

TVS Infotech Limited

ANNUAL REPORT

**for the year ended
31st March 2016**

TVS Infotech Limited

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twenty Second Annual Report, together with the audited Balance Sheet as at 31st March 2016.

FINANCIAL RESULTS

| | 2015-16 | 2014-15 |
|---|----------------|----------------|
| Software services, Sales and other income | 23,74,85,791 | 27,43,81,950 |
| Gross Profit / (Loss) before depreciation | (3,02,82,863) | 1,22,99,209 |
| Depreciation | 40,17,610 | 55,68,459 |
| Profit / (Loss) before tax | (3,43,00,473) | 67,30,750 |
| Add/(Less): Provision for Income Tax | NIL | NIL |
| Add/(Less): Provision for Deferred Tax | (11,77,404) | 51,313 |
| Profit / (Loss) after tax | (3,31,23,069) | 66,79,437 |
| Add/(Less): Balance brought forward | (12,61,45,277) | (13,22,61,573) |
| Add/(Less): Depreciation Adjustment | NIL | (5,63,141) |
| Balance carried forward | (15,92,68,346) | (12,61,45,277) |

TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2015-2016.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

OPERATIONS

The domestic and export sales were ` 9,99,78,630 and ` 13,16,67,746 respectively. The Company continued to focus on offshore and outsourcing operations for clients in United States of America and Europe.

The Company incurred a loss of ` 3,31,23,069 on account of over-run in projects and reduced demand for Information Technology services in the custom Application Development space. The Company plans to focus on Digital space and proposes to grow in established markets like United States of America and Europe.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sri Satish Kannan was appointed as Chief Executive Officer and Key Managerial Personnel under section 203 of Companies Act, 2013, with effect from 21st April 2015.

Sri Vinod Krishnan was re-appointed as Managing Director for a period of 3 years effective 13th July 2015 under section 196 of Companies Act, 2013.

Sri V G Jaganathan, Director retires from the Board by rotation and being eligible, offers himself for re-appointment.

STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS UNDER SUBSECTION (6) OF SECTION 149

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as stipulated in sub-section (6).

AUDIT COMMITTEE

The Audit Committee consists of Sri V G Jaganathan, Sri R Dinesh and Sri G B Prabhat, all non-executive directors with Sri V G Jaganathan as Chairman.

The Audit Committee had met three times during the year on 28th May 2015, 20th November 2015 and 4th March 2016. All the members attended the meeting.

The role and terms of reference of Audit Committee cover the matters specified for Audit Committee under Section 177 of Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure I.

BOARD MEETINGS

During the financial year 2015-2016, there were five Board meetings, which were held on 21st April 2015, 28th May 2015, 18th August 2015, 20th November 2015 and 4th March 2016.

Sri Vinod Krishnan, Managing Director, Sri V G Jaganathan, Director and Sri R Dinesh, Director attended all the meetings during the year under review. Sri G B Prabhat, Director attended four meetings during the year.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that: -

1. in the preparation of annual accounts, the applicable accounting standards have been followed.
2. appropriate accounting policies have been selected and applied consistently, and judgements and estimates that have been made 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 that period.
3. proper and sufficient care has been taken 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.
4. the annual accounts have been prepared on a going concern basis.
5. proper system had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY

Policy for appointment and removal of Director, KMP and Senior Management

Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience criteria of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board, his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

a) General:

The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non-Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Board shall decide on quantum of sitting fees payable to the Directors including Non- Executive and Independent Directors.

c) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 prepared in Form AOC-2 pursuant to clause(h) of sub-section(3) of Section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014 is enclosed vide Annexure II forming part of this report.

MATERIAL CHANGES AND COMMITMENTS

ACQUISITION

The Company has acquired 90% equity of Blisslogix Technology Solutions Private Limited (Blisslogix) on 11th April 2016. Blisslogix has become a subsidiary consequent to the acquisition. Blisslogix is a key player in Enterprise Mobility and the acquisition is expected to facilitate expansion in Enterprise Mobility space.

There were 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 the report.

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH A MANNER AS MAY BE PRESCRIBED.

The Company has no activity relating to conservation of energy or technology absorption.

The total foreign exchange earned and used are as under:

| | |
|----------------------------|------------------|
| a) Foreign exchange earned | Rs. 13,16,67,746 |
| b) Foreign exchange used | Rs. 79,25,974 |

RISK MANAGEMENT

The Company had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Board shall review on a quarterly basis, the risk trend, exposure, potential impact analysis carried out by the management, verify whether the mitigation plans are finalised and up to date, and the progress of mitigation actions are monitored.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 is not applicable to the company as the company has not met the specified turnover or net worth or profit criteria and hence there is no requirement for the company to undertake CSR activities.

BOARD EVALUATION

The Nomination and Remuneration Committee (NRC) has laid down the criteria for performance evaluation of independent directors and other directors, Board of Directors and Committees of the Board of Directors. The criteria for performance evaluation cover the areas relevant to their functioning as independent directors or other directors, member of Board or Committees of Board.

Evaluation of all Board members is done by the Board, NRC and Independent Directors on an annual basis with specific focus on the performance and effective functioning of the Board and individual directors. During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual directors. The exercise was carried out through an evaluation process covering various aspects of the Boards' functioning such as composition of the Board and committees, frequency of meetings, administration of meeting, flow of information to the Board, experience and competencies, performance of specific duties and obligations, disclosure of information to stakeholders etc. Separate exercise was carried out to evaluate the performance of individual directors on parameters such as attendance, contribution at the meetings and independent judgment. The directors were satisfied by the evaluation results which reflected the overall engagement of the Board and its Committees.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies of the Company is prepared and same is enclosed vide Annexure III to this Report.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013.

REGULATORY / COURT ORDERS

During the year 2015-2016, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

INTERNAL FINANCIAL CONTROLS

The company has internal control procedures and sufficient internal control checks considering the size and nature of its business and the Board of Directors is of the view that those controls are adequate with reference to the financial statements.

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISION OF RULES 5(2) OF THE COMPANIES(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The particulars of employees pursuant to the provision of rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 is enclosed vide Annexure IV forming part of this report.

STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, (Registration No. 004207S with the Institute of Chartered Accountants of India), were appointed as Auditors of the Company at the annual general meeting of the company for a consecutive period of 3 years commencing from 30th September, 2014. The Company has received a certificate from the statutory auditors to the effect that if ratification of their appointment, if made, would be in compliance with the requirements of the Companies Act, 2013 and the rules made thereunder. Accordingly, the Board of Directors propose to ratify their appointment of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai as Auditors of the Company for the third consecutive year (in the term of three consecutive years approved at the Twentieth Annual General Meeting held on 30th September, 2014).

DISCLOSURE UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has instituted the Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been constituted and is entrusted to redress complaints regarding sexual harassment. No complaint was received during the year 2015.

Chennai
May 19, 2016

VINOD KRISHNAN
Managing Director

V G JAGANATHAN
Director

**FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31st March, 2016

*[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

| | |
|--|---|
| CIN | U72300TN1994PLC029467 |
| Registration Date | 07th December, 1994 |
| Name of the Company | TVS Infotech Limited |
| Category / Sub-Category of the Company | Closely held Public Limited Company |
| Address of the Registered Office and contact details | 98-A, Dr Radhakrishnan Salai Mylapore, Chennai – 600 004 |
| Whether listed company | No |
| Name, Address and Contact details of the Registrar and Transfer Agent, if any. | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| S. No. | Name and description of main products / services | NIC Code of the Product / service | % of total turnover of the company |
|--------|--|-----------------------------------|------------------------------------|
| 1 | Software Services | 9983 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and address of the company | CIN / GLN | Holding / Subsidiary/ Associate | % of votes held | Applicable Section |
|--------|---|-----------------------------|-------------------------------------|-----------------|--------------------|
| 1 | Sundram Fasteners Investments Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004 | U65991TN1992PLC022618 | Holding Company upto 3rd June, 2015 | 13.10% | 2(46) |
| 2 | Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004 | L35999TN1962PLC004943 | Holding Company | 49.17% | 2(46) |
| 3 | TVS Infotech Inc 7152, East Independence Blvd. STE#102, Charlotte, North Carolina 28227 | Company incorporated in USA | Subsidiary | 100% | 2(87) |

