

29th ANNUAL GENERAL MEETING THROUGH VC/OAVM

Answers to the Advance Questions/Questions during AGM /Question Box

Finance Related Clarifications:

- **Why has expenses such as warranty cost increased (409 lacs)**
The increase in warranty expenses is largely in line with increase in business volumes sold during last few years
- **Why has expenses such as legal and professional charges increased**
The increase in professional charges is on account of business growth initiatives undertaken during the year.
- **What is the Capacity utilisation for the current year and past 5 years**
Current year – 85%, Past 5 years- 70%
- **What is the reason for increase in Employee cost**
The increase in employee cost is on account of the company strengthening its R&D, retail segment and digital teams in addition to annual PAS. The employee cost as a % on revenue has increased only by 0.5% in FY 2024.
- **Why has the Term Loan Increased during the year**
The term loan was taken to fund the company's expansion plans specifically for EMS business
- **Reason for increase in Outsourced Staffing service expense**
The increase in this expenditure is in line with the increase in company's business volume.
- **Reason for increase in Power and Fuel expense**
The Increase in power and fuel is on account of shifting of Uttarakhand factory to Tumkur.
- **Reason for increase in ASP expenses**
The increase in ASP costs is due corresponding increase in business volume handled by CSS business.
- **Reason for increase in Miscellaneous expenses**
The increase in expenditure is mainly on account of increase in marketing and sale promotion expenditure.
- **Reason for EBITDA Fall despite revenue increase**
The decrease in profit despite increase in revenue is on account of investment done by the company in strengthening its R&D, Retail sales & solutions team and increase in depreciation & finance cost on account of expansion of tumkur factory.

Finance General Questions

- **Cost cutting initiatives and efforts taken by company to improve key performance metrics such as Working capital to sales ratio, ROCE etc**
The company has implemented various cost control measures initiatives in the areas of Inventory management and manufacturing cost optimization resulting sizeable cost saving and an improvement of operating cash flow. The company is also focused on

effectively managing receivables and inventories to improve its working capital position and ROCE

➤ **What is the steady state quarterly EBITDA that our company can generate?**

While we cannot make any forward-looking predictions about the EBITDA, we wish to highlight that the company continues to be EBITDA positive for the past decade, and we expect the EBITDA to grow in future

➤ **Explain the direct equity investment in Hero Housing Finance? Why take direct equity risk instead of money market MF**

The underlying investment is in debt instrument (NCDs). These were purchased as Market Linked Debentures in secondary market to maximise our return on surplus funds without much risk. We are prudent in our investments to ensure sustainable returns with minimal risk

➤ **What is the outlook for the current year in terms of top line bottom-line**

While we cannot make any forward-looking statements about the future revenue and profitability, we expect a reasonable growth in these metrics in all segments.

➤ **Are we applying to any govt PLI schemes?**

As of now PLI scheme not applicable our specific area of business

CSS

➤ **Your views on the profitability of this segment?**

Though there is an adverse fluctuation in the profitability in the current year due to investments made in new initiatives, the company expects to reap the benefits of the investments in the future

Business related Clarifications

PSG Business

Business growth and profitability

The PSG segment has shown consistent growth over the past years. In the current financial year, the segment has grown in revenue by 9%.

Recent ventures

In the recent past, the company has ventured into retail billing solutions business in addition to continuing the growth in IT peripherals sales. The company offers a comprehensive range of solutions including hardware, applications, digital payment and billing solutions, and cloud computing software, to various sectors such as Retail, Banks, and Government.

Acquisitions

The company believes that its retail offerings would further the segment's growth. To foster the growth of the retail segment, the company has acquired the business of GTID Solutions Development Private Limited and also invested in M/s Swiftomatics Services Private limited. This has enabled the company to grow further its retail POS business .

Capex

The company has invested INR 28 crores in CAPEX in the past two years. Further CAPEX investments will be made based on future business opportunities

New Products

This year the company has launched 3 Inch mobile label printer RP 3230 and Touch POS 415C Pro to cater to retail segment.

Outlook

With Growing demand for the bundled retail billing solutions and products offered by the company as a result of increasing adoption of digitization, the company expects the PSG segment to continue to grow in the future. An overview of the industries in which the company operates, its markets potential and growth opportunities are captured in the annual report from pg.58 onwards.

Future revenue and growth numbers

While we cannot make any forward-looking statements, the company expects business this business to grow in future.

CSS Business

Business growth and profitability

Though there is a slight dip in profitability in the current year which is mainly on account of investments made in new initiatives, the company expects to reap the benefits of the investments in the future.

Recent ventures

The company has recently bolstered its service offerings by venturing into

- Infra management services for customers in IT, Banking
- Operation and maintenance & End – End consulting activities for green energy initiatives like Solar etc.

Capex

The Capex for the upcoming FY would be for digitization and automation of processes and expanding our facility as per business requirement.

Outlook

By expanding its coverage and accessibility further in IT services and addition of new services like IMS, solar and green energy etc to its service offerings, the company expects to enhance the growth prospects of this segment further and capitalize on market opportunities.

