

TREND ELECTRONICS LIMITED



ANNUAL REPORT 2013

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vivek D. Dharm
Mr. Bhopinder J. Chopra
Mr. Subhash S. Nabar

AUDITORS

KHANDELWAL JAIN & CO.

Chartered Accountants
12- B, Baldota Bhavan,
117, Maharshi Karve Road,
Opp. Churchgate Railway Station,
Mumbai – 400 020

KADAM & CO.

Chartered Accountants
“Vedant”, 8/9 Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar – 414 003

COMPANY SECRETARY

Mr. Kaustubha A. Sahasrabudhe

REGISTERED OFFICE AND MANUFACTURING FACILITY

20 K. M. Stone,
Aurangabad- Beed Road,
Village: Bhalgaon
Aurangabad- 431 210
(Maharashtra)

BANKERS

Canara Bank
Central Bank of India
Indian Bank
ING Vysya Bank Limited
Punjab National Bank
State Bank of Hyderabad

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NOTICE

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting of the Members of **TREND ELECTRONICS LIMITED** (the "Company") will be held on Monday, 30th June, 2014, at the Registered Office of the Company at 20 K.M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra) at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended on 31st December, 2013 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Auditors, fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai (Firm Registration No.105049W) and M/s. Kadam & Co., Chartered Accountants, Ahmednagar (Firm Registration No. 104524W), be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting i.e. the 24th Annual General Meeting until the conclusion of the 27th Annual General Meeting (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and such other provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Vivek D. Dharm (DIN: 00214361), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Vivek D. Dharm as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto a term of five consecutive years from the date of this appointment, not liable to retire by rotation."

**By order of the Board of Directors of
TREND ELECTRONICS LIMITED**

**KAUSTUBHA A. SAHASRABUDHE
COMPANY SECRETARY**

Place : Mumbai

Date : 15th May, 2014

Registered Office:

20 K.M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

CIN: L99999MH1989PLC052233

E-mail id: secretarial_trend@videoconmail.com

Website: www.trendelectronics.in

Tel No.: +91-240-2644507/9/10/12/16

Fax No.: +91-240-2644506

NOTES:

1. **IN TERMS OF THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013, READ WITH RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE**

COMMENCEMENT OF THE MEETING. A PERSON CAN BE A PROXY FOR MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN AN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PERCENT, OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A PROXY FORM FOR THE MEETING IS ENCLOSED.

2. In terms of the provisions of Section 102 of Companies Act, 2013, a statement setting out the material facts concerning special business to be transacted at the Meeting is annexed and forms part of this Notice.
3. Copies of the Notice of 24th Annual General Meeting together with the Annual Report are being sent by Electronic Mode to all the Members whose email addresses are registered with the Company/Depository Participant(s). Hard copies of Annual Report will be supplied to those Shareholders holding shares in Electronic Mode, as and when requested. For Members who have not registered their email addresses, physical copies of the Annual Report 2013 are being sent by the permitted mode.
4. Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorising such representative(s) to attend and vote on their behalf at the Meeting.
5. Details under Clause 49 of the Listing Agreement entered with the Stock Exchange in respect of the Director seeking appointment at the ensuing Annual General Meeting forms integral part of Corporate Governance Report.
6. For convenience of the Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by Attendance Slip, which is annexed to the Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the entrance of the venue.
7. Members, who hold shares in dematerialized form, are requested to write their Client ID and Depository Participant ID and those who hold shares in physical form are requested to write their Folio Number on the Attendance Slip and bring their Attendance Slip, as enclosed, alongwith their copy of Annual Report to the Meeting.
8. The business set out in this Notice is also being conducted through e-voting. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer the e-voting facility as an alternate to all its Members to enable them to cast their vote electronically instead of casting the vote at the Meeting. Please note that the Voting through Electronic Mode is optional. For this purpose the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the Shareholders to cast their votes electronically.
9. **The electronic voting facility shall be opened from Tuesday, 24th June, 2014 at 9.00 a.m. to Thursday, 26th June, 2014 till 6.00 p.m., both days inclusive. Detailed instructions of Voting through Electronic Mode are being sent separately by Electronic Mode to all the Members whose email addresses are registered with the Company/Depository Participant(s). For Members who have not registered their email addresses, physical copies of the instructions of Voting through Electronic Mode are being sent by the permitted mode.**
10. The Notice of the Meeting is being placed on the website of the Company viz., www.trendelectronics.in and also on the website of CDSL viz., www.cdslindia.com.
11. Mrs. Gayathri R. Girish, Company Secretary in Whole Time Practice, has been appointed as a Scrutinizer for conducting the e-voting process in a fair and transparent manner.
12. The resolutions placed for e-voting shall be deemed to be passed on the date of the Annual General Meeting of Members scheduled to be held on 30th June, 2014.