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

(i) Category wise shareholding

| 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 | |
| A. Promoters | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a) Individuals / HUF (Nominees of Bodies Corporate) | - | 95,93,994 | 95,93,994 | 37.73% | - | 95,93,994 | 95,93,994 | 37.73% | NIL |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | 1,58,30,050 | 1,58,30,050 | 62.26% | - | 158,30,050 | 158,30,050 | 62.26% | Nil |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1) | | 2,54,24,044 | 2,54,24,044 | 100% | - | 2,54,24,044 | 2,54,24,044 | 100% | Nil |
| Foreign | | | | | | | | | |
| a) NRIs – Individuals | - | - | - | - | - | - | - | - | - |
| b) Other individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | Nil |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2) | - | - | - | - | - | - | - | - | Nil |
| Total shareholding (A) = (A)(1) + (A)(2) | - | 2,54,24,044 | 2,54,24,044 | 100% | - | 2,54,24,044 | 2,54,24,044 | 100% | Nil |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | | | | | | | | | |
| 2. Non-Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital up to ₹ 1lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total = A + B + C | - | 2,54,24,044 | 2,54,24,044 | 100 | - | 2,54,24,044 | 2,54,24,044 | 100.00 | Nil |

(ii) Shareholding of Promoters

| S. No. | Shareholders' Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change 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 | Sundram Fasteners Investments Ltd | 1,58,30,050 | 62.26% | 0.00 | 33,30,050 | 13.10% | 0.00 | 49.16 |
| 2 | Sundram Fasteners Ltd | NIL | | | 1,25,00,000 | 49.16 | 0.00 | 49.16 |
| 3 | Usha Krishna | 95,93,989 | 37.73% | 0.00 | 95,93,989 | 37.73% | 0.00 | 12.26 |
| | Total | 2,54,24,039 | 99.99% | 0.00 | 2,54,24,039 | 99.99% | 0.00 | Nil |

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

| S. 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 | 25,424,039 | 99.99% | 25,424,039 | 99.99% |
| | Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | - NO CHANGE - | | | |
| | At the end of the year | 25,424,039 | 99.99% | 25,424,039 | 99.99% |

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| S. No. | For Each of the Top 10 Shareholders | Name of the shareholder | 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 |
| 1 | At the beginning of the year | R Narayanan | 1 | 0.00 | 1 | 0.00 |
| | Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | | 1 | 0.00 | 1 | 0.00 |
| 2 | At the beginning of the year | C S Narasimhulu | 1 | 0.00 | 1 | 0.00 |
| | Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | | 1 | 0.00 | 1 | 0.00 |
| 3 | At the beginning of the year | R Dilip Kumar | 1 | 0.00 | 1 | 0.00 |
| | Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | | 1 | 0.00 | 1 | 0.00 |

| S. No. | For Each of the Top 10 Shareholders | Name of the shareholder | 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 |
| 4 | At the beginning of the year | S Meenakshi sundaram | 1 | 0.00 | 1 | 0.00 |
| | Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | - | - | - | - |
| | At the end of the year (or on the date of separation, if separated during the year) | | 1 | 0.00 | 1 | 0.00 |

(v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | For Each of the Directors and KMP | Name of the Director / KMP | 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 |
| 1 | At the beginning of the year | V G Jaganathan, Director | 1 | 0.00 | 1 | 0.00 |
| | Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | | - | - | - | - |
| | At the End of the year | | 1 | 0.00 | 1 | 0.00 |

TVS Infotech Limited

V. INDEBTEDNESS

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

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|--------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 3,25,00,000 | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 2,71,648 | - | - |
| Total (i + ii + iii) | - | 3,27,71,648 | - | - |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | 4,00,99,900 | - | - |
| * Reduction | - | 4,61,92,267 | - | - |
| Net Change | - | (60,92,367) | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 2,64,07,633 | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 1,87,938 | - | - |
| Total (i + ii + iii) | - | 2,65,95,571 | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| S. No. | Particulars of Remuneration | Name of MD / WTD / Manager | Total Amount (Rs.) |
|--------|---|----------------------------|--------------------|
| | Name | Vinod Krishnan | |
| | Designation | Managing Director | |
| 1 | Gross salary | 33,12,258 | 33,12,258 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 33,12,258 | 33,12,258 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of profit | - | - |
| | - others, specify | - | - |
| 5 | Others | | |
| | a) Leave travel concession, once in a year, as per the rules of the Company. | 50,000 | 50,000 |
| | b) Payment of premium on personal accident insurance | 9,713 | 9,713 |
| | c) Company's contribution to provident fund as per the rules of the Company. | 3,97,471 | 3,97,471 |
| | d) Madras Club Subscription & Entertainment Expense | 24,600 | 24,600 |
| | Total (A) | 37,94,042 | 37,94,042 |
| | Ceiling as per the Act | 41,00,000 | 41,00,000 |

B. Remuneration to other Directors

| S. No. | Particulars of Remuneration | Name of Directors | | Total Amount (Rs/Lac) |
|--------|--|-------------------|-------------|-----------------------|
| | | | | |
| 1 | Independent Directors | R Dinesh | G B Prabhat | |
| | Fee for attending board committee meetings | NIL | NIL | NIL |
| | Others, please specify | NIL | NIL | NIL |
| | Total (1) | | | |
| 2 | Other Non-Executive Directors | V G Jaganathan | | |
| | Fee for attending board committee meetings | NIL | | NIL |
| | Commission | NIL | | NIL |
| | Others, please specify | NIL | | NIL |
| | Total (2) | NIL | | NIL |
| | Total (B) = (1 + 2) | | | 37,94,042 |
| | Total Managerial Remuneration | | | 37,94,042 |
| | Overall Ceiling as per the Act | | | 41,00,000 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| S. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | Total Amount (Rs/Lac) |
|--------|---|----------------------------------|--|-----------------------|
| | | | | |
| | Name | Satish Kannan | Babu Ranganathan | |
| | Designation | Chief Executive Officer (CEO) | Chief Financial Officer (CFO) AND Company Secretary (CS) | |
| 1 | Gross salary | 71,22,020 | 28,24,088 | 99,46,108 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 71,22,020 | 28,24,088 | 99,46,108 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 71,22,028 | 28,24,088 | 99,46,108 |

TVS Infotech Limited

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| 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 | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

Disclosure of Particulars of Contracts/Arrangements entered into by the Company

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

- There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arms length basis.
- Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arms length basis:

| S. No. | Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements / transactions | Salient features of the contracts or arrangements or transactions including the value | Date of approval by the Board | Amount paid as advances, if any |
|--------|--|---|---|---|---|---------------------------------|
| 1 | Sundram Fasteners Limited | Software Services and License Sale | 1 year | Manage Information Technology(IT) requirements to meets its business expectations in terms of increasing speed to market, increasing performance efficiency with customers, real time inventory management, improving IT connectivity to business, scaling up of IT to align with business growth in phased manner. | 21st April 2015, 28th May 2015, 18th August 2015, 20th November 2015 and 4th March 2016 | Nil |
| 2 | TVS Infotech Inc | Reimbursement of Expenses | 1 year | Reimbursement of Expenses | 21st April 2015 | Nil |
| 3 | TVS Upasana Limited (formerly Upasana Engineering Limited) | Software Services and Reimbursement of Expenses | 1 Year | Provision of End to End IT Services including Managing Infrastructure Services, ERP and Application Development services with Life care support. | 21st April 2015 and 28th May 2015 | Nil |
| 4 | TVS Srichakra Limited | Software Services and Reimbursement of Expenses | 1 year | SAP Support and Infrastructure services through mix of shared service model and Dedicated offsite support model | 21st April 2015, 28th May 2015, 18th August 2015, 20th November 2015 and 4th March 2016 | Nil |

Form AOC-1

(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 subsidiaries / associate companies/joint ventures

