

September 13, 2017

To

THE CORPORATE RELATIONSHIP DEPT
BSE Limited
1 Floor, New Trading Ring,
Rotunda Building,
P.J.Towers, Dalal Street,
Fort, Mumbai - 400 001.

M/s. National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
BandraKurla Complex,
Bandra (E),Mumbai – 400 051
Tel :+91 22 26598235/36, 26598346
Fax : +91 22 26598237/38

SCRIP CODE: 517059**Symbol: SALZERELEC**

Dear Sir,

This is to inform that the 32nd Annual General Meeting of the Members of the Company was held on Saturday, 9th September 2017 at 11.30 a.m., at Hotel Shree Annapoorna, R.S Puram, Coimbatore -641002 to transact the business mentioned in the notice of the Annual General Meeting.

Further in terms of Regulation 34(1) of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015, we are forwarding herewith our Annual Report for the financial year 2016-17. The soft copy of the Annual Report is also available on the website of the Company www.salzergroup.net.

May kindly be acknowledged the receipt and disseminate the same.

Thanking you
Yours faithfully

For Salzer Electronics Limited



S Baskarasubramainain
Director (Corporate Affairs)
& Company Secretary



Samichettipalayam, Coimbatore - 641 047, India.
Phone : ++ 91 422 4233600 Fax : ++ 91 422 2692170
E-mail : salzer@salzergroup.com Website : www.salzergroup.com

Delighting customers





Corporate information

Board of Directors

- Mr. Rangachary N.
Mr. Doraiswamy R.
Mr. Rajeshkumar D.
Mr. Ramachandran P.
Mr. Damodharaswamy R.
Dr. Mrs. Rajeshkumar Thilagam
Mr. Jayabal N.
Mr. Nirmal Kumar M. Chandria
Mr. Sankaran V.
Mr. Shah P.K.
Mr. Venkatapathy L.
Mr. Howard M. Gladstone

Mr. Thiruvengadam P.R

Dr. Otto Eggimann
- Chairman
– Managing Director
– Jt Managing Director & CFO
– Whole Time Director
– Non Executive
– Non Executive
– Independent Director
– (upto Aug 13,2016)
– (Alternate to Mr. Howard M Gladstone) –
automatic vacation on Aug 13,2016
– Independent Director
(From May 25,2017)

Director (Corporate Affairs) & Company Secretary

Mr. CS Baskarasubramanian. S

Auditors

M/s Swamy & Ravi
Chartered Accountants
No.537, N.S.R. Road, Saibaba Colony,
Coimbatore - 641 011
FRN No. 004317 S

Internal Auditor

M/s. Covai Management Services,
Coimbatore - 641 011

Cost Auditor

CMA Mr. A.R. Ramasubramania Raja,
Cost Auditor, Coimbatore - 641 011

Secretarial Auditor

M/s. GV Associates, Company Secretaries, Coimbatore

Registrars & Share Transfer Agent (Physical & Demat)

M/s GNSA Infotech Limited
Nelson Chambers, 'F' Block, 4th floor
115, Nelson Manickam Road
Aminthakarai, Chennai - 600 029
Tel: 044-42962025
E-mail:sta@gnsaindia.com

Listing Arrangements

BSE Limited (Bombay Stock Exchange Ltd) and
National Stock Exchange Limited

Registered Office

Samichettipalayam (PO)
Jothipuram (Via), Coimbatore - 641 047
Tel: 0422-4233600 / 2692531
Fax:0422-2692170
E-mail: salzer@salzergroup.com
Website: www.salzergroup.net

Bankers

M/s. CANARA BANK

Gudalur Branch
SRKV Post
Coimbatore-641 020

M/s. CANARA BANK

Mid Corporate Branch
16 & 18 East Arokia Swamy Road
R.S. Puram, Coimbatore-641 002

M/s. Citi BANK

Tri Star Towers
Plot No.657,
Avinashi Road,
Coimbatore-641 018

M/s. UNION BANK OF INDIA

Coimbatore Main Branch
235, Oppanakara Street
Coimbatore-641 001

HDFC BANK LIMITED,

SENAPATI BAPAT MARG HOUSE,
LOWER PAREL (W),
MUMBAI-400013.