Future revenue and growth numbers

While we cannot make any forward-looking statements, the company expects this business to grow in future.

EMS

Business Outlook

EMS market is growing rapidly and is expected to have a CAGR 13.3% in the next five years. As Government of India is also focusing on "MAKE IN INDIA" initiative the company feels it is the right time to enter into the EMS business. The company's EMS Business is not just limited to contract manufacturing but also aims to provide product design, development, end-to-end manufacturing, sourcing, Printed Circuit Board Assembly (PCBA), box build, testing, logistics, and after sales service.

Market and Product Focus

The company will be focusing on mid volume high margin segment like auto industry, green energy, defence and pharma industry. The company aims to address a wide range of customer requirements, both domestically and internationally.

Competition

While the electronic manufacturing industry is competitive, the company aims to cater to both the domestic and international markets through its customer centric approach, strong manufacturing background and end to end capabilities in the manufacturing value chain.

Capex

Given that the company has incurred significant capex in the last year on EMS business, based on the business requirement we will decide on further Capex investments.

Future revenue and growth numbers

While we cannot make any forward-looking statements, the company expects its EMS business to grow in future.

General Questions

➤ **Overall Growth-**

We continue to evaluate opportunities which would help us grow organically & inorganically.

➤ **Senior management personnel-**

The company continues to focus on building capabilities in the line with the strategies and business plans. Hiring of SMP and their pay structure is based on their experience, roles & responsibilities and target achievements. Performance management system and incentive program has been put in place for all employees including SMP.

➤ **Operating Margin/ ROCE –**

While we cannot make any forward-looking statements, we are striving towards improving overall margins of the company.

➤ **MD and Directors-**

The MD and Chairman allocate their time based on business needs. The Board of Directors of the Company are appointed as per the provisions of Companies Act 2013 and SEBI (LODR) Regulations, 2015. The brief details of their skills/ expertise/ Competence are provided in the Report on Corporate Governance which forms part of Annual report. (page no 34).

➤ **Segment Focus-**

The company currently has three major segments and has deployed segment specific resources to focus on each segment. We believe this approach is appropriate for the business model of the company and creates the end-to-end capabilities which is a differentiator in the market.

➤ **Segment growth-**

While we cannot make any forward-looking statements, the company expects all its business segments to contribute to companies' growth.

➤ **Dividend Policy**

Final Dividend: Though the profit for the current year is inadequate for declaring dividend, the company has still declared a dividend of INR 1/ per share maintaining the consistency in dividend declaration.

Interim Dividend: The company continues to remain focused on key areas for sustained growth including diversification and expansion. Considering the same, the company did not declare an interim dividend. However, to reward its shareholders for their continuous faith in the company and to maintain consistency in dividend payout, The Company has declared final dividend of ₹ 1 per share.

➤ **R&D Initiatives**

The company has set up an R&D team during the year to focus on new product development and to provide value added solutions to customer.

➤ **CSR expenses**

During the year company has spent its CSR expenses for education & sports activities. More details can be found in the annual report.

➤ **Future Growth prospects**

With increasing digitisation and increased demand for IT peripherals, we expect the market for the Company's products to improve. Further, with the increased adoption of digital technology, and growth in end to end IT infra services market, services segment of the company is also in the uptick. We also foresee the EMS business and other new businesses like green energy, solar to grow in the upcoming years. Overall, the growth prospects of the company are good. More information can be accessed in outlook section of annual report (Page 55)

➤ **Employee Sacked / Satisfaction**

The requirement for the salary cut or other austerity measures did not arise. The Company believes that its employees are its biggest assets and strives to foster a culture of inclusive growth for its employees. Continual training in order to acquire new skills and competencies as well as regular engagement is a part of the human capital focus of the Company.

TVS Electronics Limited got certified as 'Great Place to Work' in 2024, owing to its high employee engagement score and best people practices.

➤ **Impact of the present crisis of Bangladesh on our company**

As outlined by our MD in the AGM , the company currently does not foresee any immediate adverse impact because of the Bangladesh crisis.

➤ **If possible, please expand and set up a factory in west y. There is a huge demand for your products. Lots of talented boys and girls in west y**

The company will expand its operations as and when required based on the business needs.

➤ **Do you have any plans for acquisition in domestic and international companies?**

We continue to evaluate such opportunities which would help us grow organically & inorganically

➤ **Does our company plan on investing in AI**

The company has already Invested in artificial intelligence & machine learning for demand planning & fulfilment which has improved our efficiency in supply chain management. The company is also continuously monitoring the development in AI and will embrace AI wherever necessary, to improve productivity. The company views AI as an enabler of growth.

➤ **How many permanent employees work in our company? Any disabled employee**

A detail of number of employees employed by the company is available in the Annual report (pg. no: 4).

➤ **What is your Roadmap for the next 3 years? If your company making Laptop pls donate me a Laptop**

Roadmap for the future is already covered in the annual report and it was also briefly touched upon in the shareholders' speech by our MD during the AGM .
The Company does not manufacture Laptops.