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No. | Particulars | Details |
|---------|---|-------------------------------|
| 1. | Name of the subsidiary | TVS Infotech Inc |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | No Change in Reporting period |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | USD |
| 4. | Share capital | 2,43,94,944 |
| 5. | Reserves & surplus | (62,17,750) |
| 6. | Total assets | 4,65,02,638 |
| 7. | Total Liabilities | 4,65,02,638 |
| 8. | Investments | NIL |
| 9. | Turnover | 10,76,20,581 |
| 10. | Profit before taxation | (43,35,942) |
| 11. | Provision for taxation | NIL |
| 12. | Profit after taxation | (43,35,942) |
| 13. | Proposed Dividend | NIL |
| 14. | % of shareholding | 100% |

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

May 19th, 2016

CHAIRMAN

Statement of Particulars Of Employees Pursuant To The Provision Of Rules 5(2) Of The Companies(Appointment And Remuneration Of Managerial Personnel) Rules, 2014

| S. No. | Name and Designation | Remuneration received | Nature of Employment | Qualification and experience of employee | Date of Commencement of employment | Age | The last employment held before joining the Company | The percentage of shares held by the employee in the company within the meaning of clause(iii) of sub-rule (2) of Rule 5 | Whether is any relative of any Director or manager of the Company |
|--------|---|-----------------------|----------------------|---|------------------------------------|-----|---|--|---|
| 1 | Vinod Krishnan, Managing Director | Rs. 3,794,042 | Permanent Employee | Masters Degree in Business Administration | 03rd November 2005 | 42 | Maxonic Inc. | Nil | No |
| 2 | Satish Kannan, Chief Executive Officer | Rs. 7,122,020 | Permanent Employee | B.Com, CPA (passed) | 01st November 2014 | 43 | ARA Solutions LLC | Nil | No |
| 3 | Babu Ranganathan Chief Financial Officer and Secretary | Rs. 2,824,088 | Permanent Employee | B.Com, Chartered Accountant and Company Secretary | 27th January 2015 | 36 | Asco Numatics India Private Limited | Nil | No |

Vinod Krishnan
Managing Director

V G Jaganathan
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TVS INFOTECH LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2016

To

The Members of TVS Infotech Limited,
No.98-A, Dr. Radhakrishnan Salai,
Mylapore, Chennai – 600 004.

Report on the Financial Statements

We have audited the accompanying financial statements of TVS INFOTECH Limited, Chennai - 600 004 ("the company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) of the state of affairs of the Company as at 31st March 2016;
- b) its loss for the year ended on that date; and
- c) its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure -1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. 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 and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, 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 - 2".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 29 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. During the year, there was no requirement on the part of the company to transfer any amount to Investor Education and Protection Fund.

For Sundaram & Srinivasan,
Chartered Accountants
Firm Registration No. 0042075
M. Balasubramaniam
Partner
Membership No. F7945

Place : Chennai
Date : May 19, 2016

Annexure - 1 to Independent Auditors' Report to the Members of TVS Infotech Limited, Chennai for the year ended 31st March 2016

Annexure referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2016.

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties.
 2. The Company did not carry any inventory during the year.
 3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 4. During the year, the company has not granted any loan or has made any investments or furnished any guarantees or provided any security. Hence reporting on compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.
 5. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.
 6. Pursuant to the rules made by the Central Government under section 148(1) of the Companies Act, 2013, the company is not required to maintain cost records.
 7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However, we have observed an instance of delay in remitting the tax deducted at source into the Government. Depositing sums under duty of Excise, duty of Customs, and cess are not applicable to the company during the year.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Service Tax, Provident Fund, Employees' State Insurance and Value Added Tax were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable.
 - (c) According to information and explanations given to us, the following are the details of the disputed due that was not deposited with the concerned authorities:
8. Based on our verification and according to the information and explanations furnished by the management, the company has not defaulted in repayment of dues to its bank.
 9. (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
 - (b) The company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.
 10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
 11. Managerial remuneration has been paid or provided in accordance with requisite approval mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 during the year.
 12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
 13. (a) In our opinion and according to the information and explanations furnished to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013.
 - (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no - 18 (17) to the Financial statements.
 14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
 15. In our opinion and according to the information and explanations furnished to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
 16. The company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

| Name of the statute | Nature of dues | Amount (Rs.) | Forum where the dispute is pending |
|---------------------|----------------|--------------|--|
| Finance Act, 1994 | Service Tax | 7,24,376 | Commissioner of Central Excise (Appeals) |

For Sundaram & Srinivasan,
Chartered Accountants
Firm Registration No. 004207S
M. Balasubramaniam
Partner
Membership No. F7945

Place : Chennai
Date : May 19, 2016

Annexure - 2 to Independent Auditors' Report to the Members of TVS Infotech Limited, Chennai for the year ended 31st March 2016

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

We have audited the internal financial controls over financial reporting of TVS INFOTECH Limited, CHENNAI – 600 004 ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on;

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

For Sundaram & Srinivasan,
Chartered Accountants
Firm Registration No. 0042075

M. Balasubramaniam
Partner

Place : Chennai
Date : May 19, 2016

Membership No. F7945

Balance Sheet as at 31st March, 2016

Rupees

| SI No | Particulars | Note No. | As at 31-03-2016 | | As at 31-03-2015 | |
|----------------------------------|---|----------|------------------|--------------------|------------------|--------------------|
| I. EQUITY AND LIABILITIES | | | | | | |
| (1) | Shareholders' funds | | | | | |
| | (a) Share capital | 1 | 254,240,440 | | 254,240,440 | |
| | (b) Reserves and surplus | 2 | (159,268,346) | 94,972,094 | (126,145,277) | 128,095,163 |
| (2) | Non-current liabilities | | | | | |
| | (a) Long-term borrowings | 3 | 1,407,633 | | - | |
| | (b) Long-term provisions | 6 | 10,187,393 | 11,595,026 | 8,348,454 | 8,348,454 |
| (3) | Current liabilities | | | | | |
| | (a) Short-term borrowings | 3 | 25,000,000 | | 32,500,000 | |
| | (b) Trade payables | | | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises; and | | - | | - | |
| | (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 9,146,156 | | 9,562,385 | |
| | (c) Other current liabilities | 5 | 31,968,909 | | 18,247,041 | |
| | (d) Short-term provisions | 6 | 2,037,019 | 68,152,084 | 909,748 | 61,219,174 |
| | TOTAL | | | 174,719,204 | | 197,662,791 |
| II. ASSETS | | | | | | |
| (1) | Non-current assets | | | | | |
| | (a) Fixed assets | | | | | |
| | (i) Tangible assets | 7 | 8,102,123 | | 8,769,371 | |
| | (ii) Intangible assets | 7 | 2,540,952 | | 3,518,763 | |
| | (b) Non-current investments | 8 | 16,872,591 | | 16,872,591 | |
| | (c) Deferred tax Assets (Net) | 4 | 2,642,542 | | 1,465,138 | |
| | (d) Long-term loans and advances | 9 | 51,894,404 | | 58,972,031 | |
| | (e) Other non-current assets | 10 | 53,000 | 82,105,612 | 53,000 | 89,650,894 |
| (2) | Current assets | | | | | |
| | (a) Trade receivables | 11 | 40,061,786 | | 68,402,519 | |
| | (b) Cash and cash equivalents | 12 | 21,316,480 | | 13,966,719 | |
| | (c) Short-term loans and advances | 9 | 8,119,764 | | 7,244,076 | |
| | (d) Other current assets | 11 | 23,115,562 | 92,613,592 | 18,398,583 | 108,011,897 |
| | TOTAL | | | 174,719,204 | | 197,662,791 |
| | Accounting standards, additional disclosures & notes on accounts | 18&19 | | | | |

VINOD KRISHNAN
Managing Director

V G JAGANATHAN
Director

BABU RANGANATHAN
Chief Financial Officer and Secretary

Chennai
May 19, 2016

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Regn. No. 004207S)
M BALASUBRAMANIAM
Partner
Membership No. F 7945

TVS Infotech Limited

Statement of Profit and Loss for the year ended 31st March, 2016

(Amt.in Rs.)