Plant Locations

Unit-I
Samichettipalayam,
Jothipuram(Via),
Coimbatore-641047

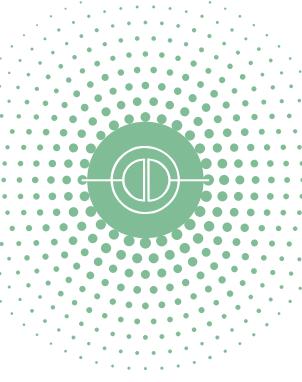
Unit-II
Chinnamaddampalayam,
Coimbatore-641 019

Unit-III
2, Gudalur Village
Samichettipalayam,
Jothipuram via,
Coimbatore-641047

Unit-Iv
No.882/3,
Coimbatore Main Road,
Bettathapuram,
Coimbatore-641104

Contents

- | | | |
|-----------------------------------|--------------------------------------|---------------------------------------|
| 01 Corporate Review | 25 Directors' Reports with Annexures | 107 Postal Ballot Paper |
| 12 Message from Managing Director | 75 Independent Audit Report | 109 Proxy Form |
| 14 Financial Summary | 80 Financial Statements with Notes | 111 Attendance Slip and AGM Venue MAP |
| 16 Notice for the 32nd AGM | | |



Salzer.

Delighting customers

with enduring values

-  **Then** **Customers** appraised vendors on their ability to provide cheaper products
 -  **Now** **There** is a premium on the ability to provide a superior customer experience today
 -  **Then** **Customers** worked with a number of vendors to arrive at competitive price discovery
 -  **Now** **Customers** prefer to work with a smaller number of vendor-partners like Salzer for predictable sourcing and perfect pricing
 -  **Then** **Customers** focused on product delivery
 -  **Now** **Customers** focus on comprehensive solution providers like Salzer who take their businesses ahead
 -  **Then** **Customers** sought one-off price-based engagements
 -  **Now** **Customers** focus on multi-year partnerships with companies like Salzer for mutual growth.
 -  **Then** **Customers** sought to work with vendors who deliver high product quality
 -  **Now** **Customers** seek to work with vendors like Salzer who invest in proactive technology research
 -  **Then** **Customers** sought to work with vendors who are satisfied
 -  **Now** **Customers** seek to work with vendors like Salzer who can delight
- 
- 

-○- Salzer Electronics Limited.

Engaged in the manufacture of cutting-edge electrical, electro-mechanical and miscellaneous products.

Addressing customers in the electrical equipment, power, medical equipment, automotive as well as renewable and uninterrupted power system spaces.

○ Products that enhance the customer's asset integrity, safety and productivity.

Background

Salzer Electronics Limited has been in business for more than three decades (established 1985). The Company was established to design and manufacture a range of world-class CAM-operated rotary switches in technical collaboration with Saelzer Schaltgeräte Fabrik, GmbH, Germany.

In 1993, Salzer entered into a business association with the country's engineering major Larsen & Toubro Ltd. to market Salzer products at a pan-India level. Currently, 35% to 40% of the Company's product off-take is done by L&T. In 2015, the Company entered into a technical collaboration with Trafomodern, an Austrian company, to expand the transformer range (from single phase to three phases).

Management

Salzer Electronics was founded by Mr. R. Doraiswamy, a first generation entrepreneur with over 20 years of industrial experience. The business is being presently managed by the second generation of the promoter's family; the US-educated Mr. Rajesh Doraiswamy, Joint Managing Director, spearheads day-to-day operations.

Product mix

Salzer manufactures the widest range of electrical products including rotary switches, load-break switches, wiring ducts, terminal connectors, DC disconnectors, electro-magnetic relays, wires & cables, wiring harness, motor control products, and magnetic wires besides modular wiring accessories and allied specialty products.



Salzer is the **largest manufacturer** of rotary switches and cable ducts in India

Salzer is one of the most **competitive global manufacturers** of advanced electrical products

Certifications

Salzer obtained the prestigious ISO 9001 certification bestowed by NQA-UK for design, development, manufacture and supply of CAM-operated rotary switches, selector switches and allied products. The Company is also certified for ISO 14001:2004 and OHSAS 18001:2007 and its products have also been approved by Canadian Standards Association, Underwriters Laboratories, VDE (Association of German Electrical Technologists), Conformite Europeenne (CE) with RoHS compliance, and TS 16949 for quality management system.

Research

Salzer invested extensively in R&D supported by a full-fledged laboratory and captive tool room to upgrade and develop products, setting new market trends. The Company's in-house R&D was recognized by Ministry of Science and Technology, Department of Science and Industrial Research, Government of India. The Company enjoys one patent for its rotary switch; five products await patent approvals.

Customers

Salzer provides integrated products and solutions that strengthen customer convenience. The Company's prominent clients include Schneider, GE, Philips, C3 Controls, Larsen & Toubro, LMW, Premier, Valeo, Europa, V-Guard, BHEL, Elgi, ABB, Eaton, Yokogawa, Nuclear Power Corporation, SEARS, CED and Alstom, among others.