13. The Company has fixed Friday, 23rd May, 2014, as the cut-off date/entitlement date for identifying the Shareholders entitled to participate in voting through electronic mode.
14. The Voting Rights will be reckoned on the paid-up value of shares registered in the name of Shareholders on cut-off date/entitlement date.
15. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names, shall be entitled to vote.
16. The Register of Members and Share Transfer Books shall remain closed from Friday, 20th June, 2014 to Monday, 30th June, 2014 (both days inclusive) for the purpose of the Meeting.
17. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2005-06 to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Members are requested to note that upon transfer, no claims shall lie against the Company or the IEPF in respect of any amounts which remained unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
18. Members who hold shares in physical form, under multiple folios, in identical names or joint accounts in the same order or names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Share Transfer Agent of the Company, for consolidation into a single folio.
19. Members holding shares in physical form are requested to kindly notify any change in their address(es) to the Company, so as to enable the Company to address future communications to their correct address(es). Members holding shares in electronic form are requested to notify any change in their address(es) to their respective Depository Participant.
20. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately of change in their residential status on return to India for permanent settlement together with the particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.
21. The equity shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Taking into consideration the enormous advantages offered by the Depository System, Members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
22. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 3.00 p.m. upto the date of the Meeting.
23. Members desiring any information as regards to the Accounts are requested to write to the Company at an early date so as to enable the Management to reply at the Meeting.
24. Members may address their queries/communications at secretarial_trend@videoconmail.com.
25. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

**By order of the Board of Directors of
TREND ELECTRONICS LIMITED**

**KAUSTUBHA A. SAHASRABUDHE
COMPANY SECRETARY**

Place : Mumbai
Date : 15th May, 2014

A STATEMENT SETTING OUT THE MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Mr. Vivek D. Dharm is an Independent Director of the Company. He joined the Board of Directors in December, 2005. He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Vivek D. Dharm being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of five years. A Notice has been received from a Member proposing Mr. Vivek D. Dharm as a candidate for the office of Director of the Company.

The Company has received from Mr. Vivek D. Dharm (1) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules, 2014, (2) intimation in Form DIR-8 in terms of Companies (Appointment & Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-Section (2) of Section 164 of the Companies Act, 2013 and (3) a declaration to the effect that he meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of the Members of the Company for appointment of Mr. Vivek D. Dharm as an Independent Director of the Company for five consecutive years from the date of this appointment pursuant to the provisions of Section 149 and such other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Vivek D. Dharm, the Independent Director, proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. All the relevant documents in connection with the appointment of Mr. Vivek D. Dharm are available for inspection without any fee by the Members at the Company's Registered Office during normal business hours on working day upto the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Vivek D. Dharm as an Independent Director.

No Director, Key Managerial Personnel or their relatives, except Mr. Vivek D. Dharm, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 3 for the approval of the Members.

**By order of the Board of Directors of
TREND ELECTRONICS LIMITED**

**KAUSTUBHA A. SAHASRABUDHE
COMPANY SECRETARY**

Place : Mumbai
Date : 15th May, 2014

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twenty-Fourth Annual Report of your Company together with the Audited Accounts and Auditors' Report for the financial year ended on 31st December, 2013.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended on 31st December, 2013, is summarized below:

(₹ in Million)

Particulars	Year ended 31st Dec., 2013	Year ended 31st Dec., 2012
Net Sales	14,250.64	14,507.73
Other Income	1.22	21.69
Total Income	14,251.86	14,529.42
Profit before Finance Costs, Tax and Depreciation	374.61	396.21
Finance Costs	751.54	737.97
Depreciation and Amortization	213.21	204.87
Profit/(Loss) before Tax	(590.14)	(546.63)
Profit/(Loss) after Tax	(500.49)	(415.71)

BUSINESS PERFORMANCE

During the year, the Indian economy went through upheavals owing to global distress and persistent domestic turbulence. The major challenges were inflation, high fiscal deficit, lack of liquidity, policy uncertainty and currency volatility. India's Gross Domestic Product (GDP) growth rate moderated in the year 2013, owing to the underperformance by almost all sectors of the economy. In addition, the Rupee's historic plunge against the US Dollar has made the markets jittery.

During the year under review, the Company has earned a total income of ₹ 14,251.86 Million as against ₹ 14,529.42 Million for the previous year. Total expenditure amounted to ₹ 14,842.00 Million as against ₹ 15,076.05 Million for the previous year. The Company has incurred a net loss of ₹ 500.49 Million as against a net loss of ₹ 415.71 Million for the previous year.