| SI No | Particulars | Note No | Year ended 31-03-2016 | Year ended 31-03-2015 |
|-------|---|---------|-----------------------|-----------------------|
| | Revenue from Operations (Gross) | | | |
| I | Income from Software Services | 13 | 245,374,214 | 259,973,176 |
| II | Income from Sale of Licences | 13 | - | 29,713,259 |
| | Less: Service Tax | | 13,727,838 | 15,961,885 |
| | Revenue from Operations (Net) | | 231,646,376 | 273,724,550 |
| III | Other Income | 14 | 5,839,415 | 657,400 |
| IV | Total Revenue | | 237,485,791 | 274,381,950 |
| V | Expenses | | | |
| | Employee Benefits expense | 15 | 187,840,390 | 161,250,552 |
| | Cost of Licences for resale | | | |
| | - Opening stock | | - | - |
| | - Add: Purchase of Licences during the year | | - | 24,886,771 |
| | - Less: Closing stock | | - | - |
| | Cost of Licences for resale | | - | 24,886,771 |
| | Finance Cost - interest expense | | 1,851,807 | 1,618,825 |
| | Depreciation and amortisation expense | 7 | 4,017,610 | 5,568,459 |
| | Other expenses | 16 | 78,076,457 | 74,326,593 |
| | Total Expenses | | 271,786,264 | 267,651,200 |
| VI. | Profit before exceptional and extraordinary items and tax (IV-V) | | (34,300,473) | 6,730,750 |
| VII. | Exceptional items | | - | - |
| VIII. | Profit before extraordinary items and tax (VI - VII) | | (34,300,473) | 6,730,750 |
| IX. | Extraordinary Items | | - | - |
| X. | Profit before tax (VIII- IX) | | (34,300,473) | 6,730,750 |
| XI | Tax expense: | | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax (Asset) / Liability | | (1,177,404) | 51,313 |
| XII | Profit / (Loss) for the period from continuing operations (X-XI) | | (33,123,069) | 6,679,437 |
| XIII | Profit/(loss) from discontinuing operations | | - | - |
| XIV | Tax expense of discontinuing operations | | - | - |
| XV | Profit/(loss) from Discontinuing operations (after tax) (XIII-XIV) | | - | - |
| XVI | Profit (Loss) for the period | | (33,123,069) | 6,679,437 |
| XVII | Earnings per equity share: | | | |
| | (1) Basic | | (1.30) | 0.28 |
| | (2) Diluted | | (1.30) | 0.28 |
| | (3) No of Shares | | 25,424,044 | 25,424,044 |
| | (4) Face value of one equity share | | 10 | 10 |

Accounting standards, additional disclosures & notes on accounts

18&19

VINOD KRISHNAN
Managing Director

V G JAGANATHAN
Director

BABU RANGANATHAN
Chief Financial Officer and Secretary

Chennai
May 19, 2016

As per our report annexed

For SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Regn. No. 004207S)

M BALASUBRAMANIAM
Partner
Membership No. F 7945

1 Share Capital

| S No | Particulars | Rupees | |
|------|--|------------------|--|
| | | As at 31-03-2016 | As at 31-03-2015 |
| | | a | Authorised 3,20,00,000 Equity Shares of Rs 10/- each |
| b | Issued 2,54,24,044 Equity Shares of Rs 10/- each fully paid-up | 254,240,440 | 254,240,440 |
| c | Subscribed and Fully Paid-up 2,54,24,044 Equity Shares of Rs 10/- each fully paid-up | 254,240,440 | 254,240,440 |

d Reconciliation of number of shares

| S No | Equity Shares | As at 31-03-2016 | | As at 31-03-2015 | |
|------|--------------------------------------|------------------|--------------|------------------|--------------|
| | | No of Shares | Value in Rs. | No of Shares | Value in Rs. |
| 1 | Balance at the beginning of the year | 25,424,044 | 254,240,440 | 19,187,964 | 191,879,640 |
| 2 | Add: Shares issued during the year | - | - | 6,236,080 | 62,360,800 |
| 3 | Bonus Shares issued during the year | - | - | - | - |
| | Balance as at the end of the year | 25,424,044 | 254,240,440 | 25,424,044 | 254,240,440 |

e Terms/rights attached to shares:

The Company has only one class of share, i.e., Equity Share having face value of Rs.10 each. Each holder of Equity Share is entitled to one vote per share and when the Company declares dividend, every Shareholder will be entitled to receive dividend. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

f Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| S No | Name of the Share holder | As at 31-03-2016 | | As at 31-03-2015 | |
|------|--|------------------|-----------------------------------|------------------|-----------------------------------|
| | | No of Shares | Shares as % of Total No of Shares | No of Shares | Shares as % of Total No of Shares |
| 1 | Mrs Usha Krishna, Chennai | 9,593,989 | 37.73 | 9,593,989 | 37.73 |
| 2 | Sundram Fasteners Investments Limited, Chennai | 3,330,050 | 13.10 | 15,830,050 | 62.26 |
| 3 | Sundram Fasteners Limited, Chennai | 12,500,000 | 49.16 | - | - |
| | Total | 25,424,039 | 99.99 | 25,424,039 | 99.99 |

g Share of each class held by its Holding Company/ ultimate Holding Company including shares held by subsidiaries of Holding Company/ultimate Holding Company in aggregate.

| S.No | Name of the Share holder | As at 31-03-2016 | |
|------|---|------------------|------------------------------------|
| | | No of shares | Shares as % of Total No. of shares |
| 1 | Sundram Fasteners Limited, Chennai (Including shares held by Sundram Fasteners Investments Limited, Chennai) | 15,830,050 | 62.26% |
| | Total | 15,830,050 | 62.26% |

TVS Infotech Limited

| CASH FLOW STATEMENT for the year ended 31st March, 2016 | | | | |
|---|------------------|--------------------------|--------------|--------------------------|
| (Amt. in Rs.) | | | | |
| | | Year ended 31-03-2016 | | Year ended 31-03-2015 |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | | |
| Net Profit before Tax and Extraordinary items | | (34,300,473) | | 6,730,750 |
| Adjustments For: | | | | |
| Depreciation and amortisation expense | 4,017,610 | | 5,568,459 | |
| Unrealised Exchange (gain)/ loss | 16,168 | | 164,827 | |
| Interest expense | 1,851,807 | | 1,618,825 | |
| Exchange difference on account of translation of foreign currency cash and cash equivalents | (7,685) | | 3,505 | |
| Profit on Sale of Assets | - | 5,877,900 | - | 7,355,616 |
| Operating Profit before Working Capital changes | (A) | (28,422,573) | | 14,086,366 |
| Increase/Decrease in Working Capital : | (B) | | | |
| (Increase) / Decrease in Trade and other receivables | | | | |
| Trade receivables | 28,340,733 | | (30,472,342) | |
| Short-term loans and advances | (875,688) | | (873,579) | |
| Other current assets | (4,716,979) | | (3,791,559) | |
| Unrealised exchange loss | (16,168) | | (164,826) | |
| Increase / (Decrease) in Trade Payables and provisions | | | | |
| Trade payables | (416,229) | | (1,804,982) | |
| Other current liabilities | 13,721,868 | | 3,485,176 | |
| Short-term provisions | 1,127,271 | | 270,345 | |
| | | 37,164,808 | | (33,351,767) |
| Cash Generated From Operations | | 8,742,235 | | (19,265,401) |
| NET CASH FROM / (USED IN) OPERATING ACTIVITIES (1) | (A) - (B) | 8,742,235 | | (19,265,401) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| Purchase of Fixed Assets | | (2,372,551) | | (4,729,569) |
| NET CASH FROM / (USED IN) INVESTING ACTIVITIES (2) | | (2,372,551) | | (4,729,569) |

| CASH FLOW STATEMENT for the year ended 31st March, 2016 | | | | |
|---|--|--------------------------|--|--------------------------|
| (Amt. in Rs.) | | | | |
| | | Year ended 31-03-2016 | | Year ended 31-03-2015 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| Proceeds from Issue of shares | | - | | 62,360,800 |
| Proceeds from Other Borrowings (net of repayments of Rs.75,00,000) | | (6,092,367) | | (22,725,000) |
| Interest Paid | | (1,851,807) | | (1,618,825) |
| Long-term provisions | | 1,838,939 | | 2,579,171 |
| Long-term loans and advances | | 7,077,627 | | (11,110,868) |
| NET CASH FROM / (USED IN) FINANCING ACTIVITIES (3) | | 972,392 | | 29,485,278 |
| Exchange difference on account of translation of foreign currency cash and cash equivalents (4) | | 7,685 | | (3,505) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (1+2+3+4) | | 7,349,761 | | 5,486,803 |
| CASH AND CASH EQUIVALENTS -Opening Balance | | 13,966,719 | | 8,479,916 |
| CASH AND CASH EQUIVALENTS-Closing Balance | | 21,316,480 | | 13,966,719 |
| Notes: | | | | |
| CASH AND CASH EQUIVALENTS include: | | | | |
| a) Cash on hand | | 12,514 | | 28,457 |
| b) With Banks: | | | | |
| i) in Current Accounts | | 21,303,966 | | 7,470,235 |
| ii) in Deposit Accounts | | - | | 6,468,027 |
| | | 21,316,480 | | 13,966,719 |