Performance

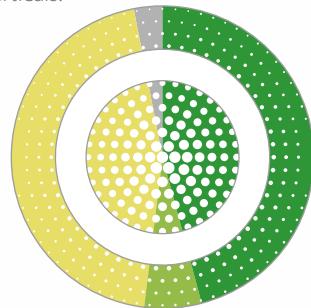
The Company's competitive advantage is reflected in a turnover CAGR of 21% over the last ten years ending 2016-17, outperforming its sectoral growth average. Salzer is a market leader in India in the area of rotary switches, Toroidal Transformers, PV application switches and PVC wiring ducts (channels), providing complete and customized electrical solutions. The Company enjoys a profit-making track record for 25 years, declaring dividends since 1991-92.

Listing and market capitalization

Salzer is listed on the BSE (code: 517059) and NSE (code: SALZERELEC). The Company's market capitalization was ₹271 crore (31 March 2017).

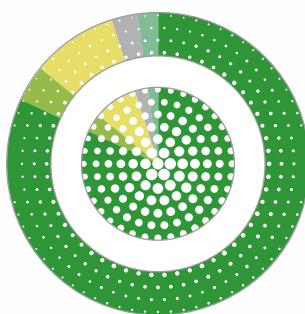
Business divisions

Salzer provides the widest range of electrical products across business verticals:



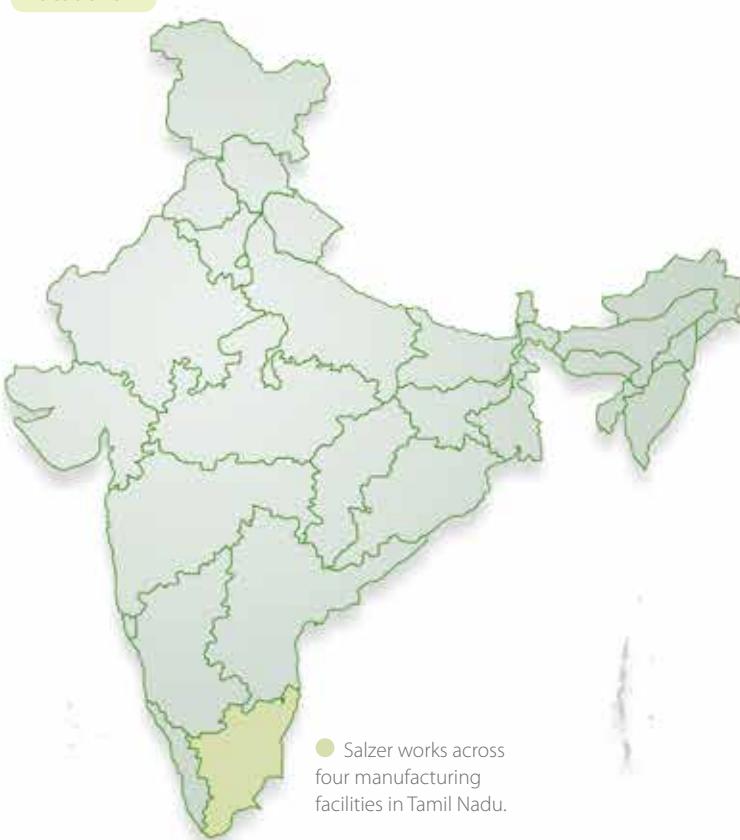
- Industrial switchgears, 46% of 2016-17 revenues
- Retail modular switches, 6% of 2016-17 revenues
- Wires and cables, 45% of 2016-17 revenues
- Energy management solutions, 3% of 2016-17 revenues

Geo Contribution



- India – 82% of revenues
- Europe – 4% of revenues
- Asia – 9% of revenues
- North America – 3% of revenues
- Middle East – 2%

Locations



● Salzer works across four manufacturing facilities in Tamil Nadu.

Salzer is committed to make products in India with Global Technology under 'Make in India' initiative of Government.

Salzer leveraged its rich experience to extend into the **space of energy conservation, energy metering and control** through a dedicated vertical.

Salzer is India's largest and only exporter of rotary switches, isolators and cable ducts

Highest service standard

How Salzer delights customers





Global electrical installations are becoming increasingly larger and complex.

There is a premium on the need to maintain systemic uptime; there is also a growing need to protect equipment integrity.

The result is a growing premium on quality processes, products and mindset in the global electrical products sector.

Salzer's most decisive commitment to delighting customers lies in the selection of its customers – some of the most demanding international names related to electrical and industrial utilities, contractors and component manufacturers.

