school children joined hands with an NGO to make this happen



## Management Discussion and Analysis (Contd.)

in three different locations. The tree saplings that were planted were carefully chosen in order to suit the soil conditions and Magilam, Badam, Pungam, Sarakondrai, Neem, Poovarasu and Panneer were planted.

TVS-E organized “joy of giving” where TVS-E employees handed over 175 gifts to the children, putting a priceless glee on the kids’ faces. On the occasion of Children’s day, TVS-E Employees organized a drawing competition for the school children and received a very good response from the school children. A kitchen garden was co-created by the children and the NGO at the School. This was done to create awareness and educate the children on a simple and healthy way to lead life.

Every year TVS-E organizes blood donation camps for the needy in our society and more than 100 employees of TVS-E donated this year.



The Company has also come forward to fight the Covid-19 outbreak by providing 200 face shields to the Rajiv Gandhi Hospital, Omandurar Estate, Chennai and to the frontline warriors (traffic police) at L.B.Road, Adyar, Chennai, Tamil Nadu.

In addition to the above, the Company has contributed to promote education, art and culture and woman empowerment. The Company has spent ₹29.80 Lakhs during the FY 2019-20. The details of CSR activities are given in the Annexure G to the Board’s Report.

### 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.

## Notice to the Members

**NOTICE** is hereby given that the Twenty fifth Annual General Meeting of the Company will be held on Saturday, 8<sup>th</sup> August, 2020 at 10.00 a.m., through video conferencing / Other Audio Visual Means (“VC/OAVM”) to transact the following business.

### ORDINARY BUSINESS

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

“**RESOLVED THAT** the Audited Financial Statements, Reports of the Auditors on the Financial Statements and Reports of the Board of Directors on the Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2020, as circulated to the shareholders be and are hereby adopted.”

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

“**RESOLVED THAT** Mr. D Sundaram (holding DIN: 00016304), a Director liable to retire by rotation, who does not offer himself for re-appointment, be not reappointed as a Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up.”

### SPECIAL BUSINESS

3. **To ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2021:**

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

“**RESOLVED THAT** the remuneration of ₹1.50 Lakhs plus applicable taxes and out of pocket expenses at actuals, payable to Mr. P. Raju Iyer, Cost Accountant (Membership No.6987) who was appointed by the Board of Directors of the Company to conduct cost audit for the Financial Year 2020-21 in terms of Section 148 of the Companies Act, 2013 read with the Rule 14 of the Companies (Audit and Auditors) Rules 2014, be and is hereby ratified”.

4. **Reappointment of Mr. M Lakshminarayan (DIN: 00064750) as Independent Director for the second term of 5 years and to continue directorship after attaining 75 years:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors, Mr. M Lakshminarayan (DIN: 00064750), who has submitted a declaration that he meets the criteria of Independence under section 149(6) of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, be and is hereby re-appointed as Independent Director to hold office for a period of 5 years for the second term with effect from 6<sup>th</sup> May, 2020 to 5<sup>th</sup> May, 2025.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the members be and is hereby accorded to Mr. M Lakshminarayan to continue his office as an Independent Director after attainment of an age of 75 years during his second term.”

5. **Reappointment of Mr. M F Farooqui (DIN: 01910054) as Independent Director for the second term of 5 years:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications(s) or





## Notice to the Members (Contd.)

re-enactment thereof for the time being in force), and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors, Mr. M F Farooqui (DIN:01910054), who has submitted a declaration that he meets the criteria of Independence under section 149(6) of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, be and is hereby re-appointed as Independent Director to hold office for a period of 5 years for the second term with effect from 6<sup>th</sup> May, 2020 to 5<sup>th</sup> May, 2025.

### By Order of the Board

**Srilalitha Gopal**  
**Managing Director**  
**DIN: 02329790**

Chennai  
6<sup>th</sup> June, 2020

Registered Office:  
249-A, Ambujammal Street,  
Off. TTK Road, Alwarpet,  
Chennai-600 018.

### NOTES

- In view of the outbreak of the COVID-19 pandemic and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13<sup>th</sup> April 2020 and 5<sup>th</sup> May 2020, respectively, issued by the Ministry of Corporate Affairs (“MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 issued by the Securities and Exchange Board of India (“SEBI Circular”) and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 25<sup>th</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require the physical presence of members at a common venue.**
- National Securities Depositories Limited (“NSDL”) will be providing facility for voting through remote e-Voting, for participation in the AGM through VC / OAVM Facility and e-Voting during the AGM.
- Members may join the 25<sup>th</sup> AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 9:30 a.m. IST i.e. 30 minutes before the time scheduled to start the 25<sup>th</sup> AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the 25<sup>th</sup> AGM.
- Members may note that the VC /OAVM Facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and auditors can attend the AGM without any restriction on account of the first-come first-served principle
- In compliance with the aforesaid MCA and SEBI Circulars, the notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website [www.tvse.in](http://www.tvse.in), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>. The member holding shares in physical form and who have not registered their email id may register their email id by sending a signed request letter mentioning name, folio number, complete address, self-attested copy of PAN, self-attested copy of Driving Licence/Passport/Bank Statement/Aadhar, supporting the registered address of the member, copy of the share certificate (front & back) and the email id to be registered to [investorservices@tvse.in](mailto:investorservices@tvse.in). For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

## Notice to the Members (Contd.)

6. In terms of the MCA and SEBI Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly Members will not be entitled to appoint Proxy(ies) to attend and vote. However, in pursuance of section 112 and section 113 of the Companies Act, 2013, representatives of the members may be appointed for the purpose of voting through remote e-voting or for participation and voting in the meeting held through VC.
7. Attendance of members through VC shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
8. The statement pursuant to Section 102 of the Companies Act, 2013 setting out of material facts concerning the items of special business specified above is annexed hereto.
9. The Company does not have any unclaimed dividend amount which has fallen due for transfer to Investor Education and Protection Fund (IEPF).
10. In terms of the provisions of section 124 (6) of the Companies Act, 2013 read along with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF. Further, pursuant to the new explanation inserted on 14<sup>th</sup> August, 2019, effective from 20<sup>th</sup> August, 2019 to the Rule 6 – (Manner of transfer of shares under sub-section 6 of section 124 to the Fund) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, it is clarified that all shares in respect of which dividend has been transferred to IEPF on or before the 7<sup>th</sup> September 2016, shall also be transferred by the Company to IEPF. Based on the provisions of the Act, Rules and explanations, the Company will complete transferring 1,78,100 equity shares in respect of which dividend were unclaimed/not paid for a period of seven consecutive years or more. The statement containing the details of name, address, folio number/ Demat Account number and number of shares in respect of which dividend are not claimed are paid for seven consecutive years or more are made available in the Company's website viz., [www.tvse.in](http://www.tvse.in) for information and necessary action by the shareholders.

In case the concerned shareholders wish to claim the shares that have been transferred to the IEPF, a separate application has to be made to the IEPF Authority in Form IEPF – 5, as prescribed in Rule 7 of the Rules and the same is available at IEPF website ([www.iepf.gov.in](http://www.iepf.gov.in)).
11. The Members may note that on account of the amendment made to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI [LODR]2015), **the Company shall not entertain the request for registration of physical transfer of shares on or after 31<sup>st</sup> March, 2019. Hence, Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding as well as trading.**
12. Members holding shares in physical form are requested to register their email id for receiving an electronic copy of the Annual Report and also notify immediately any change in their address/E-mail address to the Company/its Share Transfer Agents.
13. Members holding shares in electronic form are requested to advise change of address/E-mail address to their Depository Participants. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, are used by the Company for the payment of dividends. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.

## Notice to the Members (Contd.)

14. Corporate members intending to make their authorised representatives to attend the Meeting through VC are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting held through VC.
15. Members of the Company had approved the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors at the Twenty Second AGM of the Company for a period of five years. In accordance with the Companies (Amendment) Act, 2017, effective 7<sup>th</sup> May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.
16. The Notice of the Annual General Meeting and the Annual Report will be available on the Company's website [www.tvse.in](http://www.tvse.in). The members who wish to inspect any of the relevant documents referred to in the accompanying notice may send the request to the email id of the Company, [investorservices@tvse.in](mailto:investorservices@tvse.in), till 5.00 pm, 7<sup>th</sup> August, 2020 and Company will provide such documents through email.
17. As per the provisions of Companies Act, 2013, nomination facility is available for members holding shares in physical form. The nomination forms can be obtained from the Company's Share Transfer Agents. In respect of members holding shares in electronic form, the forms may be obtained from the Depository Participant with whom they are maintaining their demat account.
18. The Securities and Exchange Board of India (SEBI) vide its circular dated 20<sup>th</sup> April, 2018 **has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders**. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Company's Share Transfer Agents by sending a duly signed letter along with a self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member printed on it. In alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
19. **Process for those Members whose email ids are not registered for procuring user id and password and registration of email ids for e-Voting on the resolutions set out in this Notice:**
  - a. Those Members, who hold shares in physical form or who have not registered their email address with the Company and who wish to participate in the 25<sup>th</sup> AGM or cast their vote through remote e-Voting or through the e-Voting system during the meeting, may obtain the login ID and password by sending a scanned copy of:
    - i) a signed request letter mentioning your name, folio number and complete address; and ii) self-attested scanned copy of the PAN Card and any document (such as Driving Licence, Bank Statement, Election Card, Passport, AADHAR Card) in support of the address of the Member as registered with the Company; to the email address of the Company [investorservices@tvse.in](mailto:investorservices@tvse.in).
    - b. In case shares are held in demat mode, Members may obtain the login ID and password by sending a scanned copy of (i) a signed request letter mentioning your name, DP ID-Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID); (ii) self-attested scanned copy of client master or Consolidated Demat Account statement; and (iii) self-attested scanned copy of the PAN Card, to the email address of the Company [investorservices@tvse.in](mailto:investorservices@tvse.in).
20. **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**
  - i. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC

## Notice to the Members (Contd.)

will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid the last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- ii. Members are encouraged to join the Meeting through Laptops for a better experience. Further Members will be required to allow Camera and use the Internet with good speed to avoid any disturbance during the meeting.
- iii. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective networks. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- iv. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [tvseagm@tvs-e.in](mailto:tvseagm@tvs-e.in). Questions / queries received by the Company till 5.00 p.m. on Wednesday, 5<sup>th</sup> August, 2020 shall only be considered and responded during the AGM.
- v. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [tvseagm@tvs-e.in](mailto:tvseagm@tvs-e.in) from August 1, 2020 (9:00 a.m. IST) to August 4, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed

to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers, as appropriate for the smooth conduct of the AGM.

- vi. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) toll free- 1800-222-990 or contact Ms. Pallavi, 022-24994545

### 21. Remote E-voting facility:

- (a) In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company provides remote e-voting facility to all the shareholders, through remote e-voting platform of National Securities Depository Limited (NSDL), for voting on all the resolutions to be passed in the 25<sup>th</sup> Annual General Meeting.
- (b) **Voting rights** will be reckoned on the basis of the number of shares registered in the names of the members / beneficial owners **as on the cut-off date** fixed for this purpose, viz., **Saturday, 1<sup>st</sup> August, 2020**. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- (c) The Company has appointed Mr. K. Sriram, Partner of M/s. S. Krishnamurthy & Co., Practising Company Secretaries, Chennai as Scrutinizer for conducting the remote e-voting and also the e-voting process during the Annual General Meeting in a fair and transparent manner.
- (d) **The instructions for remote e-voting are as under:**  
Shareholders who become Members of the Company, after despatching of Notice and hold shares as on 1<sup>st</sup> August 2020 may obtain the User ID and Password for e-voting by sending an e-mail, intimating DP ID and Client ID / Folio



## Notice to the Members (Contd.)

No. to [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in) or Member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Members receiving e-mail from NSDL** (for members who have registered their email IDs with the Company / Depository Participants)

- i. Open the e-mail and then Open PDF file viz., “**TVS Electronics Limited – 25<sup>th</sup>AGM e-voting.pdf**” with the Client ID or Folio number as password. The PDF file contains the User ID and Password for e-voting. Please note that the password is an initial password that requires to be changed when the password change menu appears.
  - ii. Open your web browser during the voting period and log on to the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - iii. Click on Shareholder – Login
  - iv. Enter User ID and Password as initial password noted in step (i) above. Click Login.
  - v. The password change menu appears. Change the password with new password with minimum 8 digits / characters or a combination thereof. Please note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
  - vi. Home page of e-voting opens. Go to the “e-voting” icon and select “Active E-Voting Cycles”.
  - vii. Select “EVEN” of TVS Electronics Limited
  - viii. Cast your vote and select “Submit” and “Confirm” when prompted.
  - ix. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - x. Once the member has voted on the resolution, such members will not be allowed to modify their vote, subsequently.
  - xi. Institutions members (i.e other than individuals, HUF, NRI, etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with the attested specimen signature of the duly authorised signatory(ies), who are authorized to vote, to the Scrutinizer through email: [sriram.krishnamurthy@rediffmail.com](mailto:sriram.krishnamurthy@rediffmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com) and [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in).
  - xii. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password click on:
    - i. “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - ii. “Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - iii. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
    - iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
    - v. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
    - vi. Now, you will have to click on “Login” button. IX. After you click on the “Login” button, Home page of e-Voting will open.
- (e) In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at 022-24994600.

## Notice to the Members (Contd.)

- (f) If members are already registered with NSDL for e-voting, then they can use their existing user ID and password for casting the vote.
- (g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (h) **The remote e-voting period commences on Wednesday, 5<sup>th</sup> August 2020 at 10.00 am and ends on Friday, 7<sup>th</sup> August, 2020 at 5.00 pm.** During this period, members holding shares as on Saturday, 1<sup>st</sup> August, 2020 may cast their votes electronically. Thereafter, the remote e-voting facility will be disabled for voting by NSDL. Once a vote on a resolution is cast by a member, such member will not be allowed to change it subsequently. Members as on the 1<sup>st</sup> August, 2020 shall only be entitled to availing the Remote E-Voting facility.
- (i) The members attending the meeting, who have not already cast their votes through remote e-voting shall be able to exercise their voting rights through electronic mode during the meeting. The members who have already cast their vote through remote e-voting can attend the meeting but shall not be entitled to cast their vote again during the meeting. In terms of Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, voting rights on shares lying in the Unclaimed Shares Suspense account, shall remain frozen till the rightful owner claims the shares.
- (j) The Scrutinizer will submit his report on the remote e-voting and voting at the meeting to the Chairman or Company Secretary or any other authorised Director, who will declare the result of the voting within 48 hours from the conclusion of the Annual General Meeting.
- (k) The result of the voting with details of the number of votes cast for and against each resolution, invalid votes and whether the resolution has been carried or not shall be displayed on the notice board of the Company

at its Registered Office and at the Administrative Office. Further, the results of the voting along with the Scrutinizer's Report shall also be placed on the Company's website [www.tvs-e.in](http://www.tvs-e.in) and on the website of the NSDL and also communicated to the Stock Exchanges.

- (l) In case of any queries, members may contact the Company at [investorservices@tvs-e.in](mailto:investorservices@tvs-e.in), or [sclshares@gmail.com](mailto:sclshares@gmail.com)

### 22. Instructions for members for E-Voting on the day of the meeting:-

- i. The procedure for e-Voting on the day of the meeting is same as the instructions mentioned above for remote e-voting.
  - ii. Only those Members/ shareholders, who have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the meeting.
  - iii. Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote during the meeting.
  - iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the meeting shall be the same person mentioned for Remote e-voting.
23. The profile of Directors seeking reappointment forms an integral part of the Notice. The Directors have furnished the requisite consent and declarations.
24. Since the AGM shall be conducted through VC / OAVM, the route map, Proxy Form and Attendance Slip are not annexed to this Notice.

**By Order of the Board**

**Srilalitha Gopal**  
**Managing Director**  
**DIN: 02329790**

Chennai  
 6<sup>th</sup> June, 2020

Registered Office:  
 249-A, Ambujammal Street,  
 Off. TTK Road, Alwarpet,  
 Chennai-600 018.



## Notice to the Members (Contd.)

### Statement of material facts pursuant to Section 102 of the Companies Act, 2013 and Additional information on director recommended for appointment / reappointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

#### Item 3

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 6<sup>th</sup> June 2020, approved the appointment of Mr. P Raju Iyer, Cost Accountant (Membership No. 6987) as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 and fixed a sum of ₹ 1.50 Lakhs plus applicable taxes and reimbursement of out of pocket expenses, as remuneration payable to him, for the financial year 2020-21. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be approved by the Members of the Company. Accordingly, the consent of the Members is sought for the remuneration payable to the Cost Auditors.

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

The Board of Directors recommends the ordinary resolution as set out at item no. 3 of the Notice for approval by the members.

#### Item 4 & 5

The Board of Directors at their meeting held on 6<sup>th</sup> May, 2015, approved the appointment of Mr. M. Lakshminarayan and Mr. M F Farooqui as Non-Executive Independent Directors of the Company for a period of 5 years with effect from 6<sup>th</sup> May 2015 to 5<sup>th</sup> May 2020 and subsequently, the shareholders approved the aforesaid appointments by way of passing resolution through postal ballot.

As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director may be appointed to hold office for a term of five consecutive years on the Board of a Company and shall be eligible for reappointment for a second term of five consecutive years

on passing a special resolution by the shareholders and disclose of such reappointment in the Board's Report.

Based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation, the Board of Directors at its meeting held on 8<sup>th</sup> February, 2020, considered the experience, background and contributions made by them during the tenure of the first term of five consecutive years and were in the view that the continued association of Mr. M Lakshminarayan and Mr. M F Farooqui as Independent Directors would be beneficial to the Company and approved the re-appointment for the second term of five consecutive years with effect from 6<sup>th</sup> May, 2020, shall not be liable to retire by rotation, subject to the approval of the shareholders.

Mr. M Lakshminarayan will attain the age of 75 years on 7<sup>th</sup> September, 2021 and as per the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to obtain approval of the shareholders by way of passing special resolution for appointing or continuing the directorship of a person as a non-executive director who has attained the age of 75 years.

In accordance with Section 149, 150 and 152 and any other applicable provisions if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act the Company has received the consent Letter from Mr. M. Lakshminarayan and Mr. M F Farooqui to act as an Independent Director of the Company and the declaration of Independence, as required under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, declaring that he meets the criteria of Independence and eligible to be considered as Independent Director.

In the opinion of the Board, Mr. M Lakshminarayan and Mr. M F Farooqui fulfils the conditions for appointment

## Notice to the Members (Contd.)

of Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations and they are not debarred from holding office as a Director, by virtue of any SEBI order or any other such authority.

### **Profiles of Mr. M . Lakshminarayan:**

Mr. Lakshminarayan is a Post Graduate from IIT Mumbai. He has a total of over 37 years of experience in Tata Motors and Bosch Ltd. He spent over 24 years at Bosch. He joined the Board of Bosch Ltd., in 2000. He retired as Joint Managing Director, a position he held for 9 years. He led a Product Group in Germany with Bosch for over 3 years before joining the Board in India. He was instrumental in investing and getting to market of the Common Rail Systems as also the Electronic Engine Management System in Bosch India and was Chairman of the Board of Robert Bosch Automotive Electronics in India. Total investment in both exceeded 700 Million Euros in a 5 year horizon starting from Proto to full scale manufacture.

Mr. Lakshminarayan started Harman International India Pvt Ltd, a 100% subsidiary of Harman International Inc. USA, in 2009. He has spearheaded Harman's foray into the Indian market. Infotainment System for India Automotive Sector was developed in Bangalore and now successfully introduced by Tata Motors in Bolt and Zest. It has received Rave reviews. It has now over 800 R&D Engineers and over 400 back office software developers in Bangalore and Pune as also a manufacturing plant in Pune. Worldwide Harman is in the field of Audio, Lighting and Office Automation products and has worldwide sales of over 5 Billion USD.

He has served as Chairman of the Karnataka State and Southern Region of Confederation of Indian Industry (CII). He was also the President of Bangalore Chamber of Industries and Commerce. He was a Government Appointee as the Chairman of the Research Advisory Board of Central Manufacturing Technology Institute, Bangalore. He is a Member of the Board of Directors in several listed companies which includes Kirloskar Oil Engines Ltd, Carborundum Universal Ltd, Rane (Madras) Ltd. and TVS Automotive Solutions Ltd., He is at present The Chairman of Wabco India and also a member of the advisory board of VOITH Industrial Services a company established in Heidenheim Germany.

### **Profiles of Mr M F Farooqui:**

Mr. M F Farooqui is a 1978 Tamil Nadu cadre IAS officer and holds Masters degrees in Physics and Business Administration. He retired as Secretary, Department of Telecommunications (DoT) and Chairman, Telecom Commission in June 2014.

Prior to this, he served as Secretary, Department of Heavy Industry, Government of India. He also played a key role in Tamilnadu government in increasing the footprint in the industry sector as Principal Secretary, Department of Industry.

Mr. Farooqui also served as Special Secretary in the Ministry of Environment and Forests and was instrumental in shaping up critical environmental and climate change policies in the ministry.

During his career, he worked as a Joint Secretary in the Department of Economic Affairs, Ministry of Finance, Government of India. In mid-nineties, he worked as Consul General of India in Jeddah, Saudi Arabia. He has also worked as chief executive and member, secretary, Chennai Metropolitan Development Authority (CMDA).

None of the Directors or Key Managerial Personnel and their relatives are concerned or interested (financially or otherwise) in these Resolutions except Mr. M Lakshminarayan for item no.4 and Mr. M F Farooqui for item no.5

The information of Directors proposed in these resolutions are furnished in Annexure A.

The Board recommends the Special Resolution set out at item nos. 4 and 5 of the Notice for the approval of Members.

**By Order of the Board**

**Srilalitha Gopal**  
**Managing Director**  
**DIN: 02329790**

Chennai  
6<sup>th</sup> June, 2020

Registered Office:  
249-A, Ambujammal Street,  
Off. TTK Road, Alwarpet,  
Chennai-600 018.



## Notice to the Members (Contd.)

### Annexure A to the Explanatory Statement: Encl

| Name of Director   | M Lakshminarayan   | M F Farooqui  |
|--|--|---|
| DIN  | 00064750   | 01910054  |
| Age  | 73 years   | 66 years  |
| Qualification  | Post Graduate from IIT Mumbai  | Masters degrees in Physics and Business Administration  |
| Experience and expertise                                 | He has a total of over 37 years' experience in Tata Motors and Bosch Ltd which includes 24 years at Bosch. He has served as Chairman of the Karnataka State and Southern Region of Confederation of Indian Industry (CII). He was also the President of Bangalore Chamber of Industries and Commerce. He was a Government Appointee as the Chairman of the Research Advisory Board of Central Manufacturing Technology Institute, Bangalore. | He served as Secretary, Department of Heavy Industry, Government of India and he worked as a Joint Secretary in the Department of Economic Affairs, Ministry of Finance, Government of India. He also worked as Consul General of India in Jeddah, Saudi Arabia. He has also worked as chief executive and member, secretary, Chennai Metropolitan Development Authority (CMDA) |
| Remuneration   | Nil (only sitting fee)   | Nil (only sitting fee)  |
| Date of first Appointment on the Board of the Company    | 6 <sup>th</sup> May 2015   | 6 <sup>th</sup> May 2015  |
| Shareholding in TVS Electronics Limited                  | Nil  | Nil   |
| Remuneration last drawn                                  | Nil  | Nil   |
| Number of Meetings of the Board attended during the year | 2/5  | 5/5   |

**Notice to the Members (Contd.)**

| Name of Director  | M Lakshminarayan              |  | M F Farooqui              |                      |
|---|-------------------------------|--|---------------------------|----------------------|
| <b>List of Directorship held in other listed companies</b>                          | Kirloskar Oil Engines Limited | Independent Director   | The Ramco Cements Limited | Independent Director |
|   | Suprajit Engineering Limited  | Independent Director   |                           |                      |
|   | Wabco India Limited           | Independent Director   |                           |                      |
|   | Rane (Madras) Limited         | Independent Director   |                           |                      |
|   | Wendt India Limited           | Independent Director   |                           |                      |
|   | Asm Technologies Limited      | Non-Executive Non-Independent Director                         |                           |                      |
| <b>Membership / Chairmanship in Committees of other listed companies as on date</b> | Kirloskar Oil Engines Limited | AC, Risk Management Committee (RMC) - Chairman<br>NRC - Member | Nil                       |                      |
|   | Wabco India Limited           | SRC - Chairman<br>AC, NRC and CSR - Member                     |                           |                      |
|   | Rane (Madras) Limited         | NRC - Chairman<br>AC - Member                                  |                           |                      |
|   | Wendt India Limited           | AC and NRC - Member  |                           |                      |
|   | Asm Technologies Limited      | AC and NRC - Member  |                           |                      |
|   | Suprajit Engineering Limited  | RMC - Chairman<br>NRC - Member                                 |                           |                      |





## Board's Report to the Members

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report of your Company for the financial year ended 31<sup>st</sup> March 2020.

### Financial Results

The financial performance of the Company for the year ended 31<sup>st</sup> March 2020 is summarized below. The financial statements for the year have been prepared in accordance with the mandatory accounting standards Ind AS including the new Ind AS 115 on 'Revenue from Contracts'.

### Standalone

(₹ in Lakhs)

| Particulars   | Year ended<br>31 <sup>st</sup> March<br>2020 | Year ended<br>31 <sup>st</sup> March<br>2019 |
|---|--|--|
| Revenue from operations                               | 25,872                                       | 275,684                                      |
| Profit/ (Loss) Before Tax (PBT) and exceptional items | 348  | 1,780  |
| Exceptional items / Extra-ordinary Items              | (350)  | (358)  |
| Profit / (Loss) Before Tax                            | (2)  | 1,422  |
| Profit / (Loss) After Tax (PAT)                       | 39   | 744  |
| Add: Brought forward from previous year               | 4,900  | 4,493  |
| Less: Dividend on equity shares (incl. taxes)         | (673)  | (337)  |
| Retained earnings                                     | 4,266  | 4,900  |

### Company's performance

During the financial year 2019-20, the Company's 'Products and solutions' segment has earned revenues of ₹ 151 Cr which included some large Project orders during the year. The revenue from 'Servicetec' segment was at ₹83 crores for the year. The revenues from 'Distribution' was at ₹25 Cr compared to ₹2,533 Cr in FY2018-19, which was due to closure of an agreement in July 2018 with a mobile phone manufacturer for online distribution of mobiles, TVs and accessories. Online distribution was a large volume, low margin and volatile business that the Company monitored and managed separately. The revenue earned from this segment during the previous year included such revenues and are not comparable with the current year.

During the year under consideration, the 'Product & Solutions' business vertical refreshed its range of transaction automation products and further strategized to expand its reach into the "Point of Transactions" landscape. The Company's Dot Matrix Printer range has gained added momentum during the year as its market share improved from 29% to 37% with supplies made to Insurance Companies during the year. Thermal Printer range has gained added momentum during the year as its market share is at 24%. These printers are used largely to print invoices or receipts in modern Retail Stores, Quick Service Restaurants, E-Commerce Platforms, and the Health Care industry, amongst others. As legacy Dot Matrix Printers become more and more obsolete in certain sectors, they are being replaced by sophisticated Thermal range printers where TVS-E is gaining market traction. The market for the Label Printers that print barcodes or QR code labels, and their scanners, TVS-E holds a market share of 14% and 19% respectively. Overall, during the year, the Products BU witnessed a subdued demand for its categories of products reflecting an economy on the verge of recovering from large government policy actions and the economic conditions prevailing from mid of March 2020.

The 'Servicetec' BU had expanded its service footprint across more than 427 districts in India for onsite services and also increased its retail network for customer walk-in services to 200 centers which are more than 40% compared to the previous year. New service offerings in areas of Repair factory, E-recycling, Extended warranty plans and Bio-Medical Equipment services were piloted during FY2020. TVS-E is also scaled up to support L3-L4 repairs for all electronics products including mobility products, IT & consumer electronics segment. The BU also expanded its footprint in newer skills and device categories like Consumer Electronics, Digital signage and classrooms, RO Water Purifiers and Audio products. To escalate the growth, the Company continues in investing in technology, people and infrastructure.

There has been no change in the business of the Company during the financial year ended 31<sup>st</sup> March, 2020.



## Board's Report to the Members (Contd.)

### Dividend

The Board of Directors at the meeting held on 7<sup>th</sup> March 2020 has declared an interim dividend of ₹ 1.50 per equity share for the financial year ended 31<sup>st</sup> March 2020. The dividend absorbed ₹ 337.31 lakhs, including taxes on 1,86,50,318 Equity Shares of ₹ 10/- each and was paid to all the equity shareholders whose names appear in the Register of Members of the Company and depositories as on 17<sup>th</sup> March, 2020. The payment of the interim dividend was made through electronic mode directly to the Bank account on 20<sup>th</sup> March, 2020 to those shareholders whose bank details were registered with us. Due to the outbreak of COVID-19 and lockdown imposed by the Government, the Company's Share Transfer Agent (STA) were not able to print and dispatch the Dividend Warrants/Demand Drafts to those shareholders who had not registered their bank account details with us and the same was intimated to the stock exchanges. Subsequently, the Company's STA has arranged for Demand Drafts and commenced to dispatch the same to the shareholders.

The Company has not recommended the final dividend for the financial year 2019-20.

### Safety

The Company is fully committed to the ultimate goal of employee safety. The Company has taken various measures to fight against the outbreak of Covid-19 and ensure the safety of its employees & their families, customers and various stakeholders including defining a Standard Operating Procedures (SOP) to ensure necessary health precautionary protocols, implementation of "Work From Home" policy and measures prescribed in the guidelines issued by the Central/State Government and local authorities from time to time. The Company has also conducted various periodic Safety training, safety audit and fire drills for enabling the Company to maintain an accident-free records at its factories for several years.

The Company has implemented strict safety standards at all our facilities and operations, based on global best practices and regulatory requirements. We have well-defined policies (POSH) and standard operating procedures to ensure the safety of women employees inside and outside the campus. These include Safety

Awareness Programs, periodic Fire drill, cab pick-up/drop facility etc.

