

TREND ELECTRONICS LIMITED



ANNUAL REPORT 2013

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDITORS

KHANDELWAL JAIN & CO.

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

KADAM & CO.

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

COMPANY SECRETARY

Mr. Kaustubha A. Sahasrabudhe

REGISTERED OFFICE AND MANUFACTURING FACILITY

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

BANKERS

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

CONTENTS

PAGE NO.

Notice	1
Directors' Report	3
Corporate Governance Report	6
Management Discussion and Analysis Report	13
Independent Auditors' Report	16
Balance Sheet	18
Statement of Profit and Loss	19
Cash Flow Statement	20
Notes forming part of the Financial Statements	21

NOTICE

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

ORDINARY BUSINESS:

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

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

SPECIAL BUSINESS:

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

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

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

**KAUSTUBHA A. SAHASRABUDHE
COMPANY SECRETARY**

Place : Mumbai

Date : 15th May, 2014

Registered Office:

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

CIN: L99999MH1989PLC052233

E-mail id: secretarial_trend@videoconmail.com

Website: www.trendelectronics.in

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

Fax No.: +91-240-2644506

NOTES:

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

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

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

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

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

**KAUSTUBHA A. SAHASRABUDHE
COMPANY SECRETARY**

Place : Mumbai
Date : 15th May, 2014

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

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

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

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

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

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

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

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

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

**KAUSTUBHA A. SAHASRABUDHE
COMPANY SECRETARY**

Place : Mumbai
Date : 15th May, 2014

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS AND OPERATIONS

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

(₹ in Million)

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

BUSINESS PERFORMANCE

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

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

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

APPROPRIATIONS

Dividend:

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

Transfer to Reserves:

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

FIXED DEPOSIT

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

PERSONNEL

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

CONSERVATION OF ENERGY

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

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

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

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

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

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

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

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

RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

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

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

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

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

Benefits derived from R & D activities:

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

The other benefits derived are:

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

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

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

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

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

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

Future Plan of action:

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

The future plan of action includes:

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

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

Technology Absorption:

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

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

INFORMATION TECHNOLOGY

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

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

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

HEALTH, SAFETY AND ENVIRONMENT

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

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

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

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

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

INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

HUMAN RESOURCES MANAGEMENT

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

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

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

BOARD OF DIRECTORS

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

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

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

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

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

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

CASH FLOW STATEMENT

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

AUDITORS' REPORT

The Auditors' Report is unqualified.

AUDITORS

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

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

COST AUDIT

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

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

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

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

AUDIT COMMITTEE

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

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

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

V. D. DHARM
Director

S. S. NABAR
Director

Place : Mumbai
Date : 15th May, 2014

ANNEXURE TO DIRECTOR'S REPORT

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

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

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

Place : Mumbai
Date : 15th May, 2014

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

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

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

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

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

BOARD OF DIRECTORS

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

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

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

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

Board/Committee Proceedings:

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

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

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

Board Meetings and Attendance:

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

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

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

Notes:

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

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

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

Brief Profile of Director seeking appointment:

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

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

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following four committees:

Mandatory Committees:

- Audit Committee
- Shareholders'/Investors' Grievance Committee

Non-mandatory Committees:

- Remuneration Committee*
- Finance and General Affairs Committee

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

AUDIT COMMITTEE

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

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

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

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

Terms of reference and scope of the Audit Committee:

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

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

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

The Audit Committee also reviews:

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

The Audit Committee is also vested with the following powers:

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

Meetings and Attendance:

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

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

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

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

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

Compliance Officer:

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

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

Terms of reference and scope of the Committee:

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

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

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

Meetings and Attendance:

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

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

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

Share Transfer Details:

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

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

Demat/Remat of Shares:

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

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

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

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

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

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

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors comprised of three Independent Directors. The composition as on 31st December, 2013, was as under:

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

Terms of reference and scope of the Committee:

The following matters are referred to the Remuneration Committee:

- Fixing and reviewing the remuneration of the Chief Executives and other senior officers of the Company;
- Recommending the remuneration including the perquisite package of key management personnel;
- Determining the remuneration policy of the Company;
- Recommending the retirement benefit plans of the Company;
- Reviewing the performance of employees against specific key result areas; and
- Attending any other responsibility as may be entrusted by the Board.

Meetings and Attendance:

During the financial year under consideration, one meeting was held on 30th January, 2013, which was attended by all the members of the Committee.

Directors' Remuneration:

The Non-Executive Independent Directors are paid only sitting fees for participating in the Board and various Committee meetings.

Details of payment towards sitting fees to Independent Directors during the financial year ended on 31st December, 2013, are as under:

Name	Sitting fees paid (₹)
Mr. Vivek D. Dharm	30,500
Mr. Subhash S. Nabar	20,500
Mr. Bhopinder J. Chopra	22,000
TOTAL	73,000

The Company has not issued any stock options.

FINANCE AND GENERAL AFFAIRS COMMITTEE

The composition of the Finance and General Affairs Committee of the Board of Directors as on 31st December, 2013, was as under:

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

The Company Secretary is the *de-facto* Secretary of the Committee.

Meetings and attendance:

During the financial year under consideration, 10 (Ten) meetings of the Finance and General Affairs Committee were held.

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

Name	Meetings Attended
Mr. Vivek D. Dharm	9
Mr. Subhash S. Nabar	6
Mr. Bhopinder J. Chopra	5

Terms of reference and scope of the Committee:

The Committee is entrusted with various powers from time to time, which shall aid in speedy implementation of various projects, activities and transactions whether routine or non-routine in nature.

GENERAL BODY MEETINGS

Date, time and location where the last three Annual General Meetings (AGMs) were held are as under:

AGM	AGM Date	Location	Time	No. of Special Resolution Passed
21st	29.06.2011	20 K.M. Stone, Aurangabad - Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)	4.00 p.m.	NIL
22nd	29.06.2012	20 K.M. Stone, Aurangabad - Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)	4.00 p.m.	NIL
23rd	27.06.2013	20 K.M. Stone, Aurangabad - Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)	1.00 p.m.	NIL

POSTAL BALLOT

No resolution was passed through Postal Ballot during the financial year under review. Further, none of the businesses, proposed to be transacted at the ensuing Annual General Meeting, requires passing of a special resolution through Postal Ballot.

DISCLOSURES

a)	Materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.	There are no transactions, which may have potential conflicts with the interests of Company at large. Transactions with related parties are disclosed in Note No. 31 of the "Notes forming part of the Financial Statements" in the Annual Report.
b)	Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	NIL
c)	Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.	The Company has implemented Whistle Blower Policy and no personnel have been denied access to the Audit Committee.
d)	Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of this Clause.	The Company has complied with mandatory requirements and adopted the following non-mandatory requirements: <ol style="list-style-type: none"> The Company has constituted a Remuneration Committee, details of which are captured in the section Board Committees of this Report. Constitution of Standing Committee under nomenclature Finance and General Affairs Committee. The Company has adopted Whistle Blower Policy .

MEANS OF COMMUNICATION

The Company regularly intimates its un-audited as well as audited financial results, including quarterly results, to the Stock Exchange in compliance with the Listing Agreement. These financial results are published in The Financial Express or Free Press Journal (English) and Loksatta (Marathi) newspapers having wide circulation.

ANNUAL REPORT 2013

The results are posted on the Company's website www.trendelectronics.in. The official news releases and the presentations made, if any, from time to time to investors and financial analysts at investors' meets are also displayed on the Company's website. The results are not distributed/sent individually to the Shareholders.

The Company regularly uploads various reports, notifications and returns required to be submitted as per the Listing Agreement on the BSE Listing website named listing.bseindia.com, as per the guidelines issued by BSE Limited.

In terms of the requirements of Clause 52 of the Listing Agreement with the Stock Exchange, the un-audited financial results as well as audited financial results, shareholding pattern of the Company and Corporate Governance Report are electronically submitted, unless there are technical difficulties and are displayed through Corporate Filing and Dissemination System viz. www.corpfilling.co.in

Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL INFORMATION FOR SHAREHOLDERS

Annual General Meeting:

Day & Date : Monday, 30th June, 2014

Time : 2.00 p.m.

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

Financial Calendar for 2014:

Particulars	Date
Accounting Period	1st January, 2014 – 31st December, 2014
Unaudited Financial Results	Announcement within 45 days from the end of each quarter or such time limit as may be prescribed by SEBI and Stock Exchange from time to time.
First Quarter Results	On or before 15th May, 2014
Second Quarter Results	On or before 14th August, 2014
Third Quarter Results	On or before 14th November, 2014
Fourth Quarter & Audited Financial Results	On or before 1st March, 2015
Annual General Meeting for year ending 31st December, 2014	On or before 30th June, 2015

Book Closure:

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 20th June, 2014 to Monday, 30th June, 2014 (both days inclusive).

Dividend Payment Date:

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

Listing on Stock Exchange:

The Equity shares of your Company are listed on:

Sr. No.	Name and address of the Stock Exchange	Stock Code
1.	BSE Limited (Formerly: Bombay Stock Exchange Limited) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Web: www.bseindia.com	517228

The Company has paid Listing Fees for the year 2014-15 to the Stock Exchange. The Company has already paid the Custodial Fees for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited. The Company is in process of making payment for the year 2014-15.