Note: Figures for the previous year have been regrouped and rearranged wherever necessary to make them conform to those of the current year.

VINOD KRISHNAN
Managing Director

V G JAGANATHAN
Director

BABU RANGANATHAN
Chief Financial Officer and Secretary

Chennai
May 19, 2016

As per our report annexed

For SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Regn. No. 004207S)

M BALASUBRAMANIAM
Partner
Membership No. F 7945

1 Share Capital

| S No | Particulars | Rupees | |
|----------|--|------------------|--|
| | | As at 31-03-2016 | As at 31-03-2015 |
| | | a | Authorised 3,20,00,000 Equity Shares of Rs 10/- each |
| b | Issued 2,54,24,044 Equity Shares of Rs 10/- each fully paid-up | 254,240,440 | 254,240,440 |
| c | Subscribed and Fully Paid-up 2,54,24,044 Equity Shares of Rs 10/- each fully paid-up | 254,240,440 | 254,240,440 |

d Reconciliation of number of shares

| S No | Equity Shares | As at 31-03-2016 | | As at 31-03-2015 | |
|------|--------------------------------------|------------------|--------------|------------------|--------------|
| | | No of Shares | Value in Rs. | No of Shares | Value in Rs. |
| 1 | Balance at the beginning of the year | 25,424,044 | 254,240,440 | 19,187,964 | 191,879,640 |
| 2 | Add: Shares issued during the year | - | - | 6,236,080 | 62,360,800 |
| 3 | Bonus Shares issued during the year | - | - | - | - |
| | Balance as at the end of the year | 25,424,044 | 254,240,440 | 25,424,044 | 254,240,440 |

e Terms/rights attached to shares:

The Company has only one class of share, i.e., Equity Share having face value of Rs.10 each. Each holder of Equity Share is entitled to one vote per share and when the Company declares dividend, every Shareholder will be entitled to receive dividend. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

f Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| S No | Name of the Share holder | As at 31-03-2016 | | As at 31-03-2015 | |
|------|--|------------------|-----------------------------------|------------------|-----------------------------------|
| | | No of Shares | Shares as % of Total No of Shares | No of Shares | Shares as % of Total No of Shares |
| 1 | Mrs Usha Krishna, Chennai | 9,593,989 | 37.73 | 9,593,989 | 37.73 |
| 2 | Sundram Fasteners Investments Limited, Chennai | 3,330,050 | 13.10 | 15,830,050 | 62.26 |
| 3 | Sundram Fasteners Limited, Chennai | 12,500,000 | 49.16 | - | - |
| | Total | 25,424,039 | 99.99 | 25,424,039 | 99.99 |

g Share of each class held by its Holding Company/ ultimate Holding Company including shares held by subsidiaries of Holding Company/ultimate Holding Company in aggregate.

| S.No | Name of the Share holder | As at 31-03-2016 | |
|------|---|------------------|------------------------------------|
| | | No of shares | Shares as % of Total No. of shares |
| 1 | Sundram Fasteners Limited, Chennai (Including shares held by Sundram Fasteners Investments Limited, Chennai) | 15,830,050 | 62.26% |
| | Total | 15,830,050 | 62.26% |

| 2 Reserves & Surplus | | | |
|--|--|----------------------|----------------------|
| a Surplus/Deficit in Statement of Profit and Loss | | | |
| S No | Particulars | As at 31-03-2016 | As at 31-03-2015 |
| 1 | Balance as at the beginning of the year | (126,145,277) | (132,261,573) |
| 2 | Profit for the Year | (33,123,069) | 6,679,437 |
| 3 | Balance available for appropriation(1+2) | (159,268,346) | (125,582,136) |
| 4 | Appropriations | - | - |
| 5 | Additional Depreciation consequent to adoption of revised useful life of depreciable asset as per Schedule II of the Companies Act, 2013(Gross Rs.8,14,965 less Deferred Tax Rs.2,51,824) | - | (563,141) |
| | Surplus/Deficit in Statement of Profit and Loss | (159,268,346) | (126,145,277) |
| Total Reserves and Surplus (a) | | (159,268,346) | (126,145,277) |

3 Borrowings

| Particulars | Long Term/Non Current | | Short Term/Current | |
|--|-----------------------|------------------|--------------------|-------------------|
| | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| a Unsecured | | | | |
| i From Related Parties | | | | |
| - Long term | - | - | - | - |
| - Short term | | | | |
| ii From Bank - Working Capital Loan | | | | |
| - Long term | 1,407,633 | | - | - |
| - Short term | | | 25,000,000 | 32,500,000 |
| | 1,407,633 | - | 25,000,000 | 32,500,000 |
| Total | 1,407,633 | - | 25,000,000 | 32,500,000 |

4 DEFERRED TAX LIABILITY/ASSETS

| Particulars | As at 31-03-2016 | As at 31-03-2015 |
|--|------------------|------------------|
| a <u>Deferred Tax Liability:</u> | | |
| On Depreciation: | | |
| On Amortization: | | |
| As per last Balance Sheet | 605,706 | 461,357 |
| For the current year (transferred from Statement of Profit & Loss) | (184,462) | 144,349 |
| Sub Total | 421,244 | 605,706 |
| b <u>Deferred Tax Asset:</u> | | |
| On Depreciation: | | |
| As per last Balance Sheet | 1,543,715 | 880,284 |
| For the current year (transferred from Statement of Profit & Loss) | 168,494 | 411,607 |
| Deferred Tax Asset for the Year - arising on account of timing difference to depreciation charged to retained earnings | - | 251,824 |
| On Provision for Leave Salary | | |
| As per last Balance Sheet | 527,129 | 845,700 |
| For the current year (transferred from Statement of Profit & Loss) | 824,448 | (318,571) |
| Sub Total | 3,063,786 | 2,070,844 |
| Net Deferred Tax Asset | 2,642,542 | 1,465,138 |

5 Other liabilities

| Particulars | Rupees | |
|---------------------------|--------------------|-------------------|
| | Short Term/Current | |
| | As at 31-03-2016 | As at 31-03-2015 |
| 1 Statutory Dues | 5,780,242 | 4,237,023 |
| 2 Outstanding Liabilities | 12,418,132 | 7,334,831 |
| 3 Customer Advances | 645,579 | 502,661 |
| 4 Non Statutory dues | 1,965,348 | 2,350,852 |
| 5 Unearned Revenue | 9,909,608 | 2,571,674 |
| 6 Advances payable | 1,250,000 | 1,250,000 |
| Total | 31,968,909 | 18,247,041 |

6 Provisions

| Particulars | Rupees | | Rupees | |
|-----------------|-----------------------|------------------|--------------------|------------------|
| | Long Term/Non Current | | Short Term/Current | |
| | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| a. Leave Salary | 3,373,816 | 2,858,118 | 1,000,221 | 909,748 |
| b. Gratuity | 6,813,577 | 5,490,336 | - | - |
| c. Bonus | - | - | 1,036,798 | - |
| | 10,187,393 | 8,348,454 | 2,037,019 | 909,748 |