The Company has a detailed Emergency Preparedness Program (EPP) towards ensuring the safety of the employees and business continuity during the calamity. The Company also has dedicated medical centers at Head office and Factories to manage any emergency situations.

### Code of Business Conduct and Ethics

The Company has in place the Code of Business Conduct and Ethics for members of the Board and senior management personnel (the Code) approved by the Board. The Code is available on the Company's Website at <https://www.tvs-e.in/wp-content/finreports/policy/Code%20of%20Conduct.pdf>. The Code has been communicated to directors and the senior management personnel. All the members of the Board and senior management personnel have confirmed compliance with the Code of Business Conduct and Ethics for the year ended 31<sup>st</sup> March, 2020. The Annual Report contains a declaration to this effect signed by the Managing Director.

### Vigil Mechanism / Whistle Blower Policy

The Company has established a vigil mechanism, which is overseen by the Audit Committee. The Chairman of the Audit Committee has been appointed as the Ombudsman for the Vigil mechanism. The policy provides a formal mechanism for all directors, employees to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics policy. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the Company. This Policy is amended from time to time to make it in line with the amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations and SEBI (Prohibition of Insider Trading) Regulations. The Policy is available on the Company's Website at [https://www.tvs-e.in/wp-content/finreports/policy/TVSE\\_Vigil\\_Blower\\_Mechanism.pdf](https://www.tvs-e.in/wp-content/finreports/policy/TVSE_Vigil_Blower_Mechanism.pdf).



## Board's Report to the Members (Contd.)

### Prevention of Insider Trading

The Company has a Code of Internal Procedures and Conduct for regulating, monitoring and reporting of Trading by Insiders in line with SEBI Regulations. The Code has been communicated to all the employees of TVSE by conducting frequent awareness sessions and also have ensured to obtain Annual and One time Disclosure from the designated persons of TVSE under SEBI (Prohibition of Insider trading) Regulations, 2015. The Code of Internal Procedures and Conduct for regulating, monitoring and reporting of Trading by Insiders are amended from time to time to make it in line with SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Code has been communicated to all the employees at the time of orientation and adhered to by the Board of Directors, senior management personnel and the other persons covered under the code. The Company follows closure of trading window prior to publication of price sensitive information. The Company has adopted Fair Practices Code (FPC) as per the regulations. Code of Conduct for Insider Trading Regulation and the Fair Practices Code is available on the Company's Website (Code of Conduct: [https://www.tvs-e.in/wp-content/finreports/policy/TVSE\\_Insider\\_Trading\\_CodeofConduct.pdf](https://www.tvs-e.in/wp-content/finreports/policy/TVSE_Insider_Trading_CodeofConduct.pdf). Fair Practices Code: [https://www.tvs-e.in/wp-content/finreports/policy/TVSE\\_Fair\\_Practices\\_Code.pdf](https://www.tvs-e.in/wp-content/finreports/policy/TVSE_Fair_Practices_Code.pdf))

The Company has a Policy for the procedure of inquiry in case of a leak or suspected leak of Unpublished Price Sensitive Information and is available on the Company's Website [https://www.tvs-e.in/wp-content/finreports/policy/TVSE\\_UPSI\\_Policy.pdf](https://www.tvs-e.in/wp-content/finreports/policy/TVSE_UPSI_Policy.pdf).

### Holding Company

The Holding Company M/s. TVS Investments Private Limited (TVSI) [formerly Sundaram Investment Limited] was converted into a private limited company with effect from 2<sup>nd</sup> November 2017, vide Order of the National Company Law Tribunal dated 21<sup>st</sup> June 2017. TVSI holds 59.84% of the outstanding equity in the Company as on 31<sup>st</sup> March 2020. There is a change of -0.12% in the shareholding percentage of TVSI in our company from the previous financial year due to allotment of 37,500 shares under ESOP Scheme.

### Subsidiary Company

The Company does not have any Subsidiary Company as on 31<sup>st</sup> March, 2020.

During the previous financial year, the Company sold its entire shareholding in Benani Foods Private Limited, erstwhile subsidiary company to Waycool Foods and Products Private Limited and the same was intimated to the Stock Exchanges on 22<sup>nd</sup> March, 2019. The details in the form of AOC-1 are given as **Annexure A** to this report.

### Consolidated Accounts

The Company does not have any Subsidiary Company/ Joint Venture/Associate Company as on 31<sup>st</sup> March, 2020 and hence the requirement to Consolidate Accounts is not applicable.

### Annual Return

Extract of Annual Return in Form MGT-9 is given as **Annexure B** to this report. The same shall be available on the website of the Company [www.tvs-e.in](http://www.tvs-e.in).

### Number of Board and Committee Meetings

The details of the Board and Committee Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

### Share Capital

The paid up share capital of the Company as on 31<sup>st</sup> March 2020 is ₹ 18,65,03,180/- consisting of 1,86,50,318 Equity Shares of ₹ 10/- each. During the year, the Company has allotted 37,500 Equity Shares of ₹ 10 each to Mr. Prakash Katama under ESOP Scheme. Hence, the paid up capital of the Company increased from ₹ 18,61,28,180 to ₹ 18,65,03,180. The increase in the paid-up share capital was intimated to Ministry of Corporate Affairs and obtained listing approval from the Stock Exchanges.

### Particulars of Loans, Guarantees or Investments

The Company has not granted any fresh loans or guarantees or provided any security in connection with any loan to any other body corporate or person covered

## Board's Report to the Members (Contd.)

under the provisions of Section 186 of Companies Act 2013. The details of investments made by the Company are given in the financial statements.

### Related Party Transactions

All the related party transactions entered into are on 'arm's length' basis and in the ordinary course of business and are in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

None of the transactions are in the nature of having any potential conflict with the interests of the Company at large. There were no material related party transactions during the year.

During the year under review, the Company has entered into transactions with M/s TVS investments Private Limited, Promoter/ promoter group which holds 10% or more shareholding in the Company as mentioned in Note 33 of Financial statement for the year ended 31<sup>st</sup> March 2020.

Omnibus approvals are obtained for related party transactions that are repetitive in nature. In respect of unforeseen transactions, specific approvals are obtained. All related party transactions are approved / reviewed by the Audit Committee on a quarterly basis, with all the necessary details and are presented to the Board and taken on record. The details of transactions with related parties are provided in the financial statements. The Related Party Transactions policy was amended to make it in line with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is uploaded on the Company's website at <https://www.tvs-e.in/wp-content/finreports/policy/RELATED%20PARTY%20TRANSACTION.pdf>.

### Directors and Key Managerial Personnel

#### Independent Directors

All independent Directors hold office for a fixed period of five years and are not liable to retire by rotation. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and the

provisions of SEBI (LODR) Regulations, 2015. The terms of appointment of Independent Directors are available on the Company's website [www.tvs-e.in](http://www.tvs-e.in).

The Company has not appointed any new Independent Director during the year. In the opinion of the Board, the existing Independent Directors are with sufficient integrity, expertise and experience. As per the provisions of Rule 6 of The Companies (Appointment and Qualifications of Directors) Rules, 2014, all the Independent Directors have registered their name in the databank maintained by the Indian Institute of Corporate Affairs and the Independent Directors will evaluate their past experiences and complete the online proficiency test, if applicable.

#### Re-appointment of Independent Directors:

Mr. M. Lakshminarayan and Mr. M F Farooqui were appointed as Non-Executive Independent Directors of the Company for the first term of 5 consecutive years with effect from 6<sup>th</sup> May 2015 to 5<sup>th</sup> May 2020.

Based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation, the Board of Directors at its meeting held on 8<sup>th</sup> February, 2020, considered the experience, background and contributions made by them during the tenure of the first term of five consecutive years and were in the view that the continued association of Mr. M Lakshminarayan and Mr. M F Farooqui as Independent Directors would be beneficial to the Company and approved the re-appointment for the second term of five consecutive years with effect from 6<sup>th</sup> May, 2020, not liable to retire by rotation, subject to the approval of the shareholders.

Mr. M Lakshminarayan will attain the age of 75 years on 7<sup>th</sup> September, 2021 and as per the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to obtain approval of the shareholders by way of passing special resolution for appointing or continuing the directorship of a person as a non-executive director who has attained the age of 75 years.

The Company has received the consent Letter from Mr. M . Lakshminarayan and Mr. M F Farooqui to act as an Independent Director of the Company and the declaration



## Board's Report to the Members (Contd.)

of Independence, as required under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, declaring that he meets the criteria of Independence and eligible to be considered as Independent Director.

In the opinion of the Board, Mr. M Lakshminarayan and Mr. M F Farooqui fulfils the conditions for appointment of Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations and they are not debarred from holding office as a Director, by virtue of any SEBI order or any other such authority.

The Company is seeking approval from the shareholders for the re-appointment of Mr. M Lakshminarayan and Mr. M F Farooqui for the second term of 5 consecutive years with effect from 6<sup>th</sup> May, 2020 to 5<sup>th</sup> May, 2025 and Mr. M Lakshminarayan to continue the directorship after attaining the age of 75 years, in the Annual General Meeting to be held on 8<sup>th</sup> August 2020.

### Separate Meeting of Independent Directors

During the year, a separate meeting of Independent Directors was held on 9<sup>th</sup> November, 2019. The Independent Directors actively participated and provided guidance to the Company in all its spheres.

### Retirement by rotation

Mr. D Sundaram (DIN:00016304) Non-Executive Non-Independent Director who will retire by rotation at the ensuing Annual General Meeting of the Company under Section 152(6) of the Companies Act, 2013 has expressed his desire not to seek for the re-appointment on the Board upon expiry of his present term. The Board at its meeting held on 6<sup>th</sup> June, 2020 accepted his request and placed on record its appreciation for his contribution and valuable guidance provided during his tenure. The Board has recommended not to fill the vacancy for the time being, to be caused by the retirement of Mr. D Sundaram.

### Managing Director

The Board of Directors at their meeting held on 11<sup>th</sup> May, 2018, based on the recommendation of the Nomination

and Remuneration Committee (NRC), appointed Mrs. Srilalitha Gopal (DIN: 02329790), as Managing Director of the Company, liable to retire by rotation, for a period of 5 years from 11<sup>th</sup> May 2018 to 10<sup>th</sup> May 2023, for a total remuneration of ₹ 1.50 Cr p.a., subject to the approval of the shareholders.

Subsequently, the Shareholders in the Annual General Meeting held on 9<sup>th</sup> August, 2018 approved the appointment by way of passing special resolution.

Mrs. Srilalitha Gopal continues to be the Managing Director of the Company.

### Woman Director

In terms of Section 149 of Companies Act, 2013, the Company is required to have a woman director on its Board. Mrs. Srilalitha Gopal, Managing Director is already on the Board of the Company from 10<sup>th</sup> November 2011 and hence the Company fulfills the requirements of the said section.

In terms of Regulation 17 of SEBI (LODR) Regulations, 2015, the top 500 listed entities shall have at least one Independent Women Director by April 1, 2019 and top 1000 listed entities by April 1, 2020. Though the Company was not in the list of top 500 listed entities as on 31<sup>st</sup> March, 2019, following good corporate governance, the Board at their meeting held on 7<sup>th</sup> February, 2019 appointed Mrs. Subhasri Sriram as Independent Women Director and the shareholders approved the appointment at the Annual General Meeting held on 10<sup>th</sup> August 2019.

### Brief resume of Directors

The brief resume of directors proposed to be re-appointed and other relevant information has been furnished in the Notice of Annual General Meeting (AGM). Appropriate resolutions for their re-appointment are being placed for approval of the shareholders at the AGM.

### Key Managerial Personnel (KMPs)

In terms of Section 2(51) and Section 203 of the Companies Act, 2013, Mrs. Srilalitha Gopal, Managing Director, Mr. A Kulandai Vadivelu, Chief Financial Officer



## Board's Report to the Members (Contd.)

and Mr. K Santosh, Company Secretary are the Key Managerial Personnel of the Company, as on date of this report.

During the year;

- a. Mr. K Santosh was appointed as Company Secretary, Key Managerial Personnel of the Company by the Board of Directors at the Board meeting held on 11<sup>th</sup> May 2019.
- b. Mr Karthi Chandramouli, Chief Financial officer of the Company resigned with effect from 30<sup>th</sup> June, 2019.

Subsequently, based on the recommendation of the Nomination and Remuneration Committee and Audit Committee, the Board at its meeting held on 8<sup>th</sup> February, 2020, shortlisted Mr. A Kulandai Vadivelu for the position of Chief Financial Officer and he joined the Company with effect from 6<sup>th</sup> April, 2020. The same was intimated to the Ministry of Corporate Affairs and Stock Exchanges.

### Evaluation of the performance

The members of the Nomination and Remuneration Committee (NRC) has carried out an evaluation of its own performance, that of the Chairman, Managing Director, Directors individually including independent Directors, Board, the sub committees of the Board, Key Managerial Personnel and Senior Managerial Personnel. The Board evaluated the performance of the Independent Directors. The manner in which the evaluation has been carried out is explained in the Corporate Governance report.

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

### Nomination and Remuneration Policy

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

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

The Policy ensures that (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Policy has been approved by the Nomination and Remuneration Committee and the Board.

The Nomination and Remuneration Policy are amended from time to time to make it in line with the amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The document as approved by the Board is available on the Company Website at <https://www.tvs-e.in/wp-content/finreports/policy/NOMINATION%20AND%20REMUNERATION%20POLICY.pdf>.

### Statutory Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants (FRN:008072S) were appointed as the Statutory Auditors of the Company at the 22<sup>nd</sup> Annual General Meeting of the Company held on 30<sup>th</sup> June 2017 for the first term of 5 years to hold office up to the conclusion of the 27<sup>th</sup> Annual General Meeting.

In terms of the notification issued by Ministry of Corporate Affairs dated 7<sup>th</sup> May 2018, the requirement of obtaining shareholder's ratification every year has been done away with and requires only the Board approval. Accordingly, the Board of Directors of the Company at its meeting held on 6<sup>th</sup> June 2020 approved their appointment for the 4<sup>th</sup> year (2020-21) in their term of 5 years to hold office till the conclusion of 27<sup>th</sup> Annual General Meeting.



## Board's Report to the Members (Contd.)

There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their Report.

### Internal Auditors

M/s. Grant Thornton India LLP was appointed as the Internal Auditors for the year 2019-20 and the Board at its meeting held on 6<sup>th</sup> June, 2020, re-appointed them as the Internal Auditors for the year 2020-21.

### Cost Auditors

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

The Board of Directors at their meeting held on 6<sup>th</sup> June, 2020, appointed Mr. P Raju Iyer, Cost Accountant, Chennai as the Cost Auditor of the Company, to carry out the cost audit for 2020-21, subject to the ratification by shareholders for the remuneration to be paid in the ensuing Annual General Meeting.

### Secretarial Auditors

The Secretarial Auditors of the Company M/s. S A E & Associates LLP, Chennai, Practicing Company Secretaries, Chennai carried out Secretarial Audit for the financial year 2019-20 and the same is annexed as **Annexure C**.

### Clarification to the observations in the Secretarial Audit Report

The Company immediately initiated exploring suitable profiles for filling the position of Chief Financial Officer. However, considering the criticality of the roles and responsibilities of the position, the Company interviewed several profiles and the Board at its meeting held on 8<sup>th</sup> February, 2020, shortlisted Mr. A Kulandai Vadivelu for the position of Chief Financial Officer, Key Managerial Personnel. Subsequently, Mr. A Kulandai Vadivelu joined the Company with effect from 6<sup>th</sup> April, 2020.

Other observations are self-explanatory and hence does not call for any further clarification

### Employee Stock Option Plan

Mr. Prakash Katama was appointed as Chief Executive Officer on 14<sup>th</sup> October 2015 with a remuneration of ₹ 135 Lakhs and stock options of upto 3,00,000 under ESOP Scheme 2011 with a vesting schedule of 1,50,000 on 31<sup>st</sup> March, 2018 and remaining 1,50,000 on 31<sup>st</sup> March, 2020, subject to the evaluation and approval of Nomination and Remuneration Committee of the Company.

Mr. Prakash Katama resigned from the Company with effect from 30<sup>th</sup> September, 2018 and due to which 1,50,000 options which were due on 31<sup>st</sup> March, 2020 lapsed. The Nomination and Remuneration Committee at its meeting held on 7<sup>th</sup> February, 2019 evaluated the performance of Mr. Prakash Katama and approved 37,500 options out of 1,50,000 stock options and the balance 1,12,500 will not vest.

Mr Prakash Katama on 9<sup>th</sup> August 2019 exercised the said 37,500 Equity Shares and remitted the exercise amount and perquisite TDS.

The Board on 9<sup>th</sup> September, 2019 passed the resolution through Circulation for allotment of 37,500 Equity Shares to Mr. Prakash Katama under Employees Stock Option Scheme 2011.

The details of the Stock Options granted under Employees Stock Option Scheme 2011 are provided in this Report as **Annexure D**. There are no active ESOP options under the ESOP Scheme, 2011, as on date of this report.

### Credit Rating

The Company has obtained credit rating for the various borrowing facilities from Brickworks Ratings India (P) Ltd., and the same has been renewed.

### Transfer to Investor Education and Protection Fund (IEPF)

#### Unclaimed Dividend:

There was no amount required to be transferred to the IEPF during the year.

#### Transfer of Equity Shares to IEPF Authority:

In terms of the provisions of section 124 (6) of the Companies Act, 2013 read along with Rule 6 of the Investor Education and Protection Fund Authority

## Board's Report to the Members (Contd.)

(Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF. Further, pursuant to the new explanation inserted on 14th August, 2019, effective from 20th August, 2019 to the Rule 6 – (Manner of transfer of shares under sub-section 6 of section 124 to the Fund) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, it is clarified that all shares in respect of which dividend has been transferred to IEPF on or before the 7<sup>th</sup> September 2016, shall also be transferred by the Company to IEPF.

Based on the provisions of the Act, Rules and explanations, the Company dispatched notice through registered post to the respective shareholders to apply for the unclaimed dividends within three months from the date of the notice to avoid transfer of shares to IEPF. The said notice was also published in the newspapers (Business Standards – English and Makkal Kurral – Tamil) on 14th December, 2019 and subsequently filed the said newspaper publications with the stock exchanges. The said three months' time period was completed on 14th March, 2020 (Due Date). Due to the outbreak of Covid-19 and lockdowns imposed by respective state governments, the Company's Share Transfer Agent (STA) was not able to transfer the said shares to IEPF account in the month of March, 2020. However, in the month of June, 2020, the Company's STA will complete the process of transferring 1,78,100 equity shares in respect of which the dividends remained unclaimed/paid as on the due date to the IEPF account. The statement containing the details of name, address, folio number, Demat Account number and number of shares in respect of which dividends are not claimed for seven consecutive years or more are made available in the Company's website viz., [www.tvs-e.in](http://www.tvs-e.in) for information and necessary action by the shareholders. In case the concerned shareholders wish to claim the shares that have been transferred to the IEPF, a separate application has to be made to the IEPF Authority in Form IEPF – 5, as prescribed in Rule 7 of the Rules and the same is available at IEPF website ([www.iepf.gov.in](http://www.iepf.gov.in))

### Particulars of Employees and related disclosures

The particulars of the employees covered by the provisions of Section 197 (12) of Companies Act, 2013 and the rules thereunder forms part of this report. However, as per the provisions of Section 136(1) of Companies Act, 2013, the annual report is being sent to all the members excluding this statement. This will be made available for inspection through email on receiving the request from the member.

### Comparative analysis of remuneration paid

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

### E-Waste Management

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

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

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

### Corporate Social Responsibility

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

## Board's Report to the Members (Contd.)

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

Based on the recommendation by the CSR Committee, the Board has approved the projects / programs to be undertaken as CSR activities for a minimum amount of ₹ 28.21 Lakhs during the financial year 2019-20. The Company has spent around ₹ 29.80 Lakhs during the financial year 2019-20 on CSR activities. The details of CSR activities have been provided as **Annexure G** to this report.

### Corporate Governance

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

A Certificate from the Practising Company Secretary regarding the compliance of the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report.

### Public Deposits

The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2020.

### Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

### Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact

the going concern status of the Company and its future operations

### Reporting of Fraud

During the year under review, neither the statutory auditors nor the secretarial auditors have reported any instances of fraud committed against the Company by its officers or employees, as specified under Section 143(12) of Companies Act, 2013.

### Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI").

### Other laws

The Company has constituted the internal Committee and complied with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### During the year under review

Number of complaints received in the year: Nil

Number of complaints disposed off during the year: NA

Number of cases pending for more than 90 days: Nil

Number of Workshop or awareness Program: One awareness program was conducted during the women's forum day and e-learning courses\* was launched by the Company.

Nature of Action taken by the employer or District Officer: Nil

E Learning on POSH (Prevention of Sexual Harassment)-Mandatory Course was developed by the Company to educate and spread awareness to all the employees of TVSE.

### Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultants, advisors of the Company and the reviews performed

## Board's Report to the Members (Contd.)

by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls with reference to the financial statements were adequate and effective during the financial year 2019-20:

The financial statements have been prepared in accordance with the Indian Accounting Standards, which has become applicable to the Company with effective from 1<sup>st</sup> April 2017.

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

- i. that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2020, the applicable Indian accounting standards have been followed and that there were no material departures;
- ii. that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2020 and of the profits of the Company for the year under review;
- iii. that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. that they had prepared the annual accounts for the year ended 31<sup>st</sup> March, 2020 on a "going concern" basis;
- v. that they had laid down internal financial controls which are adequate and are operating effectively;
- vi. that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENT

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

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

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

**For and on behalf of the Board**

Chennai  
6<sup>th</sup> June 2020

**Gopal Srinivasan**  
**Chairman**  
**DIN:00177699**



## Annexure A to Board's Report

### Form AOC-I

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

### Statement containing salient features of the financial statement of Subsidiary For the Financial year ended 31<sup>st</sup> March 2020

#### Part "A" : Subsidiary

(₹ in Lakhs)

| Sl. No. | Particulars   |    |
|---------|---|----|
| 1       | Name of the subsidiary  |    |
| 2.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     |    |
| 3.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries |    |
| 4.      | Share capital   |    |
| 5.      | Reserves & Surplus  |    |
| 6.      | Total Assets  | NA |
| 7.      | Total Liabilities   |    |
| 8.      | Investments   |    |
| 9.      | (a) Turnover<br>(b) Other Income  |    |
| 10.     | Profit (Loss) before Taxation   |    |
| 11.     | Provision for Taxation  |    |
| 12.     | Profit after Taxation   |    |
| 13.     | Proposed dividend   |    |
| 14.     | % of shareholding   |    |

#### Notes:

- Names of subsidiaries which are yet to commence operations : Nil.
- Names of subsidiaries which have been liquidated or sold during the year : Nil
- Since there are no Associate Companies or Joint Ventures, the Part B is not applicable.

For and on behalf of the Board

**GOPAL SRINIVASAN**  
Chairman

**K SANTOSH**  
Company Secretary

Chennai  
June 6, 2020

**SRILALITHA GOPAL**  
Managing Director

**A KULANDAI VADIVELU**  
Chief Financial Officer

As per our report of even date annexed

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration No: 008072S

**GEETHA SURYANARAYANAN**  
Partner  
Membership No: 29519



## Annexure B to Board's Report

### FORM MGT - 9

#### EXTRACT OF ANNUAL RETURN

as on the Financial Year Ended on 31<sup>st</sup> March, 2020

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

#### I. REGISTRATION AND OTHER DETAILS:

|       |   |   |
|-------|---|---|
| (i)   | CIN:-   | L30007TN1995PLC032941   |
| (ii)  | Registration Date   | 15/09/1995  |
| (iii) | Name of the Company   | TVS Electronics Limited   |
| (iv)  | Category / Sub-Category of the Company                                    | Public Company  |
| (v)   | Address of the Registered office and contact details                      | 249-A, Ambujammal Street,<br>Off TTK Road, Alwarpet, Chennai-600 018<br>Tel: 91-44-24679400,<br>E-mail: contactus@tvs-e.in                                  |
| (vi)  | Whether listed company  | Yes   |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Sundaram-Clayton Limited,<br>Jayalakshmi Estates, 1st Floor,<br>29, Haddows Road, Chennai - 600 006<br>Tel: 91-44-28307700,<br>E-mail: arockiaraj@scl.co.in |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Sale of Manufactured Goods:                      |                                   |                                    |
|         | - Computer Printers                              | 26204                             | 15.14%                             |
|         | - Computer Keyboards                             | 26203                             | 11.91%                             |
| 2       | Trading of Computer Printers/Keyboards           | 47411                             | 25.08%                             |
| 3       | Telecom Services                                 | 61900                             | 29.81%                             |

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

| Sl. No. | Name and Address of the Company  | CIN/GLN               | Holding / Subsidiary / Associate | % of shares held           | Applicable Section |
|---------|--|-----------------------|----------------------------------|----------------------------|--------------------|
| 1       | T V Sundram Iyengar & Sons Private Limited, TVS Building, West Veli Street, Madurai - 625 001.       | U34101TN1929PTC002973 | Ultimate Holding Company         | 50.86% (through Sl. No. 2) | Sec.2(46)          |
| 2       | TVS Investments Private Limited<br>249A, Ambujammal Street, off TTK Road, Alwarpet, Chennai 600 018. | U65993TN2004PTC054696 | Holding Company                  | 59.84%                     | Sec.2(46)          |

\* The Company sold its entire shareholding of 54.41% in Benani Foods Pvt Ltd which was Subsidiary of the Company vide Share Purchase Agreement Dated 22nd March, 2019 to Waycool Foods and Products Pvt Ltd. The same was intimated to the stock exchanges.

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

**(i) Category-wise Share Holding**

| Category of Shareholders                                | No. of Shares held at the beginning of the year |          |            | No. of Shares held at the end of the year |            |          | % Change during the year |                   |          |          |          |                   |
|---|---|----------|------------|---|------------|----------|--------------------------|-------------------|----------|----------|----------|-------------------|
|   | Demat   | Physical | Total      | % of total shares                         | Demat      | Physical | Total                    | % of total shares | Demat    | Physical | Total    | % of total shares |
| <b>A. Promoters</b>                                     |   |          |            |   |            |          |                          |                   |          |          |          |                   |
| <b>(1) Indian</b>                                       |   |          |            |   |            |          |                          |                   |          |          |          |                   |
| (a) individual/ HUF                                     | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (b) Central Govt.                                       | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (c) State Govt.   | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (d) Bodies Corporate                                    | 11,160,093                                      | -        | 11,160,093 | 59.96%                                    | 11,160,093 | -        | 11,160,093               | 59.84%            | -        | -        | -        | -0.12%            |
| (e) Banks / Financial Institutions                      | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (f) Any other   | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| <b>Sub-total (A) (1)</b>                                | 11,160,093                                      | -        | 11,160,093 | 59.96%                                    | 11,160,093 | -        | 11,160,093               | 59.84%            | -        | -        | -        | -0.12%            |
| <b>(2) Foreign</b>                                      |   |          |            |   |            |          |                          |                   |          |          |          |                   |
| (a) NRIs - individuals                                  | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (b) Other Individuals                                   | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (c) Bodies Corporate                                    | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (d) Banks / Financial Institutions                      | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (e) Any other   | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| <b>Sub-total (A) (2)</b>                                | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| Total Shareholding of Promoters (A) = (A) (1) + (A) (2) | 11,160,093                                      | -        | 11,160,093 | 59.96%                                    | 11,160,093 | -        | 11,160,093               | 59.84%            | -        | -        | -        | -0.12%            |
| <b>B. Public Shareholding</b>                           |   |          |            |   |            |          |                          |                   |          |          |          |                   |
| <b>(1) Institutions</b>                                 |   |          |            |   |            |          |                          |                   |          |          |          |                   |
| (a) Mutual Funds  | 1,500   | 2,700    | 4,200      | 0.02%                                     | 1,500      | 2,700    | 4,200                    | 0.02%             | -        | 0        | -        | 0.00%             |
| (b) Banks / Financial Institutions                      | 36,738  | 600      | 37,338     | 0.20%                                     | 521        | 600      | 1,121                    | 0.01%             | (36,217) | 0        | (36,217) | -0.19%            |
| (c) Central Govt.                                       | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (d) State Govt.   | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (e) Venture Capital Funds                               | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (f) Insurance Companies                                 | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (g) FIs   | -   | 100      | 100        | -   | -          | 100      | 100                      | -                 | -        | -        | -        | -                 |
| (h) Foreign Venture Capital Funds                       | -   | -        | -          | -   | -          | -        | -                        | -                 | -        | -        | -        | -                 |
| (i) Others (specify)                                    |   |          |            |   |            |          |                          |                   |          |          |          |                   |
| (j) Foreign Portfolio Investors - Corporate             | -   | -        | -          | 0.00%                                     | 0          | -        | -                        | 0.00%             | -        | -        | -        | 0.00%             |
| <b>Sub-total (B) (1)</b>                                | 38,238  | 3,400    | 41,638     | 0.22%                                     | 2,021      | 3,400    | 5,421                    | 0.03%             | (36,217) | -        | (36,217) | -0.19%            |

Annexure B to Board's Report (Contd.)