Your Company believes that it is the only Set Top Box manufacturer in India. The Government of India through its mandate of implementation of Digital Addressable System (DAS), which envisages the mandatory transformation of the entire television distribution system through a digital pipe by December 2014, has offered a landmark opportunity for the Company.

APPROPRIATIONS

Dividend:

In view of the loss incurred, the Board of Directors do not recommend any dividend for the year under review.

Transfer to Reserves:

In view of the loss incurred during the year, your Directors propose not to transfer any amount to the General Reserve.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 0.18 Million in respect of unpaid/unclaimed dividend for the financial year 2005-06 to the Investor Education and Protection Fund.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

PERSONNEL

Particulars of the Employees required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time is annexed and forms part of this Report.

CONSERVATION OF ENERGY

Energy can neither be created nor destroyed by itself; it can only be transformed. The conservation of energy is the need of the day. Your Company believes in sustainable consumption of natural resources and the conservation of energy remains a key

focus area at all times. The Company continues its efforts for the betterment of the environment. The Company gives utmost importance to the conservation of energy as a part of its Corporate Social Responsibility and is committed to produce eco-friendly products and adopt eco-friendly practices in all its areas of operations.

The Company has undertaken several initiatives to reduce energy consumption at all levels. The implementation progress of these initiatives, led by In-house team of experts, is reported at regular intervals. It strives to conserve energy on a perpetual basis in order to meet the future demands. The In-house team submits its findings on various energy consumption centers highlighting the measures taken for conservation of energy and their implementation status, at scheduled intervals, for management consideration. Further, corrective measures are taken as appropriate to reduce energy consumption.

Some of the other measures taken during the year, are as under:

- Energy efficiency audit has been conducted and the recommendations are being implemented;
- Provision of LED lights in place of conventional lights in factory area and replacing lamps with energy efficient bulbs for internal usage;
- Reduction of fuel consumption;
- Lighting energy savers have been installed at various units which have led to significant savings in power usage;
- Rain water harvesting to reduce water consumption in a factory;
- Plantation of trees in the factory area;
- Awareness programmes towards optimum utilization of natural resources at managerial as well as employee level; and
- Maintaining power log register for effectively monitoring consumption of energy.

To make available the resources for future generation is the ultimate responsibility of today's generation. Hence, your Company continues to lay emphasis on conservation of energy, power and other energy resources. Such measures for conservation of energy will ultimately reduce the cost of production by reducing maintenance cost and efficient use of resources.

The manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption.

By implementing the aforesaid measures, there has been reduction in the energy consumption which has resulted in the reduction of the cost of production.

RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

Your Company believes in continuous innovations. The future of any business depends upon its ability to upgrade existing products and innovate new products by continuously performing R & D activities and finding ways to blend in the latest technology. It is the need of the hour to provide modernized technologies at affordable prices, so as to sustain competitive development. Our R & D efforts are in line with changing consumer demands and preferences.

Your Company is determined to develop its own technologies in selected areas besides being an efficient user and customizer of available technologies. R & D and technology development are integral to your Company's innovation agenda for achieving growth, business profitability, sustainability and rural transformation.

The following are the areas, where the R & D activities are focused:

- To provide effective support and assurance to manufacturing plants and businesses;
- To improve technical productivity on a continuous basis;
- To cut down cost of production;
- To create a high performance environment to promote innovation;
- To bring variety of products at an affordable price level; and
- To conduct market survey and ascertain the new trend.

Benefits derived from R & D activities:

The R & D activities undertaken by the Company have resulted in maximizing product yield, improved products quality, optimization of efficiency and reliability of plant processes by using advanced tools and technology developed by the team and higher consumer satisfaction.

The other benefits derived are:

- Higher Consumer Satisfaction;
- Improved operational process;
- Cost reduction;

- Maintenance of Quality; and
- Cosmetic design and new outlook to all the products.

Further, apart from the above benefits, the Company could derive the following benefits:

- Introduction of High Definition Set Top Box with Digital Video Recording facility with the facility of recording as much content as a subscriber wishes to;
- Development and production of Digital Direct Broadcast (DDB) technology in India with a broader convergence of TV, D2H, Internet and Cloud computing;
- DDB TV with single chip solution with built in DTH facility having MPEG4 DVB-S2 digital signal. Customer can enjoy the unmatched picture & audio quality of LCD/LED TV. This product has various features such as Dual Core Processor, 14-Bit Video Processor, Faroudja Video and Audio Optimization, 10-Band Graphics Equalizer, STRATA certified audio, 2D to 3D conversion etc.; and
- Platform for 'Internet TV' based on Android Operating System having DTH facility.

The Company now plan to introduce "**Karaoke – Sing along**" feature, in the Set Top Box, where the user can sing-along with the recorded song, using a Microphone.