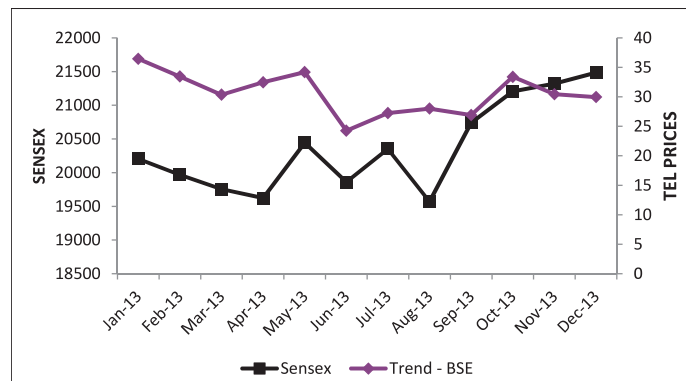
In terms of the requirements of Clause 7(d) of the SEBI (Delisting of Equity Shares) Regulations, 2009, the Company hereby declares that the equity shares of the Company have been delisted from Ahmedabad Stock Exchange Limited, The Delhi

Stock Exchange Association Limited, Bangalore Stock Exchange Limited, Pune Stock Exchange Limited, The Calcutta Stock Exchange Limited, Madras Stock Exchange Limited and Vadodara Stock Exchange Limited and accordingly, received the confirmations from the aforesaid stock exchanges.

Market Price Data:

Monthly High and Low prices at BSE Limited during the year ended on 31st December, 2013, are as under:

Month	BSE	
	High Price	Low Price
January, 2013	36.45	30.35
February, 2013	33.45	27.10
March, 2013	30.35	23.60
April, 2013	32.45	25.50
May, 2013	34.20	23.75
June, 2013	24.25	20.60
July, 2013	27.25	22.00
August, 2013	28.00	23.00
September, 2013	26.90	22.55
October, 2013	33.40	25.35
November, 2013	30.45	25.45
December, 2013	29.95	23.30



Registrar and Share Transfer Agent:

M/s. MCS Limited
Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P. D'Mello Road, (Ghadiyal Godi)
Masjid (East), Mumbai - 400 009.
Tel: (022) 23726253/55
Fax: (022) 23726252

Share Transfer System:

Entire share transfer activities are carried out by M/s. MCS Limited, Registrar and Share Transfer Agent of the Company. Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. Share transfers are approved by Sub-Committee of the Board and all valid transfers are processed within 15 days from the date of receipt.

The Company has pursuant to Clause 47(c) of the Listing Agreement with Stock Exchange, submitted within the stipulated time, certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from a Practicing Company Secretary.

Distribution of Shareholding:

a) Shareholding pattern as on 31st December, 2013, is as under:

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	10	3,679,105	49.05
(2)	Foreign	-	-	-
	Sub – Total (A)	10	3,679,105	49.05
(B)	Public Shareholding			
(1)	Institutions	10	371,475	4.95
(2)	Non- Institutions			
	Bodies Corporate	167	512,035	6.83
	Individuals	17,293	2,780,167	37.07
(3)	Others	844	157,218	2.10
	Sub – Total (B)	18,314	3,820,895	50.95
	TOTAL (A) + (B)	18,324	7,500,000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	-	-	-
(2)	Public	-	-	-
	Sub-Total (C)	-	-	-
	GRAND TOTAL (A)+(B)+(C)	18,324	7,500,000	100.00

b) Distribution of Shareholding as on 31st December, 2013 is given below:

Share Holding of Nominal Value	Number of Shareholders	% to the Total Shareholders	No. of Shares	Amount (in ₹)	% to the Total Value of Share Capital
Up to 5,000	17,863	97.48	1,445,579	14,455,790	19.27
5,001 to 10,000	203	1.11	163,194	1,631,940	2.18
10,001 to 20,000	120	0.66	182,634	1,826,340	2.44
20,001 to 30,000	43	0.24	107,612	1,076,120	1.43
30,001 to 40,000	19	0.10	67,287	672,870	0.90
40,001 to 50,000	10	0.05	44,808	448,080	0.60
50,001 to 100,000	25	0.14	171,952	1,719,520	2.29
100,001 and above	41	0.22	5,316,934	53,169,340	70.89
Total	18,324	100.00	7,500,000	7,500,000	100.00

Dematerialization of Shares and liquidity:

The Securities and Exchange Board of India (SEBI), through a notification has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on 31st December, 2013, 6,493,247 equity shares (representing 86.58% of the total number of shares) have been dematerialized.

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity:

The Company has not issued any instruments which warrant conversion. As on 31st December, 2013, there is no outstanding instrument which warrants conversion.

Plant location:

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

Address for Correspondence:

20 K.M. Stone, Aurangabad - Beed Road, Village: Bhalgaon,
District: Aurangabad - 431 210 (Maharashtra)
Tel : +91-240-2644509/10/12 Fax : +91-240-2644506
E-mail id: secretarial_trend@videoconmail.com

The correspondence address for shareholders in respect of their queries is:

MCS Limited
Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P. D'Mello Road (Ghadiyal Godi),
Masjid (East), Mumbai - 400 009.
Tel: 022 23726253/55
Fax: 022 23726252

Corporate Governance Voluntary Guidelines, 2009:

The management has also undertaken due initiatives to adopt the provisions of the Corporate Governance Voluntary Guidelines, 2009, in its overall governance framework as applicable in case of the Company.

COMPLIANCE CERTIFICATE OF THE AUDITORS:

A certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company which is posted on the Website of the Company. The Board Members and Senior Management have affirmed compliance with the code of conduct.

For TREND ELECTRONICS LIMITED**HEAD OPERATIONS****COMPANY SECRETARY**

Place : Mumbai

Date : 15th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreement.

The Management presents herein the Industry Structure, Opportunities and Threats in the Consumer Electronics Industry and the Company's Outlook for the future.

INDUSTRY STRUCTURE AND DEVELOPMENTS

With the Indian consumer electronics market's demand estimated to grow to USD 125 Billion by 2015-16, hitting USD 400 Billion in the next 6 years, the industry needs strong policy framework to make the industry competitive. The reduction in excise duty for consumer electronics and home appliances from 12% to 10% announced in the Interim Budget 2014 is a welcome step. However, given the backdrop of the falling Rupee and increasing raw material cost over 2013, a 2% decline may not provide the requisite impetus.

The consumer electronics and durables market in India is divided into three segments:

White Goods	Air Conditioners, Refrigerators, Washing Machines, etc.
Brown Goods	Microwaves, Chimneys, Fans, Irons, Juicers, Mixers, Grinders, etc.
Consumer Electronics	Television Sets, Audio and Video Players, Personal Computers, Laptops, Cell Phones, Digital Cameras, etc.

Consumers are increasingly opting for innovative products to enhance and accommodate their lifestyle for personal well-being. Indian consumer electronics market has been witnessing sustained double digit growth rate in the past few years. Increasing product awareness, affordable pricing, innovative products and the high disposable incomes have aided in the strong growth in the consumer electronics market in India. Rapidly shrinking replacement cycle for consumer durables is observed as sustaining demand in urban India.

The year gone by has been the most opportunistic and challenging for the Digital Broadcast Industry. The mandate of digitization set open a gigantic market of analog users waiting to get digitized across top 42 cities. Aggressive play by digital cable systems was witnessed wherein DTH clearly went on establishing itself as the most preferred choice for digital viewing of pay television content. Out of the approximately 60 Million installed base of digital connections, substantial number of connections have become part of the DTH category.

Your Company continues to expand its distribution footprint and now reaches over a 45,000 stores for stocking the Company's products. The Company also aims to launch new products with a 360-degree approach.

Your Company primarily focuses on manufacturing and trading of Televisions, DVDs and Set Top Boxes.

Televisions:

The evolution of television has been driven by viewers' expectation of a seamless experience across the television and other screen-based smart devices that access the same content. Television, now-a-days is not only an entertainment device but also a source of information. The television today is giving entertainment a new meaning from being just a pure entertainment device; television has become more interactive than ever before. India has the 2nd largest TV market in the world with approximately 162 million TV households, second to China. In 2012, the television industry commenced its journey down a game changing path, with the seeds planted for sweeping changes that would significantly change the industry.

Televisions continue to be the mainstay of the consumer electronics industry with the transition occurring to newer technologies. In addition to the LED TVs, 3D TVs, DTH LED TVs, Internet TVs etc., the Company is planning to introduce products like DDB 4K ULTRA HD TVs.

Introduction of DDB 4K ULTRA HD technology is the revolutionary step in increasing demand for Television Sector. With the picture so clear, the real world starts looking fuzzy. With 4 times the number of pixels than Full HD, pictures on the new DDB 4K ULTRA HD TV look even better than real. No matter what the viewing distance is, one gets to enjoy a viewing experience like never before. The new format that was originally developed for use in digital cinema projection offers four times the resolution of existing Full HD. Much like the move to HD, consumer electronics manufacturers are moving forward in the anticipation that the television industry will respond in kind with the content.