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

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

| Category of Shareholders   | No. of Shares held at the beginning of the year |                |                   | No. of Shares held at the end of the year |                |                   | % Change during the year |                  |               | % of total shares |
|--|---|----------------|-------------------|---|----------------|-------------------|--------------------------|------------------|---------------|-------------------|
|  | Demat   | Physical       | Total             | Demat                                     | Physical       | Total             | Demat                    | Physical         | Total         |                   |
| <b>(2) Non-Institutions</b>  |   |                |                   |   |                |                   |                          |                  |               |                   |
| (a) Bodies Corporate   |   |                |                   |   |                |                   |                          |                  |               |                   |
| (i) Indian   | 413,162   | 367,301        | 780,463           | 4,751                                     | 204,310        | 209,061           | (408,411)                | (162,991)        | (571,402)     | -3.07%            |
| (ii) Overseas  | -   | -              | -                 | -   | -              | -                 | -                        | -                | -             | -                 |
| (b) Individuals  |   |                |                   |   |                |                   |                          |                  |               |                   |
| (i) Individual Shareholders holding nominal share capital upto ₹ One Lakh          | 5,003,385                                       | 363,004        | 5,366,389         | 5,947,037                                 | 340,253        | 6,287,290         | 943,652                  | (22,751)         | 920,901       | 4.95%             |
| (ii) Individual Shareholders holding nominal share capital in excess of ₹ One Lakh | 949,644   | 20,000         | 969,644           | 680,852                                   | 20,000         | 700,852           | (268,792)                | -                | (268,792)     | -1.44%            |
| (c) Others (specify)   |   |                |                   |   |                |                   |                          |                  |               |                   |
| NRI Non-Repatriable  | 28,513  | 1,200          | 29,713            | 36,839                                    | 1,200          | 38,039            | 8,326                    | -                | 8,326         | 0.04%             |
| NRI Repatriable  | 138,228   | 126,650        | 264,878           | 128,512                                   | 121,050        | 249,562           | (9,716)                  | (5,600)          | (15,316)      | -0.08%            |
| <b>Sub-total (B) (2)</b>   | <b>6,532,932</b>                                | <b>878,155</b> | <b>7,411,087</b>  | <b>6,797,991</b>                          | <b>686,813</b> | <b>7,484,804</b>  | <b>265,059</b>           | <b>(191,342)</b> | <b>73,717</b> | <b>0.40%</b>      |
| Total Public Shareholding (B) = (B) (1) + (B) (2)                                  | 6,571,170                                       | 881,555        | 7,452,725         | 6,800,012                                 | 690,213        | 7,490,225         | 228,842                  | (191,342)        | 37,500        | 0.20%             |
| C. Shares held by Custodian for GDRs & ADRs  | -   | -              | -                 | -   | -              | -                 | -                        | -                | -             | -                 |
| <b>GRAND TOTAL [ A + B + C ]</b>   | <b>17,731,263</b>                               | <b>881,555</b> | <b>18,612,818</b> | <b>17,960,105</b>                         | <b>690,213</b> | <b>18,650,318</b> | <b>228,842</b>           | <b>(191,342)</b> | <b>37,500</b> | <b>0.00%</b>      |

## Annexure B to Board's Report (Contd.)

### (ii) Shareholding of Promoters

| S. No. | Shareholder's Name              | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  | % change in share holding during the year* |
|--------|---------------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|--|
|        |                                 | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1      | TVS Investments Private Limited | 11,160,093                                | 59.96                            | 0  | 11,160,093                           | 59.84                            | 0  | (0.12)                                     |
|        | TOTAL                           | 11,160,093                                | 59.96                            | 0  | 11,160,093                           | 59.84                            | 0  | (0.12)                                     |

\* The Company allotted 37,500 equity shares under ESOP Scheme during the year. Hence, there is a change of -0.12% in the promoter's shareholding during the year.

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

| Sl. No. |                              | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------------------------------|---|----------------------------------|---|----------------------------------|
|         |                              | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | At the beginning of the year | 11,160,093                                | 59.96                            | 11,160,093                              | 59.96                            |
|         | At the End of the year *     | 11,160,093                                | 59.84                            | 11,160,093                              | 59.84                            |

\* The Company allotted 37,500 equity shares under ESOP Scheme during the year. Hence, there is a change of -0.12% in the promoter's shareholding during the year.

## Annexure B to Board's Report (Contd.)

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

| S. No. | Name of the shareholders        | Opening Balance | Date of increase or decrease (Benpos date) | Reasons for increase or decrease | No. of shares | % of total shares of the Company | Cumulative    |                                  | Closing Balance |                                  |  |
|--------|---------------------------------|-----------------|--|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|-----------------|----------------------------------|--|
|        |                                 |                 |  |                                  |               |                                  | No. of shares | % of total shares of the Company | No. of shares   | % of total shares of the Company |  |
| 1      | ADITI PARIKH                    | 0               | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 18/10/2019                                 | Transfer / Purchase              | 175,000       | 0.94                             | 175,000       | 0.94                             |                 |                                  |  |
|        |                                 |                 | 15/11/2019                                 | Transfer / Sale                  | 201           | 0.00                             | 174,799       | 0.94                             |                 |                                  |  |
|        |                                 |                 | 22/11/2019                                 | Transfer / Sale                  | 871           | 0.00                             | 173,928       | 0.93                             |                 |                                  |  |
|        |                                 |                 | 14/02/2020                                 | Transfer / Sale                  | 489           | 0.00                             | 173,439       | 0.93                             |                 |                                  |  |
|        |                                 |                 | 21/02/2020                                 | Transfer / Sale                  | 22,639        | 0.12                             | 150,800       | 0.81                             |                 |                                  |  |
|        |                                 |                 | 28/02/2020                                 | Transfer / Sale                  | 2,753         | 0.01                             | 148,047       | 0.79                             |                 |                                  |  |
|        |                                 |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 148,047         | 0.79                             |  |
|        |                                 |                 | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 25/10/2019                                 | Transfer / Purchase              | 10,000        | 0.05                             | 10,000        | 0.05                             |                 |                                  |  |
| 2      | SATHYAMOORTHY DEVARAJULU        |                 | 08/11/2019                                 | Transfer / Purchase              | 19,600        | 0.11                             | 29,600        | 0.16                             |                 |                                  |  |
|        |                                 |                 | 15/11/2019                                 | Transfer / Purchase              | 2,251         | 0.01                             | 31,851        | 0.17                             |                 |                                  |  |
|        |                                 |                 | 29/11/2019                                 | Transfer / Purchase              | 50,000        | 0.27                             | 81,851        | 0.44                             |                 |                                  |  |
|        |                                 |                 | 06/12/2019                                 | Transfer / Purchase              | 148           | 0.00                             | 81,999        | 0.44                             |                 |                                  |  |
|        |                                 |                 | 27/12/2019                                 | Transfer / Purchase              | 8,001         | 0.04                             | 90,000        | 0.48                             |                 |                                  |  |
|        |                                 |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 90,000          | 0.48                             |  |
|        |                                 |                 | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 51,399          | 0.28                             |  |
|        |                                 |                 | No Change                                  |                                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
| 3      | M. PARAS                        | 51,399          | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  |                 |                                  |  |
| 4      | R RAMARAJ                       | 35,000          | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 35,000          | 0.19                             |  |
| 5      | SACHIDANAND MADAN<br>RENU MADAN | 27,094          | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |  |
|        |                                 |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 27,094          | 0.15                             |  |
|        |                                 |                 | No Change                                  |                                  |               |                                  |               |                                  |                 |                                  |  |



## Annexure B to Board's Report (Contd.)

| S. No. | Name of the shareholders               | Opening Balance | Date of increase or decrease (Benpos date) | Reasons for increase or decrease | No. of shares | % of total shares of the Company | Cumulative    |                                  | Closing Balance |                                  |      |
|--------|--|-----------------|--|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|-----------------|----------------------------------|------|
|        |  |                 |  |                                  |               |                                  | No. of shares | % of total shares of the Company | No. of shares   | % of total shares of the Company |      |
| 6      | MAHAVIR COAL RESOURCES PRIVATE LIMITED | 390             | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |      |
|        |  |                 | 05/07/2019                                 | Transfer / Sale                  | 390           | 0.00                             | 0             | 0.00                             |                 |                                  |      |
|        |  |                 | 05/07/2019                                 | Transfer / Purchase              | 390           | 0.00                             | 390           | 0.00                             |                 |                                  |      |
|        |  |                 | 27/09/2019                                 | Transfer / Purchase              | 20,000        | 0.11                             | 20,390        | 0.11                             |                 |                                  |      |
|        |  |                 | 29/11/2019                                 | Transfer / Purchase              | 44,610        | 0.24                             | 65,000        | 0.35                             |                 |                                  |      |
|        |  |                 | 24/01/2020                                 | Transfer / Sale                  | 30,000        | 0.16                             | 35,000        | 0.19                             |                 |                                  |      |
|        |  |                 | 14/02/2020                                 | Transfer / Sale                  | 7,162         | 0.04                             | 27,838        | 0.15                             |                 |                                  |      |
|        |  |                 | 21/02/2020                                 | Transfer / Purchase              | 7,162         | 0.04                             | 35,000        | 0.19                             |                 |                                  |      |
|        |  |                 | 13/03/2020                                 | Transfer / Purchase              | 2,472         | 0.01                             | 37,472        | 0.20                             |                 |                                  |      |
|        |  |                 | 20/03/2020                                 | Transfer / Purchase              | 5,000         | 0.03                             | 42,472        | 0.23                             |                 |                                  |      |
|        |  |                 | 27/03/2020                                 | Transfer / Purchase              | 13,564        | 0.07                             | 56,036        | 0.30                             |                 |                                  |      |
|        |  |                 | 31/03/2020                                 | Transfer / Sale                  | 28,961        | 0.16                             | 27,075        | 0.15                             |                 |                                  |      |
|        |  |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  |                 | 27,075                           | 0.15 |
| 7      | NARAYAN KEELVEEDHI SESHADRI            | 530,000         | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |      |
|        |  |                 | 31/05/2019                                 | Transfer / Sale                  | 360,000       | 1.93                             | 170,000       | 0.91                             |                 |                                  |      |
|        |  |                 | 15/11/2019                                 | Transfer / Sale                  | 49,750        | 0.27                             | 120,250       | 0.64                             |                 |                                  |      |
|        |  |                 | 22/11/2019                                 | Transfer / Sale                  | 40,987        | 0.22                             | 79,263        | 0.42                             |                 |                                  |      |
|        |  |                 | 29/11/2019                                 | Transfer / Sale                  | 46,823        | 0.25                             | 32,440        | 0.17                             |                 |                                  |      |
|        |  |                 | 13/12/2019                                 | Transfer / Sale                  | 7,000         | 0.04                             | 25,440        | 0.14                             |                 |                                  |      |
|        |  |                 | 20/12/2019                                 | Transfer / Sale                  | 100           | 0.00                             | 25,340        | 0.14                             |                 |                                  |      |
|        |  |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  |                 | 25,340                           | 0.14 |

**Annexure B to Board's Report (Contd.)**

| S. No. | Name of the shareholders | Opening Balance | Date of increase or decrease (Benpos date) | Reasons for increase or decrease | No. of shares | % of total shares of the Company | Cumulative    |                                  | Closing Balance |                                  |
|--------|--------------------------|-----------------|--|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|-----------------|----------------------------------|
|        |                          |                 |  |                                  |               |                                  | No. of shares | % of total shares of the Company | No. of shares   | % of total shares of the Company |
| 8      | KRISHNAMURTHY SATHEESH   | 8,000           | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |
|        |                          |                 | 17/05/2019                                 | Transfer / Purchase              | 2,000         | 0.01                             | 10,000        | 0.05                             |                 |                                  |
|        |                          |                 | 20/09/2019                                 | Transfer / Sale                  | 10,000        | 0.05                             | 0             | 0.00                             |                 |                                  |
|        |                          |                 | 20/09/2019                                 | Transfer / Purchase              | 10,000        | 0.05                             | 10,000        | 0.05                             |                 |                                  |
|        |                          |                 | 22/11/2019                                 | Transfer / Purchase              | 3,000         | 0.02                             | 13,000        | 0.07                             |                 |                                  |
|        |                          |                 | 06/12/2019                                 | Transfer / Purchase              | 2,000         | 0.01                             | 15,000        | 0.08                             |                 |                                  |
|        |                          |                 | 24/01/2020                                 | Transfer / Purchase              | 3,000         | 0.02                             | 18,000        | 0.10                             |                 |                                  |
|        |                          |                 | 31/01/2020                                 | Transfer / Purchase              | 3,000         | 0.02                             | 21,000        | 0.11                             |                 |                                  |
|        |                          |                 | 06/03/2020                                 | Transfer / Purchase              | 2,000         | 0.01                             | 23,000        | 0.12                             |                 |                                  |
|        |                          |                 | 13/03/2020                                 | Transfer / Purchase              | 2,000         | 0.01                             | 25,000        | 0.13                             |                 |                                  |
|        |                          |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               | 25,000                           | 0.13            |                                  |
| 9      | ANITA RAWAT              | 25,000          | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |
|        |                          |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 25,000          | 0.13                             |
|        |                          |                 | No Change                                  |                                  |               |                                  |               |                                  |                 |                                  |
| 10     | INDRANIL CHAUDHURI       | 13,000          | 01/04/2019                                 | Opening Balance                  |               |                                  |               |                                  |                 |                                  |
|        |                          |                 | 31/05/2019                                 | Transfer / Purchase              | 2,000         | 0.01                             | 15,000        | 0.08                             |                 |                                  |
|        |                          |                 | 20/03/2020                                 | Transfer / Purchase              | 8,000         | 0.04                             | 23,000        | 0.12                             |                 |                                  |
|        |                          |                 | 31/03/2020                                 | Closing Balance                  |               |                                  |               |                                  | 23,000          | 0.12                             |

## Annexure B to Board's Report (Contd.)

### (v) Shareholding of Directors and Key Managerial Personnel:

| Name of the Director / KMP (M/s.) | Opening Balance | Date of increase or decrease (Benpos date) | Reasons for increase or decrease | No. of shares | % of total shares of the Company | Cumulative    |                                  | Closing Balance |                                  |
|-----------------------------------|-----------------|--|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|-----------------|----------------------------------|
|                                   |                 |  |                                  |               |                                  | No. of shares | % of total shares of the Company | No. of shares   | % of total shares of the Company |
| GOPAL SRINIVASAN                  | 150             | No Change                                  | Opening balance                  | -             | -                                | -             | -                                | -               | -                                |
|                                   |                 |  | Closing balance                  |               |                                  |               |                                  | 150             | 0.00                             |
| SRILALITHA GOPAL                  | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| D SUNDARAM                        | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| M LAKSHMINARAYAN                  | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| M F FAROOQUI                      | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| R S RAGHAVAN                      | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| K BALAKRISHNAN                    | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| V SUMANTRAN                       | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |
| SUBASHRI SRIRAM                   | NIL             | -  | -                                | -             | -                                | -             | -                                | NIL             | -                                |

\* Mr. Narayan K Seshadri resigned from the Directorship of the Company w.e.f 6<sup>th</sup> May 2019. During the year, he sold 5,04,660 equity shares of the Company in the open market. The same was intimated to the stock exchanges. At present, he is holding 25,340 equity shares of the Company.

## V. INDEBTEDNESS

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

| S. No. | Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--------|--|----------------------------------|-----------------|----------|--------------------|
|        | <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| (i)    | Principal Amount   | -                                | -               | -        | -                  |
| (ii)   | Interest due but not paid                                  | -                                | -               | -        | -                  |
| (iii)  | Interest accrued but not due                               | -                                | -               | -        | -                  |
|        | <b>Total (i+ii + iii)</b>                                  | -                                | -               | -        | -                  |
|        | <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
|        | Addition   | -                                | -               | -        | -                  |
|        | Reduction  | -                                | -               | -        | -                  |
|        | <b>NET CHANGE</b>  | -                                | -               | -        | -                  |
|        | <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| (i)    | Principal Amount   | 144.30                           | -               | -        | 144.30             |
| (ii)   | Interest due but not paid                                  | -                                | -               | -        | -                  |
| (iii)  | Interest accrued but not due                               | -                                | -               | -        | -                  |
|        | <b>Total (i+ii + iii)</b>                                  | 144.30                           | -               | -        | 144.30             |

**Annexure B to Board's Report (Contd.)**
**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in Lakhs)**

| Sl. No. | Particulars of Remuneration   | Name of MD / WTD / Manager               | Total Amount   |
|---------|---|--|----------------|
|         |   | Mrs. Srilalitha Gopal, Managing Director |                |
| 1       | Gross Salary  |  |                |
| (a)     | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 132.61                                   | 132.61         |
| (b)     | Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | -  | -              |
| (c)     | Profits in lieu of salary under Section 17(3) Income-tax Act, 1961              | -  | -              |
| 2       | Stock Option as per debit to Statement of Profit and Loss                       | -  | -              |
| 3       | Sweat Equity  | -  | -              |
| 4       | Commission -  | -  | -              |
|         | - as % of Profits   | -  | -              |
|         | - Others, specify   | -  | -              |
| 5       | Others, please specify (Employer PF)  | 7.20                                     | 7.20           |
|         | <b>Total (A)</b>  | <b>139.81</b>                            | <b>139.81</b>  |
|         | Ceiling as per the Act *  | Not applicable                           | Not applicable |

\* Special Resolution passed at Annual General Meeting held on 9<sup>th</sup> August 2018.

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

| Particulars of Remuneration                  | Name of Directors    |                  |                   |                 |                      | Total        |
|--|----------------------|------------------|-------------------|-----------------|----------------------|--------------|
|  | Mr. M Lakshminarayan | Mr. M F Farooqui | Mr. K Balakrishna | Dr. V Sumantran | Mrs. Subhasri Sriram |              |
| Fees for attending Board, Committee Meetings | 1.75                 | 3.00             | 2.75              | 2.50            | 2.75                 | 12.75        |
| Commission                                   | -                    | -                | -                 | -               | -                    | -            |
| Others, please specify                       | -                    | -                | -                 | -               | -                    | -            |
| <b>Total (1)</b>                             | <b>1.75</b>          | <b>3.00</b>      | <b>2.75</b>       | <b>2.50</b>     | <b>2.75</b>          | <b>12.75</b> |

| Particulars of Remuneration                    | Name of Directors    |                       |                |                  | Total       |
|--|----------------------|-----------------------|----------------|------------------|-------------|
|  | Mr. Gopal Srinivasan | Mrs. Srilalitha Gopal | Mr. D Sundaram | Mr. R S Raghavan |             |
| Fees for attending Board, Committee Meetings   | 1.25                 | -                     | 2.00           | 1.50             | 4.75        |
| Commission                                     | -                    | -                     | -              | -                | -           |
| Others, please specify                         | -                    | -                     | -              | -                | -           |
| <b>Total (2)</b>                               | <b>1.25</b>          | <b>-</b>              | <b>2.00</b>    | <b>1.50</b>      | <b>4.75</b> |
| <b>Total (B) = (1)+(2)</b>                     |                      |                       |                |                  | <b>17.5</b> |
| <b>Total Managerial Remuneration (A) + (B)</b> |                      |                       |                | Not Applicable   |             |
| Overall Ceiling as per the Act                 | Not Applicable       |                       |                |                  |             |



## Annexure B to Board's Report (Contd.)

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

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel |              | Total        |
|---------|---|--------------------------|--------------|--------------|
|         |   | Company Secretary        | CFO*         |              |
| 1       | Gross Salary  |                          |              |              |
| (a)     | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 11.59                    | 18.17        | 29.76        |
| (b)     | Value of perquisites under Section 17(2) of the Income-tax Act, 1961            | -                        | -            | -            |
| (c)     | Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961       | -                        | -            | -            |
| 2       | Stock Option  | -                        | -            | -            |
| 3       | Sweat Equity  | -                        | -            | -            |
| 4       | Commission  | -                        | -            | -            |
|         | - as % of Profits   | -                        | -            | -            |
|         | - Others, specify   | -                        | -            | -            |
| 5       | Others, please specify (Employer PF)  | 0.34                     | 0.36         | 0.70         |
|         | <b>Total</b>  | <b>11.93</b>             | <b>18.53</b> | <b>30.46</b> |

\* Mr. Karthi Chandramouli, CFO resigned the Company w.e.f. 30<sup>th</sup> June, 2019. The remuneration is for the period from 1<sup>st</sup> April, 2019 to 30<sup>th</sup> June, 2019..

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : Nil

|    | Type                      | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|----|---------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. | COMPANY                   |                              |                   |  |                               |                                    |
|    | Penalty                   |                              |                   |  |                               |                                    |
|    | Punishment                |                              |                   |  |                               |                                    |
|    | Compounding               |                              |                   |  |                               |                                    |
| B. | DIRECTORS                 |                              |                   |  |                               |                                    |
|    | Penalty                   |                              |                   |  |                               |                                    |
|    | Punishment                |                              |                   |  |                               |                                    |
|    | Compounding               |                              |                   |  |                               |                                    |
| C. | OTHER OFFICERS IN DEFAULT |                              |                   |  |                               |                                    |
|    | Penalty                   |                              |                   |  |                               |                                    |
|    | Punishment                |                              |                   |  |                               |                                    |
|    | Compounding               |                              |                   |  |                               |                                    |

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

For and on behalf of the Board

Gopal Srinivasan  
Chairman  
DIN: 00177699

Chennai  
6<sup>th</sup> June, 2020



Form No. MR-3

Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2020

To,  
The Members,  
**TVS Electronics Limited**  
[CIN: L30007TN1995PLC032941]  
249-A, Ambujammal Street,  
Off TTK Road Alwarpet Chennai - 600018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TVS ELECTRONICS LIMITED (hereinafter called **the Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 ("**the Act**") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment; - *Not Applicable*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - *Not applicable*
  - d) SEBI (Share Based Employee Benefits) Regulations, 2014.
  - e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations/observations specified elsewhere in this report:

## Annexure C to Board's Report (Contd.)

- (A) Under Companies Act, 2013
- i) *The Chief Financial Officer ("CFO") resigned with effect from 30<sup>th</sup> June 2019. The vacancy in the position of CFO was not filled till 31<sup>st</sup> December 2019. During the year, the Company had interviewed various candidates and based on the recommendation of the nomination & remuneration committee, board had shortlisted Mr. A.K.Vadivelu at its meeting held on 08<sup>th</sup> February 2020 and he joined the Company as CFO with effect from 06<sup>th</sup> April 2020.*
- (B) Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:
- i) *As per clause (d) of sub-regulation (1) of regulation 18, the Chairperson of the Audit Committee should be present at the Annual General Meeting of the Company. However the Chairman of the Committee was not present but a member of the committee was present.*
- ii) *As per proviso of sub-regulation (3) of regulation 20, the Chairperson of the Stakeholder Relationship committee should be present at the Annual General Meeting of the Company. However the Chairman of the Committee was not present but a member of the committee was present.*
- (vi) As represented by the Company, we further report that, there are no industry specific laws which are applicable to the Company.

### **We further report that**

As on 31<sup>st</sup> March 2020, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

Based on the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company **We further report that**, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no specific events/actions in pursuance of the above referred laws, having a major bearing on the Company's affairs.

**For S.A.E & Associates LLP**  
Company Secretaries

**Adit N Bhuva**  
Partner

Place: Chennai  
Date: 6<sup>th</sup> June 2020

ACS: 29660; CP.No. 10999  
UDIN:A029660B000332985

## Annexure C to Board's Report (Contd.)

### Annexure – C to Secretarial Audit Report of even date

To,

The Members,

**TVS Electronics Limited**

[CIN: L30007TN1995PLC032941]

249-A, Ambujammal Street,

Off. TTK Road Alwarpet

Chennai -600018

#### **Our Secretarial Audit Report of even date is to be read along with this letter.**

1. It is the Management's Responsibility to maintain secretarial records, and to devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. Our responsibility as the Secretarial Auditor is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For S.A.E & Associates LLP**  
Company Secretaries

**Adit N Bhuva**  
Partner

Place: Chennai  
Date: 6<sup>th</sup> June 2020

ACS: 29660; CP.No. 10999  
UDIN:A029660B000332985



## Annexure 'D' to Board's Report

### Disclosure under SEBI (share based employee benefits) Regulation, 2014 (cumulative position)

#### Employees Stock Option Scheme 2011

|    |  |   |
|----|--|---|
| a) | Options Granted  | 11,05,000   |
| b) | Pricing Formula  | The Exercise Price and for the purpose of grant of stock options will be decided by the Nomination and Remuneration Committee, provided that the Exercise Price per option shall not be less than the par value of the Equity Share of the Company. |
| c) | Options Vested   | 6,57,500  |
| d) | Options Exercised  | 6,27,500  |
| e) | The total no. of ordinary shares arising as a result of exercise of options  | 6,27,500  |
| f) | Options lapsed   | 4,77,500  |
| g) | Variation of terms of options  | Nil   |
| h) | Money realized by exercise of options  | ₹ 62,75,000/-   |
| i) | Total no. of options in force  | Nil   |
| 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.  | ₹ 0.21 per share  |

During the financial year 2019-20, Mr. Prakash Katama exercised 37,500 options which were approved by the Nomination and Remuneration Committee. As on the date of this report there are no active ESOP options under the ESOP Scheme 2011.

**For and on behalf of the Board**

Chennai  
6<sup>th</sup> June, 2020

**Gopal Srinivasan**  
Chairman  
DIN : 00177699

## Annexure 'E' to Board's Report

### Comparative Analysis of Remuneration

| S. No. | Name (M/s.)  | Designation       | Ratio to Median Remuneration | % increase in Remuneration |
|--------|--|-------------------|------------------------------|----------------------------|
| 1.     | Gopal Srinivasan   | Chairman          | NA                           | NA                         |
|        | Srilalitha Gopal   | Managing Director | 1:38                         | NA                         |
|        | D Sundaram   | NENID             | NA                           | NA                         |
|        | M. Lakshminarayan  | NEID              | NA                           | NA                         |
|        | M F Farooqui   | NEID              | NA                           | NA                         |
|        | Narayan K Seshadri*  | NENID             | NA                           | NA                         |
|        | R S Raghavan   | NENID             | NA                           | NA                         |
|        | K Balakrishnan   | NEID              | NA                           | NA                         |
|        | V Sumantran  | NEID              | NA                           | NA                         |
|        | Subhasri Sriram  | NEID              | NA                           | NA                         |
|        | Karthi Chandramouli**  | CFO               | NA                           | NA                         |
|        | K Santosh  | CS                | NA                           | 12%                        |
| 2.     | Percentage Increase in the median remuneration of employees in the financial year  |                   | 11.00                        |                            |
| 3.     | The number of permanent employees in the rolls of the Company  |                   | 394                          |                            |
| 4.     | Average percentile increase in the salaries of employees other than the managerial personnel during the year 2019-20 was 10.00% and for the managerial personnel was 1.3%. |                   |                              |                            |
| 5.     | It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.   |                   |                              |                            |

\* Mr. Narayan K Seshadri, Director resigned with effect from 6<sup>th</sup> May, 2019.

\*\* Mr. Karthi Chandramouli, CFO resigned with effect from 30<sup>th</sup> June, 2019.

NENID : Non Executive Non Independent Director

NEID : Non Executive Independent Director

**For and on behalf of the Board**

Chennai  
6<sup>th</sup> June, 2020

**Gopal Srinivasan**  
Chairman  
DIN : 00177699





## Annexure 'F' to Board's Report

### INFORMATION RELATING TO ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

#### (a) Conservation of energy

|       |  |   |
|-------|--|---|
| (i)   | the steps taken or impact on conservation of energy                      | Developed High Speed Dot Matrix Printer Models with a 10% reduction in operating power consumption. |
| (ii)  | the steps taken by the company for utilizing alternate sources of energy | Introduced 24W Dot Matrix Printer with solar power operating compatibility                          |
| (iii) | the capital investment on energy conservation equipments                 | NIL   |

#### (b) Technology absorption

|       |  |  |
|-------|--|--|
| (i)   | the efforts made towards technology absorption   | <ul style="list-style-type: none"> <li>• Customized RP45 printer for KIOSK application</li> <li>• Customized Speed 40+ Scanner printer for KIOSK application</li> <li>• Customized Thermal IR printer for KIOSK application</li> </ul>   |
| (ii)  | the benefits derived like product improvement, cost reduction, product development or import substitution                | <ul style="list-style-type: none"> <li>• Cost Reduced "2 Inch mobile printer" introduction</li> <li>• Introduced of Mechanical (Gold) Bio Keyboard, Water &amp; Dust proof keyboard, Dust Proof Keyboard</li> <li>• Introduced "3 Inch mobile printer"</li> <li>• Introduced "currency counter"</li> </ul> |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | NA   |
|       | the details of technology imported   | NA   |
|       | the year of import;  | NA   |
|       | whether the technology been fully absorbed   | NA   |
|       | if not fully absorbed, areas where absorption has not taken place, and the reasons thereof                               | NA   |
| (iv)  | the expenditure incurred on Research and Development   | Nil  |

#### (c) Foreign exchange earnings and Outgo

The Company exported Printers and other components

|                                | 31 <sup>st</sup> March, 2020<br>In ₹ Lakhs | 31 <sup>st</sup> March, 2019<br>In ₹ Lakhs |
|--------------------------------|--|--|
| (a) Total Forex earned (FOB) : | 77.94                                      | 336.69                                     |
| (b) Total Forex used (FOB) :   | 6068                                       | 6160.55                                    |

For and on behalf of the Board

**Gopal Srinivasan**  
Chairman  
DIN : 00177699

Chennai  
6<sup>th</sup> June, 2020

## Annexure 'G' to Board's Report

### PARTICULARS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

|   |   |   |
|---|---|---|
| 1 | A brief outline of the Company's CSR Policy, overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR Policy. | The Company was engaged in CSR activities for the past many decades. Through CSR initiatives, the Company intends to give back to society as a corporate citizen, with a focus on education, health and hygiene, culture and heritage. The CSR policy inter alia guides on CSR budget and utilization, project identification and selection criteria, monitoring and reporting framework etc. The complete CSR policy of the Company may be accessed at the website of the Company <a href="http://www.tvs-e.in">www.tvs-e.in</a> |
| 2 | Composition of the CSR committee  | Mr. M Lakshminarayan, Chairman<br>Mr. D Sundaram, Member<br>Mr. R S Raghavan, Member  |
| 3 | Average net profits of the Company for the last three financial years   | ₹ 1,410.45 Lakhs  |
| 4 | Prescribed CSR Expenditure (2% of the amount as in item 3 above)  | ₹ 28.21 Lakhs   |
| 5 | Details of CSR spent during the financial year  |   |
|   | (a) Total amount spent for the financial year   | ₹ 29.80 Lakhs   |
|   | (b) Amount unspent, if any  | Not applicable  |

#### (c) Manner in which the amount has been spent during the financial year

| Sl. No. | CSR project or activity identified  | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (Budget) project or programs wise | Amount spent on the projects or programs Sub-heads: 1.Direct Expenditure or 2.Overhead | Cumulative expenditure upto the reporting period | Amount spent Direct or through implementing agency |
|---------|-------------------------------------|--|---|---|--|--|--|
| (i)     | Education Scholarship to students   | Education                              | Sri Siddhaganga Mutt, Tumkur, Karnataka   | -   | 13,60,230 (Direct Expenditure)   | -  | Directly spent                                     |
| (ii)    | Donation for promoting Education    | Education                              | Gandhi Niketan - Sri Venkatachalapathy Higher Secondary School, Kallupatti, Tamil Nadu                                    | -   | 9,90,000 (Direct Expenditure)  | -  | Directly spent                                     |
| (iii)   | School Scholarship to students      | Education                              | School Scholarship for 4 students of Rs.20,000 each at Chennai, Tamil Nadu  | -   | 80,000 (Direct Expenditure)  | -  | Directly Spent                                     |
| (iv)    | Donation to promote Art and Culture | Art and Culture                        | Sri Parthasarathy Swami Saba, Chennai Tamil Nadu  | -   | 50,000 (Direct Expenditure)  | -  | Directly spent                                     |
| (v)     | Donation for Women Empowerment      | Women Empowerment                      | Initiative for Moral and Cultural Training Foundation, Chennai Tamil Nadu   | -   | 5,00,000 (Direct Expenditure)  | -  | Directly spent                                     |



## Annexure 'G' to Board's Report

|     |  |   |
|-----|--|---|
| vi  | In case the company has failed to spend the two percent of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. | NA  |
| vii | A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.   | The implementation and monitoring of CSR Policy are in accordance with the CSR objectives and policy of the Company. The CSR Committee has ensured that all the identified projects are in line with the Act, which has been periodically reviewed and is led by the Chairman of the CSR Committee. |

**For and on behalf of TVS Electronics Limited**

Chennai  
6<sup>th</sup> June, 2020

**Srilalitha Gopal**  
**Managing Director**  
**DIN: 02329790**

**M Lakshminarayan**  
**(Chairman CSR Committee)**  
**DIN:00064750**

## Report on Corporate Governance

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

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

The Company, in line with the philosophy of TVS Group, follows good and effective principles of Corporate Governance on a continuous and ongoing basis by adopting fair, transparent and ethical governance practices. The Company is committed to conducting its business to achieve long term growth to enhance shareholders wealth.

