

INNOVATING FOR INDIA

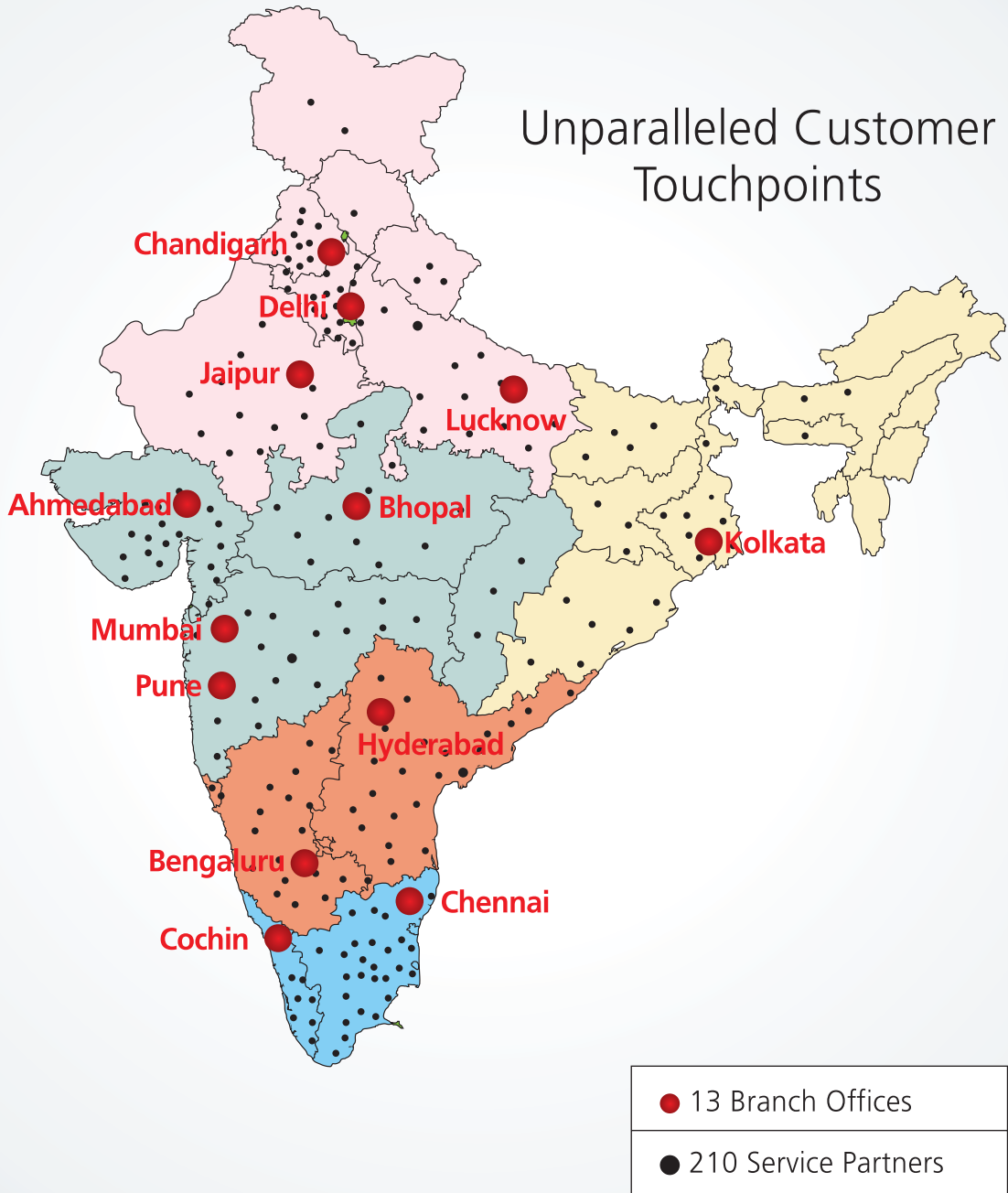


Partnering for Stakeholder Delight



19th
ANNUAL REPORT
2013 - 2014

Unparalleled Customer Touchpoints



Board of Directors

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

Committees of the Board

Audit Committee

Praveen Chakravarty	Chairman
D Sundaram	
R Ramaraj	

Stakeholders' Relationship Committee

R Ramaraj	Chairman
D Sundaram	
Praveen Chakravarty	

Nomination and Remuneration Committee

R Ramaraj	Chairman
Praveen Chakravarty	
Gopal Srinivasan	
D Sundaram	

Company Secretary & Compliance Officer

S Nagalakshmi

Auditors

Sundaram & Srinivasan
Chartered Accountants, Chennai - 600 018

Bankers

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

Website

www.tvs-e.in

Investor E-mail ID

Investorservices@tvs-e.in

Corporate Identity Number

L30007TN1995PLC032941

Registered Office

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

Administrative Office

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

Plants

Uttarkhand - Plant I & II

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

Oragadam

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

Share Transfer Agents

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

Shares Listed at

BSE Limited
National Stock Exchange of India Limited

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Financial Highlights - Ten Years at a glance

₹ in Lakhs

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

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

RONW is Profit after Tax divided by Networth.

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

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

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

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

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

^{\$} The financial results for the year 2011-12 include the effects of "Customer Support Service" business acquired from TVS-E Servicetec Limited, Chennai effective from 1st October, 2011.