The Company has also introduced Set Top Box with "Recording" facility, which enables a consumer to record & playback the recorded contents. It also allows the consumer to "Pause" Live TV & other trick play modes, such as rewind & forward.

Future Plan of action:

In near future, the Company shall focus on environment friendly products and also focus its efforts on new technologies which would offer better in domestic market. Your Company is looking forward to take an advantage of technological changes and compete efficiently with multinational players.

The future plan of action includes:

- The Company has plans to introduce a Unique Motion control & Audio Streaming remote control in the Set Top Box. With this innovative product, the user can listen to the Audio Streaming using Headphones, without disturbing others & can also use Google Voice search, can navigate using the motion control or Air Mouse Function;
- Introducing new technology called 4K2K or Ultra HD TV. 4K2K in short is 4 times High Definition pixel image and the term 4K2K refers to the horizontal resolution of formats which are all on the order 4,000 pixels; and
- Introducing environment friendly products.

During the year under review, the Company has incurred an amount of ₹ 2.71 Million towards R & D Activities representing 0.02 % of the turnover.

Technology Absorption:

The Company's focus has been to develop state-of-art products by using the latest technology. However, the management believes that information technology can be extensively used in all spheres of its activities to improve productivity and efficiency levels.

The efforts made by the Company towards technology absorption have resulted in the introduction of innovative energy efficient products at competitive cost which are likely to enlarge the market share of the Company's products.

INFORMATION TECHNOLOGY

Information Technology (IT) is the backbone of any industry in today's environment. Your Company firmly believes that an appropriate IT solution gives competitive edge to an industry.

Your Company has implemented mySAP and ERP whereby all business processes of the Company have been successfully integrated on mySAP. This has not only enabled your Company to adapt the best business practices, but also helped it keep a close control on all aspects of the business, be it manufacturing, sales and distribution or customer communication.

Your Company has institutionalized an extensive IT capability for customer development function to support execution in the front-end. Your Company has put in place an enabled consumer interaction centre for addressing complaints and suggestions from customers, retailers and distributors.

Your Company has introduced Sales Transformation & Enhancement Program (STEP), an innovative & customized in-house developed sales tool for providing day to day information required by sales force on the field.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo amounted to ₹ 2,531.23 Million as against ₹ 3,038.46 Million for the year ended on 31st December, 2012. There were no foreign exchange earnings during the year and previous year ended on 31st December, 2012.

HEALTH, SAFETY AND ENVIRONMENT

'Safety of people overrides all production targets'. Bearing this in mind, every business issue in the Company is discussed and every solution complies with the safety policy of your Company. The management of the Company believes that the employees are the heart and soul of the organization and hence, considers health and safety of its employees as its prime responsibility.

Your Company also accords highest priority to Protection of Environment. Your Company has effective waste management systems to prevent any hazards to the environment. Your Company believes that clean surrounding and healthy environment adds to efficiency of workers.

Following activities were conducted for building healthy work culture during the year under review:

- Blood Donation Camps;
- Availability of occupational health center and ambulance with all medical devices, in case of emergency;
- Conducting regular safety audit and mock drill; and
- Installation of Effluent Treatment Plant, where the waste water is treated & recycled for gardening purpose.

The manufacturing plant is having appropriate safety initiatives underway, headed by senior officials who diligently oversee the safety aspect.

INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, your Company greatly values the conservation of our environment and is committed to conducting business activities with minimal adverse impact on the environment. Your Company endeavors to produce energy-efficient products and encourage the spread of environmental conservation activities. The manufacturing process and plant of your Company adhere to the standards laid down by various regulatory authorities for protection of the environment and safety of workers engaged in the manufacturing process.

Product safety and quality underlines the Company's determination to deliver a sense of security and satisfaction in its products to all its customers. The Company has, through its "eco idea activities", contributed to the prevention of global warming by implementing various measures e.g. changing all raw materials in compliance to Restriction of Hazardous Substances (RoHS) Directive. The operations have been reviewed to improve energy efficiency by reducing energy, fuel and diesel consumptions in daily operations.

Your Company shall continue its efforts to discharge its Corporate Social Responsibility in the best possible manner.

HUMAN RESOURCES MANAGEMENT

Human Resources (HR) continue to be a focus area for your Company. Several initiatives were taken to facilitate the performance and developmental requirements of employees.

Your Company follows best HR practices and has won runners' up award for the HR practices in the local region for the 2nd time in row.

Your Company continues to focus on the training requirements of its employees on a continuing basis, both on the job and off the job and through training programs conducted by internal and external experts. Your Company continuously gives emphasis on use of the advanced technology in the production. With a view to increase the productivity and output, the management organizes training programs, lectures of experts, training camps, on regular basis, which boosts, motivates the employees to give their best to the organisation.