Some of the eye catching features of televisions are:

- **Nano Pix Technology:** It provides optimum brightness to the colors so that

one cannot miss even the finest details while watching.

- **Captured Logo:** With this function user can personalize his TV. One can select any picture from USB and watch the same as a screen saver in TV.
- **Faroudja Video & Audio Optimized:** Faroudja engine has high algorithms for Video and Audio Superiority. It has advanced noise reduction capability that eliminates the blur caused by noise signal and presents the clear image for your viewing. It also has colour compensation/correction processing with independent L&R processing for vivid picture quality. Similarly, Faroudja audio optimization has algorithms for noise reduction from audio for crystal clear sound experience.
- **STRATA Certified Audio:** STRATA produces loud and clear sound which provides an incredible listening experience intensifying the emotional impact of movies and music.

Indian television industry has been under transition over the past few years as flat panel displays continue to erode the dominance of conventional Cathode Ray Tube ("CRT") TVs. The biggest challenge for this segment is the decline in prices of flat panel TVs alongwith continuous technological advancements in the category. This coupled with ever-increasing consumer awareness in the country, is halting the CRT parade. Today, the CRT TV era has passed with the arrival of LCD and LED TVs with the steady decrease in prices coupled with better handling, thinner and lighter than CRT of similar display size with lesser floor area to cover. Now-a-days, the sleek, energy efficient LCD and LED TVs have been at the top of the wish list for many consumers around the world. Today's consumer prefers HD TV with better image quality, high & clear audio output and better color resolution. The LCD market is witnessing an increasing preference for full high definition TV with better image quality, audio clarity and color resolution. LCD TV prices having declined steadily over the last year are likely to witness a shift in trend.

The key growth drivers of Television business in India are likely to be:

- Emergence of nuclear families;
- Upgradation of technology;
- Growth of entertainment and media and the flurry of television channels and the rising penetration of cinemas;
- Growth of organized retail;
- Increase of disposable income with greater aspirations and demographics tilted towards younger customers; and
- Electrification in rural India and increasing aspirations of people in rural India.

The Company tries to reach out to all classes of customers by planning to introduce innovative products right from affordable to premium and luxury categories. Going forward, the Company is likely to launch innovative products and technologies to cater to our ever evolving target audience.

DVDs:

The DVD market in India is witnessing a major change. The decline of the DVD has been significant. The rising popularity of internet downloads and digital video recorders have seen a switch to watching films and TV series virtually, rather than keeping a hard copy. The prices of both hardware and software have become highly competitive and a host of online rental players have emerged. The younger generation increasingly uses screens linked direct to the internet, to watch videos via sites such as YouTube or to download films and series from legal services.

However, there are certain reasons why DVDs still continue their popularity in this tech savvy market:

- DVDs require no internet connectivity and their image quality isn't dependent on bandwidth.
- Many consumers have existing DVD libraries.
- DVD has a better value for home entertainment and long-term usage. Informative DVDs like encyclopedia series play an important role in increasing the knowledge of the children and educating them.
- Mid age generation or old generation are traditionally regarded as less technologically sophisticated and DVDs inspire greater trust among them.
- DVD players also have a proven track record.

Set Top Boxes:

Set Top Box (STB) is increasingly seen as a game changer in TV Broadcasting industry, which is easily deployable in living rooms. It is fuelling consumer appetite for 'high-quality' digital picture displayed on big screen TVs including fast growing

LCD and LED TV segments. The STB market is growing rapidly, due to the expansion of DTH and introduction of digitization of cable TV networks in metros and Phase II cities. The DTH market was worth USD 2.2 Billion in the Financial Year 2013. The subscriber base reached 51 Million from 23 Million during 2010-13. Subscriber base is expected to reach 200 Million by 2018, thereby making India one of the world's largest DTH markets. Evaluating the present market scenario, around 80% of the total cable TV subscribers are still on analog based networks, which is expected to be covered under the Phase III and Phase IV of digitization.

The Ministry of Information and Broadcasting has notified a four-phase digitization process for cable television in India with the sunset date for India were becoming completely digitized by December 31, 2014. The implementation of this process is and will be carried out in following four phases-

Sr. No.	Particulars	Area Covered	Due date
1.	Phase I	Four metropolitan areas of Delhi, Mumbai, Kolkata and Chennai	October 31, 2012
2.	Phase II	All cities with a population of over one million	March 31, 2013
3.	Phase III	All other urban areas across India	September 30, 2014
4.	Phase IV	The rest of India	December 31, 2014

As a result, the cable television industry in India will be transitioned to the Digital Addressable System (DAS) for television distribution and all cable operators will be legally bound to transmit only digital signals. This is a key growth opportunity for the Company as a significant portion of current analog cable television subscribers will switch to DTH services.

The penetration in DTH is happening at much a faster rate than expected under continued investment by the DTH players and increase in the affordability. This phenomenon is likely to continue which would be further led by the digitization push by the Government, lower entry cost in the DTH service and wide variety of choice offered by the DTH operators. The STB segment therefore, is poised for significant growth in the coming years. The Company is looking ahead to grab the opportunity for expansion of business of manufacturing of STBs and establish its presence in foreign markets as well.

Your Company is very much engaged in developing and manufacturing STBs in-house for its group company as well as for other DTH operators. Your Company is pioneer in the Indian DTH market through continuous product innovations and upgradation of technology. The Videocon D2H satellite STB is available with DVR. It offers several HD channels and users can pause, rewind, forward live TV and can also record upto 200 hours.

OPPORTUNITIES AND THREATS

Opportunities:

Indian consumer electronics market has been witnessing sustained double digit growth rate in the past few years. The industry is set to witness further phenomenal growth in the near future, with rising technological innovations.

However, the sales of the STBs have not been affected by the apparent slowdown. With the Government of India mandating the Digital Addressable System & Conditional Access System, the STB industry is again poised for an even bigger growth. Thus, the penetration of the DTH is happening at much faster rate than, it was perceived.

Digitization also opens doors for the Company to venture into other related services like offering new niche channels, value added services and HD etc. Digitizing existing subscriber base in Phase III and IV cities is a huge potential market to be digitized and is sure to bolster the Company's position.

The Company now plans to introduce "Karaoke – Sing along" feature, in the STB, where the user can sing-along with the recorded song, using a Microphone is a revolutionary step ahead. The Company also has plans to introduce a unique motion control & Audio Streaming remote control in the STB.

The Company has a widest network of sales & services and is rated as one amongst the best in the DTH industry.

The key growth drivers for the Indian consumer durables industry:

- Lower penetration level of white goods:** In India, penetration level of white goods is lower as compared to other developing countries. The existing low penetration rates and the increasing usage of consumer durables have catapulted rural India to the high demand generating segment.

- Rapid urbanization:** Fast growing nuclear families and rapid urbanization is a pivotal sign of growing consumer durables demand.
- Innovative products:** Affordable pricing and innovative products have aided in the strong growth in the consumer electronics market in India. For middle and upper range consumers, it is the brand name, technology and product features that are important.
- Availability of financing schemes:** Apart from steady growth in income of consumers, consumer financing has become a major driver in the consumer durables industry. In case of more expensive consumer goods, retailers are marketing their goods more aggressively by providing easy financing options to the consumers by partnering with banks. The easy-availability of consumer financing is beneficial mainly for the lower and middle income group, especially when the cost of capital and flexibility of the scheme is in their favour.
- Increasing share of organized retail:** There has been an incremental shift towards organized retail (brands) from the unorganized (unbranded) products. With the rising income, the new generation prefers branded products as compared to unbranded products. According to estimates, organized retail is expected to grow over 10% by 2014.

Other key opportunities available in the industry are:

- Increased awareness and education about the consumer products and home appliances contributing to rise in demand for the products.
- Exposure to western culture.
- Digital technological revolution.
- Advertising, direct marketing concept.
- Teleshopping and Online shopping.

Threats:

Some of the threats faced by the Company, despite the emerging opportunities are:

- Cheap imports at 0% or concessional import duty:** Due to the implementation of Foreign Trade Agreements (FTA) the consumer electronics sector is facing inverted duty structure, where the final product is being imported at zero/ concessional import duty, whereas the inputs attract 10/7.5% duty.
- High Import duties on raw materials:** Presently, the raw materials are not available through indigenous sources and have to be imported. This is a big handicap and adds to the cost of the manufacturing final product.
- Weak supply chain:** Weak supply chain network and lack of vendor support also affects the quality, productivity and competitiveness of the sector.
- Frequent power fluctuations:** Power cuts and Load shedding leads to major losses to the manufacturing processes. Uninterrupted power supply is a necessary condition for operating manufacturing units.
- Wide volatility in foreign currency** against Indian currency affects the profitability margin.
- Seasonal Demand** is one of the main threats to the Company. Fluctuations in the consumer demand according to seasonal changes affects directly to the net sale of the Company.
- Technology Obsolescence:** With changes in various techniques of production the existing technology becomes obsolete and to keep up with the advancement in the technology is a difficult task.

OUTLOOK

In the times to come, product strength, product mix and a well established distribution network, after sales service and technological superiority would be the key factors to determine the competitive advantage of industry players. The Company is determined to make available its products with latest technology which are environment friendly, energy efficient and economical.