Their demanding service standards have become Salzer's uniform standard; in turn, Salzer's standard has strengthened its brand as a customer-committed company through the complete complement of product, service and solution.

Delighting customers.

Projected outcomes

We intend to enhance EBITDA margin by 100 bps and ROCE to around 18% in three years.

We intend to improve our working capital cycle by moderating inventory and improving our debtors' cycle.

We intend to enhance the proportion of value-added products

We intend to increase EBITDA (quantum and margins) to report profitable growth



Lean organizational structure



At Salzer, we believe that one of the most effective ways of enhancing customer value is through organisational leaness.

Over the years, Salzer has enhanced its capital efficiency through the optimised use of resources, enhanced manufacturing automation, extensive manufacturing integration and increased material efficiency.

The result is that the Company is driven by the need to enhance revenues through a less than proportionate increase in employed capital. The Company is driven by progressive value-addition that enhances margins. The Company has invested in high-technology products ring-fenced from competition, helping drive revenues during challenging times.

At Salzer, we are engaged in enhancing capital efficiency by attacking waste at all levels, strengthening capital allocation across an innovative product mix, strengthening terms of trade, enhancing people productivity, maximising the use of accruals and moderating the average cost of debt.

At Salzer, we believe that a lower break-even point is one of the best drivers of customer value, extending what could have been one-off profitability into business sustainability that enhances stakeholder value.

How Salzer delights customers

Protecting customer installations



At Salzer, we recognise that we are engaged in a business where we need to protect the uptime of our customers.

Salzer's commitment to enhance the customer's uptime has been derived through a singular focus on cutting-edge technology.

The company entered into business-enhancing alliances with international technology-driven companies; the result is that the Company has emerged among the frontrunners in the manufacture of cutting-edge electrical products for the international market at attractive Indian costs. Besides, the company's future-facing focus has resulted in the introduction of a number of products for the first time in India.

This has been achieved with the singular objective of providing cutting-edge products for some of the largest global companies around one of the most compelling price-value propositions.

Delighting customers.

Projected outcomes

Aim: We intend to emerge as a ₹1,000 crore company by 2021.

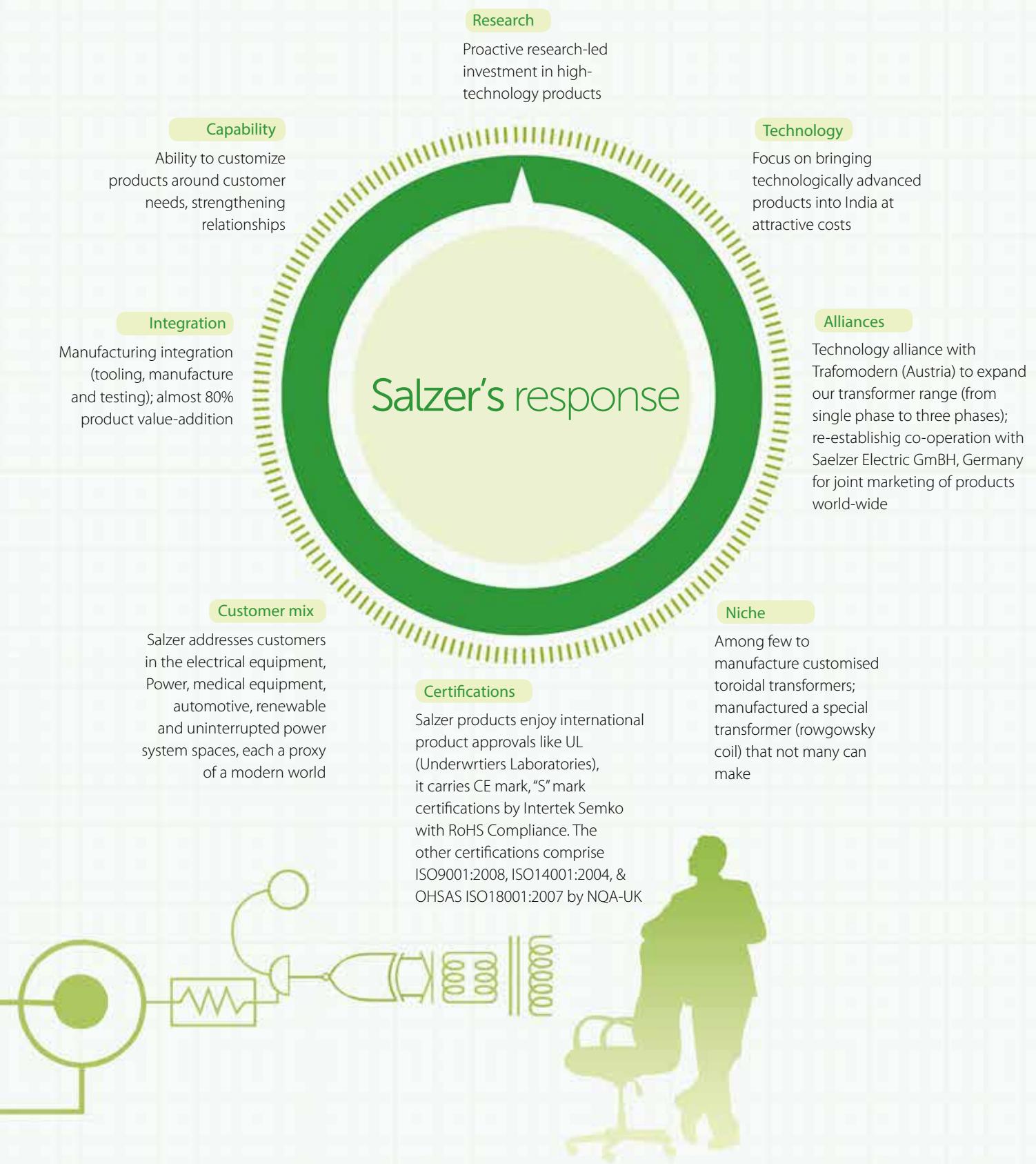
Approach: We believe that revenues from our existing products should grow at a 15% CAGR during this period.