The activities and conduct of the Company are governed by the Code of Business Conduct and Ethics for its Directors (including its Non-Executive Directors) and senior management personnel. The measures implemented by the Company, including the Vigil Mechanism, internal control systems, etc., are regularly assessed for their effectiveness. The Board of Directors conducts business in due compliance of the applicable laws and periodically undertakes a review of business plans, performance and compliance to regulatory requirements.

### (2) Board of Directors

As at 31<sup>st</sup> March 2020, the Board of Directors of the Company consisted of Nine (9) Directors comprising of a Non-Executive and Non-Independent Chairman, Managing Director, two Non- Executive and Non-Independent Directors, and five Non-Executive Independent Directors. All Board members are accomplished professionals in their respective fields of expertise.

None of the Directors are related to each other except Mr. Gopal Srinivasan and Mrs. Srilalitha Gopal who are spouses.

During the year under review, Mr. Narayan K Seshadri (DIN 00053563), non-executive Non-Independent Director resigned from his directorship on 6<sup>th</sup> May 2019 before expiry of his tenure, due to his personal commitments.

The Board confirms that there are no other material reasons other than those provided in the above. The

Board placed on record its deep appreciation for his valuable advice and guidance and for contributing to the Board during his tenure with the Company.

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

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

During the financial year 2019-20, five Board Meetings were held respectively on 11<sup>th</sup> May, 2019, 10<sup>th</sup> August, 2019, 9<sup>th</sup> November 2019, 8<sup>th</sup> February 2020 and 7<sup>th</sup> March 2020. The gap between any two meetings did not exceed 120 days.

The last Annual General Meeting (AGM) of the Company was held on 10<sup>th</sup> August, 2019. Mr. D Sundaram, Mr. M Lakshminarayan and Mr. K Balakrishnan could not attend the Annual General Meeting due to their prior engagements. The Audit Committee was represented by Mrs. Subhasri Sriram, Stakeholders Relationship Committee was represented by Mrs. Srilalitha Gopal and Mr. M F Farooqui, Chairman of the Nomination and Remuneration Committee attended the AGM to answer the queries from the shareholders.

All the existing Non Executive Independent Directors are not liable to retire by rotation and have been appointed by the shareholders at the general meeting for a period of 5 years.

The names and categories of the Directors on the Board as on date of this report, their attendance at Board Meetings and AGM held during 2019-20 and the number of directorships and Committee Chairmanships/Memberships held by them in other companies are provided hereunder:

## Report on Corporate Governance (Contd.)

| Name of the Director                             | Category                               | No. of Board Meetings during the year 2019-20 |          | Whether attended last AGM held on 10 <sup>th</sup> August, 2019 | Number of other Directorships and Committee Memberships / Chairmanships |                           |                         |
|--|--|---|----------|---|---|---------------------------|-------------------------|
|  |  | Held  | Attended |   | Other Directorships (a)   | Committee Memberships (b) | Committee Chairmanships |
| Mr. Gopal Srinivasan<br>Chairman<br>DIN 00177699 | Chairman Non-Independent Non-Executive | 5   | 5        | Yes   | 19  | 2                         | -                       |
| Mrs. Srilalitha Gopal<br>DIN 02329790            | Executive Director                     | 5   | 5        | Yes   | 4   | -                         | -                       |
| Mr. D Sundaram<br>DIN 00016304                   | Non Independent Non Executive          | 5   | 3        | No  | 10  | 6                         | 4                       |
| Mr. M Lakshminarayan<br>DIN 00064750             | Independent Non-Executive              | 5   | 2        | No  | 13  | 6                         | 2                       |
| Mr. M F Farooqui<br>DIN 01910054                 | Independent Non-Executive              | 5   | 5        | Yes   | 1   | -                         | -                       |
| Mr. R S Raghavan<br>DIN 00260912                 | Non Independent Non-Executive          | 5   | 5        | Yes   | 3   | 2                         | -                       |
| Mr. K Balakrishnan<br>DIN 00722447               | Independent Non-Executive              | 5   | 4        | No  | 3   | 1                         | -                       |
| Dr. V Sumantran<br>DIN 02153989                  | Independent Non-Executive              | 5   | 5        | Yes   | 4   | 2                         | 1                       |
| Mrs. Subhasri Sriram<br>DIN 01998599             | Independent Non-Executive              | 5   | 5        | Yes   | 5   | 1                         | -                       |

(a) includes directorship of private limited companies and body corporates.

(b) Includes membership of Audit Committee, Stakeholders Relationship Committee only of listed and unlisted public company.

| Sl. No. | Name of the Director                          | Name of Listed Company                        | Category of Directorship |
|---------|---|---|--------------------------|
| 1       | Mr. Gopal Srinivasan Chairman<br>DIN 00177699 | Sundaram -Clayton Limited                     | Non Executive Director   |
|         |   | Wonderla Holidays Limited                     | Independent Director     |
| 2       | Mrs. Srilalitha Gopal<br>DIN 02329790         | NIL   |                          |
| 3       | Mr. D Sundaram<br>DIN 00016304                | Glaxosmithkline Pharmaceuticals Limited       | Independent Director     |
|         |   | Acc Limited                                   | Independent Director     |
|         |   | Crompton Greaves Consumer Electricals Limited | Independent Director     |
|         |   | Infosys Limited                               | Independent Director     |
| 4       | Mr. M Lakshminarayan<br>DIN 00064750          | Kirloskar Oil Engines Limited                 | Independent Director     |
|         |   | Suprajit Engineering Limited-                 | Independent Director     |
|         |   | Wabco India Limited                           | Independent Director     |
|         |   | Rane (Madras) Limited                         | Independent Director     |
|         |   | Wendt India Limited                           | Independent Director     |
|         |   | Asm Technologies Limited                      | Non Executive Director   |
| 5       | Mr. M F Farooqui<br>DIN 01910054              | The Ramco Cements Limited                     | Independent Director     |
| 6       | Mr. R S Raghavan<br>DIN 00260912              | NIL   |                          |
| 7       | Mr. K Balakrishnan<br>DIN 00722447            | NIL   |                          |
| 8       | Dr. V Sumantran<br>DIN 02153989               | UCAL Fuel Systems Limited                     | Independent Director     |
|         |   | Rane Holdings Limited                         | Independent Director     |
|         |   | InterGlobe Aviation Ltd                       | Independent Director     |
| 9       | Mrs. Subhasri Sriram<br>DIN 01998599          | Take Solutions Limited                        | Whole-time Director      |
|         |   | Niyogin Fintech Limited                       | Independent Director     |

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



## Report on Corporate Governance (Contd.)

### Shares held by Directors

As on the date of this report, Mr. Gopal Srinivasan holds 150 equity shares in the company. None of the other directors hold any equity shares in the Company and there are no convertible instrument or any other kind of shares issued by the company.

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

The Company ensures that all statutory, significant material information is placed before the Board/ Committees of Directors for their noting / approval to enable them to discharge their responsibilities as trustees of the large family of shareholders. During the year, information on matters mentioned in terms of Regulation 17 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for its consideration. The Board periodically reviews compliance of all laws applicable to the Company.

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

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

### Post meeting follow-up mechanism

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

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

The Code of Conduct has been communicated to all the Directors and members of the senior management. The Code is also available on the

Company's website at <https://www.tvse.in/wp-content/finreports/policy/Code%20of%20Conduct.pdf>. All Directors and Senior Management Personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2020. The Annual Report contains a declaration to this effect signed by the Managing Director.

### (3) Audit Committee

As on the date of this report, the Audit Committee consists of the following members:

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

Mr. D Sundaram – Non Executive Non Independent

Mr. M F Farooqui – Non Executive Independent

Mr. K Balakrishnan - Non Executive Independent

Dr. V Sumantran - Non Executive Independent

Mrs. Subhasri Sriram\* – Non Executive Independent

*\* Appointed as a member by Board at its meeting held on 11<sup>th</sup> May, 2019*

The members of the Audit Committee possess financial / accounting expertise and exposure. The Audit Committee consists of the majority of Independent Directors.

The Company Secretary/Compliance officer of the Company acts as the Secretary of the Committee.

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

The last Annual General Meeting (AGM) of the Company was held on 10<sup>th</sup> August, 2019. As Mr. M Lakshminarayan, Chairman of the Audit Committee could not attend the Annual General Meeting due to prior engagements, Mrs. Subhasri Sriram, member of the Audit Committee represented the Audit Committee and attended the AGM.

**The brief terms of reference 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 quarterly and annual financial results and statements before submission to the Board for approval.
3. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor including Cost Auditors and the fixation of their fees.
4. Approving payment to statutory auditors, including cost auditors for any other services rendered by them.
5. To review the functioning of the Whistle Blower and Vigil mechanism.
6. Approval or any subsequent modification of transactions of the Company with related parties.
7. Scrutiny of inter-corporate loans and investments
8. Evaluation of internal financial controls and risk management systems
9. Reviewing the utilization of loans and/ or advances or investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date.
10. Other matters as set out in the Companies Act, 2013 and the rules made thereunder and under the SEBI (LODR) Regulations, 2015.

All regulations pertaining to the meetings of the Board / Committees of the Board as contained in the Articles of Association of the Company in so far as they are not repugnant to the context and meaning thereof, to the provisions contained herein, shall mutatis-mutandis, apply to the meetings of this Committee.

The subjects reviewed and recommended in the meetings of the Audit Committee were appraised to the Board by the Chairman of the Audit Committee.

Four Audit Committee Meetings were held during the year respectively on 11<sup>th</sup> May, 2019, 9<sup>th</sup> August, 2019, 9<sup>th</sup> November, 2019 and 8<sup>th</sup> February, 2020. The gap between any two meetings did not exceed 120 days.

The Managing Director, Chief Financial Officer, Statutory Auditors, Internal Auditors, Cost Auditors and such other executives, as may be required are invitees to the meeting.

**Details of the Audit Committee Meeting:**

The details of Audit Committee meetings attended by its members, in terms of the SEBI (LODR) Regulations, 2015, during the financial year 2019-20 are given below:

| S. No. | Name of the Member                | Status                                  | Number of Meetings |          |
|--------|-----------------------------------|---|--------------------|----------|
|        |                                   |   | Held               | Attended |
| 1      | Mr. M Lakshminarayan (Chairman)   | Non-Executive Director – Independent    | 4                  | 2        |
| 2      | Mr. D Sundaram                    | Non-Executive Director- Non-Independent | 4                  | 3        |
| 3      | Mr. M F Farooqui                  | Non-Executive Director – Independent    | 4                  | 4        |
| 4      | Mr. K Balakrishnan                | Non-Executive Director – Independent    | 4                  | 3        |
| 5      | Dr. V Sumantran                   | Non-Executive Director – Independent    | 4                  | 4        |
| 6      | Mrs. Subhasri Sriram <sup>%</sup> | Non-Executive Director – Independent    | 3                  | 3        |

*% Appointed as the member of the Committee with effect from 11<sup>th</sup> May 2019.*

**(4) Nomination and Remuneration Committee (NRC):**

The NRC as on the date of this report consists of the following members.

## Report on Corporate Governance (Contd.)

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

Mr. M Lakshminarayan – Non Executive -  
Independent

Mr. K Balakrishnan\* – Non Executive - Independent  
Mrs. Subhasri Sriram\* – Non Executive - Independent

\*Mr. K Balakrishnan and Mrs. Subhasri Sriram were appointed as members of the Committee with effect from 11th May, 2019

The Company Secretary/Compliance Officer shall be the Secretary of the Committee.

As per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the members of the NRC are non-executive Directors.

Mr. Narayan K Seshadri who was a member of the Committee resigned from the Company with effect from 6<sup>th</sup> May 2019, and due to his resignation the Committee was reconstituted at the Meeting held on 11<sup>th</sup> May, 2019.

### Brief terms of reference:

- 1) To identify persons who are qualified to become directors and who may be appointed in senior management and recommend their appointment and / or removal to the Board of Directors of the Company.
- 2) To carry out the evaluation of every Director's performance.
- 3) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and other employees.
- 4) To formulate the criteria for evaluation of Independent Directors and the Board.
- 5) To devise a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

- 6) To review and recommend the remuneration of Managing Directors/ Whole time directors based on their performance and defined assessment criteria.
- 7) To administer, monitor, formulate the detailed terms and conditions of the Employees Stock Option Scheme and allot shares under the said ESOP Scheme to the employees / Directors of the Company, its subsidiaries and holding company.
- 8) Recommend to the Board, all remuneration, in whatever form, payable to senior Management.
- 9) In terms of Regulation 19 (3A) of SEBI Listing Regulations, the NRC shall meet at least once in a year.
- 10) Other matters as set out in the Companies Act, 2013 and the rules made thereunder and under the SEBI( LODR) Regulations, 2015.

The Nomination and Remuneration Committee met twice during the financial year 2019-20 respectively on 11<sup>th</sup> May, 2019 and 8<sup>th</sup> February 2020.

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

| S. No. | Name of the Member         | Status                               | Number of Meetings |          |
|--------|----------------------------|--------------------------------------|--------------------|----------|
|        |                            |                                      | Held               | Attended |
| 1.     | Mr. M F Farooqui, Chairman | Non-Executive Director-Independent   | 2                  | 2        |
| 2.     | Mr. M Lakshminarayan       | Non-Executive Director-Independent   | 2                  | 1        |
| 3.     | Mr. K Balakrishnan*        | Non-Executive Director - Independent | 2                  | 2        |
| 4.     | Mrs. Subhasri Sriram*      | Non-Executive Director - Independent | 2                  | 2        |

\*Appointed as a member with effect from 11<sup>th</sup> May, 2019.

### Policy on Remuneration and Selection Criteria

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

The Nomination and Remuneration Policy (NRC) is amended from time to time to make it in line with the amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is posted on the website of the Company at <https://www.tvs-e.in/wp-content/finreports/policy/NOMINATION%20AND%20REMUNERATION%20POLICY.pdf>.

### Remuneration Policy

#### Directors

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

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

#### (5) Remuneration to Directors:

##### (a) Non – Executive Directors

During the year, 2019-20, the Company paid Sitting Fees of ₹25,000/- per meeting to its Non- Executive Directors for attending meetings of the Board and its Committees, which is within the limits prescribed under the Companies Act, 2013.

Details of sitting fees paid to Non-executive Directors for the year ended 31<sup>st</sup> March, 2020:

(₹ Lakhs)

| Name of the Director | Sitting fees |
|----------------------|--------------|
| Mr. Gopal Srinivasan | 1.25         |
| Mr. D Sundaram       | 2.00         |
| Mr. M Lakshminarayan | 1.75         |
| Mr. M F Farooqui     | 3.00         |
| Mr. R S Raghavan     | 1.50         |
| Mr. K Balakrishnan   | 2.75         |
| Dr V Sumantran       | 2.50         |
| Mrs. Subhasri Sriram | 2.75         |

Details of remuneration paid to executive Directors for the year ended 31<sup>st</sup> March 2020.

(In ₹ Cr)

| Name of the Director  | Salary/ Perquisites, etc | Commis- sion | Employees Stock options | Total  |
|-----------------------|--------------------------|--------------|-------------------------|--------|
| Mrs. Srilalitha Gopal | 139.81                   | Nil          | Nil                     | 139.81 |

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

### Senior Management Personnel

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

The Company has amended the Nomination and Remuneration Policy to make it in line with amended *SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*. NRC with effect from 1<sup>st</sup> April, 2019 shall recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

## Report on Corporate Governance (Contd.)

### Criteria for Board membership

#### *Directors*

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

#### *Independent Directors*

The Independent Directors are appointed by the shareholders and they do not have any direct or indirect material relationship with the Company or any of its officers and they meet all criteria specified in Section 149(6) of the Companies Act, 2013 and the Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of provisions of Rule 6 (Compliances Required by a person eligible and willing to be appointed as Independent Directors) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, all the Independent Directors of the Company have registered with the Digital Databank maintained by the Indian Institute of Corporate Affairs (IICA). The Independent Directors will evaluate their past experiences and complete the online proficiency test, if applicable.

In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are not debarred from holding office as a Director, by virtue of any SEBI order or any other such authority.

The Nomination and Remuneration Committee and Board ensures that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013 and is not debarred from holding office as a Director, by virtue of any SEBI Order or any other such authority.

### Evaluation

#### Board Evaluation and criteria

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

#### Evaluation Criteria:

The NRC laid down the criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole.

The performance evaluation of the Board as a whole was assessed based on the criteria like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow-up action, quality of information, governance issues, performance and reporting by various committees set up by the Board.

NRC prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole, and the Board carried out the performance evaluation as per the methodology.

The performance evaluation of individual director was carried out based on his / her commitment to the role and fiduciary responsibilities as a Board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as member of various Committees etc.

The performance of Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year. An evaluation



## Report on Corporate Governance (Contd.)

of performance has been undertaken based on the criteria for all KMP and SMP for 2019-20 and this has been in accordance with the NRC policy.

The NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to SMP.

### Policy on Board Diversity

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

### (6) Stakeholders' Relationship Committee (SRC):

As on the date of this report, the SRC comprises of the following members:

Mr. D Sundaram – Non Executive Non Independent Director – Chairman of the Committee

Mrs. Srilalitha Gopal – Executive Non Independent Director

Mr. K Balakrishnan – Non Executive Independent director

The Board of Directors has reconstituted the SRC on 7<sup>th</sup> February, 2019 by appointing Mr. K Balakrishnan as a member of the Committee to strengthen the Committee and to make it in line with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Stakeholders' Relationship Committee met once during the year on 9<sup>th</sup> November, 2019.

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

| S. No. | Name of the Member    | Status                                  | Number of Meetings |          |
|--------|-----------------------|---|--------------------|----------|
|        |                       |   | Held               | Attended |
| 1.     | Mr. D Sundaram        | Non-Executive Director-Non- Independent | 1                  | 1        |
| 2.     | Mrs. Srilalitha Gopal | Executive Director-Non-Independent      | 1                  | 1        |
| 3.     | Mr. K Balakrishnan    | Non-Executive Director-Independent      | 1                  | 1        |

### Complaints received and redressed during the financial year 2019-20:

| Pending at the beginning of the year | Received during the year | Resolved during the year | Not solved to the satisfaction of shareholders | Pending at the end of the year |
|--------------------------------------|--------------------------|--------------------------|--|--------------------------------|
| Nil                                  | 7                        | 7                        | Nil  | Nil                            |

| S. No.       | Nature of Complaint               | No. of Complaints |
|--------------|-----------------------------------|-------------------|
| 1.           | Non receipt of share certificates | 2                 |
| 2.           | Non receipt of dividend warrants  | 3                 |
| 3.           | Non receipt of Annual Reports     | 1                 |
| 4.           | Other Complaints                  | 1                 |
| <b>Total</b> |                                   | <b>7</b>          |

As on 31<sup>st</sup> March, 2020 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, 2020.

### (7) Business and Technology Committee:

The Committee did not meet during the year. At the meeting held on 11<sup>th</sup> May 2019 it was decided by the Board to dissolve the committee.

### (8) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee consists of the following members: Mr. M Lakshminarayan, Chairman – Non Executive Independent Director

Mr. D Sundaram, Member – Non Executive Non Independent Director

Mr. R S Raghavan, Member - Non Executive Non Independent Director

The CSR Committee met on 9<sup>th</sup> November 2019 and all the members were present at the meeting. The details of CSR Policy, initiatives and spending are spelt out in Directors report.

## Report on Corporate Governance (Contd.)

### (9) Risk Management

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

### (10) Meeting of Independent Directors

During the year, the Independent Directors met on 9<sup>th</sup> November 2019 and evaluated the performance of Non-Independent Directors, the Board as a whole, its Committees, Managing Director and the Chairman of the Company.

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

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

In the opinion of the Board, the Independent directors fulfill the conditions specified in these regulations and are independent of the management.

### (11) General Body Meetings:

#### a. Annual General Meetings

The last three Annual General Meetings were held as under:

| Year | Location  | Date       | Time     |
|------|---|------------|----------|
| 2017 | Narada Gana Sabha,<br>No.314/254, TTK Road,<br>Alwarpet, Chennai – 600 018                              | 30.06.2017 | 10.00 AM |
| 2018 | Sri Thyaga Brahma Gana Sabha<br>(Vani Mahal)<br>No.103, G N Chetty Road,<br>T. Nagar, Chennai – 600 017 | 09.08.2018 | 10.00 AM |
| 2019 | Sri Thyaga Brahma Gana Sabha<br>(Vani Mahal) No.103,<br>G N Chetty Road<br>T. Nagar, Chennai – 600 017  | 10.08.2019 | 10.00 AM |

#### b. Extraordinary General Meeting

No Extraordinary General meeting was conducted during the year.

#### Postal Ballot

No Postal Ballot process was conducted during the year.

#### Special Resolutions

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

| Year    | Subject matter of Resolution                            | Date of AGM                  |
|---------|---|------------------------------|
| 2018-19 | Appointment of Mrs. Srilalitha Gopal, Managing Director | 9 <sup>th</sup> August, 2018 |

- b. None of the subjects placed before the shareholders in the 25<sup>th</sup> Annual General Meeting requires approval by a Postal Ballot.

### (12) Means of communications:

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

The quarterly/annual financial results, shareholding pattern, official announcements etc., are sent to Stock Exchanges. The shareholders can access the same at [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) and the Company's website at <https://www.tvse.in/investor-relations/>.

The Company's website ([www.tvse.in](http://www.tvse.in)) contains a separate section "Investor Relations" where shareholders information, Annual Reports and other information are available. The Company has not made any presentations to institutional investors or analysts.

## Report on Corporate Governance (Contd.)

### (13) General shareholder Information:

#### a. Annual General Meeting –

Date : Saturday, 8<sup>th</sup> August 2020

Time : 10.00 a.m.

Venue : Not applicable as it will be held through Video Conferencing / Other Audio Visual Means. The procedure and other details for joining AGM through VC/OAVM are mentioned in the Notes of the AGM Notice.

#### 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, 2021 (Tentative)

|                                  |  |
|----------------------------------|--|
| 30 <sup>th</sup> June, 2020      | On or Before 14 <sup>th</sup> August, 2020   |
| 30 <sup>th</sup> September, 2020 | On or Before 14 <sup>th</sup> November, 2020 |
| 31 <sup>st</sup> December, 2020  | On or Before 14 <sup>th</sup> February, 2021 |
| 31 <sup>st</sup> March, 2021     | On or Before 30 <sup>th</sup> May, 2021      |
| Annual General Meeting           | Between June and September 2021              |

d. The Board of Directors at their meeting held on 7<sup>th</sup> March, 2020 have recommended an interim dividend of ₹ 1.50 per Equity Share of the face value of ₹ 10/- each for the financial year ended 31<sup>st</sup> March, 2020 and the same was paid on the payment date i.e. 20<sup>th</sup> March, 2020 to those shareholders who registered their bank account details with the Company. However, due to outbreak of COVID-19 and lock down imposed by the Government, the Company's Share Transfer Agent (STA) were not able to print Dividend Warrants and dispatch to the shareholders who had not registered their bank account details with the Company and the same was intimated to the stock exchanges. Subsequently, the Company's STA arranged for Demand Drafts and commenced to dispatch the same to the shareholders.

e. Cut-off date for ascertaining shareholders eligible to cast their votes for the items set out in the notice convening the AGM through e-voting shall be 1<sup>st</sup> August, 2020.

#### f. Listing on Stock Exchanges:

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

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

Annual listing fees have been paid to the above Stock Exchanges, for the financial year 2020-21.

Corporate Identification Number (CIN) of the Company: L30007TN1995PLC03294.

#### g. Market Price Data

Details of TVSE shares traded at NSE and BSE during the year ended 31<sup>st</sup> March 2020 are given below:

#### Details of shares traded at NSE:

| S. No.   | Month           | Price (in ₹) |        |        |         | No of shares traded |
|--|-----------------|--------------|--------|--------|---------|---------------------|
|  |                 | Open         | High   | Low    | Closing |                     |
| 1  | April, 2019     | 193.35       | 214.90 | 168.00 | 169.05  | 14,49,529           |
| 2  | May, 2019       | 168.75       | 228.90 | 148.30 | 188.30  | 47,79,807           |
| 3  | June, 2019      | 189.80       | 202.00 | 152.00 | 165.55  | 19,82,799           |
| 4  | July, 2019      | 166.10       | 172.40 | 129.20 | 133.75  | 13,19,123           |
| 5  | August, 2019    | 134.80       | 137.75 | 101.25 | 117.00  | 10,71,996           |
| 6  | September, 2019 | 116.00       | 173.50 | 111.90 | 125.20  | 35,79,176           |
| 7  | October, 2019   | 125.15       | 128.75 | 110.00 | 121.45  | 2,41,307            |
| 8  | November, 2019  | 121.50       | 134.00 | 99.55  | 103.25  | 5,62,723            |
| 9  | December, 2019  | 103.50       | 107.20 | 94.50  | 104.70  | 7,17,243            |
| 10   | January, 2020   | 105.15       | 130.05 | 102.15 | 106.25  | 12,92,442           |
| 11   | February, 2020  | 106.00       | 121.00 | 90.90  | 91.55   | 11,52,259           |
| 12   | March, 2020     | 93.20        | 95.70  | 47.20  | 53.10   | 8,95,408            |
| <b>Total traded quantity during the financial year 2019-20</b> |                 |              |        |        |         | <b>48,61,382</b>    |

## Report on Corporate Governance (Contd.)

### Details of shares traded at BSE:

| S. No.   | Month           | Price (in ₹) |        |        |         | No of shares traded |
|--|-----------------|--------------|--------|--------|---------|---------------------|
|  |                 | Open         | High   | Low    | Closing |                     |
| 1  | April, 2019     | 194.30       | 214.05 | 168.30 | 169.75  | 2,81,383            |
| 2  | May, 2019       | 179.70       | 229.40 | 148.75 | 188.25  | 9,08,055            |
| 3  | June, 2019      | 188.10       | 202.05 | 152.20 | 165.90  | 3,17,593            |
| 4  | July, 2019      | 164.00       | 172.50 | 130.00 | 133.55  | 2,13,880            |
| 5  | August, 2019    | 133.05       | 137.60 | 101.10 | 116.65  | 1,61,331            |
| 6  | September, 2019 | 116.90       | 173.00 | 111.90 | 125.70  | 4,76,568            |
| 7  | October, 2019   | 120.60       | 126.85 | 110.00 | 121.00  | 2,40,183            |
| 8  | November, 2019  | 120.00       | 132.50 | 101.00 | 103.20  | 96,537              |
| 9  | December, 2019  | 103.20       | 108.15 | 95.00  | 104.30  | 1,47,716            |
| 10   | January, 2020   | 104.85       | 130.80 | 102.15 | 106.55  | 2,49,883            |
| 11   | February, 2020  | 107.00       | 121.05 | 90.60  | 91.40   | 1,72,176            |
| 12   | March, 2020     | 93.00        | 94.00  | 47.50  | 53.10   | 1,36,123            |
| <b>Total traded quantity during the financial year 2019-20</b> |                 |              |        |        |         | <b>9,06,495</b>     |

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

| Financial year | Percentage change in      |            |
|----------------|---------------------------|------------|
|                | Company's share price (%) | Sensex (%) |
| 2019-20        | -72.10                    | -23.56     |
| 2018-19        | -43.85                    | 16.93      |
| 2017-18        | 98.48                     | 11.30      |

#### h. Transfer System:

With a view to rendering prompt and efficient services to the investors, the Company has handed over the share registry work pertaining to the Company to M/s. Sundaram-Clayton Limited, (SCL) Chennai, with effect from 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 the group as well as associate companies with effect from 21<sup>st</sup> April, 2004.