Consumer durables are one of the fastest growing industries in India. Post recession, the markets are expected to be back in its dynamic form, offering larger demand for better products. Therefore, a strong growth is expected in this business. Consumer electronics market is influenced by technology that changes day by day with many innovations and continuous research and development.

The Company will continue its focus on better cost management, improving margins, reducing inefficiency, improving supply chain and improving productivity, so that it can continue to gain market share and improve its operating performance. The Company will ensure that it remains competitive, in market and in costs and will manage the business even more dynamically. All this will definitely help to put our foot forward with respect to competition.

RISKS AND CONCERNS

The global economic environment though coming out of the worst possible times is still faced with the crisis in certain European countries and the uncertainty continues to remain. The Indian consumer durable industry remains stable in the terms of growth but is facing a stiff competition on account of entries of new players. The weakening of Indian Rupee has impacted the overall business. Customs duty on STB in 2013 budget was increased from 5% to 10% to encourage manufacturers. Given the deadline for full digitization by 2014, this move has also not benefited the industry much and has resulted only in increase in cost of the STB for end user.

The Company has to manage the risk of competition from domestic as well as foreign players. Besides, heavy taxation in the country is also a major concern for the industry. Your Company is also exposed to risks such as technology obsolescence, high interest rates and strong presence of multi-national Companies in the market.

Other risks associated with the industry are as under:

- Increase in input costs;
- Volatile market and always new innovation in technology and use;
- Brand loyalty among consumers adversely affects the acceptance of new technologies;
- Pressure on price and margin; and
- Cross border competition.

The management is aware of the risks and has been taking efforts continuously to minimize the same. The Company has laid down procedures to inform Board members about risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management is controlling risks through properly defined framework.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Company's Internal Audit function objectively and independently tests the design, adequacy and operating effectiveness of the internal control system to provide a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the internal control system. The function also reviews and reports on adherence to operating guidelines and statutory requirements, recommends improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information.

Your Company adheres to the following internal control system:

- Properly conducting Board and General Meetings;
- Recording of data discussed during the meeting in proper manner;
- Well prescribed internal reporting hierarchy; and
- Timely preparation of records, reports, minutes and other financial and statutory documents.

Internal audit is conducted throughout the year to monitor and report on the effectiveness of the internal controls in the organization. The plan and the internal audit reports are shared with the Statutory Auditors. The Company has put in place a Risk assessment and mitigation policy for process across all its business operations, which is periodically reviewed by the management.

Significant findings of the internal audit are brought to the notice of the Audit Committee and corrective measures are recommended for implementation. Reports of the internal auditors are also continuously reviewed by the management and corrective actions are initiated to strengthen the controls and enhance the effectiveness of the existing systems.

SEGMENT-WISE PERFORMANCE

The Company is primarily engaged in manufacturing of electrical and electronics appliances and there is no other reportable segment as defined in Accounting Standard 17 on "Segment Reporting."

FINANCIAL PERFORMANCE

Income:

Sales

During the year under review, the Company recorded a turnover of ₹ 14,762.49 Million as against ₹ 15,043.80 Million for the year ended on 31st December, 2012.

Other Income

Other Income for the year was ₹ 1.22 Million as against ₹ 21.69 Million for previous year ended on 31st December, 2012. Other Income comprises of dividend income, profit on sale of fixed assets and other Non-Operating Income.

Expenditure:

Cost of Goods Consumed

During the year, the Cost of Goods Consumed stood at ₹ 13,267.92 Million as against ₹ 13,578.26 Million for the previous year ended on 31st December, 2012.

Salaries, Wages and Employees Benefits

During the year under review, the Salary and Wages were ₹ 161.28 Million as against ₹ 144.05 Million for the previous year ended on 31st December, 2012.

Manufacturing and Other Expenses

During the year under review, the Manufacturing and Other Expenses were ₹ 448.05 Million as against ₹ 410.90 Million for the previous year ended on 31st December, 2012.

Interest and Finance Charges

Interest and Finance Charges were to the tune of ₹ 751.54 Million as against ₹ 737.97 Million for the previous year ended on 31st December, 2012.

Depreciation

During the year under review, Depreciation amounted to ₹ 213.21 Million as against ₹ 204.87 Million for the previous year ended on 31st December, 2012.

Net Profit /Loss

Net Loss of the Company for the current year amounted to ₹ 500.49 Million as against a net loss of ₹ 415.71 Million for the previous year ended on 31st December, 2012.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company is committed to provide environment that helps its employees and workmen to deliver its best. Your Company believes that the Human Capital should be a proper mix of fresh bold and silver lines. Therefore, the Company designs its human resource policies in such a way that it motivates the budding professional who are led by experienced personnel. Differentiated compensation and growth opportunities were provided to ensure retention of key talent and successors for all critical positions.

The Company's HR Department takes a proactive role in responding to genuine grievances of employees to foster a warm positive relationship between the management and employees, increase job satisfaction and ensure that employees can add value to their lives. The HR Team is fully backed and guided by a professional management team and work closely to ensure that the Company's vision is perpetuated down the line to meet the Company's targeted results and goals.

The performance evaluation processes are being redefined to provide dynamic interventions in assessing and developing the individual targets and synchronizing these targets to the Company's objectives and mission. Steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee.

A cordial industrial relation environment prevailed in the Company during the year.

The total staff strength of the Company for the year ended 31st December, 2013, was around 375.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's objectives, production, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. The actual results might differ substantially or materially from those expressed or implied due to the influence of external and internal factors beyond the control of the Company. Further, the discussion herein reflects the perceptions on major issues as on date and the opinions expressed herein are subject to change without notice. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Trend Electronics Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Trend Electronics Limited ("the Company"), which comprise the Balance Sheet as at 31st December, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013, of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

5. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- B. As required by Section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act, read with the General Circular 15/2013 dated 13th September, 2013, of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) on the basis of written representations received from the directors as on 31st December, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December, 2013, from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act.

For KHANDELWAL JAIN & CO.

Chartered Accountants

Firm Registration No.: 105049W

BHUPENDRA Y. KARKHANIS

Partner

Membership No.: 108336

Place : Mumbai

Date : 28th February, 2014

For KADAM & CO.

Chartered Accountants

Firm Registration No.: 104524W

U. S. KADAM

Partner

Membership No.: 31055

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Statement referred to in paragraph 5 of the Independent Auditors' Report of even date to the Members of Trend Electronics Limited ("the Company") on the financial statements for the year ended 31st December, 2013.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) During the year the Company has not disposed off any substantial part of fixed assets.
- (ii) (a) As per the information and explanation given to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As per information and explanation given to us, the discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, Sub-Clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs, in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956, in respect to the Company's products. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st December, 2013, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company examined by us and information and explanations given to us, the particulars of dues of Income-tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess which have not been deposited on account of any dispute, are given below:

Name of the Statute	Nature of the Dues	₹ in Million	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty	3.31 0.75	Asst. Commissioner Commissioner
2. Central Excise Act, 1944	Excise Duty	4.03 2.98 0.12	CESTAT High Court Asst. Commissioner
3. Finance Act, 1994 (Service Tax Provisions)	Service Tax	0.69 6.95 0.93	Asst. Commissioner Commissioner Dy. Commissioner
4. Sales Tax Act of various States	Sales Tax	0.02 44.71 0.28	Appellate Tribunal Joint Commissioner STO

- (x) There are accumulated losses of ₹ 545.13 Million as on 31st December, 2013, which are not more than Fifty percent of its net worth. The Company has incurred cash losses during the financial year and also during the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given to us, we observed that, the Company has defaulted in repayment of loans and payment of interest to banks is summarized below :
- | Particulars | ₹ in Million | Delay in Days - Range |
|---------------------|--------------|-----------------------|
| Principal Repayment | 1.72 | 86 to 87 days |
| Interest | 18.61 | 55 to 88 days |
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore, the Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent exemption granted under Section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are, *prima facie*, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loans raised during the year were applied, on an overall basis, for the purpose for which the loans were obtained.
- (xvii) On the basis of overall examination of the Balance Sheet of the Company, we observed that, the Company has not used funds raised on short term basis for long term investments.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No.: 105049W

BHUPENDRA Y. KARKHANIS
Partner
Membership No.:108336

Place : Mumbai
Date : 28th February, 2014

For KADAM & CO.
Chartered Accountants
Firm Registration No.: 104524W

U. S. KADAM
Partner
Membership No.:31055

BALANCE SHEET AS AT 31ST DECEMBER, 2013

(₹ in Million)