7 Fixed Assets Schedule

| Particulars | Tangible | | | | | | | Intangible | Total |
|-------------------------------|----------------------------------|------------------------------------|----------------------|------------------------|-------------------|----------------|------------|------------|------------|
| | Plant and equipment | Computer and Data Processing Units | Electrical equipment | Furniture and Fixtures | Office Equipments | Motor Vehicles | Total | Software | |
| A | Cost of Assets | | | | | | | | |
| As at 1-4-2015 | 1,803,957 | 22,179,940 | 2,701,914 | 350,070 | 2,489,612 | - | 29,525,493 | 7,483,136 | 37,008,629 |
| Additions (Sales/Discards) | - | 218,002 | - | - | 177,697 | 1,976,852 | 2,372,551 | - | 2,372,551 |
| As at 31-3-2016 | 1,803,957 | 22,397,942 | 2,701,914 | 350,070 | 2,667,309 | 1,976,852 | 31,898,044 | 7,483,136 | 39,381,180 |
| B | Depreciation/Amortization | | | | | | | | |
| As at 1-4-2015 | 613,201 | 16,760,083 | 1,444,450 | 130,355 | 1,808,033 | - | 20,756,122 | 3,964,373 | 24,720,495 |
| For the year | 83,850 | 2,255,589 | 237,072 | 26,806 | 240,856 | 195,626 | 3,039,799 | 977,811 | 4,017,610 |
| Deduction on sale or discards | - | - | - | - | - | - | - | - | - |
| As at 31-3-2016 | 697,051 | 19,015,672 | 1,681,522 | 157,161 | 2,048,889 | 195,626 | 23,795,921 | 4,942,184 | 28,738,105 |
| C | Written Down Value | | | | | | | | |
| As at 31-3-2016 | 1,106,906 | 3,382,270 | 1,020,392 | 192,909 | 618,420 | 1,781,226 | 8,102,123 | 2,540,952 | 10,643,075 |
| As at 31-3-2015 | 1,190,756 | 5,419,857 | 1,257,464 | 219,715 | 681,579 | - | 8,769,371 | 3,518,763 | 12,288,134 |

Notes to Financial Statements for the year ending 31st March, 2016

| Particulars | | Rupees | |
|--|-------------------|-----------------------|-------------------|
| | | Long Term/Non Current | |
| | | As at 31-03-2016 | As at 31-03-2015 |
| 8 Investments | | | |
| Trade - Unquoted (Subsidiary Company) Long term (20,000 Non assessable shares of US \$ 1 each and 34,817 Non assessable shares of US \$ 10 each in TVS Infotech Inc., Michigan, USA) (% of holding - 100%) | 16,872,591 | 16,872,591 | |
| Total | 16,872,591 | 16,872,591 | |
| Particulars | | As at 31-03-2016 | As at 31-03-2015 |
| a. Aggregate Value of Quoted Investments | | - | - |
| b. Aggregate Value of Unquoted Investments | | 16,872,591 | 16,872,591 |
| Total (a+b) | | 16,872,591 | 16,872,591 |

9 Loans and advances (Unsecured, Considered good unless stated otherwise)

| Particulars | | Long Term/Non Current | | Short Term/Current | |
|---|-------------------|----------------------------|------------------|--------------------|------------------|
| | | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| | | A Security Deposits | | | |
| | 1,517,852 | 1,262,369 | - | - | |
| (A) | 1,517,852 | 1,262,369 | - | - | |
| B Other loans and advances | | | | | |
| Advance Income-tax(net of provision for taxation) | 37,272,498 | 44,605,608 | - | - | |
| Prepaid Expenses | - | - | 2,141,704 | 2,074,491 | |
| Loans/Advances to employees | - | - | 262,757 | 5,273 | |
| Balance with statutory/government authorities | 79,054 | 79,054 | 3,404,600 | 2,863,879 | |
| Advances recoverable in Cash or in kind or for value to be received | 13,025,000 | 13,025,000 | 2,048,831 | 2,118,250 | |
| Advance to suppliers | - | - | 261,872 | 182,183 | |
| (B) | 50,376,552 | 57,709,662 | 8,119,764 | 7,244,076 | |
| Total (A+B) | 51,894,404 | 58,972,031 | 8,119,764 | 7,244,076 | |

10 Other Assets (Unsecured, considered good unless stated otherwise)

| Particulars | | Long Term/Non Current | | Short Term/Current | |
|--------------|---------------|-----------------------|-------------------|--------------------|------------------|
| | | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| | | a Unbilled Revenue | - | - | 23,115,562 |
| b Deposit | 53,000 | 53,000 | - | - | |
| Total | 53,000 | 53,000 | 23,115,562 | 18,398,583 | |

* Lien Marked in favour of Commercial Tax Officer, Dehradun Rs.50000 and Commercial Tax Officer, Chennai Rs.3000

11 Trade Receivables (Unsecured, considered good unless stated otherwise)

| Particulars | | Long Term/Non Current | | Short Term/Current | |
|----------------------------|---|---|-------------------|--------------------|------------------|
| | | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| | | A Outstanding for a period exceeding 6 months from the date they are due for payment | | | |
| | - | - | 2,515,105 | 2,458,539 | |
| (A) | | | 2,515,105 | 2,458,539 | |
| B Other Receivables | | | | | |
| | - | - | 37,546,681 | 65,943,980 | |
| Total (A+B) | | | 40,061,786 | 68,402,519 | |

12 Cash and Cash Equivalents

| Particulars | Long Term/Non Current | | Short Term/Current | |
|----------------------------------|-----------------------|------------------|--------------------|-------------------|
| | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| Cash and Cash Equivalents | | | | |
| a Balance with Banks | - | - | 7,803,966 | 7,470,235 |
| b Cash on hand | - | - | 12,514 | 28,457 |
| (A) | - | - | 7,816,480 | 7,498,692 |
| c Other Bank Balances | | | | |
| Fixed Deposits | - | - | 13,500,000 | 6,468,027 |
| (B) | - | - | 13,500,000 | 6,468,027 |
| Total (A+B) | - | - | 21,316,480 | 13,966,719 |

| Note No | Particulars | Year ended 31-03-2016 | Year ended 31-03-2015 |
|-----------------------------|--|-----------------------|-----------------------|
| 13 | Revenue from Operations (Gross) | | |
| a) Services | | | |
| | Domestic Services | 113,706,468 | 117,870,726 |
| | Overseas Services | 131,667,746 | 142,102,450 |
| | Sub Total | 245,374,214 | 259,973,176 |
| b) Sales of Licenses | | | |
| | Domestic Sales | - | 29,713,259 |
| | Overseas Sales | - | - |
| | Sub Total | - | 29,713,259 |
| | Total | 245,374,214 | 289,686,435 |
| | Details of Products sold | | |
| a) SAP Licenses | | - | 29,713,259 |
| | Total | - | 29,713,259 |
| | Revenue from Operations (Gross) | 245,374,214 | 289,686,435 |
| | Less: Service Tax | 13,727,838 | 15,961,885 |
| | Revenue from Operations (Net) | 231,646,376 | 273,724,550 |
| 14 | Other Income | | |
| | Interest Income | 3,312,599 | 656,083 |
| | Exchange fluctuation | 2,525,543 | - |
| | Miscellaneous Income | 1,273 | 1,317 |
| | Total | 5,839,415 | 657,400 |