#### Share Transfer Agent

Sundaram-Clayton Limited  
 "Jayalakshmi Estates"  
 I Floor, 29, Haddows Road  
 Chennai 600 006  
 Telephone Nos. 044 28272233 / 28307700  
 Fax No. 044 2825 7121  
 Email id : [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in),  
[sclshares@gmail.com](mailto:sclshares@gmail.com)

Time: 10.00 a.m. to 3.30 p.m.  
 (Monday to Friday except holidays)

#### i. Distribution of equity shareholding as on 31<sup>st</sup> March, 2020:

| No. of shares held | No. of share Holders | % of share Holders | No. of shares held | % of share Holding |
|--------------------|----------------------|--------------------|--------------------|--------------------|
| Upto 500           | 37,063               | 94.31              | 35,52,704          | 19.05              |
| 501 to 1000        | 1,373                | 3.49               | 10,81,833          | 5.80               |
| 1001 to 2000       | 497                  | 1.26               | 7,46,396           | 4.00               |
| 2001 to 3000       | 151                  | 0.38               | 3,82,997           | 2.05               |
| 3001 to 4000       | 55                   | 0.14               | 1,95,031           | 1.05               |
| 4001 to 5000       | 50                   | 0.13               | 2,32,527           | 1.25               |
| 5001 to 10000      | 79                   | 0.20               | 5,58,310           | 2.99               |
| 10001 and above    | 31                   | 0.08               | 1,19,00,520        | 63.81              |
| <b>TOTAL</b>       | <b>39,299</b>        | <b>100.00</b>      | <b>1,86,50,318</b> | <b>100.00</b>      |

#### j. Pattern of equity shareholding as on 31<sup>st</sup> March, 2020

The detailed report on the shareholding pattern of the company as on 31<sup>st</sup> March 2020 is presented in Part IV of MGT-9 enclosed to the Board's Report as Annexure B.

## Report on Corporate Governance (Contd.)

| Shareholders                                   | No. of shares held | % of total shares held | No. of Shareholders |
|--|--------------------|------------------------|---------------------|
| Promoter Company                               | 1,11,60,093        | 59.84                  | 1                   |
| Directors & Relatives                          | 400                | 0.00                   | 3                   |
| Corporate Bodies – Promoter Group              | 2,09,061           | 1.12                   | 198                 |
| Nationalised Banks/MF/ UTI/PFI                 | 5,321              | 0.03                   | 12                  |
| Resident Individuals                           | 69,87,742          | 37.47                  | 38,207              |
| Foreign Institutional Investors                | 100                | 0.00                   | 1                   |
| Foreign Portfolio Investors (Corporate)        | -                  | -                      | -                   |
| Non-Resident Indians/Overseas Corporate Bodies | 2,87,601           | 1.54                   | 877                 |
| <b>TOTAL</b>                                   | <b>1,86,50,318</b> | <b>100.00</b>          | <b>39,299</b>       |

### k. Dematerialisation of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialised form on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Details of Equity shares of the Company in dematerialised and physical form as on 31<sup>st</sup> March, 2020, is given below:

| Mode of Holding | Percentage | No. of shareholders | No. of Shares |
|-----------------|------------|---------------------|---------------|
| Demat           | 97.37      | 35,761              | 1,81,59,664   |
| Physical        | 2.63       | 3,538               | 4,90,654      |
| Total           | 100.00     | 39,299              | 1,86,50,318   |

- Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE236G01019.
- Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity: Nil

### l. Plant / Repair Factories locations:

#### Uttarakhand

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

### Tumkur

Panditanahalli, Hirehalli Post,  
Tumkur District, Karnataka

Note: Based on the cost reduction programme proposal from the Brand (Customer), the Company closed the repair factory which was situated at Valluvarkottam Tower-1, Bascon Maeru Towers Kodambakkam High Road, Chennai – 600 034 vide circular resolution passed by the Board of Directors on 31<sup>st</sup> December 2019, and opened new centers in Chennai at different locations to render similar services.

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

Sundaram-Clayton Limited  
Share Transfer Agent  
Unit: TVS Electronics Limited  
"Jayalakshmi Estates"  
I Floor 29, Haddows Road  
Chennai 600 006  
Telephone Nos. 044 28272233 / 28307700  
Fax No. 044 2825 7121  
Email id: [arockiaraj@scl.co.in](mailto:arockiaraj@scl.co.in),  
[sclshares@gmail.com](mailto:sclshares@gmail.com), [icsta@scl.co.in](mailto:icsta@scl.co.in)

Designated e-mail address for investor services: [investorservices@tvs-e.in](mailto:investorservices@tvs-e.in)  
Compliance Officer: Mr. K Santosh  
E-Mail id: [k.santosh@tvs-e.in](mailto:k.santosh@tvs-e.in)

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

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

### o. Transfer of Equity Shares respect of which dividend has not been paid or claimed for seven consecutive years or more:

In terms of the provisions of section 124 (6) of the Companies Act, 2013 read along with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be



## Report on Corporate Governance (Contd.)

transferred by the Company in the name of IEPF. Further, pursuant to the new explanation inserted on 14<sup>th</sup> August, 2019, effective from 20<sup>th</sup> August, 2019 to the Rule 6 – (Manner of transfer of shares under sub-section 6 of section 124 to the Fund) of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, it is clarified that all shares in respect of which dividend has been transferred to IEPF on or before the 7<sup>th</sup> September 2016, shall also be transferred by the Company to IEPF.

Based on the provisions of the Act, Rules and explanations, the Company dispatched notice through registered post to the respective shareholders to apply for the unclaimed dividends within three months from the date of the notice to avoid transfer of shares to IEPF. The said notice was also published in the newspapers (Business Standards – English and Makkal Kural – Tamil) on 14<sup>th</sup> December, 2020 and subsequently filed the said newspaper publications with the stock exchanges. The said three months' time period was completed on 14<sup>th</sup> March, 2020 (Due Date). Due to the outbreak of Covid-19 and lockdowns imposed by respective state governments, the Company's Share Transfer Agent (STA) were not able to transfer the said shares to IEPF account in the month of March, 2020. However, in month of June, 2020, the Company's STA will complete the process of transferring 1,78,100 equity shares in respect of which the dividends remained unclaimed/paid as on the due date to the IEPF account. The statement containing the details of name, address, folio number, Demat Account number and number of shares in respect of which dividends are not claimed for seven consecutive years or more is made available in the Company's website viz., [www.tvs-e.in](http://www.tvs-e.in) for information and necessary action by the shareholders.

**In case the concerned shareholders wish to claim the shares that has been transferred to the IEPF, a separate application has to**

**be made to the IEPF Authority in Form IEPF – 5, as prescribed in Rule 7 of the Rules and the same is available at IEPF website ([www.iepf.gov.in](http://www.iepf.gov.in))**

**p. Unclaimed Shares:**

In terms of the provisions of Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under SEBI (LODR) Regulations, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read with Schedule VI of SEBI (LODR) Regulations, till the rightful owners of such shares claim them.

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

| Details  | No. of shareholders / No. of shares  |
|--|--|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | 617 shareholders for 89,732 shares   |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year;        | 6 shareholders for 1,150 shares  |
| Number of shareholders to whom shares were transferred from suspense account during the year;                          | 6 shareholders for 1,150 shares  |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year       | 611 shareholders for 88,582 shares   |
| Voting rights  | The voting rights of such shares shall remain frozen till the rightful owner claims the shares |

**q. Request to Investors**

- Investors holding shares in physical mode are requested to communicate change of address, bank account details, dematerialisation request, etc., if any, directly to the Registered Office or the Share Transfer Agent (STA) 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. Further, in terms of SEBI notification dated 8<sup>th</sup> June 2018, the Company will not be in a position to entertain the request for registration of physical transfer of shares on or after 31<sup>st</sup> March, 2019.
- Green Initiative – Electronic copy of full Annual Report are being sent to all the members whose email IDs are registered with the Company / Depository Participants. Members are requested to support this initiative and register their e-mail ids promptly with DPs in case of electronic shares or with the STA, in case of physical shares. Considering the lockdown and difficulty in printing and dispatching Annual Reports to the members and as per the circular of MCA and SEBI, the Company has sent the Annual Report for the financial year 2019-20 only through email to the shareholders who have registered their email id.
- 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.

**(14) Other Disclosures:**

**Related Party transactions**

All transactions entered into with Related Parties as defined under Regulation 23 of SEBI (LODR) Regulations, 2015 and Companies Act, 2013 during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Indian Accounting Standards has been made in the note 33 to the Financial Statements.

The Board has amended policy for related party transactions to make it in line with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is available on the Company's website in the following web link <https://www.tvs-e.in/wp-content/finreports/policy/RELATED%20PARTY%20TRANSACTION.pdf>

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

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

**Vigil and Whistle Blower mechanism**

The Company has formulated the Vigil and Whistle Blower Mechanism as required under the Companies Act, 2013 which is in line with Regulation 22 of SEBI (LODR) Regulations, 2015. The Company has appointed the Audit Committee Chairman as the Ombudsman for the mechanism, under which

## Report on Corporate Governance (Contd.)

employees can directly report to the ombudsman. It is affirmed that no personnel is denied access to the Audit Committee.

The Board amended the Policy to make it in line with the amended SEBI (LODR) Regulations, 2015 and the same is updated in the website of the Company [https://www.tvs-e.in/wp-content/finreports/policy/TVSE\\_Vigil\\_Blower\\_Mechanism.pdf](https://www.tvs-e.in/wp-content/finreports/policy/TVSE_Vigil_Blower_Mechanism.pdf). All the mandatory requirements specified under Regulation 22 of the SEBI (LODR) Regulations, 2015 have been complied with.

### **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013**

**Number of complaints received in the year:** Nil

**Number of complaints disposed off during the year:** NA

**Number of cases pending for more than 90 days:** Nil

**Number of Workshop or awareness Program:** One awareness program was conducted during the women's forum day and e-learning courses\* were launched by the Company.

**Nature of Action taken by the employer or District Officer:** Nil

\*E-Learning on POSH (Prevention of Sexual Harassment)- Mandatory Course was developed by Learning and development team of TVSE to educate and spread awareness to all the employees of TVSE.

### **Corporate Governance requirement with respect to subsidiary**

The Company do not have any subsidiary Company as on 31<sup>st</sup> March, 2020.

Though the Company is not having any material subsidiary, the company has evolved a policy for determining 'material subsidiaries' and placed on the Company's website in the following web link [https://www.tvs-e.in/wp-content/finreports/policy/TVSE\\_MaterialSubsidiary.pdf](https://www.tvs-e.in/wp-content/finreports/policy/TVSE_MaterialSubsidiary.pdf)

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

### **Compliance Certificate from Practicing Company Secretary**

Certificate from M/s. S Krishnamurthy & Co., Practicing Company Secretaries, Chennai, on compliance with conditions of Corporate Governance under SEBI (LODR) Regulations, 2015 is forming part of this Annual Report.

### **Secretarial Compliance Certificate from Secretarial Auditor**

Secretarial Audit Report was given by M/s. S A E & Associates LLP, Chennai, Practicing Company Secretaries forms part of this Annual Report.

### **Fees paid to Statutory Auditor on a consolidated basis:**

During the year, the Company has paid ₹ 26 Lakhs (including out of pocket and one-time additional fee) to the statutory Auditors for all services received by the listed entity.

In order to compensate to the efforts of statutory auditors for deploying additional time and resources during the previous financial year for auditing Consolidated financial statements, validating the value of the investment in subsidiary using the services of their in-house experts and validating the "Business Rights", the Board Meeting held on 8<sup>th</sup> February 2020 approved a one- time fee of ₹ 2 Lakhs in addition to the approved remuneration fee of ₹ 20 lakhs.

### **Employee Stock Options**

The information on Options granted by the Company under the Employees Stock Option Scheme and other particulars with regard to Employees' Stock Options are set out under the Board's Report.

All the options under ESOP Scheme, 2011 are lapsed/exercised and there are no active options under the ESOP Scheme, 2011 as on the date of this report.

### **MD / CFO certification**

The Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter-alia, the accuracy of financial statements of

## Report on Corporate Governance (Contd.)

the Company as required under the SEBI (LODR) Regulations, 2015

### Disclosures

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

### Familiarisation Program for Independent Directors

Details of familiarization program imparted to the Independent directors are available on the Company's website: [HYPERLINK "https://www.tvs-e.in/wp-content/finreports/trading/Details%20of%20Familiarisation%20Program%20for%20FY%202019-20.pdf"](https://www.tvs-e.in/wp-content/finreports/trading/Details%20of%20Familiarisation%20Program%20for%20FY%202019-20.pdf) <https://www.tvs-e.in/wp-content/finreports/trading/Details%20of%20Familiarisation%20Program%20for%20FY%202019-20.pdf>.

### A chart or a matrix setting out the skills/ expertise/competence of the Board of Directors specifying the following:

The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which is currently available with the Board:

| Skill                           | Description  |
|---------------------------------|--|
| Leadership/ strategy            | Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/ operations and Organisations and people Management.                |
| IT and ITeS Industry Experience | Strong knowledge and experience in IT and ITeS Industry and in managing business operations of a sizeable organization in the business of manufacture, sale and service of IT products.  |
| Financial                       | Practical knowledge and experience in corporate Finance, accounting and reporting and internal financial control, including strong ability to assess the financial impact of decision making and ensure profitable and sustainable growth. |

| Skill      | Description   |
|------------|---|
| Governance | Board level experience in reputed organisations, with a strong understanding of and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance. |
| Regulatory | Strong expertise and experience in corporate law and regulatory compliance in India (Including industry specific laws)  |

### The skills/ expertise/competence matrix of the Board of Directors with names are as follows;

| Name of Director      | Leadership/ strategy | IT and ITeS Industry Experience | Financial | Governance | Regulatory |
|-----------------------|----------------------|---------------------------------|-----------|------------|------------|
| Mr. Gopal Srinivasan  | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mrs. Srilalitha Gopal | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mr. D Sundaram        | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mr. M Lakshminarayan  | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mr. M.F.Farooqui      | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mr. R S Raghavan      | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mr. K Balakrishnan    | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Dr. V Sumantran       | ✓                    | ✓                               | ✓         | ✓          | ✓          |
| Mrs. Subhasri Sriram  | ✓                    | ✓                               | ✓         | ✓          | ✓          |

### Disclosure of all list of credit ratings obtained:

The listed entity has not issued any debt instruments, does not have a fixed deposit program or any scheme or proposal involving mobilization of funds. Hence this is not applicable.

### Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of the Listing Regulations and this report. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed in this Report.

## Report on Corporate Governance (Contd.)

### **Instances of Non compliance , if any:**

There were no instances of non-compliance by the company.

### **Other corporate governance requirements:**

The listed entity may, at its discretion, comply with requirements as specified in Part E of Schedule II.

### **The Board:**

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

### **Shareholder's rights**

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

### **Auditors Report**

The Auditors report is unqualified.

### **Separate posts of Chairman and CEO/ Managing Director.**

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

The separation of powers of the chairperson and MD would enable better and more balanced governance structure by enabling more effective supervision of the management

### **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

### **Declaration from Managing Director regarding the adherence to the Code of Business**

### **Conduct and Ethics by the Board of Directors and Senior Management**

To

The Shareholders of  
TVS Electronics Limited  
249-A, Ambujammal Street,  
Off TTK Road, Alwarpet,  
Chennai-600018

On the basis of the written declaration received from Members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby certify that the Members of the Board of Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics of the Company during the year ended March 31, 2020.

Place: Chennai  
Date: June 6, 2020

SRILALITHA GOPAL  
Managing Director  
DIN: 02329790





## Auditors Certificate

### Certificate regarding compliance of conditions of corporate governance

[Pursuant to paragraph E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members of **TVS Electronics Limited**  
(CIN: L30007TN1995PLC032941)  
249-A, Ambujammal Street,  
Alwarpet  
Chennai – 600018

We have examined the compliance of the conditions of Corporate Governance by M/s. TVS Electronics Limited ("*the Company*"/ "*the listed entity*") during the financial year ended 31<sup>st</sup> March 2020 ("*the financial year*"/ "*the year*"), as stipulated under regulation numbers 17 to 27, 46(2)(b) to (i), Schedule V (paragraphs C, D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

The Company is required to comply with the said conditions of Corporate Governance set out in LODR on account of the Listing Agreements it has entered into with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for listing its equity shares.

The Company's management is responsible for compliance with the conditions of Corporate Governance.

We have broadly reviewed the procedures adopted by the Company for ensuring compliance with the conditions of Corporate Governance and implementation thereof. Our review was neither an audit nor an expression of opinion on the financial statement of the Company.

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification (through e-mail on account of the lockdown imposed by the Government of India) and the explanations given to us by the Company, its Secretary, officers and agents, the Company has, during the financial year ended 31<sup>st</sup> March 2020, complied with the conditions of Corporate Governance covered under the above referred regulations of LODR, **except for the non-presence at the 24<sup>th</sup> Annual General Meeting (AGM)** held on 10<sup>th</sup> August 2019 of the Chairman of the Audit Committee [Mr. M. Lakshminarayan (DIN 00064750)] and the Chairman of the Stakeholders' Relationship Committee [Mr. D Sundaram (DIN 00016304)]. The Committees were however represented at the AGM by Ms. Subhasri Sriram (DIN 01998599), Independent Director and member of the Audit Committee and Ms. Srilalitha Gopal (DIN 02329790), Managing Director and another member of the Stakeholders' Relationship Committee, respectively.

We further wish to state that our opinion regarding such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company during the said financial year.

**For S Krishnamurthy & Co.**  
Company Secretaries

**K. Sriram**  
Partner  
Membership No: F6312  
Certificate of Practice No: 2215  
UDIN: F006312B000322056

Date: 6<sup>th</sup> June, 2020  
Place: Chennai



## Auditors Certificate (Contd.)

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

TVS Electronics Limited  
249-A, Ambujammal Street,  
Off TTK Road Alwarpet,  
Chennai TN 600018

Based on the:

- (i) disclosures in from DIR-8 received from the Directors of TVS Electronics Limited having CIN: L30007TN1995PLC032941 and having registered office at 249-A, Ambujammal Street, Off TTK Road Alwarpet, Chennai - 600018. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (ii) verification of the Directors Identification Number (DIN) status in the portal [www.mca.gov.in](http://www.mca.gov.in);
- (iii) list of entities debarred by SEBI as published by BSE in their weblink <https://www.bseindia.com/investors/debent.aspx>

In our opinion and to the best of our information and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, as on the Financial Year ended 31st March, 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director             | DIN      | Date of appointment in Company |
|---------|------------------------------|----------|--------------------------------|
| 1       | Gopal Srinivasan             | 00177699 | 18/07/2003                     |
| 2       | Srilalitha Gopal             | 02329790 | 10/11/2011                     |
| 3       | Sundaram Damodarannair       | 00016304 | 30/07/2009                     |
| 4       | Muthuswami Lakshminarayan    | 00064750 | 06/05/2015                     |
| 5       | Rajagopalan Sundara Raghavan | 00260912 | 04/05/2016                     |
| 6       | Balakrishnan Kavikkal        | 00722447 | 09/08/2018                     |
| 7       | Farooqui Fayazuddin Mohammed | 01910054 | 06/05/2015                     |
| 8       | Subhasri Sriram              | 01998599 | 07/02/2019                     |
| 9       | Venkataramani Sumantran      | 02153989 | 09/08/2018                     |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.A.E & Associates LLP**  
Company Secretaries

**Adit N Bhuva,**  
Partner

Place: Chennai  
Date : 6<sup>th</sup> June 2020

ACS: 29660; CP.No. 10999  
UDIN: A029660B000359110



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# Financial Statements

## 2019 - 20

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## Independent Auditor's Report

To The Members of,  
TVS Electronics Limited.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of TVS Electronics Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Emphasis of Matter

We invite attention to Note 39 to the financial statements, regarding outbreak of COVID-19 pandemic and the assessment made by the management on its business and financial statements. This assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances / developments as they evolve in the subsequent periods.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

## Independent Auditor's Report (Contd.)

| Sr. No. | Key Audit Matter  | Auditor's Response   |
|---------|---|--|
| 1       | <p><b>Impairment assessment of indefinite useful life intangible assets</b></p> <p>Intangible assets pertains to Business Rights that have been recognized pursuant of acquisition of Customer Support Services business in earlier years. Management conducts annual impairment tests to assess the recoverability of the carrying value of the indefinite useful life asset. This is performed using discounted cash flow model. There are key unobservable inputs used in the model which include:</p> <ul style="list-style-type: none"> <li>&gt;&gt; Revenue growth</li> <li>&gt;&gt; Operating margins</li> <li>&gt;&gt; Discount rate</li> <li>&gt;&gt; Terminal growth rate</li> </ul> <p>Accordingly, the impairment test of this business rights are considered as a key audit matter.</p> <p><b>Refer to Notes 1.b.7 and 3.1 to the financial statements</b></p> | <p><b>Principal Audit Procedures</b></p> <p>We assessed the company's impairment testing process of the Customer Support Services business at the balance sheet date. Our audit approach consisted procedures for testing the design, implementation and the operative effectiveness of the internal controls and substantive procedures as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of internal controls relating to managements impairment assessment testing of the Customer Support Services business</li> <li>• Tested the operative effectiveness of internal control relating to managements impairment assessment testing of the Customer Support Services business business with a combination of procedures involving inquiry and inspection.</li> <li>• Performed substantive procedures to analyse the future projected cash flows used in the valuation model to determine whether they are reasonable given the current macroeconomic climate and expected future performance of the Cash Generating Unit.</li> <li>• Evaluated the reasonableness of customer wise revenue projections with reference to prospective business orders, historical performance and macro-economic conditions.</li> <li>• Evaluated the reasonableness of the projected Earnings before interest, tax, depreciation and amortisation (EBITDA) considering the projections and comparing with historical performance and contribution margin projected for new business.</li> </ul> <p>We engaged our internal specialists to assist with:</p> <ul style="list-style-type: none"> <li>• Critically evaluating whether the model used by management to calculate the value in use of the Cash Generating Units complies with the requirements of Ind AS 36 Impairment of Assets.</li> <li>• Validating the assumptions used to calculate the discount rates, terminal growth rate and recalculating these rates based on industry specific risks and risk free return.</li> </ul> |

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report along with the annexures, Corporate Social Responsibility Report, Secretarial Audit Report and Corporate Governance Report (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, the Chairman's statement, the Managing Directors Message and Management Discussion and Analysis report, which is expected to be made available to us after that date.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report (Contd.)

- When we read the Chairman's Statement, Managing Directors Message and Management Discussion and Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent Auditor's Report (Contd.)

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that,
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



## Independent Auditor's Report (Contd.)

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.008072S)

Geetha Suryanarayanan  
Partner  
(Membership No. 29519)  
(UDIN: 20029519AAAABT4566)

Place: Chennai  
Date: June 6, 2020



## Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of TVS Electronics Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

## Annexure “A” to the Independent Auditor’s Report (Contd.)

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on “the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm’s Registration No.008072S)

Geetha Suryanarayanan  
Partner  
(Membership No. 29519)  
(UDIN: 20029519AAAABT4566)

Place: Chennai  
Date: June 6, 2020

## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph (2) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.
  - (b) Some of the property, plant and equipment were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed (state any other relevant document which evidences title) provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as Property, Plant and Equipment in the financial statements, the lease agreements are in the name of the Company
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
  - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
  - (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of machinery and mechanical appliances. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
  - (vii) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

## Annexure “B” to the Independent Auditor’s Report (Contd.)

- (c) Details of dues of Income-tax, Excise Duty and sales tax/value added tax which have not been deposited as on March 31, 2020 on account of disputes are given below.

| Name of Statute                                     | Nature of Dues  | Forum where the dispute is pending                                | Period to which amount relates                      | Amount Unpaid (₹ In Lakhs) |
|---|-----------------|---|---|----------------------------|
| Income Tax Act, 1961                                | Income tax dues | Income Tax Appellate Tribunal / CIT (Appeals), Income Tax officer | Various Assessment years between 2004-05 to 2016-17 | 41                         |
| Central Sales Tax/Value added tax of various states | Sales tax dues  | Appellate authorities of various states                           | 2007-08 to 2015-16                                  | 68 (Net of 20 deposited)   |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks. The company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm’s Registration No.008072S)

Geetha Suryanarayanan  
Partner  
(Membership No. 29519)  
(UDIN: 20029519AAAABT4566)

Place: Chennai  
Date: June 6, 2020





## Balance Sheet as at March 31, 2020

₹ in Lakhs

| S. No.   | Particulars  | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|----------|--|----------|----------------------|----------------------|
| <b>A</b> | <b>ASSETS</b>  |          |                      |                      |
|          | <b>Non-Current Assets</b>  |          |                      |                      |
| (a)      | Property, plant and equipment  | 2        | 997                  | 1,108                |
| (b)      | Right to use assets  | 3        | 1,167                | -                    |
| (c)      | Intangible Assets  | 4        | 1,561                | 1,923                |
| (d)      | Intangible assets under development  | 4        | 111                  | 37                   |
| (e)      | Financial Assets   |          |                      |                      |
| (i)      | Investments  | 5        | 96                   | 57                   |
| (ii)     | Other financial assets   | 6        | 163                  | 310                  |
| (f)      | Non Current tax assets (Net)   | 13       | 247                  | 402                  |
| (g)      | Other Non current assets   | 8        | 2,593                | 2,617                |
|          | <b>Total non-current assets</b>  |          | <b>6,935</b>         | <b>6,454</b>         |
|          | <b>Current Assets</b>  |          |                      |                      |
| (a)      | Inventories  | 9        | 3,067                | 3,161                |
| (b)      | Financial Assets   |          |                      |                      |
| (i)      | Other Investments  | 5        | 19                   | 1,506                |
| (ii)     | Trade Receivables  | 10       | 4,254                | 2,563                |
| (iii)    | Cash and Cash Equivalents  | 11       | 1,384                | 317                  |
| (iv)     | Bank balances other than (iii) above   | 12       | 21                   | 512                  |
| (v)      | Other Financial assets   | 6        | 858                  | 984                  |
| (c)      | Other Current Assets   | 8        | 1,291                | 975                  |
|          | <b>Total current assets</b>  |          | <b>10,894</b>        | <b>10,018</b>        |
|          | <b>TOTAL ASSETS</b>  |          | <b>17,829</b>        | <b>16,472</b>        |
| <b>B</b> | <b>EQUITY AND LIABILITIES</b>  |          |                      |                      |
|          | <b>Equity</b>  |          |                      |                      |
| (a)      | Equity Share Capital   | 14       | 1,865                | 1,861                |
| (b)      | Other Equity   | 15       | 6,197                | 6,837                |
|          | <b>Total equity</b>  |          | <b>8,062</b>         | <b>8,698</b>         |
|          | <b>Liabilities</b>   |          |                      |                      |
|          | <b>Non-Current Liabilities</b>   |          |                      |                      |
| (a)      | Financial Liabilities  |          |                      |                      |
| (i)      | Lease Liabilities  | 31c      | 598                  | -                    |
| (b)      | Provisions   | 16       | 137                  | 217                  |
| (c)      | Deferred tax liabilities (Net)   | 7        | 2                    | 127                  |
| (d)      | Other non-current liabilities  | 17       | 32                   | 46                   |
|          | <b>Total non-current liabilities</b>   |          | <b>769</b>           | <b>390</b>           |
|          | <b>Current Liabilities</b>   |          |                      |                      |
| (a)      | Financial Liabilities  |          |                      |                      |
| i.       | Borrowings   | 18       | 1,443                | -                    |
| ii.      | Trade Payables   | 19       |                      |                      |
|          | - Total outstanding dues of micro enterprises and small enterprises                      |          | 45                   | 191                  |
|          | - Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 5,267                | 5,596                |
| iii.     | Lease Liabilities  | 31c      | 598                  | -                    |
| iv.      | Other financial Liabilities  | 20       | 531                  | 493                  |
| (b)      | Provisions   | 16       | 727                  | 628                  |
| (c)      | Other Current Liabilities  | 17       | 387                  | 476                  |
|          | <b>Total current liabilities</b>   |          | <b>8,998</b>         | <b>7,384</b>         |
|          | <b>Total Liabilities</b>   |          | <b>9,767</b>         | <b>7,774</b>         |
|          | <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>17,829</b>        | <b>16,472</b>        |

The accompanying notes are an integral part of these financial statements

For and on behalf of the Board of Directors

**GOPAL SRINIVASAN**  
(DIN : 00177699)  
Chairman

**SRILALITHA GOPAL**  
(DIN : 02329790)  
Managing Director

**A KULANDAI VADIVELU**  
Chief Financial Officer

**SANTOSH KRISHNADASS**  
Company Secretary

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner

Place: Chennai  
Date: June 06, 2020

**Statement of Profit and Loss for the period ended March 31 , 2020**

₹ in Lakhs

| S. No. | Particulars  | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--------|--|----------|---------------------------|---------------------------|
| I      | Revenues from Operations   | 21       | 25,872                    | 275,684                   |
| II     | Other Income   | 22       | 533                       | 373                       |
| III    | Total Income (I+II)  |          | 26,405                    | 276,057                   |
| IV     | Expenses:  |          |                           |                           |
|        | Cost of materials consumed   | 23       | 6,963                     | 6,740                     |
|        | Purchases of Stock-in-Trade  | 24       | 5,616                     | 209,617                   |
|        | Changes in Inventories of finished goods and stock in trade                      | 25       | (166)                     | 45,774                    |
|        | Employee benefits expense  | 26       | 3,815                     | 3,610                     |
|        | Finance costs  | 27       | 236                       | 41                        |
|        | Depreciation and amortisation expense  | 28       | 1,040                     | 368                       |
|        | Other expenses   | 29       | 8,553                     | 8,127                     |
|        | Total Expenses (IV)  |          | 26,057                    | 274,277                   |
| V      | Profit before tax & Exceptional Items (III-IV)                                   |          | 348                       | 1,780                     |
| VI     | Exceptional Items (Refer note 4.1)   |          | (350)                     | (358)                     |
| VII    | (Loss) / Profit before tax (V+VI)  |          | (2)                       | 1,422                     |
| VIII   | Tax Expense:   |          |                           |                           |
|        | (1) Current Tax  | 34       | 136                       | 690                       |
|        | (2) Deferred Tax   | 7        | (177)                     | (14)                      |
|        | (3) Tax relating to earlier years  | 34       | -                         | 2                         |
|        |  |          | (41)                      | 678                       |
| IX     | Profit for the year (VII-VIII)   |          | 39                        | 744                       |
|        | Other Comprehensive Income   |          |                           |                           |
|        | A. i) Items that will not be reclassified to profit or loss                      |          |                           |                           |
|        | a) Remeasurements of the defined benefit plans                                   |          | (36)                      | (3)                       |
|        | b) Equity instruments through other comprehensive income                         |          | 39                        | 10                        |
|        |  |          | 3                         | 7                         |
|        | ii) Income tax relating to items that will not be reclassified to profit or loss |          | (9)                       | (1)                       |
| X      | Total other comprehensive income (A(i-ii))                                       |          | (6)                       | 6                         |
| XI     | Total Comprehensive Income (IX+X)  |          | 33                        | 750                       |
| XII    | Earnings Per Equity Share (Nominal value per share Rs. 10)                       |          |                           |                           |
|        | (a) Basic  | 30       | 0.21                      | 4.00                      |
|        | (b) Diluted  | 30       | 0.21                      | 3.99                      |