Particulars	Note No.	As at 31st Dec., 2013	As at 31st Dec., 2012
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	1,075.00	1,075.00
b) Reserves and Surplus	3	101.72	602.21
		<u>1,176.72</u>	<u>1,677.21</u>
2) Non-Current Liabilities			
a) Long Term Borrowings	4	4,202.40	3,135.42
b) Deferred Tax Liability (Net)	5	2.05	91.70
c) Long Term Provisions	6	7.21	9.43
		<u>4,211.66</u>	<u>3,236.55</u>
3) Current Liabilities			
a) Short Term Borrowings	7	3,049.27	3,325.40
b) Trade Payables	8	1,841.56	1,878.77
c) Other Current Liabilities	9	233.83	582.85
d) Short Term Provisions	10	35.02	30.79
		<u>5,159.68</u>	<u>5,817.81</u>
	TOTAL	<u>10,548.06</u>	<u>10,731.57</u>
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	11	2,570.93	2,481.75
ii) Intangible Assets	11	0.09	0.08
b) Non-Current Investments	12	256.46	337.04
c) Long Term Loans and Advances	13	41.28	30.17
		<u>2,868.76</u>	<u>2,849.04</u>
2) Current Assets			
a) Inventories	14	3,897.12	3,856.60
b) Trade Receivables	15	2,787.29	2,882.81
c) Cash and Bank Balances	16	339.09	323.21
d) Short Term Loans and Advances	17	628.59	795.48
e) Other Current Assets	18	27.21	24.43
		<u>7,679.30</u>	<u>7,882.53</u>
	TOTAL	<u>10,548.06</u>	<u>10,731.57</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2 to 39		

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

V. D. DHARM
Director

BHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336

U. S. KADAM
Partner
Membership No. 31055

KAUSTUBHA A. SAHASRABUDHE
Company Secretary

S. S. NABAR
Director

Place: Mumbai
Date : 28th February, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST DECEMBER, 2013

(₹ in Million)

Particulars	Note No.	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
I. INCOME			
Revenue from Operations	19	14,762.49	15,043.80
Less: Excise Duty		511.85	536.07
Net Revenue from Operations		14,250.64	14,507.73
Other Income	20	1.22	21.69
TOTAL INCOME		14,251.86	14,529.42
II. EXPENSES			
Cost of Materials Consumed	21	6,267.11	6,060.24
Purchase of Stock-in-Trade	22	7,027.52	7,750.78
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	23	(26.71)	(232.76)
Employee Benefits Expense	24	161.28	144.05
Finance Costs	25	751.54	737.97
Depreciation and Amortisation Expense	11	213.21	204.87
Other Expenses	26	448.05	410.90
TOTAL EXPENSES		14,842.00	15,076.05
III. PROFIT/(LOSS) BEFORE TAX		(590.14)	(546.63)
IV. TAX EXPENSES			
Current Tax		-	-
Deferred Tax		(89.65)	(138.66)
Excess/(Short) Provision of Income Tax for earlier years		-	7.74
V. PROFIT/(LOSS) FOR THE YEAR		(500.49)	(415.71)
VI. EARNINGS PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH	27		
Basic and Diluted		(66.73)	(55.43)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2 to 39		

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered AccountantsFor KADAM & CO.
Chartered AccountantsV. D. DHARM
DirectorBHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336U. S. KADAM
Partner
Membership No. 31055KAUSTUBHA A. SAHASRABUDHE
Company SecretaryS. S. NABAR
DirectorPlace: Mumbai
Date : 28th February, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER, 2013

(₹ in Million)

Particulars	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(590.14)	(546.63)
Adjustments for:		
Depreciation and Amortisation	213.21	204.87
Finance Costs	781.81	765.75
Provision for Warranty and Maintenance Expenses	4.42	8.05
Provision for Gratuity	(1.72)	0.76
Provision for Leave Encashment	(0.69)	0.99
Diminution in Value of Investments	-	0.24
Interest Received	(30.27)	(27.78)
Dividend Received	-	(1.55)
Profit on Sale of Fixed Assets	(1.04)	(19.93)
Operating Profit before Working Capital Changes	375.58	384.77
Adjustments for:		
Inventories	(40.52)	(807.68)
Trade Receivables	95.52	(2.96)
Loans and Advances	158.92	362.38
Other Current Assets	(2.78)	(8.99)
Trade Payables	(37.21)	(438.14)
Other Current Liabilities	(76.63)	(15.73)
Cash generated from/(used in) Operations	472.88	(526.35)
Less: Taxes Paid/(Refund)-net	3.14	2.50
Net Cash from/(used in) Operating Activities	(A) 469.74	(528.85)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	8.27	83.26
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(309.63)	(16.17)
Interest Received	30.27	27.78
(Increase)/Decrease in Fixed Deposits and Other Bank Balances	(17.05)	(12.45)
Dividend Received	-	1.55
(Increase)/Decrease in Investments (Net)	80.58	500.00
Net Cash (used in)/from Investing Activities	(B) (207.56)	583.97
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Long Term Borrowings	794.78	(614.33)
Increase/(Decrease) in Short Term Borrowings	(276.13)	1,322.01
Finance Costs	(781.81)	(765.75)
Payment of Dividend	(0.19)	(0.21)
Net Cash (used in) Financing Activities	(C) (263.35)	(58.28)
Net Change in Cash and Cash Equivalents	(A+B+C) (1.17)	(3.16)
Cash and Cash Equivalents at the beginning of the year	4.46	7.62
Cash and Cash Equivalents at the end of the year	3.29	4.46
Other Bank Balances	335.80	318.75
Cash and Bank Balances at the ended of year (Note No. 16)	339.09	323.21

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

V. D. DHARM
Director

BHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336

U. S. KADAM
Partner
Membership No. 31055

KAUSTUBHA A. SAHASRABUDHE
Company Secretary

S. S. NABAR
Director

Place: Mumbai
Date : 28th February, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting

- a) The financial statements are prepared under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006.
- b) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, provision for warranty cost and the useful lives of fixed assets. The difference between the actual results and estimates are recognised in the period in which the results are known and materialised.

B) Fixed Assets/Capital Work-in-Progress

- a) Fixed Assets are stated at cost, less accumulated depreciation / amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.
- b) Capital Work-in-Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure.

C) Depreciation

Depreciation on plant and machinery of Harmatic Division is provided on Written Down Value (WDV) method at the rates specified in the Schedule XIV to the Companies Act, 1956, except for moulds and certain items of plant and machinery which are depreciated @ 20% as against 15.62% specified for the WDV method in the said Schedule. Depreciation on plant and machinery other than those stated above and other fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.

Intangible Assets are amortised over a period of five years.

D) Impairment of Assets

The Fixed Assets or a group of assets (cash generating units) are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

E) Investments

Non Current Investments are stated at cost. The decline in the value of the investment, other than temporary, is provided for. Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

F) Inventories

Inventories are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

G) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying assets are capitalised as part of the cost of that assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

H) Excise and Customs Duty

Excise Duty in respect of finished goods lying in the factory premises and Customs Duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.

I) CENVAT/Value Added Tax

CENVAT/Value Added Tax benefit is accounted for by reducing the purchase cost of the materials/fixed assets/services.

J) Revenue Recognition

- a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b) Sales/Turnover for the year includes sales value of goods, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sales tax, value added tax and recovery of finance and discounting charges.
- c) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- d) Dividend on investments is recognised when the right to receive is established.

K) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the year.

L) Employee Benefits

- a) Short Term Employees Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.
- b) Post Employment Benefits
 - i) Provident Fund - Defined Contribution Plan

The Company contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Statement of Profit and Loss on accrual basis.
 - ii) Gratuity - Defined Benefit Plan

The Company provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Statement of Profit and Loss.

iii) Leave Encashment

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Statement of Profit and Loss.

M) Taxation

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Minimum Alternate Tax (MAT) paid on the book profits, which give rise to future economic benefits in the form of tax credit against future income-tax liability, is recognised as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilisation of such credit.

N) Research and Development

Revenue Expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the year in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets, under the respective heads.

O) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimates can be made.

Contingent Liabilities are not recognised but are disclosed in the Notes. Disputed demands in respect of Central Excise, Custom duty, Income tax, Sales tax and Other are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter.

Contingent assets are not recognised in the financial statements.

P) Warranty

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

Q) Prior period items

Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Financial Statements.

R) Other Accounting Policies

These are consistent with the generally accepted accounting principles.

2. SHARE CAPITAL**Authorised:**

25,000,000 (Previous year 25,000,000) Equity Shares of ₹ 10/- each

10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of ₹ 100/- each

Issued, Subscribed and Paid-up:

7,500,000 (Previous year 7,500,000) Equity Shares of ₹ 10/- each fully paid-up.

10,000,000 (Previous year 10,000,000) 8% Non-Cumulative Redeemable Preference

Shares of ₹ 100/- each fully paid-up.