| Note No | Particulars | Year ended 31-03-2016 | Year ended 31-03-2015 |
|---------|--|--------------------------|--------------------------|
| 15 | Employee Benefits | | |
| | Salaries, Wages and Bonus | 166,811,264 | 142,112,279 |
| | Leave Salary | 2,290,178 | 2,053,431 |
| | Employees' Provident and Other Funds | 11,621,025 | 9,663,609 |
| | Staff welfare expenses | 7,117,923 | 7,421,233 |
| | | 187,840,390 | 161,250,552 |
| 16 | Other Expenses | | |
| | Power | 7,112,395 | 8,388,504 |
| | Rent | 22,189,925 | 17,981,455 |
| | Rates & Taxes, excluding taxes on income | 410,504 | 1,566,026 |
| | Insurance | 241,442 | 156,617 |
| | Sales promotion | 551,806 | 1,023,744 |
| | Repairs and maintenance Building | 1,676,352 | 2,449,341 |
| | Repairs and maintenance - Plant and equipment | 2,287,108 | 2,757,589 |
| | Repairs and maintenance Other assets | 2,525,349 | 1,935,005 |
| | Communication | 4,251,562 | 3,717,674 |
| | Bad Debts | 1,908,880 | 802,387 |
| | Travel | 11,211,111 | 14,553,862 |
| | Consultancy fees | 15,433,867 | 8,181,293 |
| | Recruitment & Training | 2,007,401 | 2,751,715 |
| | Audit fee (Refer Note no.19 (1)) | 163,258 | 109,000 |
| | Printing & Stationery | 349,693 | 318,826 |
| | Consumables | 34,975 | 120,273 |
| | Software | 350,924 | 2,113,146 |
| | Bank charges | 424,177 | 795,480 |
| | Exchange fluctuation | - | 567,579 |
| | Books & Periodicals | 11,210 | 19,217 |
| | Subscriptions | 1,088,910 | 908,315 |
| | Legal fees | 1,444,193 | 321,666 |
| | Subcontract | 1,567,617 | 1,804,513 |
| | Entertainment | 739,271 | 972,833 |
| | Sundry expenses | 94,527 | 10,533 |
| | (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1,00,000/- whichever is higher) | | |
| | Total | 78,076,457 | 74,326,593 |

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

1 Disclosure of Accounting Policies – AS 1

The books of accounts are maintained on accrual basis as a going concern.

2 Valuation of Inventories – AS 2

Inventories are valued at lower of cost or net realisable value. However, there are no inventories at the end of the year.

3 Cash Flow Statements – AS 3

Cash Flow statement prepared under indirect method is attached to the Balance Sheet and Statement of Profit and Loss.

4 Contingencies and Events Occurring After the Balance Sheet Date – AS 4

There were no material events that occurred after the balance sheet date which significantly affect the financial statements.

5 Net Profit or loss for the Period, Prior Period Items and Changes in Accounting Policies – AS 5

i) Net Profit or loss for the Period

All items of income and expense in the year are included in the determination of net profit or loss for the year, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard.

ii) Unbilled Revenue

The Unbilled Revenue amounting to Rs. 2,31,15,562/- on fixed price contracts has been recognised as revenue.

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

iii) Prior Period items

(Amount in Rs.)

| Particulars | Year ended 31 st March 2016 | Year ended 31 st March 2015 |
|------------------------|--|--|
| <u>Expenses</u> | | |
| a) Local Travel | - | 27,500 |
| b) Bank charges | - | 82 |
| c) Rent | 20,810 | - |
| d) Seminar & Training | 20,000 | - |
| e) Lease Rent | 10,185 | - |
| f) Outstation Travel | 10,298 | - |
| Total | 61,293 | 27,582 |
| <u>Income</u> | | |
| a) Interest Income | - | 73,803 |
| b) Software Services | 3,11,000 | - |
| Total | 3,11,000 | 73,803 |

6 Depreciation accounting – AS 6

This standard is withdrawn from 30-03-2016 and is clubbed with Accounting Standard – AS 10 – Property, Plant and Equipment.

7 Construction Contracts – AS 7

The above standard is not applicable to the company as it is not engaged in the business of construction.

8 Accounting for Research and Development – AS 8

This standard has been withdrawn with effect from 1-4-2004 consequent to introduction of Accounting Standard 26 on Intangible Assets.

9 Revenue Recognition – AS 9

Income from Software Services is recognised based on level of completion achieved in accordance with terms of contract/agreement with customers.

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

Revenue from fixed price and fixed time frame contracts, where there is no uncertainty as to measurement or collectability of sale value, is recognized based upon the percentage of completion. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Earnings in excess of billings are classified as unbilled revenue.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

10 Property and Plant and Equipment – AS 10

1. All the Fixed Assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.
2. Depreciation has been provided under the straight line method based on the useful life as per the requirements of Schedule II of the Companies Act, 2013.
3. Component Accounting

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

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

4. In respect of Assets added/sold during the year Pro-rate depreciation has been provided.
5. Assets acquired during the year and whose cost is less than Rs.5,000/- are fully depreciated.

From 1st April 2014 depreciation is charged based on Schedule II of Companies Act 2013.

11 Accounting for the Effects of Changes in Foreign Exchange Rates – AS 11

a) Outgo:

Revenue expenditure: These are accounted on actual basis. Where, however the transactions are not settled within the accounting year the expenditure is provided for at market exchange rates prevailing on the date of balance sheet.

b) Income:

The operations of United Kingdom branch and Netherlands branch are essential to the operations of the company. Revenue and expenditure of United Kingdom branch and Netherlands branch are translated at the average exchange rates for the year. All monetary items are translated at closing rates.

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

12 Accounting for Government Grants – AS 12

The Company has not received any grant from Government.

13 Accounting for Investments – AS 13

The net worth of TVS Infotech Inc., Michigan USA, a wholly owned subsidiary, is Rs.1,81,77,190. The cost of Investments is Rs.1,68,72,591. There is no decline in value of investments.

14 Employee benefits – AS 15

Contribution to provident fund are made to Employees Provident Fund Organisation, Chennai

Leave Salary - Compensated Absences

The Company also extends defined benefit plans in the form of Compensated absences to employees. Provision for Compensated absences is made on actuarial valuation basis.

The Benefits towards Compensated absences are provided based on actuarial valuation made at the end of the year.

The benefits towards Compensated absences recognised in the Statement of Profit and Loss is as follows:

| | (Amount in Rs.) | |
|--------------------------|-----------------------------------|-----------------------------------|
| | As at Year Ended 31.03.2016 | As at Year Ended 31.03.2015 |
| (a) Current service cost | 10,31,932 | 8,90,020 |
| (b) Interest cost | 2,12,902 | 1,77,772 |
| (c) Total | 12,44,834 | 10,67,792 |

Actuarial Assumptions:

The Principal assumptions used in determining gratuity benefit obligation and determining company's liability towards employee benefits under Compensated absences are furnished below :

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

| | % | % |
|------------------------------|------|------|
| Discount rate - Gratuity | 7.60 | 7.80 |
| Discount rate - Leave Salary | 7.60 | 7.80 |

The estimates of future salary increases, considered in actuarial valuation takes into account inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

15 Borrowing Costs – AS 16

During the year, there were no borrowings attributable to qualifying assets and hence no borrowing cost has been capitalised.

16 Segment reporting – AS 17

The Company operates in only one segment, viz., Software development and services.

17 Related Party Disclosures – AS 18

Related Parties

(I) Where Control exists:

A) Holding Company

Sundram Fasteners Limited, Chennai

B) Individual Investor

Mrs Usha Krishna, Chennai holds 37.73% of the paid up equity share capital of the Company

C) Subsidiary Company

| Name of the Subsidiary | % of Shares Held |
|---|------------------|
| TVS Infotech Inc, Charlotte NC 28227, USA | 100% |

D) Fellow -Subsidiary Companies

i. Domestic Subsidiary

1. TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited)
2. Sundram Precision Components Limited, Chennai (Formerly known as Sundram Bleistahl Limited)

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

3. Sundram Fasteners Investments Limited, Chennai
4. Sundram Non Conventional Energy Systems Limited, Chennai

ii. Foreign Subsidiary

1. TVS Peiner Services Gmbh, Germany
2. Cramlington Precision Forge Ltd, United Kingdom
3. Sundram Fasteners (Zhejiang) Ltd, Zhejiang , Peoples Republic of China
4. Peiner Umformtechnik GmbH , Peine , Federal Republic of Germany
5. PUT Grundstucks GmbH , Federal Republic of Germany
6. Sundram International Inc , Michigan, USA
7. Sundram International Ltd, United Kingdom

(II) Other Related Parties with whom transactions have been entered into during the year

(A) Key Management Personnel

Mr. Vinod Krishnan – Managing Director.