The accompanying notes are an integral part of these financial statements

**For and on behalf of the Board of Directors**
**GOPAL SRINIVASAN**  
 (DIN : 00177699)  
 Chairman

**SRILALITHA GOPAL**  
 (DIN : 02329790)  
 Managing Director

**A KULANDAI VADIVELU**  
 Chief Financial Officer

**SANTOSH KRISHNADASS**  
 Company Secretary

 In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**GEETHA SURYANARAYANAN**  
 Partner

 Place: Chennai  
 Date: June 06, 2020



## Statement of Cash Flows for the year ended March 31, 2020

₹ in Lakhs

|   | For the Year ended<br>March 31, 2020 | For the Year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Cash flow from operating activities</b>                 |                                      |                                      |
| Net profit after tax  | 39                                   | 744                                  |
| <b>Adjustments for :</b>                                      |                                      |                                      |
| Depreciation and Amortisation                                 | 1,040                                | 368                                  |
| Tax provisions  | (41)                                 | 678                                  |
| Finance costs   | 236                                  | 41                                   |
| Provision for impairment on carrying value of Intangibles     | 350                                  | -                                    |
| Provision for impairment in value of investment in subsidiary | -                                    | 97                                   |
| Provision for impairment in value of other investments        | -                                    | 358                                  |
| Profit on sale of Property, Plant and equipment               | (3)                                  | (10)                                 |
| Net Gain arising on FVTPL Transaction                         | (51)                                 | (58)                                 |
| Profit on sale of Investment                                  | (32)                                 | (1)                                  |
| Interest Income   | (265)                                | (212)                                |
| Employee stock option expense                                 | -                                    | (72)                                 |
| Lease liabilities no longer required written back             | (5)                                  | -                                    |
| Other Liabilities no longer required written back             | (69)                                 | -                                    |
| Bad debts written off and provision for doubtful debts        | 111                                  | 40                                   |
| Loss on Property, Plant and equipment sold / scrapped         | 38                                   | 16                                   |
| <b>Operating profit before working capital changes</b>        | <b>1,309</b>                         | <b>1,245</b>                         |
| <b>Changes in working capital</b>                             |                                      |                                      |
| Adjustments for (increase)/decrease in operating assets       |                                      |                                      |
| Trade and other receivables                                   | (1,802)                              | 37,471                               |
| Inventories   | 94                                   | 45,360                               |
| Other Assets  | (304)                                | 2,580                                |
| Other Financial Assets  | 242                                  | (387)                                |
| Adjustments for increase/(decrease) in operating liabilities  |                                      |                                      |
| Trade payables  | (407)                                | (87,623)                             |
| Other Liabilities   | (55)                                 | 131                                  |
| Other Financial Liabilities                                   | 38                                   | 223                                  |
|   | <b>(2,193)</b>                       | <b>(2,245)</b>                       |
| Cash used in operations                                       | <b>(846)</b>                         | <b>(256)</b>                         |
| Direct taxes paid / refund received - (net)                   | <b>255</b>                           | <b>(343)</b>                         |
| <b>Net cash flow used in operating activities</b>             | <b>(590)</b>                         | <b>(599)</b>                         |

## Statement of Cash Flows for the year ended March 31, 2020 (Contd.)

₹ in Lakhs

|  | For the Year ended<br>March 31, 2020 | For the Year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| <b>B. Cash flow from investing activities</b>                        |                                      |                                      |
| Purchase of Property, plant and equipment including capital advances | (383)                                | (586)                                |
| Proceeds from sale of Property, plant and equipment                  | 10                                   | 44                                   |
| Bank balances considered as other than cash and cash equivalents     | 491                                  | 162                                  |
| Cash inflow on disposal of subsidiary                                | -                                    | 146                                  |
| Cash outflow on acquisition of investment in subsidiary              | -                                    | (95)                                 |
| Cash inflow from sale of other investments                           | 1,519                                | -                                    |
| Cash outflow on acquisition of other investments                     | -                                    | (1,475)                              |
| Interest received  | 71                                   | 204                                  |
| <b>Net cash flow generated from / (used in) investing activities</b> | <b>1,708</b>                         | <b>(1,600)</b>                       |
| <b>C. Cash flow from financing activities</b>                        |                                      |                                      |
| Proceeds from issue of equity shares                                 | 4                                    | -                                    |
| Payment towards lease liability                                      | (596)                                | -                                    |
| Net increase / (decrease) in Short term borrowings                   | 1,443                                | (329)                                |
| Finance costs  | (236)                                | (43)                                 |
| Dividends paid Including Dividend Tax                                | (665)                                | (337)                                |
| <b>Net cash flow used in financing activities</b>                    | <b>(50)</b>                          | <b>(709)</b>                         |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>  | <b>1,068</b>                         | <b>(2,908)</b>                       |
| <b>Reconciliation</b>  |                                      |                                      |
| Cash and cash equivalents as at beginning of the Year                | 317                                  | 3,225                                |
| Cash and cash equivalents as at end of the Year                      | <b>1,384</b>                         | <b>317</b>                           |
| <b>Net increase / (decrease) in cash and cash equivalents</b>        | <b>1,068</b>                         | <b>(2,908)</b>                       |

The accompanying notes are an integral part of these financial statements

### For and on behalf of the Board of Directors

**GOPAL SRINIVASAN**  
(DIN : 00177699)  
Chairman

**SRILALITHA GOPAL**  
(DIN : 02329790)  
Managing Director

**A KULANDAI VADIVELU**  
Chief Financial Officer

**SANTOSH KRISHNADASS**  
Company Secretary

Place: Chennai  
Date: June 06, 2020

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner



## Statement of Changes in Equity for the period ended March 31, 2020

₹ in Lakhs

| Particulars  | Share Capital | Securities premium | Capital Reserve | Reserves and Surplus |              |                     |                   | Items of other comprehensive income                   |                         | Total |
|--|---------------|--------------------|-----------------|----------------------|--------------|---------------------|-------------------|---|-------------------------|-------|
|  |               |                    |                 | General reserve      | ESOP Reserve | Invest-ment Subsidy | Retained earnings | Equity Instruments through Other comprehensive income | Actuarial Gain / (Loss) |       |
| <b>Balance at April 01, 2018</b>                           | 1,861         | 1,492              | 61              | 309                  | 201          | -                   | 4,493             | (10)  | (50)                    | 8,357 |
| <b>Movement during 2018-19</b>                             |               |                    |                 |                      |              |                     |                   |   |                         | -     |
| Profit for the year  | -             | -                  | -               | -                    | -            | -                   | 744               | -   | -                       | 744   |
| Adjustment during the year (Refer note 15)                 | -             | -                  | -               | -                    | (72)         | -                   | -                 | -   | -                       | (72)  |
| Other comprehensive income for the year, net of income tax | -             | -                  | -               | -                    | -            | -                   | -                 | 8   | (2)                     | 6     |
| Movement within reserves (Refer note 15)                   | -             | -                  | -               | 96                   | (96)         | -                   | -                 | -   | -                       | -     |
| Payment of dividends (Including taxes)                     | -             | -                  | -               | -                    | -            | -                   | (337)             | -   | -                       | (337) |
| <b>Balance at March 31, 2019</b>                           | 1,861         | 1,492              | 61              | 405                  | 33           | -                   | 4,900             | (2)   | (52)                    | 8,698 |
| <b>Movement during 2019-20</b>                             |               |                    |                 |                      |              |                     |                   |   |                         |       |
| Profit for the year  | -             | -                  | -               | -                    | -            | -                   | 39                | -   | -                       | 39    |
| Adjustment during the year (Refer note 15)                 | -             | -                  | -               | -                    | -            | -                   | -                 | -   | -                       | -     |
| Share capital  | 4             | -                  | -               | -                    | -            | -                   | -                 | -   | -                       | 4     |
| Recognition of share based payments                        | -             | -                  | -               | -                    | -            | -                   | -                 | -   | -                       | -     |
| Other comprehensive income for the year, net of income tax | -             | -                  | -               | -                    | -            | -                   | -                 | 30  | (36)                    | (6)   |
| Movement within reserves (Refer note 15)                   | -             | 33                 | -               | -                    | (33)         | -                   | -                 | -   | -                       | -     |
| Payment of dividends (Including taxes)                     | -             | -                  | -               | -                    | -            | -                   | (673)             | -   | -                       | (673) |
| <b>Balance at March 31, 2020</b>                           | 1,865         | 1,525              | 61              | 405                  | -            | -                   | 4,266             | 28  | (88)                    | 8,062 |

The accompanying notes are an integral part of these financial statements

### For and on behalf of the Board of Directors

**GOPAL SRINIVASAN**  
(DIN : 00177699)  
Chairman

**SRILALITHA GOPAL**  
(DIN : 02329790)  
Managing Director

**A KULANDAI VADIVELU**  
Chief Financial Officer

**SANTOSH KRISHNADASS**  
Company Secretary

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner

Place: Chennai  
Date: June 06, 2020



## Notes forming part of the Financial Statements

### 1. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### a) Brief description of the Company

TVS Electronics Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at No.249A, Ambujammal Street, Off TTK Road, Alwarpet, Chennai - 600 018.

The Company manufactures and sells Point of sale devices, Printers, Keyboards, etc. besides providing service for various Original Equipment Manufacturers via delivery models like exclusive service centers, multi brand service centers, Onsite support, repair centers and factories. The company is also into 'Distribution Services' through brick and mortar model.

#### b) SIGNIFICANT ACCOUNTING POLICIES

##### 1) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments and rules issued thereafter.

##### 2) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

##### 3) Critical accounting judgements and key sources of estimation and certainty

###### a) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto.

## Notes forming part of the Financial Statements (Contd.)

The management believes that these estimates and assumptions are reasonable and prudent. However, future results could differ from these estimates and the differences between actual results and estimates are recognised in the period in which results are known / materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### b) Significant Estimates and judgements

The areas involving critical estimates or judgments are:

#### i) Fair valuation measurement & valuation process

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

#### ii) Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

#### iii) Useful life of Property, Plant and Equipment & Intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

#### iv) Revenue Recognition

- The Company's contracts with customers could include promises to render multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves Judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also applied to determine the principal and agent in the contracts with customers based on the substance of the arrangement read with the guidance provided in the standard.
- The Company uses judgement to determine standalone selling price of a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where

## Notes forming part of the Financial Statements (Contd.)

standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

#### 4) Revenue Recognition

The Company has applied Ind AS 115 from April 01, 2018, being the effective date of the standard.

The Company earns revenue primarily from sale of electronic goods, computer consumable and other support services.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, allowances and rebates and goods and services tax.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. When there is uncertainty on ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

##### *In- Warranty Service*

In respect of In-warranty service contracts, where performance obligation is satisfied at a point of time when the service is extended to the customer on behalf of the brand, revenue is recognised net of payments made to the brand after considering the rights and obligation of both the company and the brand in specific to these contracts.

##### *Out of Warranty Service*

In respect of Out of warranty service contracts, where performance obligation is satisfied at a point of time when the control of the goods sold is passed on to the customer and the service is received by the customer as per the terms and conditions stipulated by the brand, revenue is recognised net of payments made to the brand after considering the rights and obligation of both the company and the brand in specific to these contracts.

##### *Service Contracts*

In respect of service contracts, where performance obligation is satisfied over the period of time when the the service is received by the customer as per the terms and conditions stipulated by the brand, transaction price which is the amount charged to customer is recognised on a time proportion basis over the period of time when the customer receives and accepts the service.

##### *Sale of Goods*

In respect of Sale of goods, where performance obligation is satisfied at a point of time when the control of the goods sold is passed on to the customer, revenue is recognised for the transaction price which is the invoice value charged to the customer.

##### *Sale of Goods- Institutions*

In respect of contracts with institutional customer where goods are sold with additional warranty period, performance obligation is satisfied at a point of time when the control of the goods sold is passed on to the customer for sale of goods and for the extended warranty service performance obligation is satisfied over the period of time when that particular service is received by the customer.

Both sale of goods and extended warranty service qualify to be separate performance obligation within the definition of the standard and the transaction price is allocated between the performance obligations proportionate to the standalone selling prices of the components.

In respect of sale of goods, revenue is recognised at the point in time when the control is transferred for the value allocated and in respect of extended warranty service revenue is recognised on a time proportion basis over the period of time when the customer receives and accepts the service.

## Notes forming part of the Financial Statements (Contd.)

### *Extended Warranty Service*

In respect of extended warranty service contracts, where performance obligation is satisfied over the period of time at the transaction price which is the amount charged to customer is recognised on a time proportion basis over the period of time when the customer receives and accepts the service.

### **Practical expedient - Contract modification**

The Company has applied practical expedient with respect to contract modification and accordingly has not given the impact of the modifications to the contracts that occurred before the date of initial application of Ind AS 115 (i.e., before April 1, 2018). The impact of applying this practical expedient is insignificant.

## **5) Property, Plant and Equipment**

Land and building held for use in the production or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Free hold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimate useful life adopted by the company are as follows:

| <b>Asset</b>                                      | <b>Useful life</b>           |
|---|------------------------------|
| Building  | 1 to 30 Years                |
| Plant & Machinery                                 | 1 to 15 Years                |
| Furniture & Fittings                              | 1 to 10 Years                |
| Office Equipments (including computers & servers) | 1 to 6 Years                 |
| Vehicles  | 1 to 10 Years                |
| Leasehold improvements                            | over primary period of lease |

Capital work-in-progress: Projects under which plant, property and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## **6) Intangible assets**

### **a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over

## Notes forming part of the Financial Statements (Contd.)

their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

b. Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

c. Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

| Intangible asset   | Useful life |
|--------------------|-------------|
| Computer softwares | 2 years     |
| Business Rights    | Indefinite  |

### 7) Impairment of Tangible and Intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 8) Inventories

Inventories are stated at lower of cost or net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in normal course of business in bringing such inventory to its present location and condition and includes where applicable, appropriate overheads based on the normal level of activity.

## Notes forming part of the Financial Statements (Contd.)

Net realisable value is the estimated selling price less estimated cost for completion of sale.

Obsolete, slow moving and defective inventories are identified from time to time and where necessary, a provision is made for such inventories.

### 9) Employee benefits

#### (i) Short term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

#### (ii) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Remeasurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognised in the Statement of Profit and Loss each year.



## Notes forming part of the Financial Statements (Contd.)

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Gratuity for employees is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out as at the end of the year.

### 10) Taxes on income

Tax expense comprises of current and deferred taxes.

Current tax:

The current tax payable is based on the taxable profit for the year. Taxable profit differs from Profit before tax as reported in the statement of profit and loss account because of items of income or expenditure that are taxable or deductible in other years and items that are never taxable or deductible. Company computes current tax using tax rate that have been enacted by the end of the reporting period.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss account, except when they relate to items that are recognised in other comprehensive income or directly in equity respectively

### 11) Provisions and contingent liabilities

(i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is present value of those cash flows (when the effect of time value of money is material)

## Notes forming part of the Financial Statements (Contd.)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for expected cost of warranty obligations under the local sale of goods legislation are recognised at the date of sale of relevant products, at management's best estimate of expenditure required to settle the company's obligation.

(ii) **Contingent liabilities:**

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

### 12) **Operating Segment**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

"Unallocated Corporate Expenses" include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

### 13) **Leases**

#### **Till March 31, 2019**

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss as on a straight line basis over the period of the lease.

#### **Effective April 1, 2019**

From April 1, 2019 leases are recognized as a right-of-use asset with a corresponding lease liability at the date on which the leased asset is available for use by the Company as a lessee except for payments associated with short term leases (lease term of 12 months or less) and low value leases, which are recognized as an expense as and when incurred.

The Company assesses whether a contract contains a lease at the inception of a contract. Certain lease contracts include the options to extend or terminate the lease before the end of the lease term. Right-of-Use assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The Right-of-Use assets are initially recognized at cost comprising initial lease liability adjusted for lease payments made on or before the commencement date less any lease incentives received and any initial direct cost. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

## Notes forming part of the Financial Statements (Contd.)

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related Right-of-Use assets if the Company changes its assessment as to whether it will exercise an extension or a termination option.

Right-of-Use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

Right-of use assets and lease liability have been separately presented in the balance sheet and lease payments have been classified as financing cash flow in the cash flow statement.

### 14) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Under the previous GAAP, share based payment costs were accrued on an intrinsic value method. Upon transition to Ind AS, the company has availed the exemption to apply the fair value to only unvested options.

### 15) Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 15.1 Financial assets

##### Initial recognition and measurement:

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis.

##### Subsequent measurement:

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

##### a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

## Notes forming part of the Financial Statements (Contd.)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in subsidiaries / associates are accounted at cost.

All other financial assets are subsequently measured at fair value.

For the impairment policy on financial assets measured at amortized cost, refer Note 1(b)(15)(d)

### b. Investment in equity instruments at FVTOCI

On initial recognition, company can make an irrevocable election (on a instrument by instrument basis) to present the subsequent change in fair value in other comprehensive income pertaining to investment in equity instruments. This election is not permitted if the equity instrument is held for trading. These elected investment are initially measured at fair value plus transaction cost. Subsequently, they are measured at fair value with gains and losses arising from change in fair value recognised in other comprehensive income and accumulated in 'Reserve for equity instruments through other comprehensive income'. The cumulative gain / (loss) is not reclassified to profit or loss on disposal of investment.

A financial asset is held for trading if :

- > it has been acquired principally for the purpose of selling it in near term; or
- > on initial recognition it is part of portfolio of identified financial instrument that the company manages together and has recent actual pattern of short term profit making or
- > it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The company has equity investments in one entity which are not held for trading nor a subsidiary. The company has elected FVTOCI irrevocable option for this investments. Fair value is determined in the manner described in note 1(b)(2).

Dividends on these investment in equity instrument, if any will be recognised in profit or loss when the company's right to receive the dividend is established, it is probable that economic benefit associated with the dividend will flow to the entity, the dividend does not represent a recover of part of cost of investment and the amount of dividend can be measured reliably.

### c. Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or Fair value through other comprehensive income (FVTOCI) criteria are measured at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "Other income" line item.

### d. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

## Notes forming part of the Financial Statements (Contd.)

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information or case to case basis.

### e. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

### f. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

>> For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

## 15.2 Financial liabilities and equity instruments

### a. Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

## Notes forming part of the Financial Statements (Contd.)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### **c. Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### **c.1. Financial liabilities at FVTPL**

Financial liabilities are recognised at fair value through profit or loss (FVTPL) if it includes derivative liabilities.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Fair value is determined in the manner described in note 1(b)(2)

#### **c.2. Financial liabilities measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Trade and other payables are recognised at the transaction cost, which is its fair value, and subsequently measured at amortised cost.

#### **c.3. Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### **c.4. Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.



## Notes forming part of the Financial Statements (Contd.)

### 15.3 Derivative financial instruments

The Company enters into forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

### 16) Foreign Currency Transactions

The functional and presentation currency of the company is Indian Rupee.

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

### 17) Operating cycle for current and non-current classification

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 18) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## Notes forming part of the Financial Statements

### Note 2 : Property, Plant and Equipment

Amount (₹ Lakhs)

| Particulars                 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| <b>Carrying amounts of:</b> |                         |                         |
| Freehold land               | 24                      | 24                      |
| Buildings                   | 378                     | 358                     |
| Plant and equipment         | 289                     | 350                     |
| Furniture and Fixtures      | 114                     | 114                     |
| Office Equipments           | 166                     | 232                     |
| Vehicles                    | 26                      | 30                      |
| <b>Total</b>                | <b>997</b>              | <b>1,108</b>            |

|  | Freehold I<br>and | Buildings    | Plant and<br>equipment | Furniture and<br>Fixtures | Office<br>Equipments<br>(Including<br>computers &<br>servers) | Vehicles  | Total        |
|--|-------------------|--------------|------------------------|---------------------------|---|-----------|--------------|
| <b>Cost of Assets</b>                          |                   |              |                        |                           |   |           |              |
| Gross carrying value at April 01, 2018         | 24                | 984          | 1,795                  | 292                       | 912   | 38        | 4,045        |
| Additions                                      | -                 | 155          | 138                    | 94                        | 202   | -         | 589          |
| Disposals                                      | -                 | (86)         | (38)                   | (39)                      | (41)  | -         | (204)        |
| <b>Balance at March 31, 2019</b>               | <b>24</b>         | <b>1,053</b> | <b>1,895</b>           | <b>347</b>                | <b>1,073</b>  | <b>38</b> | <b>4,430</b> |
| Additions                                      | -                 | 114          | 48                     | 49                        | 30  | -         | 241          |
| Disposals                                      | -                 | (75)         | (42)                   | (12)                      | (34)  | -         | (163)        |
| <b>Balance at March 31, 2020</b>               | <b>24</b>         | <b>1,092</b> | <b>1,901</b>           | <b>384</b>                | <b>1,069</b>  | <b>38</b> | <b>4,508</b> |
|  |                   |              |                        |                           |   |           |              |
|  |                   |              |                        |                           |   |           |              |
| <b>Accumulated depreciation and impairment</b> |                   |              |                        |                           |   |           |              |
| Gross carrying value at April 01, 2018         | -                 | 674          | 1,479                  | 214                       | 768   | 4         | 3,139        |
| Eliminated on disposals                        | -                 | (50)         | (31)                   | (35)                      | (38)  | -         | (154)        |
| Depreciation expense                           | -                 | 71           | 97                     | 54                        | 111   | 4         | 337          |
| <b>Balance at March 31, 2019</b>               | <b>-</b>          | <b>695</b>   | <b>1,545</b>           | <b>233</b>                | <b>841</b>  | <b>8</b>  | <b>3,322</b> |
| Eliminated on disposals                        | -                 | (52)         | (27)                   | (8)                       | (32)  | -         | (118)        |
| Depreciation expense                           | -                 | 61           | 93                     | 41                        | 90  | 4         | 289          |
| Other adjustments                              | -                 | 9            | 2                      | 5                         | 3   | -         | 19           |
| <b>Balance at March 31, 2020</b>               | <b>-</b>          | <b>714</b>   | <b>1,613</b>           | <b>271</b>                | <b>902</b>  | <b>12</b> | <b>3,513</b> |
|  |                   |              |                        |                           |   |           |              |
| Carrying amount as on March 31, 2019           | 24                | 358          | 350                    | 114                       | 232   | 30        | 1,108        |
| Carrying amount as on March 31, 2020           | 24                | 378          | 289                    | 114                       | 166   | 26        | 997          |

## Notes forming part of the Financial Statements (Contd.)

### Note 3 : Right of Use Assets

Amount (₹ Lakhs)

|  | As at<br>March 31, 2020              | As at<br>March 31, 2019              |
|--|--------------------------------------|--------------------------------------|
| <b>Carrying amounts of:</b>                    |                                      |                                      |
| Right of Use Assets                            | 1,167                                | -                                    |
|  | <b>1,167</b>                         | <b>-</b>                             |
| <b>Gross Carrying Amount</b>                   | <b>Year ended<br/>March 31, 2020</b> | <b>Year ended<br/>March 31, 2019</b> |
| Balance at beginning of the year               | -                                    | -                                    |
| Additions                                      | 2,083                                | -                                    |
| Disposals                                      | (211)                                | -                                    |
| <b>Balance at end of year</b>                  | <b>1,872</b>                         | <b>-</b>                             |
| <b>Accumulated depreciation and impairment</b> | <b>Year ended<br/>March 31, 2020</b> | <b>Year ended<br/>March 31, 2019</b> |
| Balance at beginning of year                   | -                                    | -                                    |
| Eliminated on disposals                        | -                                    | -                                    |
| Amortization expense                           | 705                                  | -                                    |
| <b>Balance at end of year</b>                  | <b>705</b>                           | <b>-</b>                             |
| <b>Carrying amount at end of year</b>          | <b>1,167</b>                         | <b>-</b>                             |

### Note 4 : Intangible Assets

Amount (₹ Lakhs)

| Particulars                         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------|-------------------------|-------------------------|
| <b>Carrying amounts of:</b>         |                         |                         |
| Intellectual Property Rights        | -                       | -                       |
| Business Rights                     | 1,518                   | 1,868                   |
| Software and Licenses               | 43                      | 55                      |
| Intangible assets under development | 111                     | 37                      |
| <b>Total</b>                        | <b>1,672</b>            | <b>1,960</b>            |

#### Note 4 : Intangible Assets (Contd.)

| Cost of Asset                    |                              |                                |                       | Amount (₹ Lakhs) |
|----------------------------------|------------------------------|--------------------------------|-----------------------|------------------|
| Particulars                      | Intellectual Property Rights | Business Rights (Refer note 1) | Software and Licences |                  |
| Gross value as on April 01, 2018 | 800                          | 3,263                          | 230                   |                  |
| Additions                        | -                            | -                              | 73                    |                  |
| Disposals                        | -                            | -                              | -                     |                  |
| Gross value as on March 31, 2019 | 800                          | 3,263                          | 303                   |                  |
| Additions                        | -                            | -                              | 33                    |                  |
| Disposals                        | -                            | -                              | -                     |                  |
| <b>Balance at March 31, 2020</b> | <b>800</b>                   | <b>3,263</b>                   | <b>336</b>            |                  |

#### Accumulated depreciation and impairment

| Particulars                                 | Intellectual Property Rights | Business Rights | Software and Licences |  |
|---|------------------------------|-----------------|-----------------------|--|
| Balance at April 01, 2018                   | 800                          | 1,395           | 217                   |  |
| Eliminated on disposals                     | -                            | -               | -                     |  |
| Depreciation expense                        | -                            | -               | 31                    |  |
| Balance at March 31, 2019                   | 800                          | 1,395           | 248                   |  |
| Eliminated on disposals                     | -                            | -               | -                     |  |
| Impairment recognised (refer note below)    | -                            | 350             | -                     |  |
| Depreciation expense                        | -                            | -               | 45                    |  |
| <b>Balance at 31-Mar-2020</b>               | <b>800</b>                   | <b>1,745</b>    | <b>293</b>            |  |
| <b>Carrying amount as on March 31, 2019</b> | <b>-</b>                     | <b>1,868</b>    | <b>55</b>             |  |
| <b>Carrying amount as on March 31, 2020</b> | <b>-</b>                     | <b>1,518</b>    | <b>43</b>             |  |

Note:

- 1) Business Rights relating to Customer Support Services business (Cash Generating Unit - CGU), with carrying value of ₹ 1,868 Lakhs has been considered as intangible having an indefinite useful life as there are no technical, technological obsolescence or limitations under the contract.

This 'Business Rights' has been tested for impairment using the future discounted cash flow method. Based on the valuation and assessment by the management an impairment was recognised to the extent of ₹ 350 lakhs in carrying value of the Business Rights.

- 2) Amortization expense of intangible asset have been included under 'Depreciation & amortization' expense in statement of profit and loss account.