BOARD OF DIRECTORS

During the year under review, there was no change in the composition of the Board of Directors of the Company.

In terms of the provisions of the Listing Agreement all the listed companies are required to appoint Independent Directors. The entire Board of our Company comprises of Independent Directors. The Companies Act, 2013, now also provides provisions for appointment of Independent Directors. Sub-Section (10) of Section 149 of the Companies Act, 2013 (effective 1st April, 2014) provides that the Independent Directors shall hold office for a term of upto five consecutive years on the board of a company; and shall be eligible for re-appointment on passing a special resolution of the shareholders of the Company. Sub-Section (11) states that no Independent Director shall be eligible for more than two consecutive terms of five years. Sub-Section (13) states that the provisions of retirement by rotation as defined in Sub-Section (6) and (7) of the Section 152 of the Companies Act, 2013, shall not apply to such Independent Directors.

Our Independent Directors were appointed as directors liable to retire by rotation under the provisions of erstwhile Companies Act, 1956. The Board has been advised that Independent Directors so appointed would continue to serve the term that was ascertained at the time of appointment (i.e. based on retirement period calculation) as per the resolution pursuant to which they were appointed. Therefore, it stands to reason that only those Independent Directors who will complete the present term, at the ensuing Annual General Meeting of the Company in June 2014, being eligible and seeking appointment, be considered by the Shareholders for appointment for a term upto five consecutive years.

Independent Director who do not complete their term at the ensuing Annual General Meeting will continue to hold office till expiry of their term (based on retirement period calculation) and would thereafter be eligible for re-appointment for a fixed term in accordance with Companies Act, 2013.

Mr. Vivek D. Dharm is an Independent Director of the Company. He joined the Board of Directors in December, 2005. He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Vivek D. Dharm being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of five years. A Notice has been received from a Member proposing Mr. Vivek D. Dharm as a candidate for the office of Director of the Company. The detailed profile of Mr. Vivek D. Dharm forms part of the Corporate Governance Report.

The Board recommends appointment of Mr. Vivek D. Dharm as an Independent Director.

CASH FLOW STATEMENT

As per the requirements of Clause 32 of the Listing Agreement with the Stock Exchange, the Cash Flow Statement as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India, is given along with the Balance Sheet and Profit and Loss Account.

AUDITORS' REPORT

The Auditors' Report is unqualified.

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, would retire as the Statutory Auditors of the Company at the conclusion of the Twenty-Fourth Annual General Meeting and have offered themselves for re-appointment. M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, have confirmed their eligibility and willingness to accept the office, if re-appointed.

The Board recommends re-appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, as the Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of 27th Annual General Meeting.

COST AUDIT

The Central Government had directed vide its order no. 52/26/CAB-2010 dated 6th November, 2012 to conduct a Cost Audit in respect of the specified products viz., Electrical & Electronic Equipments or Appliances.

The Board of Directors of the Company has accorded its approval for the appointment of Mrs. Sneha Gaurav Badwe, Cost Accountant in Whole-Time Practice (Membership Number 35552), Ahmednagar, as the Cost Auditor of the Company, to conduct audit of the Cost Accounting Records maintained by the Company for the financial year 2014, subject to the approval of the Central Government.

In compliance with the provisions of the Companies (Cost Audit Report) Rules, 2011 and General Circular No. 15/2011 issued by Government of India, Ministry of

Corporate Affairs, Cost Audit Branch, we hereby submit that, the due date for filing the Cost Audit Report for the financial year ended on 31st December, 2013, is 29th June, 2014 and the Company shall file the same on or before due date.

AUDIT COMMITTEE

The Company has duly constituted the Audit Committee, pursuant to the provisions of Section 292A of the Companies Act, 1956 and provisions of the Listing Agreement. The composition, scope and powers of Audit Committee together with details of the meetings held during the year under review forms part of the Corporate Governance Report.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of performance and future prospects is included in the section "Management Discussion and Analysis Report" of the Annual Report.

CORPORATE GOVERNANCE

Good Corporate Governance is an integral part of the management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company. A section on Corporate Governance together with a Compliance Certificate from the Statutory Auditors of the Company, confirming compliance with the Clause 49 of the Listing Agreement, forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of **TREND ELECTRONICS LIMITED**, state in respect of financial year 2013 that:

- in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. Your Directors also take this opportunity to thank all stakeholders, banks, regulatory and government authorities for their continued support.