(B) Relatives of Key Management Personnel

Ms Arundathi Krishna

(C) Individual owning direct interest in voting power

Ms. Usha Krishna

(D) Enterprise in which Individual investor owning an interest in voting power has significant influence

Upasana Finance Limited, Chennai

Upasana Properties Private Limited, Chennai

(III) Transactions with Related Parties

(Amount in Rs.)

| | As at/ Year ended 31.03.2016 | As at/Year ended 31.03.2015 |
|--|---------------------------------|--------------------------------|
| A. Services rendered | | |
| Holding Company (Sundram Fasteners Limited, Chennai) | 5,56,63,598 | 4,80,98,845 |
| Subsidiary Company | 2,88,990 | 2,21,899 |
| Fellow Subsidiary | | |
| i. TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited) | 26,60,000 | 22,68,205 |

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

| | | (Amount in Rs.) |
|---|-----------|-----------------|
| ii. TVS Peiner Services Gmbh, Germany | 2,07,300 | 1,77,346 |
| iii. Cramlington Precision Forge Ltd, UK | NIL | 28,71,000 |
| Enterprises in which Individual Investor have significant Influence (Upasana Finance Limited, Chennai) | 14,500 | 29,000 |
| B. Sale of Goods | | |
| Holding Company (Sundram Fasteners Limited, Chennai) | NIL | 12,00,000 |
| C. Finance Arranged including Loans | | |
| Fellow Subsidiary –Loan Repaid (Sundram Fasteners Investments Limited, Chennai) | NIL | 4,12,50,000 |
| Loan Repaid to Enterprises in which Individual investor owning an interest In voting power has significant influence (Upasana Properties Private Limited, Chennai) | NIL | 1,39,75,000 |
| Interest on Loans – Fellow Subsidiary (Sundram Fasteners Investments Limited, Chennai) | NIL | 9,03,545 |
| Interest on Loans from Enterprises in which Individual investor owning an interest in voting power has significant influence (Upasana Properties Private Limited, Chennai) | NIL | 3,06,110 |
| D. Management Contracts, including deputation of employees | | |
| Key Management Personnel | 37,94,042 | 26,33,396 |
| Outstanding balances Due to the Company | | |
| Holding Company (Sundram Fasteners Limited, Chennai) | 73,687 | 1,71,942 |

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

| | | Amount in Rs.) |
|---|-----------|----------------|
| Subsidiary Company | 2,88,990 | NIL |
| Fellow Subsidiary | | |
| i. TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited) | 20,45,700 | 4,08,015 |
| ii. TVS Peiner Services GmbH, Germany | 1,05,546 | NIL |
| Due by the Company | | |
| Subsidiary Company | 4,23,820 | 4,23,820 |

18 Earnings per share – AS 20

Earnings per share (Basic and Diluted) is calculated by dividing the Profit attributable to the Shareholders by the weighted average number of equity shares outstanding during the year.

| | (Amount in Rs.) | |
|---------------------------------------|--------------------------------|--------------------------------|
| | As at Year Ended 31.03.2016 | As at Year Ended 31.03.2015 |
| Profit/ (Loss) after tax– | (3,31,23,069) | 66,79,437 |
| No. of Equity Shares | 2,54,24,044 | 2,54,24,044 |
| Weighted Average No. of Equity Shares | 2,54,24,044 | 2,40,91,402 |
| Nominal Value of the share | Rs.10/- | Rs.10/- |
| Earnings per share | | |
| (i) Basic (Rs.) | (1.30) | 0.28 |
| (ii) Diluted (Rs.) | (1.30) | 0.28 |

19 Consolidated Financial Statements – AS 21

Not Applicable – As per Companies Act, 2013 (Section 129 (3) read along with Rule 6 of Companies (Accounts) Rules, 2014)

18 (1) SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31ST MARCH 2016

20 Accounting for Taxes on Income – AS 22

There is no provision for taxes on income during the year in view of carried forward unabsorbed losses. There is no liability for taxes under sec.115JB of the Income Tax Act,1961.

Deferred Tax asset has been recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

21 Accounting for Investments in Associates in Consolidated Financial Statements – AS 23

The Standard is not applicable to the Company

22 Discontinuing Operations – AS 24

The Company has not discontinued any operations during the current year.

23 Intangible Assets – AS 26

The Company has incurred expenditure towards development of solutions which are in the nature of intangible assets. Such expenditure represents cost of salaries of employees engaged in development of solutions.

24 Impairment of Assets – AS 28

The Company has no impairment loss during the year.

25 Provisions, Contingent Liabilities and Contingent Assets – AS 29

Liabilities disputed and not provided for:

| Nature of dues | 31.03.2016 | 31.03.2015 |
|----------------|-------------|-------------|
| Service Tax | Rs.7,24,376 | Rs.7,24,376 |

Bank Guarantees Obtained

| Contingent Liability | 31.03.2016 | 31.3.2015 |
|----------------------|------------|----------------|
| On Bank Guarantee | NIL | Rs.1,00,00,000 |

Notes on Accounts

(Amount in Rs.)

| Note - 19 | As at/ Year ended 31-03-2016 | As at/ Year ended 31-03-2015 |
|--|------------------------------------|------------------------------------|
| 1 Remuneration to Auditors consists of: | | |
| a) Audit fees | 25,000 | 25,000 |
| b) Reimbursement of expenses | 2,640 | 25,872 |
| c) Tax Audit | 30,000 | 15,000 |
| d) Certification | 105,618 | 69,000 |
| 2 Exchange difference included in the Net Profit for the year : | | |
| a) Exchange (gain)/loss resulting from translation of transactions in the financial statement of Overseas branches | - | - |
| b) Exchange (gain)/loss resulting from export realisation | (2,307,837) | 686,784 |
| c) Unrealised Exchange (Gain)/ Loss resulting from translation of debtors denominated in foreign currency | 16,168 | 164,827 |
| Net (gain) / loss | (2,291,669) | 851,611 |
| 3 Earnings in Foreign Currency Income from Software Development and Consultancy | 131,667,746 | 142,102,450 |
| 4 Foreign Currency exposure that were not hedged by any derivative instruments or otherwise | 30,309,540 | 34,610,281 |
| 5 The company has not entered into any forward contract during the year | | |
| 6 FOB Value of Exports | 131,667,746 | 142,102,450 |
| 7 Expenditure in Foreign Currency | | |
| a) Salaries, Wages and Bonus | 2,090,885 | 3,697,919 |
| b) Employees' Social Insurance | 432,646 | - |
| c) Rent | 304,465 | 323,085 |
| d) Travel | 992,747 | - |
| e) Consultancy Fees | 577,172 | 525,542 |
| f) Rates and Taxes | 117,705 | 409,300 |
| g) Other expenses | 12,243 | 9,270,353 |
| 8 Directors have waived their sitting fees | | |
| 9 Provision of Sec 135 of the Companies Act, 2013 relating to Corporate social responsibilities expenditure are not applicable to the Company | | |
| 10 Figures for the previous year have been regrouped and rearranged wherever necessary to make them conform to current year's requirements. | | |
| 11 Trade Payables | | |
| a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;- NIL | | |
| b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; - NIL | | |

| Notes on Accounts (Contd.) | Rupees As at/ Year ended 31-03-2016 | Rupees As at/ Year ended 31-03-2015 |
|--|--|--|
| <p>c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small, and Medium Enterprises Development Act, 2006; - NIL</p> <p>d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and - NIL</p> <p>e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. - NIL</p> <p>(Signatures to Notes to Balance Sheet as at 31st March 2016 and Statement of Profit and Loss for the year ended on that date.)</p> | | |

| | | |
|---|------------------------------------|--|
| <p>VINOD KRISHNAN Managing Director</p> <p>BABU RANGANATHAN Chief Financial Officer and Secretary</p> <p>Chennai May 19, 2016</p> | <p>V G JAGANATHAN Director</p> | <p>As per our report annexed</p> <p>For SUNDARAM & SRINIVASAN Chartered Accountants (Firm Regn. No. 004207S)</p> <p>M BALASUBRAMANIYAM Partner Membership No. F 7945</p> |
|---|------------------------------------|--|