## Notes forming part of the Financial Statements (Contd.)

### Note 5 : Investments

Amount (₹ Lakhs)

|   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>I. Unquoted Investments</b>  |                         |                         |
| (a) <i>Investments in Equity Instruments at FVTOCI</i>  |                         |                         |
| 6,00,000(2019 - 6,00,000) shares of ₹ 10 each fully paid up in TVS Training and Services Limited.   | 96                      | 57                      |
| <b>Other Investments</b>  |                         |                         |
| (b) <i>Investments in Mutual Funds at FVTPL</i>   |                         |                         |
| Nil (2019- 5,173) units of Capital contribution to TVS Shriram Growth Fund 1A                       | -                       | -                       |
| <b>Total Unquoted Investments - Non current</b>   | <b>96</b>               | <b>57</b>               |
| <b>II. Quoted Investments</b>   |                         |                         |
| (a) <i>Investment in IDFC Mutual Funds at FVTPL</i>   | 19                      | 1,506                   |
| 792.06 (2019 - 66,443) units of IDFC Cash Fund - Growth at NAV of ₹ 2,402 (2019 - ₹ 2,267 per unit) |                         |                         |
| Cost of Investment - ₹ 18 Lakhs (2019 - ₹ 1,475 Lakhs)  |                         |                         |
| <b>Total Quoted Investments - Current</b>   | <b>19</b>               | <b>1,506</b>            |
| <b>Total Investments</b>  | <b>115</b>              | <b>1,563</b>            |
| <b>Current</b>  | <b>19</b>               | <b>1,506</b>            |
| <b>Non-current</b>  | <b>96</b>               | <b>57</b>               |

### Note 6 : Other Financial Assets

(₹ in Lakhs)

|   | Non-current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2020 | As at<br>March 31, 2019 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>Unsecured, Considered Good</b>                       |                         |                         |                         |                         |
| <b>At Amortised Cost</b>                                |                         |                         |                         |                         |
| (a) Security Deposits                                   | 147                     | 247                     | 249                     | 101                     |
| (b) Interest receivable                                 | -                       | -                       | 2                       | 33                      |
| (c) Unbilled revenue                                    | -                       | -                       | 558                     | 811                     |
| (d) Insurance claims                                    | -                       | -                       | 7                       | 7                       |
| (e) Deposits with maturity period more than one year    | 16                      | 63                      | -                       | -                       |
| (f) Others  | -                       | -                       | 18                      | 32                      |
| <b>At Fair Value through profit or loss</b>             |                         |                         |                         |                         |
| (i) MTM Asset not designated through hedge relationship | -                       | -                       | 24                      | -                       |
|   | <b>163</b>              | <b>310</b>              | <b>858</b>              | <b>984</b>              |



## Notes forming part of the Financial Statements (Contd.)

### Note 7 : Deferred tax balances

(₹ in Lakhs)

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars              | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------|-------------------------|-------------------------|
| Deferred tax assets      | 126                     | 146                     |
| Deferred tax liabilities | (128)                   | (273)                   |
|                          | <u>(2)</u>              | <u>(127)</u>            |

(₹ in Lakhs)

| 2019-20  | Opening<br>balance | Recognised in<br>profit or loss | Recognised in<br>Other compre-<br>hensive income | Closing<br>balance |
|--|--------------------|---------------------------------|--|--------------------|
| <b>Deferred tax (liabilities)/asset in relation to</b>         |                    |                                 |  |                    |
| Property plant and equipment                                   | (273)              | 154                             | -  | (119)              |
| Provision for Doubtful Debts and others                        | 27                 | 16                              | -  | 43                 |
| Financial assets at FVTPL                                      | 15                 | (15)                            | -  | -                  |
| Financial assets at FVTOCI                                     | -                  | -                               | (9)  | (9)                |
| Right to use Asset   | -                  | 20                              | -  | 20                 |
| Defined benefit obligation, Provision for compensated absences | 61                 | 2                               | -  | 63                 |
| <b>Total</b>   | <u>(170)</u>       | <u>177</u>                      | <u>(9)</u>                                       | <u>(2)</u>         |
| Tax losses   | -                  | -                               | -  | -                  |
| <b>Net Deferred Tax Liability</b>                              | <b>(170)</b>       |                                 |  | <b>(2)</b>         |
| MAT Credit entitlement*  | 43                 |                                 |  | -                  |
| <b>Net Deferred Tax Assets/( Liability)</b>                    | <b>(127)</b>       |                                 |  | <b>(2)</b>         |

\* MAT credit availed during the year relates to Financial Year 2018-19

(₹ in Lakhs)

| 2018-19  | Opening<br>balance | Recognised in<br>profit or loss | Recognised in<br>Other compre-<br>hensive income | Closing<br>balance |
|--|--------------------|---------------------------------|--|--------------------|
| <b>Deferred tax (liabilities)/asset in relation to</b>         |                    |                                 |  |                    |
| Property plant and equipment                                   | (250)              | (23)                            | -  | (273)              |
| Provision for Doubtful Debts and others                        | 23                 | 4                               | -  | 27                 |
| Financial assets at FVTPL                                      | 2                  | 13                              | -  | 15                 |
| Financial assets at FVTOCI                                     | 3                  | -                               | (3)  | 0                  |
| Defined benefit obligation, Provision for compensated absences | 39                 | 20                              | 2  | 61                 |
| <b>Total</b>   | <u>(183)</u>       | <u>14</u>                       | <u>(1)</u>                                       | <u>(170)</u>       |
| Tax losses   | -                  | -                               | -  | -                  |
| <b>Net Deferred Tax Assets/( Liability)</b>                    | <b>(183)</b>       |                                 |  | <b>(170)</b>       |
| MAT Credit entitlement *                                       | 354                |                                 |  | 43                 |
| <b>Net Deferred Tax Asset *</b>                                | <b>171</b>         | <b>-</b>                        | <b>-</b>   | <b>(127)</b>       |

\*MAT credit availed during the year ₹ 310 lakhs.



## Notes forming part of the Financial Statements (Contd.)

### Note 8 : Other Assets

(₹ in Lakhs)

|  | Non-current             |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2020 | As at<br>March 31, 2019 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>Unsecured, Considered Good</b>      |                         |                         |                         |                         |
| (a) Security Deposit*                  | 2,508                   | 2,508                   | -                       | -                       |
| (b) Advances to suppliers              | -                       | -                       | 639                     | 358                     |
| (c) Capital Advance                    | 40                      | 5                       | -                       | -                       |
| (d) Balance with Statutory authorities | 28                      | 40                      | 596                     | 537                     |
| (e) Prepaid expenses                   | 17                      | 64                      | 56                      | 80                      |
|  | <b>2,593</b>            | <b>2,617</b>            | <b>1,291</b>            | <b>975</b>              |

\* Includes an amount of INR 2,500 lakhs paid to TVS Investments Private Limited as Indemnity Deposit. (Refer note 33)

### Note 9 : Inventories

(₹ in Lakhs)

|  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>(At lower of cost and net realisable value)</b> |                         |                         |
| (a) Raw materials                                  | 1,224                   | 1,484                   |
| (b) Work-in-process                                | -                       | -                       |
| (c) Finished goods                                 | 378                     | 385                     |
| (d) Stock-in-trade (Goods acquired for trading)    | 1,465                   | 1,292                   |
|  | <b>3,067</b>            | <b>3,161</b>            |

#### Notes:

- The cost of inventories recognised as an expense during the year is disclosed in Note 23
- Cost of inventory recognised as an expense include ₹ 396 Lakhs (during 2018-19 ₹ 302 Lakhs) on account of provision for slow moving / non moving inventory.
- Total Inventory includes goods in transit of ₹ 533 lakhs (March 31, 2019 - ₹ 665 lakhs)



## Notes forming part of the Financial Statements (Contd.)

### Note 10 : Trade Receivables

(₹ in Lakhs)

|  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Unsecured, considered good                     | 4,254                   | 2,563                   |
| Unsecured, significant increase in credit risk | 172                     | 77                      |
| Total Receivables                              | 4,426                   | 2,640                   |
| Allowance for doubtful debts                   | (172)                   | (77)                    |
|  | <b>4,254</b>            | <b>2,563</b>            |
| <b>Current</b>                                 | <b>4,254</b>            | <b>2,563</b>            |
| <b>Non-current</b>                             | -                       | -                       |

The average credit period on sales of goods ranges from 30 to 60 days. No interest is charged on trade receivables up to the due date. The table below depicts the ageing of trade receivables:

| Age of receivables | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------|-------------------------|-------------------------|
| 0-180 days         | 4,106                   | 2,515                   |
| 181-365 days       | 244                     | 72                      |
| More than 365 days | 76                      | 53                      |
|                    | <b>4,426</b>            | <b>2,640</b>            |

The company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes in to account historical credit loss experience and adjusted for forward - looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates are given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

| Ageing                      | Expected credit<br>loss% |
|-----------------------------|--------------------------|
| 0-180 days past due         | -                        |
| 181 - 365 days past due     | 50%                      |
| more than 365 days past due | 100%                     |

The ageing based provision matrix is not applied on the receivables relating to Distribution Business based on the historical credit loss experience with the customers of this business.

| Movement in expected credit loss allowance  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|
| Balance at beginning of the year  | 77                           | 73                           |
| Net movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 94                           | 4                            |
| Balance at end of the year  | <b>172</b>                   | <b>77</b>                    |

The Company has also has taken into account ,the estimates of possible effect from the pandemic relating to COVID -19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables is adequate.

## Notes forming part of the Financial Statements (Contd.)

### Note 11 : Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

|                         | (₹ in Lakhs)            |                         |
|-------------------------|-------------------------|-------------------------|
|                         | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| (a) Balances with banks |                         |                         |
| (i) In Current account  | 104                     | 164                     |
| (ii) In Deposit account | 1,273                   | 135                     |
| (b) Cash on hand        | 7                       | 18                      |
|                         | <b>1,384</b>            | <b>317</b>              |

### Note 12 : Other bank balances

|  | (₹ in Lakhs)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| (a) Balances with banks in earmarked accounts  |                         |                         |
| - In Unpaid Dividend account                   | 21                      | 12                      |
| - In deposits with maturity above three months | -                       | 500                     |
|  | <b>21</b>               | <b>512</b>              |

### Note 13 : Non Current tax asset

|                                      | (₹ in Lakhs)            |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| Advance tax & TDS (net of provision) | 247                     | 402                     |
| <b>Total</b>                         | <b>247</b>              | <b>402</b>              |



## Notes forming part of the Financial Statements (Contd.)

### Note 14 : Equity Share Capital

(₹ in Lakhs)

|  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>AUTHORISED :</b>  |                         |                         |
| Equity Shares:   |                         |                         |
| 2,50,00,000 Equity Shares of Rs.10 each (2019 - 2,50,00,000) | 2,500                   | 2,500                   |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>                  |                         |                         |
| 1,86,50,318 Equity Shares of Rs.10 each (2019 - 1,86,12,818) | 1,865                   | 1,861                   |
|  | <b>1,865</b>            | <b>1,861</b>            |

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

| Reconciliation  | 2019-20           |              | 2018-19           |              |
|---|-------------------|--------------|-------------------|--------------|
|   | No. of Shares     | ₹ Lakhs      | No. of Shares     | ₹ Lakhs      |
| <b>Equity Shares of ₹ 10 each fully paid up</b>           |                   |              |                   |              |
| At the beginning of the year                              | 18,612,818        | 1,861        | 18,612,818        | 1,861        |
| Allotment of shares on exercise of Employee Stock Option* | 37,500            | 4            | -                 | -            |
| At the end of the year                                    | <b>18,650,318</b> | <b>1,865</b> | <b>18,612,818</b> | <b>1,861</b> |

\* During the year, 37,500 options which were fully vested under ESOP scheme 2011 were exercised and allotted.

#### 14.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

| Name of the Share holder        | No of shares held as at |        |                |        |
|---------------------------------|-------------------------|--------|----------------|--------|
|                                 | March 31, 2020          |        | March 31, 2019 |        |
|                                 | Nos.                    | %      | Nos.           | %      |
| TVS Investments Private Limited | 11,160,093              | 59.84% | 11,160,093     | 59.96% |

#### 14.3 Terms attached to Equity Shares:

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Share options granted under the Company's employee share option plan carried no rights to dividends and no voting rights.

#### 14.4 Details of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Nil

## Notes forming part of the Financial Statements (Contd.)

### Note 15 : Other equity

(₹ in Lakhs)

|  | As at<br>March 31, 2020              | As at<br>March 31, 2019              |
|--|--------------------------------------|--------------------------------------|
| Capital reserve  | 61                                   | 61                                   |
| Security Premium   | 1,525                                | 1,492                                |
| General Reserve  | 405                                  | 405                                  |
| Share options outstanding reserve                                  | -                                    | 33                                   |
| Reserve for equity instruments through Other Comprehensive income  | 28                                   | (2)                                  |
| Actuarial movement through other comprehensive income (net of tax) | (88)                                 | (52)                                 |
| Retained Earnings  | 4,266                                | 4,900                                |
|  | <b>6,197</b>                         | <b>6,837</b>                         |
| <b>RESERVES AND SURPLUS:</b>                                       | <b>Year ended<br/>March 31, 2020</b> | <b>Year ended<br/>March 31, 2019</b> |
| <b>(a) Capital reserve</b>   | <b>61</b>                            | <b>61</b>                            |
| <b>(b) Securities Premium Account</b>                              |                                      |                                      |
| Opening balance  | 1,492                                | 1,492                                |
| Add :Addition during the year                                      | 33                                   | -                                    |
| <b>Closing balance</b>   | <b>1,525</b>                         | <b>1,492</b>                         |
| <b>(c) General Reserve</b>   |                                      |                                      |
| Opening balance  | 405                                  | 309                                  |
| Add :Addition during the year (Refer 'd' below)                    | -                                    | 96                                   |
| <b>Closing balance</b>   | <b>405</b>                           | <b>405</b>                           |
|  |                                      |                                      |
| <b>(d) Share Options Outstanding Reserve</b>                       |                                      |                                      |
| Opening balance  | 33                                   | 201                                  |
| Add :Addition during the year                                      |                                      |                                      |
| Less: Transferred to Securities Premium Account                    | (33)                                 |                                      |
| Less: Forfeited during the year (Refer note 26)                    | -                                    | (72)                                 |
| Less: Transferred to General Reserve*                              | -                                    | (96)                                 |
| <b>Closing balance</b>   | <b>-</b>                             | <b>33</b>                            |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss except to the extent permitted as per Companies Act, 2013 and rules made thereunder.

\* Represents fair market value of 1,12,500 vested options forfeited.

The above reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share based payments to employees is set out in note 38.



## Notes forming part of the Financial Statements (Contd.)

(₹ in Lakhs)

| <b>RESERVES AND SURPLUS:</b>   | <b>Year ended<br/>March 31, 2020</b> | <b>Year ended<br/>March 31, 2019</b> |
|--|--------------------------------------|--------------------------------------|
| <b>(e) Reserve for equity instruments through Other Comprehensive income</b>   |                                      |                                      |
| Opening Balance  | (2)                                  | (10)                                 |
| Additions/(Deletions)  | 30                                   | 8                                    |
| Closing  | <b>28</b>                            | <b>(2)</b>                           |
| <p>This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.</p> |                                      |                                      |
| <b>(f) Actuarial movement through Other Comprehensive Income</b>   |                                      |                                      |
| Opening Balance  | (52)                                 | (50)                                 |
| Additions/(Deletions)  | (36)                                 | (2)                                  |
| Closing  | <b>(88)</b>                          | <b>(52)</b>                          |
| <b>(g) Retained Earnings</b>   |                                      |                                      |
| Opening Balance  | 4,900                                | 4,493                                |
| Profit for the year  | 39                                   | 744                                  |
|  | <b>4,940</b>                         | <b>5,237</b>                         |
| Less : Appropriations  |                                      |                                      |
| Dividend on Equity Shares (including Dividend distribution tax)*   | 673                                  | 337                                  |
| Closing Balance  | <b>4,266</b>                         | <b>4,900</b>                         |

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. thus, the amounts reported above are not distributable in entirety.

\* Includes interim dividend of ₹ 1.50 per Equity share of face value of ₹ 10/- each declared by the Board of Directors at their meeting held on March 07, 2020.

### Note 16 : Provisions

(₹ in Lakhs)

|                                       | <b>Non-current</b>              |                                 | <b>Current</b>                  |                                 |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                       | <b>As at<br/>March 31, 2020</b> | <b>As at<br/>March 31, 2019</b> | <b>As at<br/>March 31, 2020</b> | <b>As at<br/>March 31, 2019</b> |
| a. Provision for compensated absences | 85                              | 72                              | 39                              | 34                              |
| b. Provision for Warranty             | 52                              | 145                             | 688                             | 594                             |
|                                       | <b>137</b>                      | <b>217</b>                      | <b>727</b>                      | <b>628</b>                      |



## Notes forming part of the Financial Statements (Contd.)

### Note 17 : Other liabilities

(₹ in Lakhs)

|   | Non-current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2020 | As at<br>March 31, 2019 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| a. Statutory remittances                  | -                       | -                       | 91                      | 298                     |
| b. Gratuity                               | -                       | -                       | 143                     | 55                      |
| c. Unexpired Annual Maintenance Contracts | 32                      | 46                      | 28                      | 34                      |
| d. Advance from customers                 | -                       | -                       | 125                     | 89                      |
|   | <b>32</b>               | <b>46</b>               | <b>387</b>              | <b>476</b>              |

### Note 18 : Short Term Borrowings

(₹ in Lakhs)

|                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| <b>Secured - at amortised cost</b> |                         |                         |
| a. Loan repayable on demand        |                         |                         |
| - from banks                       | 1,443                   | -                       |
|                                    | <b>1,443</b>            | <b>-</b>                |

a. Working Capital facilities from Banks are secured by hypothecation of raw materials, components, work in process, finished goods, book debts, stores and spares.

### Note 19 : Trade Payables

(₹ in Lakhs)

|  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Trade payables   |                         |                         |
| - Total outstanding dues of micro enterprises and small enterprises                      | 45                      | 191                     |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 5,023                   | 5,265                   |
| Employee related payables  | 244                     | 331                     |
| <b>Total Payable to other than micro enterprises and small enterprises</b>               | <b>5,267</b>            | <b>5,596</b>            |
|  | <b>5,312</b>            | <b>5,787</b>            |

Note:

a) Of this an amount of Rs.45 lakhs (2019 - ₹ 191 lakhs) was due to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management.

### Note 20 : Other financial liabilities

(₹ in Lakhs)

|   | Non-current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2020 | As at<br>March 31, 2019 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
| <b>At Amortised Cost</b>                                    |                         |                         |                         |                         |
| (a) Interest accrued but not due on borrowings & acceptance | -                       | -                       | -                       | -                       |
| (b) Unclaimed dividends                                     | -                       | -                       | 21                      | 12                      |
| (c) Security deposit  | -                       | -                       | 510                     | 464                     |
| <b>At Fair Value through profit or loss</b>                 |                         |                         |                         |                         |
| (i) MTM liability not designated through hedge relationship | -                       | -                       | -                       | 17                      |
|   | -                       | -                       | <b>531</b>              | <b>493</b>              |
| <b>Lease Liabilities</b>                                    | <b>598</b>              | -                       | <b>598</b>              | -                       |
| <b>Total</b>  | <b>598</b>              | -                       | <b>1,129</b>            | <b>493</b>              |



## Notes forming part of the Financial Statements (Contd.)

### Note 21 : Revenue from operations

(₹ in Lakhs)

|  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--|------------------------------|------------------------------|
| (a) Sale of Products                         | 15,459                       | 14,688                       |
| (b) Sale of Products - Distribution Business | 2,509                        | 252,881                      |
| (c) Sale of Services                         | 7,829                        | 7,528                        |
| (d) Sale of Services - Distribution Business | -                            | 468                          |
| (e) Other operating revenues                 | 75                           | 119                          |
|  | <b>25,872</b>                | <b>275,684</b>               |

Refer note 31 for disclosures as required by Ind AS 115 - "Revenue from contracts with customers"

### Note 22 : Other Income

(₹ in Lakhs)

|  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--|------------------------------|------------------------------|
| (a) Interest income earned on financial assets that are not designated at fair value through profit / loss |                              |                              |
| On bank deposits (at amortised cost)   | 18                           | 212                          |
| On security deposits   | 26                           | 12                           |
| On delayed receipts  | 22                           | -                            |
| On Income Tax refund   | 225                          | 33                           |
| - Profit on sale of Property, Plant and Equipment  | 3                            | 10                           |
| - profit on sale of investments  | 32                           | 1                            |
| - Net gain arising on financial assets measured at FVTPL   | 25                           | 43                           |
| - Net gain on foreign currency transaction and translation   | 56                           | 59                           |
| (b) Rental income on sub-lease   | 36                           | -                            |
| (c) Liabilities no longer required written back  | 69                           | 3                            |
| (d) Other non-operating income   | 21                           | -                            |
|  | <b>533</b>                   | <b>373</b>                   |

### Note 23 : Cost of material consumed

(₹ in Lakhs)

|   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|
| Opening stock of raw materials and components       | 1,484                        | 1,070                        |
| Add: Purchases                                      | 6,703                        | 7,154                        |
|   | 8,187                        | 8,224                        |
| Less: Closing stock of raw materials and components | 1,224                        | 1,484                        |
| <b>Consumption of raw material and components</b>   | <b>6,963</b>                 | <b>6,740</b>                 |

## Notes forming part of the Financial Statements (Contd.)

### Note 24 : Purchases of Stock-in-trade

(₹ in Lakhs)

|                             | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------|------------------------------|------------------------------|
| Purchases of Stock-in-trade | 5,616                        | 209,617                      |
| <b>Total</b>                | <b>5,616</b>                 | <b>209,617</b>               |

### Note 25 : Changes in Inventories of finished goods, work-in-progress and stock in trade

(₹ in Lakhs)

|   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|
| <b>Opening Stock:</b>                     |                              |                              |
| Finished goods                            | 385                          | 342                          |
| Stock-in-trade                            | 1,292                        | 47,109                       |
|   | 1,677                        | 47,451                       |
| <b>Closing Stock:</b>                     |                              |                              |
| Finished goods                            | 378                          | 385                          |
| Stock-in-trade                            | 1,465                        | 1,292                        |
|   | 1,843                        | 1,677                        |
| <b>(Increase) / Decrease in Inventory</b> | <b>(166)</b>                 | <b>45,774</b>                |

### Note 26 : Employee Benefit expense

(₹ in Lakhs)

|   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|
| (a) Salaries, Wages and Bonus                 | 3,210                        | 3,180                        |
| (b) Contribution to Provident and Other Funds | 300                          | 261                          |
| (c) Workmen and Staff Welfare Expenses        | 305                          | 241                          |
| (d) Share-based payments to employees*        | -                            | (72)                         |
| <b>Total</b>                                  | <b>3,815</b>                 | <b>3,610</b>                 |

\* Represents amount written back on forfeiture of options granted, but not vested under Employee Stock Option Plan.

### Note 27 : Finance Costs

(₹ in Lakhs)

|                           | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| (a) Interest              |                              |                              |
| On term loans             | -                            | -                            |
| On lease liabilities      | 144                          | -                            |
| On others                 | 92                           | 15                           |
| (b) Other borrowing costs | -                            | 26                           |
| <b>Total</b>              | <b>236</b>                   | <b>41</b>                    |

Other borrowing cost includes loan processing charges, guarantee charges, loan facilitation charges and other ancillary cost incurred in connection with borrowings.



## Notes forming part of the Financial Statements (Contd.)

### Note 28 : Depreciation and amortisation expense

(₹ in Lakhs)

|                                   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------------|------------------------------|------------------------------|
| Depreciation/amortisation on      |                              |                              |
| (a) Property, plant and equipment | 290                          | 337                          |
| (b) Right to use assets           | 705                          | -                            |
| (c) Intangible assets             | 45                           | 31                           |
| <b>Total</b>                      | <b>1,040</b>                 | <b>368</b>                   |

### Note 29 : Other expenses

(₹ in Lakhs)

|  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--|------------------------------|------------------------------|
| (a) Consumption of Stores, Spares and Consumables                  | 70                           | 99                           |
| (b) Power and Fuel   | 164                          | 151                          |
| (c) Rent   | 290                          | 984                          |
| (d) Repairs and Maintenance  |                              |                              |
| - Buildings  | 270                          | 284                          |
| - Plant and Machinery  | 36                           | 31                           |
| - Others   | 306                          | 233                          |
| (e) Insurance  | 107                          | 86                           |
| (f) Rates and Taxes  | 58                           | 9                            |
| (g) Auditors' Remuneration (refer note 32 (iii))                   | 26                           | 25                           |
| (h) Directors' Fees and Commission                                 | 18                           | 16                           |
| (i) Loss on Sale & discard of Assets                               | 38                           | 16                           |
| (j) Travelling & conveyance  | 670                          | 650                          |
| (k) Legal & consultancy  | 470                          | 435                          |
| (l) Outsource staffing services                                    | 2,860                        | 2,607                        |
| (m) Carriage outwards  | 366                          | 353                          |
| (n) Corporate Social Responsibility expense (refer note 32 (iv))   | 29                           | 27                           |
| (o) Provision for doubtful debts                                   | 94                           | 4                            |
| (p) Bad Debts / Advances written off                               | 17                           | 36                           |
| (q) Warranty expenses  | 881                          | 625                          |
| (r) Authorised service provider expense                            | 1,296                        | 845                          |
| (s) Provision for impairment in value of investments in subsidiary | -                            | -                            |
| (t) Miscellaneous expenses   | 487                          | 611                          |
| <b>Total</b>   | <b>8,553</b>                 | <b>8,127</b>                 |

## Notes forming part of the Financial Statements (Contd.)

### Note 30 : Earnings per Share:

(₹ in Lakhs)

| Particulars                           | For the Year ended<br>March 31, 2020 | For the Year ended<br>March 31, 2019 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Basic Earnings per share (Amt in ₹)   | 0.21                                 | 4.00                                 |
| Diluted Earnings per share (Amt in ₹) | 0.21                                 | 3.99                                 |

#### 30.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

(₹ in Lakhs)

| Particulars   | For the Year ended<br>March 31, 2020 | For the Year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Profit after Taxation (Rs.in Lakhs)   | 39                                   | 744                                  |
| <b>Earnings used in the calculation of basic earnings per share</b>             | <b>39</b>                            | <b>744</b>                           |
| Number of equity shares of Rs. 10 each outstanding at the beginning of the year | 18,612,818                           | 18,612,818                           |
| Add : Number of shares issued pursuant exercise of Employees Stock option       | 37,500                               | -                                    |
| Number of equity Shares of Rs. 10 each outstanding at the end of the year       | 18,650,318                           | 18,612,818                           |

#### 30.2 Diluted Earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

|  |            |            |
|--|------------|------------|
| <b>Earnings used in the calculation of basic earnings per share</b>  | <b>39</b>  | <b>744</b> |
| Adjustments  | -          | -          |
| <b>Earnings used in the calculation of diluted earnings per share</b>  | <b>39</b>  | <b>744</b> |
| The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows: |            |            |
| Weighted average number of equity shares used in the calculation of basic earnings per share   | 18,634,642 | 18,612,818 |
| Shares deemed to be issued for no consideration in respect of<br>- employee options  | -          | 33,656     |
| Weighted average number of equity shares used in the calculation of diluted earnings per share   | 18,634,642 | 18,646,474 |



## Notes forming part of the Financial Statements (Contd.)

(Amounts in INR lakhs unless otherwise stated)

### Note 31a : Revenue from contracts with customers

#### Disaggregation of revenue

The following table provides information about disaggregated revenue by geographical market, major service line, timing of revenue recognition and category of customer (in INR lakhs):

| Major product/service lines  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--|------------------------------|------------------------------|
| Sale of goods  | 17,968                       | 267,569                      |
| B2B Services (In-Warranty, E-auction & others)                                       | 6,403                        | 6,169                        |
| B2C Services (Out of warranty Services)  | 1,175                        | 1,005                        |
| Others   | 326                          | 941                          |
| <b>Total revenue from contracts with customers</b>                                   | <b>25,872</b>                | <b>275,684</b>               |
| Timing of revenue recognition  | Year ended March<br>31, 2020 | Year ended March<br>31, 2019 |
| Products & services transferred at point in time                                     | 25,796                       | 275,585                      |
| Services transferred over a period of time   | 76                           | 99                           |
| <b>Total revenue from contracts with customers</b>                                   | <b>25,872</b>                | <b>275,684</b>               |
| Category of customer   | Year ended March<br>31, 2020 | Year ended March<br>31, 2019 |
| Institutional - Govt / BFSI  | 4,821                        | 2,258                        |
| Retail - ADP, Channel & outlets - Sale of Products                                   | 13,169                       | 2,64,933                     |
| Others- Sale of Services (Including IT products related companies, Retail Customers) | 7,882                        | 8,493                        |
| <b>Total revenue from contracts with customers</b>                                   | <b>25,872</b>                | <b>275,684</b>               |

#### Transaction price allocated to the remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures with respect to:

- contracts where revenue is recognised at a point in time
- the performance obligation that is part of a contract that has an original expected duration of one year or less.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revaluations, adjustment for revenue that has not materialized and adjustments for currency.



## Notes forming part of the Financial Statements (Contd.)

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

(Amounts in INR lakhs unless otherwise stated)

| Particulars                              | As at March 31,<br>2020 | As at March 31,<br>2019 |
|--|-------------------------|-------------------------|
| Unamortised portion of service contracts | 59                      | 79                      |
| <b>Total</b>                             | <b>59</b>               | <b>79</b>               |

### Contract liability

Changes in Unearned income / deferred revenue and advance from customers are as follows:

| Particulars   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|
| Balance at the beginning of the year  | 79                           | 85                           |
| Additions<br>(on account of invoicing during the year or advance received from the customer during the year)                                      | 56                           | 93                           |
| Revenue recognized that was included in the unearned income / deferred revenue / advance received from customers balance at beginning of the year | (76)                         | (99)                         |
| Balance at the end of the year  | 59                           | 79                           |

### Reconciliation of revenue recognised with the contract price is as follows:

| Particulars  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--|------------------------------|------------------------------|
| Contract price (as reflected in the signed contract with customer) | 33,410                       | 295,564                      |
| <i>Reduction towards amounts payable to customer:</i>              |                              |                              |
| Amounts paid/payable to the brand                                  |                              |                              |
| <i>Reduction towards variable components:</i>                      |                              |                              |
| -Direct commission   | 106                          | 12,690                       |
| -Parts cost  | 7,432                        | 7,190                        |
| -Penalties   |                              |                              |
| Revenue recognized   | 25,872                       | 275,684                      |

The Company receives payments from customers based upon contractual billing schedules; accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets includes amounts related to our contractual right to consideration for completed performance objectives not yet invoiced and deferred contract acquisition costs, which are amortized along with the associated revenue. Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract. The Company had no asset impairment charges related to contract assets in the period.



## Notes forming part of the Financial Statements (Contd.)

(Amounts in INR lakhs unless otherwise stated)

### 31b. Movement of Provision for Product Warranty

| Particulars                          | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--------------------------------------|------------------------------|------------------------------|
| Balance at the beginning of the year | 739                          | 733                          |
| Provisions made during the year      | 881                          | 625                          |
| Claims Settled during the year       | (880)                        | (619)                        |
| Balance at the end of the year       | 740                          | 739                          |

### Recognised under Provision (Refer note 16)

| Particulars  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--------------|------------------------------|------------------------------|
| Non-current  | 52                           | 145                          |
| Current      | 688                          | 594                          |
| <b>Total</b> | <b>740</b>                   | <b>739</b>                   |

Provision represents estimate made for probable liabilities / claims relating to warranty. The outflow would depend on receipt of claims during the period.