**For and on behalf of the Board of Directors of
TREND ELECTRONICS LIMITED**

V. D. DHARM
Director

S. S. NABAR
Director

Place : Mumbai

Date : 15th May, 2014

ANNEXURE TO DIRECTOR'S REPORT

Particulars of the Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, for the year ended on 31st December, 2013, is as under:

Name of Employee	Designation	Remuneration (in ₹)	Qualification	Age (years)	Experience (years)	Date of Joining	Name of last employer	Position (Designation) in last organisation
Mr. Sanjay S. Mehra	Vice- President	6,222,622	B.Com	61	36	01.04.1993	Videocon International Limited	Manager

- Remuneration includes Basic Salary, Ex-Gratia, Marketing Allowance, Special Allowance, C.A., H.R.A., L.T.A, Leave Encashment, Medical Reimbursement and Contribution to Provident Fund.
- The employee is in whole-time employment of the Company and the employment is contractual in nature.
- The employee is not a relative of any of the Directors of the Company.

Place : Mumbai

Date : 15th May, 2014

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance has become the new corporate jargon. Corporate Governance is really a state of mind. It is embodied in the feelings and traditions of the Company. Corporate Governance is today, one of the attributes of a good corporate citizen. It is part of the management framework. Corporate Governance may be defined as a set of systems, processes and principles which ensure that a Company is governed in the best interest of all the stakeholders. It is about promoting corporate fairness, transparency and accountability. In other words, good Corporate Governance is simply good business.

The Company has always been committed to the system by which the business is conducted on the principle of good Corporate Governance. The culture of good Corporate Governance is followed at all stages in conducting the business. The principles of Corporate Governance viz. integrity, equity, fairness, accountability and commitment to values are promoted continuously. The corporate structure, business and financial reporting practices have been aligned to the principles of Corporate Governance. Continuous endeavour is made to improve these practices on an ongoing basis.

Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company and serves as a guide for day to day business and strategic decision making in the Company.

The Company's philosophy on the Corporate Governance is based on the following principles:

- Ensure integrity and ethics in all the dealings;
- Simple and transparent corporate structure driven solely by business needs;
- Maintain transparency with a high degree of disclosure and adequate control system;
- Compliance with all the laws and regulations as applicable to the Company; and
- Promote interest of all the stakeholders including customers, shareholders, employees, lenders, vendors, government and the community at large.

There have been continuous efforts made to improve and increase the Corporate Governance measures in the recent years, which include among others improved board reporting, building a strong ethics culture with increased focus on implementation of the code of conduct, commitment to corporate sustainability, legal compliances systems, more focused internal audit, etc.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the Corporate Governance Report forms part of the Annual Report. Your Company is in full compliance with the requirements and disclosures as stated therein. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance. The details of the compliances are mentioned hereunder:

BOARD OF DIRECTORS

As on 31st December, 2013, the strength of the Board was three, all being Independent Directors. The Company has duly complied with the requirements under Clause 49(I)(A) of the Listing Agreement with the Stock Exchange as regards the composition of the Board.

The Board consists of eminent persons with considerable professional experience and expertise in business and industry. The composition of the Board of Directors as on 31st December, 2013, is tabulated below:

Category	Directors
Non-Executive Independent Directors	Mr. Bhopinder J. Chopra Mr. Vivek D. Dharm Mr. Subhash S. Nabar

During the year under review, there has been no change in the composition of the Board of Directors of the Company.

Board/Committee Proceedings:

The Company has a well-defined process for the meetings of the Board of Directors and Committees thereof. The meetings of the Board of Directors are held after

giving due advance notice to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company. It helps to facilitate decision making in an informed and efficient manner as under:

- a) The Company Secretary in consultation with the Board of Directors, finalizes the agenda of the Board and Committee Meetings, which is distributed to the Board/Committee Members well in advance. All items in the agenda are supported by notes to agenda which are also circulated well in advance. To address specific urgent need, meetings are also being called at a shorter notice. The Board is also authorized to pass resolution by circulation for all such matters which are of utmost urgent nature.
- b) The Board has complete and unqualified access to all information available with the Company. The information regularly provided to the Board includes:
 - Annual Operating plans and budgets and any updates;
 - Capital budgets and any updates;
 - Quarterly/ Annual results of the Company;
 - Minutes of the meetings of Audit and other Committees of the Board and of General Body Meetings;
 - Information on recruitment of senior officers including appointment or removal of Chief Financial Officer and the Company Secretary;
 - Details of Joint Venture or collaboration agreement, if any;
 - Acquisition/Amalgamation, if any;
 - Details of the Related Party Transactions, if any;
 - Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies;
 - Sale of material nature, if any, of investments and assets, which is not in the normal course of business;
 - Material important litigations, show cause, demand and penalty notices, if any;
 - Compliance Reports;
 - Significant developments in the human resources & industrial relations;
 - Fatal accidents and other dangerous occurrences;
 - Review details regarding foreign exchange exposure and steps implemented to manage them;
 - Transaction that involves substantial payment towards goodwill, brand equity or intellectual property;
 - Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
 - Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company; and
 - Other materially relevant information.
- c) Minutes of the proceedings of the Board/Committee Meetings/ General Body Meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings of the meetings are entered in the Minutes Book.
- d) The guidelines for the Board/Committee Meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.
- e) The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines as may be applicable to the Company and takes steps to rectify non-compliances, if any.
- f) The Company has laid down code of conduct which binds all the Board Members and Senior Management of the Company and which has been posted on website of the Company i.e. www.trendelectronics.in. A declaration by the Head Operations and Company Secretary to this effect is appended to this Report.