(The Preference Shares are redeemable at par in 4 equal yearly installments after expiry

of 5 years from the date of allotment i.e. 4th December, 2012)

	(₹ in Million)	
	As at 31st Dec., 2013	As at 31st Dec., 2012
Authorised:		
25,000,000 (Previous year 25,000,000) Equity Shares of ₹ 10/- each	250.00	250.00
10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of ₹ 100/- each	1,000.00	1,000.00
Total	1,250.00	1,250.00
Issued, Subscribed and Paid-up:		
7,500,000 (Previous year 7,500,000) Equity Shares of ₹ 10/- each fully paid-up.	75.00	75.00
10,000,000 (Previous year 10,000,000) 8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up.	1,000.00	1,000.00
Total	1,075.00	1,075.00

2.1 Reconciliation of the number of Shares:**Equity Shares of ₹ 10/- each**

Outstanding at the beginning of the year

Issued during the year

Outstanding at the end of the year

8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each

Outstanding at the beginning of the year

Issued during the year

Redeemed during the year

Outstanding at the end of the year

	As at 31st Dec., 2013		As at 31st Dec., 2012	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity Shares of ₹ 10/- each				
Outstanding at the beginning of the year	7,500,000	75.00	7,500,000	75.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	7,500,000	75.00	7,500,000	75.00
8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each				
Outstanding at the beginning of the year	10,000,000	1,000.00	-	-
Issued during the year	-	-	10,000,000	1,000.00
Redeemed during the year	-	-	-	-
Outstanding at the end of the year	10,000,000	1,000.00	10,000,000	1,000.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

2.2 Rights, preference and restrictions:

- a) The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to equal right of voting and dividend.
- b) 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.
- c) The preference shares do not have voting rights. They have preference over equity shareholder as to dividend and in case of liquidation.

2.3 Details of Shareholders holding more than 5% Shares:

Name of Shareholders	As at 31st Dec., 2013		As at 31st Dec., 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
a) Equity Shares				
Dome-Bell Electronics India Private Limited	1,250,100	16.67	1,250,100	16.67
Videocon Industries Limited	1,408,800	18.78	1,408,800	18.78
Waluj Components Private Limited	710,730	9.48	710,730	9.48
b) Preference Shares				
Videocon Industries Limited	10,000,000	100.00	10,000,000	100.00

(₹ in Million)

3. RESERVES AND SURPLUS

	As at 31st Dec., 2013	As at 31st Dec., 2012
a) Capital Subsidy		
As per last Balance Sheet	3.00	3.00
	(a) 3.00	3.00
b) Capital Redemption Reserve		
As per last Balance Sheet	500.00	500.00
	(b) 500.00	500.00
c) General Reserve		
As per last Balance Sheet	143.85	143.85
	(c) 143.85	143.85
d) Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(44.64)	371.07
Add: Profit/(Loss) for the year	(500.49)	(415.71)
	(d) (545.13)	(44.64)
Total (a to d)	101.72	602.21

(₹ in Million)

4. LONG-TERM BORROWINGS

	As at 31st Dec., 2013		As at 31st Dec., 2012	
	Non-Current	Current	Non-Current	Current
a) Secured				
Rupee Term Loan from Banks	2,174.83	27.30	-	-
Vehicle Loan from Banks	1.57	2.47	4.04	2.22
	(a) 2,176.40	29.77	4.04	2.22
b) Unsecured				
Foreign Currency Loans from Bank	405.28	25.87	-	365.45
Sales Tax Deferral	620.72	110.67	731.38	70.84
From Others	1,000.00	-	2,400.00	-
	(b) 2,026.00	136.54	3,131.38	436.29
Total (a+b)	4,202.40	166.31	3,135.42	438.51

4.1 Secured Loans

- a) Rupee Term Loan from Banks

The Company alongwith 12 other affiliates/entities (collectively referred to as 'Obligors' and individually referred to as 'Borrower') executed facility agreement with consortium of existing domestic rupee term lenders, in the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities covered are Videocon Industries Limited (VIL), Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Next Retail India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited.

Rupee Term Loans from Banks are secured by first *pari-passu* charge on all present and future tangible/intangible assets (excluding the Identified Properties) of each of the Borrower, first *pari-passu* charge on the Trust and Retention Accounts of the Borrowers, second *pari-passu* charge on Identified Assets of Videocon Hydrocarbon Holdings Limited's (VHHL) subsidiaries through pledge of entire shareholding of VHHL in these overseas subsidiaries, second charge on pledge of 100% shares of Videocon Oil Ventures Limited and VHHL held by VIL, second *pari-passu* charge on VHHL's share of cash flows from Identified Assets and second *pari-passu* charge over current assets of each of the Borrowers. The Rupee Term Loans are also secured by first

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

ranking pledge by the promoters over equity shares of Videocon Industries Limited, Trend Electronics Limited and Value Industries Limited held by them, the personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot, Mr. Rajkumar N. Dhoot and first *pari-passu* charge on 'Videocon' brand. However, charge has not been created in favor of such Consortium of banks (A) for the credit facility to the Obligors on the assets by way of pledge of shares of the subsidiaries of VIL viz. Videocon Mauritius Energy Limited and Videocon Mozambique Rovuma 1 Limited (VMRL), which have been pledged to Standard Chartered Bank for the loans availed by VHHL; (B) for any other receivables from VMRL; and (C) on any assets of VMRL. (Also refer Note No. 34)

b) Vehicle Loans from Banks are secured by way of hypothecation of vehicles acquired out of the said loan.

- 4.2 The Company has availed interest free Sales Tax Deferral under package incentive scheme of 1993. The sales tax collected during the deferral period is payable in five annual installments, after completion of ten years from the year in which the tax was collected.

(₹ in Million)

4.3 Maturity Profile:

	Secured Loans		Unsecured Loans	
	Rupee Term Loan from Banks	Vehicle Loan from Banks	Foreign Currency Loans	Sales Tax Deferral
Financial Year 2015	22.30	1.57	10.35	148.02
Financial Year 2016	54.89	-	13.80	148.96
Financial Year 2017	55.75	-	86.23	134.16
Financial Year 2018	218.69	-	120.72	98.48
Financial Year 2019	548.88	-	174.18	55.78
Financial Year 2020	557.50	-	-	16.38
Financial Year 2021	557.50	-	-	18.94
Financial Year 2022	159.32	-	-	-

Unsecured Loan from Others amounting to ₹ 1,000.00 Million are repayable in Financial Year 2022.

- 4.4 The Company has made certain defaults in repayment of long term loans and interest. The details of continuing defaults as at 31st December, 2013 are as follows:

(₹ in Million)

Particulars	Period of Delays		
	1 Day	2 to 31 Days	32 to 61 Days
Principal amount of Term Loans	5.00	-	-
Interest on Term Loans	-	2.78	0.31

(₹ in Million)

5. DEFERRED TAX LIABILITY (Net)

	As at 31st Dec., 2013	As at 31st Dec., 2012
a) Deferred Tax Liability		
Related to Depreciation on Fixed Assets and Amortisation	323.34	308.35
	(a) 323.34	308.35
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	3.77	4.82
ii) Carried Forward Losses	317.52	211.83
	(b) 321.29	216.65
Net Deferred Tax Liability	(a-b) 2.05	91.70

6. LONG-TERM PROVISIONS

Provision for Gratuity (Refer Note No. 30B)	4.41	6.11
Provision for Leave Encashment (Refer Note No. 30B)	2.80	3.32
Total	7.21	9.43

7. SHORT-TERM BORROWINGS

Secured

Working Capital Loans from Banks	3,049.27	3,325.40
Total	3,049.27	3,325.40

- 7.1 Working Capital Loans from Banks are secured against hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts and all other current assets of the Company and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(₹ in Million)

8. TRADE PAYABLES

Micro, Small and Medium Enterprises
Others

	As at 31st Dec., 2013	As at 31st Dec., 2012
	12.16	-
	1,829.40	1,878.77
Total	1,841.56	1,878.77

8.1 Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

- a) Principle amount remaining unpaid as at the end of the year
- b) Interest due thereon as at the end of the year
- c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year
- d) Interest due and payable for the period of delay in making payment
- e) Interest accrued and remaining unpaid at the end of the year
- f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006

	12.16	-
	-	-
	-	-
	-	-
	-	-
	-	-

Note: This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such vendors/parties have been identified on the basis of information available with the Company.

9. OTHER CURRENT LIABILITIES

Current maturities of Long-term Borrowings (Refer Note No. 4)
Interest accrued but not due on Borrowings
Interest accrued and due on Borrowings
Unclaimed Dividend
Other Payables

	As at 31st Dec., 2013	As at 31st Dec., 2012
	166.31	438.51
	14.76	9.10
	3.09	-
	1.46	1.65
	48.21	133.59
Total	233.83	582.85

10. SHORT-TERM PROVISIONS

Provision for Warranty and Maintenance Expenses (Refer Note No. 29)
Provision for Gratuity (Refer Note No. 30B)
Provision for Leave Encashment (Refer Note No. 30B)

	32.75	28.33
	1.64	1.66
	0.63	0.80
Total	35.02	30.79

11. FIXED ASSETS

(₹ in Million)