### Note 31c.

#### A. Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

| Particulars                   | As at<br>March 31, 2020 |
|-------------------------------|-------------------------|
| Current lease liabilities     | 598                     |
| Non-current lease liabilities | 598                     |
| <b>Total</b>                  | <b>1,196</b>            |

#### B. Movement in Lease liabilities :

The following is the movement in lease liabilities during the year ended March 31, 2020:

| Particulars  | As at<br>March 31, 2020 |
|--|-------------------------|
| <b>Balance as on 1st April 2019</b>                                | -                       |
| Reclassified on account of adoption of IND AS 116 (refer note 2.1) | 2,008                   |
| Deletions  | (216)                   |
| Finance costs accrued during the period                            | 144                     |
| Payment of Lease liabilities                                       | (740)                   |
| <b>Balance as on 31st March 2020</b>                               | <b>1,196</b>            |

## Notes forming part of the Financial Statements (Contd.)

(Amounts in INR lakhs unless otherwise stated)

**C. The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:**

| Particulars          | As at<br>March 31, 2020 |
|----------------------|-------------------------|
| Less than one year   | 686                     |
| One to five years    | 661                     |
| More than five years | -                       |
| <b>Total</b>         | <b>1,347</b>            |

**D. The impact of changes in accounting policy on account of adoption of Ind AS 116 is as follows.**

| Particulars  | Amount |
|--|--------|
| Decrease in Property, Plant and equipment by             | -      |
| Increase in lease liability by                           | 1,196  |
| Increase in rights of use by                             | 1,167  |
| Increase/(Decrease) in other expenses (net of income) by | (745)  |
| Increase/(Decrease) in finance cost by                   | 144    |
| Increase/(Decrease) in depreciation by                   | 705    |

**E. Amounts recognized in profit or loss**

| Particulars   | 2019-20 |
|---|---------|
| Interest on lease liabilities   | 144     |
| Variable lease payments not included in the lease payment liabilities                             | -       |
| Income from sub-leasing right of use assets   | 36      |
| Expenses relating to short- term leases   | 199     |
| Expenses relating to leases of low- value assets,excluding short term leases of low value assets. | 91      |

**F. Amounts recognized in profit or loss**

| Particulars                    | 2019-20 |
|--------------------------------|---------|
| Total cash outflows for leases | 740     |

**G.** On transition, the adoption of the new standard resulted in recognition of 'Right of Use' assets and a lease liabilities of of ₹1,128 Lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.7%



## Notes forming part of the Financial Statements (Contd.)

### Note 32 : Other Disclosures

(₹ in Lakhs)

#### (i) Contingent liabilities

| Details   | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| (i) Claims against the company not acknowledged as debt |                |                |
| Income tax  | 46             | 62             |
| Excise duty   | -              | -              |
| Value added tax & CST                                   | 88             | 124            |
| Others  | 108            | 108            |

#### (ii) Capital commitments

| Details   | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| (i) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) | 45             | 2              |

#### (iii) Audit Fees

| Details                   | March 31, 2020 | March 31, 2019 |
|---------------------------|----------------|----------------|
| As statutory auditors     | 17             | 15             |
| Tax Audit                 | 2              | 2              |
| Other services            | 3              | 4              |
| Reimbursement of expenses | 4              | 4              |
| <b>Total</b>              | <b>26</b>      | <b>25</b>      |

#### (iv) Expenditure incurred on Corporate Social Responsibility activities:

| Details  | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| (a) Gross amount required to be spent by the Company during the year | 28             | 22             |
| (b) Amount spent during the year in cash                             | 29             | 27             |

## Notes forming part of the Financial Statements (Contd.)

### 33. Related Party Disclosure for the year ended March 31, 2020 (as required under Ind AS 24)

#### 33.1. Holding companies

T.V.Sundram Iyengar & Sons Private Limited (Ultimate Holding Company)

TVS Investments Private Limited (Holding Company of Reporting Entity)

#### 33.2 Subsidiary company

Benani Foods Private Limited (Till March 22, 2019)

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

Fellow Subsidiaries:

Sundaram-Clayton Limited

TVS Motor Company Limited

TVS Capital Funds Private Limited

Harita Techserv Private Limited

Brakes India Private Limited

Emerald Haven Reality Limited

Harita Fehrer Limited

Harita Seating System Limited

Sundaram Auto Components Limited

Sundaram Industries Private Limited

Sundaram Fastners Limited

TVS Credit Services Limited

TVS Logistics Services Limited

TVS Upasna Limited

Wheels India Limited

International Money Matters Pvt Ltd

WIL Car Wheels Limited

#### 33.4 Key Management Personnel (KMP)

Mr. Gopal Srinivasan (Chairman)

Mrs. Srilalitha Gopal (Managing Director) (from May 11, 2018)

#### 33.5 Transactions with related parties

|   | Rs. in Lakhs   |                |
|---|----------------|----------------|
|   | 2019-20<br>Amt | 2018-19<br>Amt |
| <b>Services availed</b>                       |                |                |
| a. Sundaram-Clayton Limited, Chennai          | 15             | 15             |
| b. TVS Investments Private Limited, Chennai   | 52             | 51             |
| c. TVS Capital Funds Private Limited, Chennai | 136            | 104            |



## Notes forming part of the Financial Statements (Contd.)

|   | Rs. in Lakhs   |                |
|---|----------------|----------------|
|   | 2019-20<br>Amt | 2018-19<br>Amt |
| <b>Investment made during the year</b>          |                |                |
| a. Benani Foods Private Limited                 | -              | 95             |
| <b>Earnest Money Deposit received</b>           |                |                |
| a. Brakes India Private Limited                 | -              | 145            |
| <b>Sale of Materials / Fixed Assets</b>         |                |                |
| a. TVS Motor Company Limited, Chennai           | 26             | 36             |
| b. Sundaram-Clayton Limited, Chennai            | -              | 21             |
| c. TVS Automobile Solutions Pvt Ltd             | -              | 2              |
| d. TVS Logistics Services Limited               | -              | 2              |
| <b>Services rendered</b>                        |                |                |
| a. Brakes India Private Limited                 | 9              | 8              |
| b. Emerald Haven Reality Limited                | 2              | 2              |
| c. TVS Motor Company Limited                    | 122            | 112            |
| d. Harita Fehrer Limited                        | 5              | 5              |
| e. Harita Seating Systems Limited               | 12             | 1              |
| f. TVS Capital Funds Private Limited            | 17             | 10             |
| g. Sundaram Auto Components Limited             | 8              | 7              |
| h. Sundaram Industries Private Limited          | 1              | 1              |
| i. Sundaram Fastners Limited                    | 18             | 26             |
| j. Sundaram-Clayton Limited                     | 91             | 118            |
| k. TVS Credit Services Limited                  | -              | 2              |
| l. TVS Logistics Services Limited               | 4              | 2              |
| m. TVS Upasana Limited                          | 3              | 3              |
| n. Wheels India Limited                         | 17             | 25             |
| o. International Money Matters Pvt Ltd          | 30             | 11             |
| p. WIL Car Wheels Limited                       | 8              | 10             |
| q. Harita Techserv Private Limited              | 9              | -              |
| r. TVS Investments Private Limited              | 1              | -              |
| <b>Remuneration to Key Management Personnel</b> |                |                |
| (1) Salary                                      | 133            | 80             |
| (2) Employee Stock Option Plan                  | -              | -              |



## Notes forming part of the Financial Statements (Contd.)

|  | (Rs. in Lakhs) |                |
|--|----------------|----------------|
|  | 2019-20<br>Amt | 2018-19<br>Amt |
| <b>Closing Balance</b>                         |                |                |
| <b>a) Trade Receivables</b>                    |                |                |
| a. Sundaram-Clayton Limited, Chennai           | 13             | 18             |
| b. TVS Motor Company Limited, Chennai          | 12             | 5              |
| c. TVS Capital Funds Private Limited, Chennai  | -              |                |
| d. Brakes India Private Limited                | 2              | 1              |
| e. Sundaram Fasteners Limited                  | 3              | 4              |
| f. TVS Credit Services Limited                 | 1              | 4              |
| g. Wheels India Limited                        | 3              | 2              |
| h. International Money Matters Private Limited | 39             | 21             |
| i. WIL Car Wheels Limited                      | 2              | 2              |
| j. Harita Techserv Private Limited             | 52             | -              |
| k. Other related parties                       | 2              | -              |
| <b>b) Indemnity Deposit</b>                    |                |                |
| a. TVS Investments Private Limited, Chennai    | 2,500          | 2,500          |
| <b>c) Trade Payables</b>                       |                |                |
| a. TVS Investments Private Limited, Chennai    | 11             | 7              |
| b. TVS Capital Funds Private Limited, Chennai  | 25             | 18             |
| c. Sundaram-Clayton Limited, Chennai           | 4              | 4              |
| d. Harita Techserv Private Limited, Chennai    | 3              | -              |

## Notes forming part of the Financial Statements (Contd.)

### Note 34 : Income taxes relating to continuing operations

(Rs. in Lakhs)

|   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---|------------------------------|------------------------------|
| 34.1 Income tax recognised in profit or loss  |                              |                              |
| <b>Current tax</b>  |                              |                              |
| In respect of current year  | 136                          | 690                          |
| In respect of prior years   | -                            | 2                            |
| <b>Deferred tax</b>   |                              |                              |
| In respect of current year  | (177)                        | (14)                         |
| <b>Total income tax gain recognised in the current year relating to continuing operations</b> | <b>(41)</b>                  | <b>678</b>                   |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars  | 2019-20<br>₹ Lakhs | 2018-19<br>₹ Lakhs |
|--|--------------------|--------------------|
| <b>(Loss) / Profit before tax from continuing operations</b>                               | (2)                | 1,422              |
| Income tax expense calculated at 25.17% (2018-19 - 34.944%)                                | (0)                | 497                |
| Effect of income that is exempt from taxation  | -                  | -                  |
| Effect of expenses that are not deductible in determining taxable profit                   | 47                 | 159                |
| Effect of other temporary differences now recognised as DTA, net                           | (177)              | (13)               |
|  | (131)              | 643                |
| Adjustments recognised in current year relating to current tax of previous years           | -                  | 35                 |
| <b>Income tax expense recognised in profit or loss (relating to continuing operations)</b> | <b>(41)</b>        | <b>678</b>         |

The tax rate used for the 2019-20 and 2018-19 reconciliations above is the corporate tax rate of 25.17% and 34.944% respectively, payable by corporate entities in India on taxable profits under the Indian tax law.

The company has chosen to exercise the option of lower tax rate at 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019.

### 34.2 Income tax recognised in other comprehensive income

| Particulars  | 2019-20<br>₹ Lakhs | 2018-19<br>₹ Lakhs |
|--|--------------------|--------------------|
| <b>Deferred tax</b>  |                    |                    |
| Arising on income and expenses recognised in other comprehensive income: |                    |                    |
| Net fair value gain on investments in equity shares at FVTOCI            | 9                  | 3                  |
| Remeasurement of defined benefit obligation                              | -                  | (2)                |
| <b>Total income tax recognised in other comprehensive income</b>         | <b>9</b>           | <b>1</b>           |

## Notes forming part of the Financial Statements (Contd.)

### 35. Financial Instruments

#### 35.1 Capital management

The Company's capital management is intended to maximise the return to shareholders for meeting the long-term and short-term goals of the Company through the optimization of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through equity and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves attributable to the equity shareholders of the Company. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

| Particulars                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------|-------------------------|-------------------------|
| Debt *                          | 1,443                   | -                       |
| Cash and cash equivalents       | 1,384                   | 317                     |
| Net debt                        | 59                      | -                       |
| Equity**                        | 8,062                   | 8,698                   |
| Total capital (Net Debt+Equity) | 8,121                   | 8,698                   |
| Net debt to equity ratio        | 0.01                    | 0.00                    |

\*Debt is defined as long-term and short-term borrowings (excluding derivatives).

\*\* Equity includes all capital and reserved of the company that are managed as capital.

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>35.2 Categories of financial instruments</b>                           |                         |                         |
| <b>Financial assets</b>   |                         |                         |
| <b>Measured at fair value through profit or loss (FVTPL)</b>              |                         |                         |
| (a) Mandatorily measured:   |                         |                         |
| (i) Other investments   | 19                      | 1,506                   |
| <b>Measured at amortised cost</b>   |                         |                         |
| (a) Cash and bank balances  | 1,405                   | 829                     |
| (b) Other financial assets  | 5,252                   | 3,857                   |
| <b>Measured at FVTOCI</b>   |                         |                         |
| (a) Investments in equity instruments designated upon initial recognition | 96                      | 57                      |
| <b>Measured at fair value through profit or loss (FVTPL)</b>              |                         |                         |
| (a) Derivatives not designated in hedge accounting relationships          | 24                      | -                       |
| <b>Financial liabilities</b>  |                         |                         |
| <b>Measured at fair value through profit or loss (FVTPL)</b>              |                         |                         |
| (a) Derivatives not designated in hedge accounting relationships          | -                       | 17                      |
| <b>Measured at amortised cost</b>   |                         |                         |
| (a) Other financial liabilities   | 8,482                   | 6,263                   |

## Notes forming part of the Financial Statements (Contd.)

### 35.3 Financial risk management objectives

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts to hedge risk exposures and appropriate risk management policies as detailed below. The use of these financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk. The Company does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

### 35.4 Market Risk

The Company's financial instruments are exposed to market rate changes. The Company is exposed to the following significant market risks:

- Foreign currency risk
- Interest rate risk
- Other price risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

### 35.5 Foreign Currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the company's foreign currency denominated monetary liabilities at the end of the reporting period.

| Currency | Liabilities as at (Amount in Lakhs) |                |
|----------|-------------------------------------|----------------|
|          | March 31, 2020                      | March 31, 2019 |
| USD      | 6                                   | 5              |
| EURO     | -                                   | 2              |

#### Foreign currency forward contracts outstanding as at Balance Sheet date:

| Currency | Liabilities as at (Amount in Lakhs) |                |
|----------|-------------------------------------|----------------|
|          | March 31, 2020                      | March 31, 2019 |
| USD      | 8                                   | 12             |

#### 35.5.1 Foreign Currency sensitivity analysis

The following table details the company's sensitivity to a 10% increase and decrease in the Rs. against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Rs. strengthens 10% against the relevant currency. For a 10% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity.

| Particulars    | USD - INR impact |                | EUR - INR impact |                | JPY - INR impact |                |
|----------------|------------------|----------------|------------------|----------------|------------------|----------------|
|                | March 31, 2020   | March 31, 2019 | March 31, 2020   | March 31, 2019 | March 31, 2020   | March 31, 2019 |
| Profit or loss | 43               | 33             | -                | 12             | -                | -              |

## Notes forming part of the Financial Statements (Contd.)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### 35.6 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a mixed portfolio of fixed and variable rate loans and borrowings.

#### 35.6.1 Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

| Particulars                     | For the year ended<br>31st March 2020 | For the year ended<br>31st March 2019 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Impact on profit & loss account | -                                     | -                                     |

### 35.7 Other price risks

The company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic purposes. The company doesn't actively trade these investments.

#### 35.7.1 Equity Price Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 100 points higher/lower ;

| Particulars   | For the year ended<br>31st March 2020 | For the year ended<br>31st March 2019 |
|---------------|---------------------------------------|---------------------------------------|
| Impact on OCI | 0.9                                   | 0.6                                   |

### 35.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company uses other publicly available financial information and its own trading records to review its major customers. The company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

### 35.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

## Notes forming part of the Financial Statements (Contd.)

### 35.9.1 Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020

| Particulars                 | Less than 1 year | 1-3 year | 3 - 5 year | 5+years | Total contractual cash flows | Carrying amount |
|-----------------------------|------------------|----------|------------|---------|------------------------------|-----------------|
| Trade payables              | 5,312            |          |            |         | 5,312                        | 5,312           |
| Borrowings                  | 1,443            |          |            |         | 1,443                        | 1,443           |
| Other financial liabilities | 1,744            | 598      |            |         | 2,342                        | 531             |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019

| Particulars                 | Less than 1 year | 1-3 year | 3 - 5 year | 5+years | Total contractual cash flows | Carrying amount |
|-----------------------------|------------------|----------|------------|---------|------------------------------|-----------------|
| Trade payables              | 5,787            |          |            |         | 5,787                        | 5,787           |
| Borrowings                  | -                |          |            |         | 0                            | -               |
| Other financial liabilities | 1,294            |          |            |         | 1,294                        | 493             |

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

### 35.10 Fair value measurements

35.10.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique (s) and inputs used).

| Particulars  | Fair value hierarchy | As at March 31, 2020 |                                   |                        | As at March 31, 2019 |                                   |                        |
|--|----------------------|----------------------|-----------------------------------|------------------------|----------------------|-----------------------------------|------------------------|
|  |                      | Amortised cost       | Fair Value through profit or loss | Fair Value through OCI | Amortised cost       | Fair Value through profit or loss | Fair Value through OCI |
| <b>Financial assets</b>                              |                      |                      |                                   |                        |                      |                                   |                        |
| Financial assets at amortised cost:                  |                      |                      |                                   |                        |                      |                                   |                        |
| - Trade receivables                                  | Level 2              | 4,254                | -                                 | -                      | 2,563                | -                                 | -                      |
| - Cash and cash equivalents                          | Level 2              | 1,384                | -                                 | -                      | 317                  | -                                 | -                      |
| - Bank balances other than cash and cash equivalents | Level 2              | 21                   | -                                 | -                      | 512                  | -                                 | -                      |
| - Investments in Mutual funds                        | Level 1              | -                    | 19                                | -                      | -                    | 1,506                             | -                      |
| - Investments in equity instruments                  | Level 3              | -                    | -                                 | 96                     | -                    | -                                 | 57                     |
| - Other financial assets                             | Level 2              | 997                  | 24                                | -                      | 1,294                | -                                 | -                      |



## Notes forming part of the Financial Statements (Contd.)

| Particulars                              | Fair value hierarchy | As at March 31, 2020 |                                   |                        | As at March 31, 2019 |                                   |                        |
|--|----------------------|----------------------|-----------------------------------|------------------------|----------------------|-----------------------------------|------------------------|
|  |                      | Amortised cost       | Fair Value through profit or loss | Fair Value through OCI | Amortised cost       | Fair Value through profit or loss | Fair Value through OCI |
| <b>Financial liabilities</b>             |                      |                      |                                   |                        |                      |                                   |                        |
| Financial liabilities at amortised cost: |                      |                      |                                   |                        |                      |                                   |                        |
| Borrowings                               | Level 2              | 1,443                | -                                 | -                      | -                    | -                                 | -                      |
| Trade payables                           | Level 2              | 5,312                | -                                 | -                      | 5,787                | -                                 | -                      |
| Other financial liabilities              | Level 2              | 1,727                | -                                 | -                      | 476                  | 17                                | -                      |

The Management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

### Note 36 : Segment revenues, results and other information

(₹ in Lakhs)

| Particulars   | March 31, 2020        |                            |                                     |               | March 31, 2019                    |                                      |                |
|---|-----------------------|----------------------------|-------------------------------------|---------------|-----------------------------------|--------------------------------------|----------------|
|   | Products & Solutions* | Customer Support Services* | Fulfillment & Distribution Services | Total         | IT Products & Technical Services* | Fulfillment & Distribution Services# | Total          |
| <b>Revenue from Operations</b>  |                       |                            |                                     |               |                                   |                                      |                |
| External Sales  | 15,065                | 8,298                      | 2,509                               | 25,872        | 22,335                            | 253,349                              | 275,684        |
| Less: Inter Segment Sales - Elimination                                     | -                     | -                          | -                                   | -             | -                                 | -                                    | -              |
| <b>Net Revenue</b>  | <b>15,065</b>         |                            | <b>2,509</b>                        | <b>25,872</b> | <b>22,335</b>                     | <b>253,349</b>                       | <b>275,684</b> |
| Segmentwise results before interest and tax and Exceptional items           | 1,005                 | (1,337)                    | 33                                  | (299)         | 983                               | 620                                  | 1,603          |
| Add: Interest Income  | -                     | -                          | -                                   | 270           | -                                 | -                                    | 212            |
| Add: Other unallocable Income   | -                     | -                          | -                                   | 263           | -                                 | -                                    | 161            |
| Less: Finance Costs   | -                     | -                          | -                                   | (236)         | -                                 | -                                    | (41)           |
| Less: other unallocable expense   | -                     | -                          | -                                   | -             | -                                 | -                                    | (156)          |
| Profit before tax from ordinary activities before tax and exceptional items | -                     | -                          | -                                   | (2)           | -                                 | -                                    | 1,780          |
| Add / (less): Exceptional items   | -                     | -                          | -                                   | (350)         | -                                 | -                                    | (358)          |
| Profit from ordinary activities before tax and after exceptional items      |                       |                            |                                     | (352)         |                                   |                                      | 1,422          |
| Less: Tax expense   |                       |                            |                                     | 41            |                                   |                                      | (678)          |
| Profit After Tax  |                       |                            |                                     | (311)         |                                   |                                      | 744            |
| Segment Assets  | 8,537                 | 6,976                      | 549                                 | 16,062        | 13,749                            | 441                                  | 14,190         |
| Unallocated segment assets  |                       |                            |                                     | 1,767         |                                   |                                      | 2,282          |
| Total Assets  |                       |                            |                                     | 17,829        |                                   |                                      | 16,472         |
| Segment Liabilities   | 4,634                 | 3,281                      | 407                                 | 8,322         | 6,555                             | 1,092                                | 7,647          |
| Unallocated segment liabilities   |                       |                            |                                     | 1,445         |                                   |                                      | 127            |
| Total Liabilities   |                       |                            |                                     | 9,767         |                                   |                                      | 7,774          |
| Capital Expenditure   | 19                    | 213                        | 32                                  | 274           | 593                               | 69                                   | 662            |
| Segment depreciation/amortisation (other than Right to use)                 | 149                   | 185                        | -                                   | 334           | 367                               | 1                                    | 368            |
| Non-cash expenses / (income) other than depreciation / amortisation         | -                     | -                          | -                                   | -             | (72)                              | -                                    | (72)           |

\* With effect from April 01, 2019, company has segregated the segment "IT Products & Technical Services" into two separate segments viz, (i) "Products & Solutions" (ii) "Customer Support Services" based on the current focus in review of operations by the Chief Operating Decision Maker (CODM). Accordingly, the Company has the following business segments as per Ind AS 108: (i) Products & Solutions; (ii) Customer Support Services (iii) Fulfillment & Distribution Services;

# 'The 'Distribution Services' segment has been renamed as 'Fulfillment & Distribution Services' to reflect more accurately the business opportunities.

## Notes forming part of the Financial Statements (Contd.)

### Note 37 : Employee benefit plans

#### A. Description of plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund, Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature.

Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits. The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method at the year end. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

#### B. Defined benefit plans :

##### Gratuity -

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2020 by Mr. Venkatakrishna Narayana, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate risk :** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment Risk :** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk :** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

| Particulars  | Gratuity (Funded) |            |
|--|-------------------|------------|
|  | 2019-20           | 2018-19    |
|  | Rs. Lakhs         | Rs. Lakhs  |
| <b>Present Value of obligations at the beginning of the year</b>         | <b>329</b>        | 292        |
| Current service cost   | 48                | 43         |
| Interest Cost  | 21                | 21         |
| Acquisition / Divestiture / Adjustments                                  | -                 | -          |
| Re-measurement (gains)/losses:   |                   |            |
| - Actuarial gains and losses arising from change in financial assumption | 37                | 2          |
| - Actuarial gains and losses arising from experience adjustment          | -                 | -          |
| Benefits paid  | (51)              | (29)       |
| <b>Present Value of obligations at the end of the year</b>               | <b>384</b>        | <b>329</b> |

## Notes forming part of the Financial Statements (Contd.)

| Particulars  | Gratuity (Funded)           |                      |
|--|-----------------------------|----------------------|
|  | 2019-20                     | 2018-19              |
|  | Rs. Lakhs                   | Rs. Lakhs            |
| <b>Changes in the fair value of planned assets</b>                                 |                             |                      |
| <b>Fair value of plan assets at beginning of year</b>                              | <b>274</b>                  | 245                  |
| Interest Income  | 17                          | 18                   |
| Return on plan assets  | 1                           | (1)                  |
| Acquisition / Divestiture / Adjustments  | -                           | -                    |
| Other charges  | (3)                         | (3)                  |
| Contributions from the employer  | -                           | 44                   |
| Benefits Paid  | (48)                        | (29)                 |
| <b>Fair Value of plan assets at the end of the year</b>                            | <b>241</b>                  | <b>274</b>           |
| <b>Amounts recognized in the Balance Sheet</b>                                     |                             |                      |
| Projected benefit obligation at the end of the year                                | 384                         | 329                  |
| Fair value of plan assets at end of the year                                       | 241                         | 274                  |
| <b>Funded status of the plans – Liability recognised in the balance sheet</b>      | <b>143</b>                  | <b>55</b>            |
| <b>Components of defined benefit cost recognised in profit or loss</b>             |                             |                      |
| Current service cost   | 48                          | 43                   |
| Net Interest Expense   | 4                           | 2                    |
| <b>Net Cost in Profit or Loss</b>  | <b>52</b>                   | <b>45</b>            |
| <b>Components of defined benefit cost recognised in Other Comprehensive income</b> |                             |                      |
| Remeasurement on the net defined benefit liability:                                |                             |                      |
| - Actuarial gains and losses arising from change in financial assumption           | 37                          | 2                    |
| - Actuarial gains and losses arising from experience adjustment                    | -                           | -                    |
| Return on plan assets  | (1)                         | 1                    |
| <b>Net Cost in Other Comprehensive Income</b>                                      | <b>36</b>                   | <b>3</b>             |
|  | <b>March 31,2020</b>        | <b>March 31,2019</b> |
| <b>Assumptions</b>   |                             |                      |
| Discount rate  | 5.50% to 6.20%              | 7.10%                |
| Expected rate of salary increases  | 7.00% to 7.50%              | 7.50%                |
| Expected rate of attrition   | 18.00% to 34.00%            | 18.00% to 34.00%     |
| Average age of members   | 35.28                       | 34.28                |
| Average remaining working life (Against Retirement age of 58)                      | 22.72                       | 23.72                |
| Mortality  | (IALM (2012-2014) Ultimate) |                      |

The Company has invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The

## Notes forming part of the Financial Statements (Contd.)

expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars        | March 31, 2020 | March 31, 2019 |
|--------------------|----------------|----------------|
| Discount rate      |                |                |
| - 1% increase      | 13             | 10             |
| - 1% decrease      | (12)           | (10)           |
| Salary growth rate |                |                |
| - 1% increase      | (9)            | (7)            |
| - 1% decrease      | 9              | 8              |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

### D. Long Term Compesated Absence

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows:

| Particulars                       | March 31, 2020   | March 31, 2019   |
|-----------------------------------|------------------|------------------|
| Discount rate                     | 5.50% to 6.20%   | 7.10%            |
| Attrition Rate                    | 18.00% to 34.00% | 18.00% to 34.00% |
| Expected rate of salary increases | 7.00% to 7.50%   | 7.50%            |

## Notes forming part of the Financial Statements (Contd.)

### Note 38 : Share based payments

38. 1 Employee share option plan of the Company

38.1.1 Details of the employee share option plans of the Company

"Refer note 1 (14) for accounting policy on share-based payment.

The shareholders of the company had approved Employee Stock Option scheme 2011, at previous annual general meetings which will be administered by the Nomination and Remuneration committee of the Board of Directors."

Each employee share option converts into one equity share of the Company on exercise. No amount in excess of face value of the share are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangement were in existence during the current year:

| S. No. | Description                | Date of grant | Number of Options granted | Expiry date | Fair value on the date of grant as per Binomial option pricing model | Exercise price |
|--------|----------------------------|---------------|---------------------------|-------------|--|----------------|
| 1      | Details of options granted | 14.10.2015    | 150,000                   | 31.03.2023  | 97.56  | 10.00          |
|        | <b>Total</b>               |               | <b>150,000</b>            |             |  |                |

38.1.2 The following assumptions were used for calculation of fair valuation of grants in accordance with Binomial model:

| Particulars             | Vest I    |
|-------------------------|-----------|
| Grant date share price  | 14-Oct-15 |
| Exercise price (in ₹)   | 10.00     |
| Expected volatility     | 58.1%     |
| Expected life (years)   | 7.0       |
| Dividend yield          | 0.00      |
| Risk free interest rate | 7.7%      |

The risk free interest rate are determined based on zero coupon sovereign bond yield with maturity equal to expected life of the option. Volatility calculation is based on historical stock price using the standard deviation daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been arrived based on the historical trend of dividend declaration by the company as on valuation date.



## Notes forming part of the Financial Statements (Contd.)

### 38.1.3 Movements in share options during the year :

|   |  |                                | Options<br>(Numbers)<br>2019-20 | Weighted<br>Average<br>exercise<br>price per<br>option (₹) | Options<br>(Numbers)<br>2018-19 | Weighted<br>Average<br>exercise price<br>per option (₹) |
|---|--|--------------------------------|---------------------------------|--|---------------------------------|---|
| a | Balance at the beginning of the year       | Options vested and exercisable | 37,500                          | 10.00  | 150,000                         | 10.00   |
|   |  | Options unvested               | -                               | -  | 150,000                         | 10.00   |
|   |  | Total                          | 37,500                          | 10.00  | 300,000                         | 10.00   |
| b | Options granted during the year            |                                | -                               | -  | -                               | -   |
| c | Options vested during the year             |                                | -                               | -  | -                               | -   |
| d | Options exercised during the year          |                                | 37,500                          | 10.00  | -                               | -   |
| e | Options lapsed/cancelled during the year   |                                | -                               | -  | 262,500                         | 10.00   |
| f | Options outstanding at the end of the year | Options vested and exercisable | -                               | -  | 37,500                          | 10.00   |
|   |  | Options unvested               | -                               | -  | -                               | -   |
|   |  | <b>Total (a+b-d-e)</b>         | <b>-</b>                        | <b>-</b>   | <b>37,500</b>                   | <b>10.00</b>  |

Weighted Average remaining contractual life for option outstanding as at March 31, 2020 was nil (March 31, 2019: nil).

38.1.4. Share options exercised during the year: 37,500 shares (2019 - Nil).

**Note 39 :** The Company has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of Trade receivable, Inventories, other financial assets, other current assets and intangible assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance sheet date in relation to the recoverable amounts of these assets, the Company has considered the economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. Based on current estimates the Company expects the carrying amount of these assets to be recovered. The impact of Covid 19 on the Company's financial results may differ from that estimated as at date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

### Note 40 : Approval of financial statements

The financial statements were approved for issue by the Board of Directors on June 06, 2020.

#### For and on behalf of the Board of Directors

**GOPAL SRINIVASAN**  
(DIN : 00177699)  
Chairman

**SRILALITHA GOPAL**  
(DIN : 02329790)  
Managing Director

**A KULANDAI VADIVELU**  
Chief Financial Officer

Place: Chennai  
Date: June 06, 2020

**SANTOSH KRISHNADASS**  
Company Secretary

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner





**TVS ELECTRONICS LIMITED**

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