Board Meetings and Attendance:

The Board of Directors of the Company met 5 (Five) times on 28.02.2013, 30.04.2013, 15.05.2013, 14.08.2013 and 14.11.2013. The gap between any two Board Meetings was not more than four months.

Details of number of Board Meetings attended by the Directors, attendance at the last Annual General Meeting, number of other directorships/committee positions held by them during the financial year ended on 31st December, 2013, are as hereunder:

Directors	No. of Board Meetings Attended	Attendance At the last AGM (held on 27.06.2013)	As on 31st December, 2013			
			No. of Other Directorships held*	No. of Company Chairmanships	Number of Committee Memberships in Other Companies#	
					As Chairman	As Member
Mr. Vivek D. Dharm	5	Yes	9	-	1	3
Mr. Subhash S. Nabar	3	No	2	-	-	-
Mr. Bhopinder J. Chopra	4	Yes	2	-	-	1

Notes:

* Number of Directorships held by Directors excludes Alternate Directorships, Directorships in Foreign Companies, Companies incorporated under Section 25 of Companies Act, 1956 and Private Limited Companies.

Membership/Chairmanship of only the Audit Committee and Shareholders'/ Investors' Grievance Committee of Public Limited Companies have been considered in terms of Clause 49 of the Listing Agreement.

The Directors do not hold any equity shares in the Company.

Brief Profile of Director seeking appointment:

Brief profile of the Director proposed to be appointed, as required in terms of the provisions of Clause 49 of the Listing Agreement:

Sr. No.	Particulars	Profile of the Director
1.	Name of the Director	Mr. Vivek D. Dharm
2.	Date of Birth	22nd November, 1964
3.	Educational Qualification	B.Com, LL.B
4.	Date of Appointment on the Board	8th December, 2005
5.	Category of the Director	Independent
6.	Area of Expertise/Senior Position Held/Work Experience	He carries with him more than 17 years of experience in the fields of Law, Management and Finance
7.	Details of Directorships in other Public Limited Companies	1. Mercury Business Solutions Limited 2. Planet 'M' Retail Limited 3. Videocon Power Limited 4. Indian Refrigerator Company Limited 5. Videocon Energy Limited 6. United Petro Gas Limited 7. Universal Digital Connect Limited 8. Akai Consumer Electronics India Limited 9. Jumbo Techno Services Private Limited
8.	Names of other Committees in which Chairman	1. Videocon Energy Limited (Audit)
9.	Names of other Committees in which Member	1. Videocon Power Limited (Audit) 2. Indian Refrigerator Company Limited (Audit) 3. Jumbo Techno Services Private Limited (Audit)
10.	Number of Shares held	NIL

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following four committees:

Mandatory Committees:

1. Audit Committee
2. Shareholders'/Investors' Grievance Committee

Non-mandatory Committees:

1. Remuneration Committee*
2. Finance and General Affairs Committee

*As per the provisions of Section 178 of the Companies Act, 2013 and Companies (Meeting of Board and its Power) Rules, 2014, formation of Remuneration Committee has become mandatory w.e.f 1st April, 2014.

AUDIT COMMITTEE

In terms of the provisions of Section 292A of the Companies Act, 1956 and according to Clause 49 of the Listing Agreement, it is mandatory for the Company to constitute an Audit Committee. During the financial year ended on 31st December, 2013, the Audit Committee of the Board of Directors comprised of three Independent Directors. All the Independent Directors are financially literate and are having vast experience in the fields of finance, accounts and industry. The composition as on 31st December, 2013, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Bhopinder J. Chopra	Member	Independent

The Company Secretary of the Company acts as a Secretary to the Committee.

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the Listing Agreement.