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

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

Notice to the Shareholders

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

ORDINARY BUSINESS

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

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

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

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

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

By Order of the Board

Chennai
8th May, 2014

S. Nagalakshmi
Company Secretary

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

Notice to the Shareholders (Contd.)

NOTES

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members as the case may be of the Company.**
2. **A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company.**
3. **A member holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy provided that such person shall not act as a Proxy for any other member.**
4. **The instrument appointing the Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.**
5. The statement pursuant to Section 102 of the Companies Act, 2013, setting out, of material facts concerning each item of special business specified above is annexed hereto.
6. The Register of Members and the share transfer register of the Company will remain closed from Monday, 1st September, 2014 to Thursday, 4th September 2014, both days inclusive.
7. In terms of Section 205A of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.

A separate reminder was also sent to those members having unclaimed dividends lying with the Company. Members who have not encashed their dividend warrants are advised to write to the Company immediately claiming dividends declared by the Company.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies)

Rules, 2012, the Company will upload the details of unpaid and unclaimed amounts every year on the Company's website and also in the website of the Ministry of Corporate Affairs.

8. Members holding shares in physical form, in their own interest, are requested to dematerialise the shares to avail the benefits of electronic holding as well as trading.
9. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company together with the attendance slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participants. For members who have not registered their email address with the Company/ Depository Participants, physical copies of the above documents are being sent in the permitted mode.
10. Members holding shares in physical form are requested to notify immediately any change in their address / E-mail address to the Company / its Share Transfer Agents. Members holding shares in electronic form are requested to advise change of address / E-mail address to their Depository Participants.
11. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.
12. Members who have received the Annual Report in electronic mode and who intend to attend the meeting in person or through proxy are requested to bring a printed copy of the attendance slip to the meeting hall.
13. Members / Proxies attending the meeting should submit the duly signed attendance slip at the entrance of the Hall to attend the meeting.
14. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
15. Members may note that the Notice of the Annual General Meeting and the Annual Report will be available on the Company's website www.tvs-e.in. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal working hours on working days. Members are also entitled to receive the physical copy upon making a specific request.
16. As per the provisions of Companies Act, 2013, nomination facility is available for members. The nomination forms

Notice to the Shareholders (Contd.)

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

17. E-voting facility:

- (a) In compliance with Clause 35B of Listing Agreement and the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company offers voting by electronic means through e-voting services provided by National Securities Depository Limited (NSDL).
- (b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose, viz., 24th July, 2014.
- (c) The Company has appointed Mr. K Sriram, Partner, M/s. S. Krishnamurthy & Co., Practicing Company Secretaries, Chennai as scrutinizer for conducting the e-voting and the physical ballot process in a fair and transparent manner.
- (d) **The instructions for e-voting are as under :**

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

- i. Open e-mail and then Open PDF file viz., **"TVS Electronics Limited – 19th AGM e-voting.pdf"** with the Client ID or Folio number as password. The PDF file contains the User ID and Password for e-voting. Please note that the password is an initial password which requires to be changed when the password change menu appears.
- ii. Open your web browser during the voting period and log on to the e-voting website www.evoting.nsdl.com
- iii. Click on Shareholder - Login
- iv. Enter User ID and Password as initial password noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Please note the new password. It is strongly recommended not to share the

password with any other person and take utmost care to keep the password confidential.

- vi. Home page of e-voting opens. Go to "e-voting" icon and select "Active E-Voting Cycles".
- vii. Select "EVEN" of TVS Electronics Limited
- viii. Cast your vote and select "Submit" and "Confirm" when prompted.
- ix. Upon confirmation, the message "Vote cast successfully" will be displayed.
- x. Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
- xi. Institutions members (i.e other than individuals, HUF, NRI, etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with the attested specimen signature of the duly authorised signatory(ies), who are authorized to vote, to the Scrutinizer through email:sriram.krishnamurthy@rediffmail.com with a copy marked to evoting@nsdl.com and kr.raman@scl.co.in.
- (e) In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com or contact NSDL at 022-24994600.
- (f) If members are already registered with NSDL for e-voting, then they can use their existing user ID and password for casting the vote.
- (g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (h) **The e-voting period commences on 29th August 2014 (9.00 am) and ends on 31st August 2014 (6.00 pm).** During this period, members holding shares as on 24th July 2014, may cast their votes electronically. Thereafter, the e-voting facility will be disabled for voting by NSDL. Once a vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.
- (i) The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting

Notice to the Shareholders (Contd.)

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

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

II. Facility for members not having access to electronic voting

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

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

I. Mrs. Srilalitha Gopal

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

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

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

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

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

II. Mr. Praveen Chakravarty

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

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

Notice to the Shareholders (Contd.)

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

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

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

III. Mr. Kenneth Tai

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

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

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

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

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

IV. Mr. K E Ranganathan

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

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

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

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

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

By Order of the Board

Chennai
8th May, 2014

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

S. Nagalakshmi
Company Secretary

Notice to the Shareholders (Contd.)

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

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

Items 4 & 5

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

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

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

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

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

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

Item 6

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

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

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

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

Item 7

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

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

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

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

By Order of the Board

Chennai
8th May, 2014

S. Nagalakshmi
Company Secretary

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