Particulars	Gross Block			Depreciation/Amortisation/Impairment				Net Block		
	As at 31st Dec., 2012	Additions	Deductions/ Adjustments	As at 31st Dec., 2013	As at 31st Dec., 2012	For the year	Deductions/ Adjustments	As at 31st Dec., 2013	As at 31st Dec., 2013	As at 31st Dec., 2012
i) Tangible Assets										
Freehold Land	3.24	-	-	3.24	-	-	-	-	3.24	3.24
Building	243.57	-	-	243.57	116.47	6.31	-	122.78	120.79	127.10
Plant and Machinery	4,253.93	307.18	11.86	4,549.25	1,917.87	204.88	4.63	2,118.12	2,431.13	2,336.06
Electrical Installation	8.96	2.09	-	11.05	6.00	0.26	-	6.26	4.79	2.96
Computers	7.21	-	-	7.21	5.67	0.41	-	6.08	1.13	1.54
Furniture and Fixtures	6.43	0.04	-	6.47	6.09	0.06	-	6.15	0.32	0.34
Office Equipments	4.10	0.10	-	4.20	2.91	0.15	-	3.06	1.14	1.19
Vehicles	12.00	0.17	-	12.17	2.68	1.10	-	3.78	8.39	9.32
Total (i)	4,539.44	309.58	11.86	4,837.16	2,057.69	213.17	4.63	2,266.23	2,570.93	2,481.75
ii) Intangible Assets										
Computer Software	9.01	0.05	-	9.06	8.93	0.04	-	8.97	0.09	0.08
Total (ii)	9.01	0.05	-	9.06	8.93	0.04	-	8.97	0.09	0.08
Total (i+ii)	4,548.45	309.63	11.86	4,846.22	2,066.62	213.21	4.63	2,275.20	2,571.02	2,481.83
Previous year as at 31st Dec., 2012	4,316.85	308.90	77.30	4,548.45	1,875.72	204.87	13.97	2,066.62	2,481.83	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT INVESTMENTS	Face Value	As at 31st Dec., 2013		As at 31st Dec., 2012	
		No. of Shares	₹ in Million	No. of Shares	₹ in Million
QUOTED					
In Equity Shares (Fully Paid-up) - Trade					
Videocon Industries Limited **	₹ 10	3,106,478	202.08	3,106,478	202.08
			202.08		202.08
In Equity Shares (Fully Paid-up) - Others					
IOL Netcom Limited	₹ 10	98,000	0.47	98,000	0.47
			0.47		0.47
UNQUOTED					
In Equity Shares (Fully Paid-up) - Others					
Digital Display Devices S.p.A.	€ 1	36,000	1.96	36,000	1.96
H1 Hospitality Private Limited	₹ 10	1,900	0.02	1,900	0.02
Holzmann Videocon Engineers Limited	₹ 10	340,600	-	340,600	-
Jupiter Corporation Inc.	US\$ 1	190	0.01	190	0.01
Mars Overseas Limited	US\$ 1	190,000	7.65	190,000	7.65
P. T. Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Plugin Sales Limited	₹ 100	1,900	0.19	1,900	0.19
Powerking Corporation Limited	US\$ 1	2,717	0.13	2,717	0.13
Quadrant Corporation Inc.	US\$ 1	190	0.01	190	0.01
Saphire Overseas Inc.	US\$ 1	1,900	0.08	1,900	0.08
Taurus Overseas Inc.	US\$ 1	190	0.01	190	0.01
Trend Limited	US\$ 1	76,000	3.49	76,000	3.49
Tusker Overseas Inc.	US\$ 1	190	0.01	190	0.01
VCIL Netherlands B.V.	€ 100	34	0.13	34	0.13
Venus Corporation Limited	US\$ 1	2,983	0.14	2,983	0.14
Cristal (Cayman) Limited (formerly Videocon (Cayman) Limited)	US\$ 1	579,500	28.65	579,500	28.65
Videocon (Mauritius) Infrastructure Ventures Limited	US\$ 1	100,700	4.92	100,700	4.92
United Petro Gas Limited (formerly Videocon Oil Services Limited)	₹ 10	9,500	0.10	9,500	0.10
Vibgyor Sez Infrastructures (Pune) Private Limited (formerly Videocon Sez Infrastructures (Pune) Pvt. Ltd.)	₹ 10	510,000	5.10	510,000	5.10
			53.53		53.53
In Preference Shares (Fully Paid-up)					
Plugin Sales Limited	₹ 100	3,800	0.38	3,800	0.38
			0.38		0.38
Share Application Money Pending Allotment					
Sapphire Overseas Inc.			-		80.58
			-		80.58
Total Non-Current Investments			256.46		337.04
Aggregate amount of Quoted Investments			202.55		202.55
Aggregate Market value of Quoted Investments			535.06		668.06
Aggregate amount of Unquoted Investments			53.91		134.49

** Out of total Investments, 3,033,976 Equity Shares of Videocon Industries Limited are pledged as security for availment of certain loans.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(₹ in Million)

	As at 31st Dec., 2013	As at 31st Dec., 2012
13. LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	-	1.22
Security Deposits	2.88	3.91
MAT Credit Entitlement	8.63	8.63
Advance Income Tax (Net of Provision)	11.99	8.85
Other Long Term Advances	17.78	7.56
Total	41.28	30.17
14. INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores and Spares	3,006.20	2,930.08
Raw Materials in Transit and in Bonded Warehouse	24.75	87.06
Work-in-Process	369.22	358.29
Finished Goods and Stock in Trade	496.95	481.17
Total	3,897.12	3,856.60
15. TRADE RECEIVABLES		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	-	-
Others	2,787.29	2,882.81
Total	2,787.29	2,882.81
16. CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
Cash on hand	0.72	0.28
Balances with Banks in Current Accounts	2.57	4.18
(a)	3.29	4.46
b) Other Bank Balances		
In Dividend Warrant Accounts	1.46	1.65
In Fixed Deposits (held as margin money for credit facilities)		
- Maturity 12 months or less	319.02	208.28
- Maturity more than 12 months	15.32	108.82
(b)	335.80	318.75
Total (a+b)	339.09	323.21
17. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Balance with Central Excise/Customs Department	275.11	264.43
Other Short Term Loans and Advances	353.48	531.05
Total	628.59	795.48
18. OTHER CURRENT ASSETS		
Interest Accrued	27.21	24.43
Total	27.21	24.43

(₹ in Million)

	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
19. REVENUE FROM OPERATIONS		
Sale of Products - Electrical and Electronic items	14,760.00	15,040.41
Other Operating Revenue	2.49	3.39
Total	14,762.49	15,043.80
20. OTHER INCOME		
Dividend Income	-	1.55
Profit on Sale of Fixed Assets	1.04	19.93
Other Non Operating Income	0.18	0.21
Total	1.22	21.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

21. COST OF MATERIALS CONSUMED	Year ended on 31st Dec., 2013		Year ended on 31st Dec., 2012	
	Percentage	₹ in Million	Percentage	₹ in Million
Imported	48.12	3,015.58	56.48	3,423.01
Indigenous	51.88	3,251.53	43.52	2,637.23
Total	100.00	6,267.11	100.00	6,060.24

21.1 Particulars of Materials Consumed	(₹ in Million)	
	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
Printed Circuit Board	1,680.38	1,582.60
Active and Passive Components	2,800.36	2,712.18
Plastic and Press Parts	1,269.14	1,305.64
Other Raw Materials and Components	517.23	459.82
Total	6,267.11	6,060.24

22. PURCHASES OF STOCK-IN-TRADE		
Electrical and Electronic items	7,027.52	7,750.78
Total	7,027.52	7,750.78

23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Closing Inventories		
Finished Goods and Stock-in-Trade	496.95	481.17
Work-in-Process	369.22	358.29
(a)	866.17	839.46
Opening Inventories		
Finished Goods and Stock-in-Trade	481.17	461.54
Work-in-Process	358.29	145.16
(b)	839.46	606.70
(b-a)	(26.71)	(232.76)

24. EMPLOYEE BENEFITS EXPENSE		
Salary, Wages and Other Benefits	146.62	129.80
Contribution to Provident Fund and Other Funds	6.71	8.03
Staff Welfare Expenses	7.95	6.22
Total	161.28	144.05

25. FINANCE COSTS		
Interest Expenses	725.06	753.42
Other Borrowing Costs	14.99	12.33
Applicable Loss on Foreign Currency Transactions and Translations	41.76	-
	781.81	765.75
Less: Interest Received	30.27	27.78
Total	751.54	737.97

26. OTHER EXPENSES		
Power, Fuel and Water	20.16	17.58
Repairs to Building	0.11	0.20
Repairs to Plant and Machinery	8.29	5.42
Other Repairs and Maintenance	1.10	1.84
Insurance	3.57	4.94
Rent, Rates and Taxes	24.38	6.78
Carriage and Cartage	53.93	69.50
Bank Charges	71.50	75.36
Payment to Auditors (Refer Note No. 28.2)	0.98	0.87
Directors' Sitting Fees	0.07	0.10
Warranty and Maintenance	35.36	36.30
Exchange Rate Fluctuation	137.04	131.63
Diminution in Value of Investments	-	0.24
Miscellaneous Expenses	91.56	60.14
Total	448.05	410.90

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(₹ in Million)

27. EARNINGS PER SHARE

	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
i) Net Profit/(Loss) attributable to Equity Shareholders	(500.49)	(415.71)
ii) Weighted Average Number of Equity Shares	7,500,000	7,500,000
iii) Basic and Diluted Earnings per Share of ₹ 10/- each	₹ (66.73)	₹ (55.43)

28. ADDITIONAL NOTES TO FINANCIAL STATEMENTS

28.1 C.I.F. Value of Imports and Expenditure in Foreign Currency

	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
C.I.F. Value of Imports:		
Raw Materials	2,501.97	2,953.41
Capital Goods	2.70	1.17
Expenditure incurred in Foreign Currency:		
Interest	26.15	81.14
Bank Charges	0.04	0.25
Travelling	0.15	0.09
Others	0.22	2.40

28.2 Payment to Auditors

a) Statutory Audit Fees	0.65	0.60
b) Tax Audit Fees	0.05	0.05
c) Other Services	0.25	0.20
d) Reimbursement of Expenses	0.03	0.02
Total	0.98	0.87

29. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the disclosure with respect to Provision for Warranty and Maintenance Expenses is as follows:

(₹ in Million)

	Year ended on 31st Dec., 2013	Year ended on 31st Dec., 2012
a) Amount at the beginning of the year	28.33	20.28
b) Additional provision made during the year	32.75	28.33
c) Amount used	26.97	19.20
d) Unused amount reversed during the year	1.36	1.08
e) Amount at the end of the year	32.75	28.33

30. EMPLOYEE BENEFITS:

Disclosure pursuant to Accounting Standard (AS) 15 (Revised):

A) Defined Contribution Plans:

Amount of ₹ 6.71 Million (Previous year ₹ 8.03 Million) is recognised as an expense and shown under the head "Employee Benefits Expense" (Note No. 24) in the Statement of Profit and Loss.