Terms of reference and scope of the Audit Committee:

The following are the terms of reference and scope of the Audit Committee:

- a) Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board the appointment/re-appointment and if required replacement/removal of statutory auditors, fixation of audit fee and also approval of payment for any other services rendered by the auditors;
- c) Review of quarterly unaudited financial results before submission to the Auditors and the Board;
- d) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:-
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries based on exercise of judgment by management;
 - Observations and qualifications, if any, in draft audit report;
 - Significant adjustments in the financial statements, if any, arising out of audit findings;
 - Compliance with the accounting standards;
 - Compliance with the listing and other legal requirements concerning financial statements; and
 - Any related party transactions i.e., transactions of the Company of material nature, with the promoters or the management or their relatives, with the subsidiary company etc., that may have potential conflict with the interests of Company at large.
- e) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

- f) Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control system;
- g) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- h) Discussion with internal auditors on any significant findings and follow up there on;
- i) Reviewing the findings, if any, of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- j) Discussion with statutory auditors before the audit commences regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- k) Reviewing the Company's financial and risk management policies;
- l) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- m) Approval of appointment of CFO (i.e. Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate;
- n) Reviewing the functioning of Whistle Blower Mechanism; and
- o) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews:

- a) Management discussion and analysis of financial conditions and results of operations;
- b) Statement of significant related party transactions, if any;
- c) Management Letters/Letters of internal control weaknesses issued by the Statutory Auditors;
- d) Internal audit reports relating to internal control weaknesses, if any; and
- e) Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any.

The Audit Committee is also vested with the following powers:

- a) To investigate any activity within its terms of reference;
- b) To seek any information from any employee;
- c) To obtain external legal and professional advice; and
- d) To secure attendance of outsiders with relevant expertise, if the Committee considers necessary.

Meetings and Attendance:

During the financial year under consideration, 4 (Four) meetings of the Committee were held on 28.02.2013, 15.05.2013, 14.08.2013 and 14.11.2013.

The details of the meetings of Audit Committee attended by the members are as under:-

Name	Meetings Attended
Mr. Vivek D. Dharm	4
Mr. Bhopinder J. Chopra	3
Mr. Subhash S. Nabar	3

The Statutory Auditors, Cost Auditor and the Head of Internal Audit attended and participated in the meetings on invitation.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The composition of the Shareholders'/Investors' Grievance Committee of the Board of Directors as on 31st December, 2013, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Bhopinder J. Chopra	Member	Independent

Compliance Officer:

During the year under review, Mrs. Kanchan A. Kakade resigned as a Company Secretary of the Company and Mr. Kaustubha A. Sahasrabudhe was appointed as Company Secretary w.e.f 30th April, 2013.

The Company Secretary, is the Compliance Officer of the Company.

Terms of reference and scope of the Committee:

The Board has delegated the power of Share Transfer to the Registrar and Share Transfer Agent, who processes the transfers. The Committee monitors redressal of Shareholders' and Investors' complaints and also administers the following activities:

- a) Transfer/Transmission/Transposition of shares;
- b) Issue of Duplicate Share Certificates;
- c) Change of Status of holding;
- d) Change of Name;
- e) Issue and Allotment of Shares;
- f) Sub-division of Shares;
- g) Consolidation of Folios;
- h) Dematerialization/Rematerialization of shares;
- i) Review of shares dematerialized;
- j) Monitoring compliance of the code of conduct prescribed by SEBI for prevention of insider trading; and
- k) Redressal of investor grievances.

Particulars of investors' grievances received and redressed during the financial year ended on 31st December, 2013, forms part of this report.

Meetings and Attendance:

During the financial year under consideration, 4 (Four) meetings of the Shareholders'/Investors' Grievance Committee were held on 27.02.2013, 14.05.2013, 13.08.2013 and 13.11.2013.

The details of the attendance by the members are as under:

Name	Meetings Attended
Mr. Vivek D. Dharm	4
Mr. Subhash S. Nabar	3
Mr. Bhopinder J. Chopra	3

Share Transfer Details:

The details of shares transferred during the year under review are given below:

Sr. No.	Particulars	Details
1.	Number of Transfers	43
2.	Average No. of Transfers per month	3.58
3.	Number of Shares Transferred	2,500

Demat/Remat of Shares:

Details of Shares Dematerialized/Rematerialized during the year under review are given below:

Sr. No.	Particulars	Details
1.	Number of Demat Requests approved	116
2.	Number of Sub-committee Meetings held	46
3.	Number of Shares Dematerialised	11,825
4.	Percentage of Shares Dematerialised	0.16
5.	Number of Rematerialisation requests approved	1
6.	Number of Shares Rematerialised	1

Details of complaints received and redressed during the year ended on 31st December, 2013:

Sr. No.	Particulars	Opening as on 01.01.2013	Received	Redressed	Pending as on 31.12.2013
1.	Non-receipt of refund order	0	0	0	0
2.	Non-receipt of dividend/ interest/ redemption warrants	0	9	9	0
3.	Non-receipt of share certificates	0	42	42	0
4.	Others	1	16	16	1
Total		1	67	67	1*

Note: Representatives of the Company are in constant touch with M/s. MCS Limited, Registrar and Share Transfer Agent of the Company and they periodically review the outstanding complaints.

* Interim response in respect of pending complaint has been sent.