B) Defined Benefit Plans:

(₹ in Million)

	Gratuity		Leave Encashment	
	31st Dec., 2013	31st Dec., 2012	31st Dec., 2013	31st Dec., 2012
I) The amounts recognised in the Balance Sheet as at the end of the year:				
a) Present value of Defined Benefit Obligation	14.78	14.63	3.43	4.12
b) Fair value of Plan Assets	8.73	6.86	-	-
c) Funded Status - Surplus/(Deficit)	(6.05)	(7.77)	(3.43)	(4.12)
d) Net Assets/(Liability)				
i) Non Current	(4.41)	(6.11)	(2.80)	(3.32)
ii) Current	(1.64)	(1.66)	(0.63)	(0.80)
II) The amounts recognised in the Statement of Profit and Loss for the year:				
a) Current Service Cost	1.02	1.00	0.61	0.64
b) Interest Cost	1.18	1.08	0.22	0.27
c) Actuarial (Gains)/Losses	(1.67)	0.36	1.49	0.37
d) Actual return on Plan Assets	0.81	0.46	-	-
e) Total Expenses	(0.28)	1.98	2.32	1.28

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(₹ in Million)

	Gratuity		Leave Encashment	
	31st Dec., 2013	31st Dec., 2012	31st Dec., 2013	31st Dec., 2012
III) The changes in Obligations during the year:				
a) Present value of Defined Benefit Obligation at the beginning of the year	14.63	12.63	4.12	3.13
b) Current Service Cost	1.02	1.00	0.61	0.64
c) Interest Cost	1.18	1.08	0.22	0.27
d) Actuarial (Gains)/Losses	(1.67)	0.36	1.49	0.37
e) Benefit Payments	0.38	0.44	3.01	0.29
f) Present value of Defined Benefit Obligation at the end of the year	14.78	14.63	3.43	4.12
IV) The changes in Plan Assets during the year:				
a) Plan Assets at the beginning of the year	6.86	5.62	-	-
b) Contribution by Employer	1.44	1.22	-	-
c) Actual Benefits paid	0.38	0.44	-	-
d) Plan Assets at the end of the year	8.73	6.86	-	-
e) Actual return on Plan Assets	0.81	0.46	-	-
V) Actuarial Assumptions				
a) Discount Rate	-	9% per annum		
b) Mortality	-	IALM (1994-96) published table of mortality rates		
c) Turnover Rate	-	3% at younger ages reducing to 1% at older ages		
d) Future Salary Increase	-	5% per annum		

31. RELATED PARTY DISCLOSURES:

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below :

A) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:

Key Management Personnel: Mr. J. L. Bangad - Head Operations

B) Material Transactions with Related Parties during the year are:

Remuneration paid to the Key Management Personnel - ₹ 3.08 Million (Previous year ₹ 3.15 Million)

(₹ in Million)

32. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st Dec., 2013	As at 31st Dec., 2012
A) Contingent Liabilities not provided for:		
i) Letters of Credit opened	1,181.29	788.88
ii) Letters of Guarantees	3.76	11.00
iii) Claims against the Company not acknowledged as debts		
a) Custom Duty demands and penalties under dispute	4.06	8.09
b) Excise Duty and Service Tax demands and penalties under dispute	15.70	12.30
c) Sales Tax demands and penalties under dispute	62.18	95.82
[Amount paid under protest ₹ 17.17 Million (Previous year ₹ 7.17 Million)]		
iv) Income Tax matters in respect of which appeals are pending	8.21	2.84
B) Commitments		
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	-	1.89

33. The Company is a Co-guarantor in respect of borrowings of group companies. The aggregate amount of said guarantees, extended alongwith 8 other Co-guarantors are ₹ 1,245.20 Million (Previous year ₹ 5,240.20 Million). The said guarantees are extended on the basis of support in the form of undertaking provided by certain other Group Companies to the extent of the amount of the guarantees.

34. A) The Company alongwith 12 other affiliates/entities (collectively referred to as 'Obligors' or individually as 'Borrower') executed Facility Agreement with the consortium of existing domestic rupee term lenders, under the obligor/co-obligor structure, wherein all the Rupee Term Loans of the Obligors are pooled together. The Borrower entities are Videocon Industries Limited, Value Industries Limited, Trend Electronics Limited, KAIL Limited, Millennium Appliances India Limited, Applicomp (India) Limited, Sky Appliances Limited, Techno Electronics Limited, Century Appliances Limited, PE Electronics Limited, Next Retail India Limited, Evans Fraser and Co. (India) Limited and Videocon International Electronics Limited. As the Company is a co-obligor, it is contingently liable in respect of the borrowings of other Obligors/Borrowers to the extent of outstanding balance of Rupee Term Loans as on 31st December, 2013 of ₹ 192,416.49 Million (Previous year ₹ 141,630.61 Million).

B) The Company is a co-obligor along with 12 other affiliates/entities in respect of Term Loans amounting to ₹ 1,875.00 Million (Previous year ₹ 44,250.00 Million) granted to Videocon Industries Limited. The same is secured by subservient charge on entire movables and current assets, both present and future of the Company and 12 other co-obligors/borrowers except for the assets of Ravva Oil Field. The loans are further secured by subservient charge on 'Videocon' and 'Kenstar' brands and irrevocable and unconditional personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

35. The Company is primarily engaged in manufacturing and trading of Electrical and Electronic Appliances and there is no other reportable segment as defined in Accounting Standard 17 on "Segment Reporting"
36. The outstanding balances of certain Trade Receivables, Trade Payables, Deposits, Advances and Other Current Assets/ Liabilities are subject to confirmation and reconciliation, if any. However, in the opinion of the management, adjustment, if any, will not be material.
37. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.
38. There are no amounts due and outstanding, to be credited to the Investor Education and Protection Fund.
39. Figures of previous year have been reclassified, restated, recasted to conform to the classification of the current year.

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

V. D. DHARM
Director

BHUPENDRA Y. KARKHANIS
Partner
Membership No. 108336

U. S. KADAM
Partner
Membership No. 31055

KAUSTUBHA A. SAHASRABUDHE
Company Secretary

S. S. NABAR
Director

Place: Mumbai

Date : 28th February, 2014

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

TREND ELECTRONICS LIMITED

CIN: L99999MH1989PLC052233

Regd. Office: 20 K.M. Stone, Aurangabad- Beed Road, Village: Bhargaon, Aurangabad – 431 210 (Maharashtra)

Tel. No.: +91-0240-2644507/9/10/12/16 Fax. No.: +91-0240-2644506

E-mail id: secretarial_trend@videoconmail.com Website: www.trendelectronics.in

24th Annual General Meeting- 30th June, 2014

Name of the Member(s)

Registered address

Email ID

Folio No. / Client ID

DP ID

I/we, being the Member (s) of _____ shares of the above named Company, hereby appoint

Name : _____ Email ID : _____

Address : _____

Signature : _____

or failing him/her

Name : _____ Email ID : _____

Address : _____

Signature : _____

or failing him/her

Name : _____ Email ID : _____

Address : _____

Signature : _____

(contd.....)

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on 30th day of June, 2014 at 2.00 p.m. at the Registered Office of the Company at 20 K. M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution
Ordinary Business:	
1.	Adoption of Audited Statement of Profit and Loss for the financial year ended 31st December, 2013 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2.	Appointment of Auditors and fixation of their remuneration.
Special Business :	
3.	Appointment of Mr. Vivek D. Dharm, as an Independent Director of the Company, for a term of five consecutive years from the date of this appointment.

Signed this _____ day of _____ 2014.

Affix
Revenue
Stamp
₹ 1

Signature of the Shareholder

Signature of the Proxy holder(s)

- Note:
1. *This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*

Book - Post

If undelivered, please return to:

MCS Limited

Unit: Trend Electronics Limited

Kashiram Jamnadas Building, Office No. 21/22, Ground Floor,
5, P.D'mello Road (Ghadiyal Godi), Masjid (East), Mumbai 400 009.