Means:

- Business-enhancing investments in global technology alliances
- Larger value-added product basket addressing modern-day needs
- Multi-year product partnerships with large MNCs
- Competitive bidding for large government schemes

How Salzer enhances stakeholder value





How we performed in 2016-17

A review by Mr R. Doraiswamy,
Managing Director



Q: Were you happy with the performance of the Company during the financial year under review?

A: I would be honest to admit that we were not pleased with the performance of the Company during the year under review.

Most of the reasons for this were traced to the overall operating environment, which was largely outside the company's control. For instance, India's Index of Industrial Production declined from 7.4 per cent in 2015-16 to 5.22 per cent in 2016-17, which had a cascading impact on our performance. I would also add that following the 2008-09 slowdown, not much has improved at the ground level in terms of projects, consumption and growth in India within our space; the sector has gone through extended phases of relatively no growth.

The reason why one is mentioning this is that for a company that derived nearly 80 percent of its revenues from India, our performance is largely linked to the prevailing economic and capex scenario in the country. Given this operating landscape, Salzer has performed creditably well in the last few years and also during the financial year under review. Let us take an extended perspective: the Company



has grown revenues from ₹55 cr in 2006-07 to ₹384 cr in 2016-17 – seven times in 10 years; net profit improved from ₹3 cr to ₹17 cr during the period. Even during the financial year under review, the Company reported profitable growth if you do not factor project revenues (if you take EPC project revenues into account, then the Company reported 7.5 per cent revenue growth and a flat profit figure when compared with the previous year).

Q: What is the broad message that you wish to communicate to your shareholders?

A: The broad message would be that Salzer's core business has consistently grown in the last few years despite ongoing challenges of low sectoral growth and growing competition. Project revenues have also been lumpy and unpredictable. The point of optimism is that the Company has performed creditably at a time of sectoral churn. This churn has been marked by the exit of older uncompetitive players from the market on the one hand and a decline in market share of the unorganized players on the others. The result is that the share of the organized players is growing faster than ever from a point where it was 35 per cent a few years ago to a market

that is equally shared by the organised and unorganized sectors today to a market that could gravitate decisively towards the former across the foreseeable future.

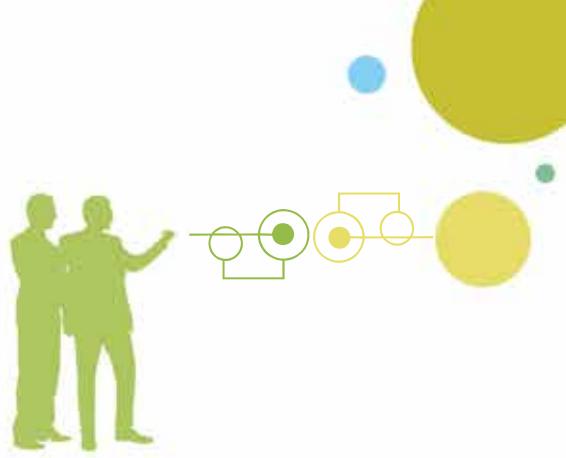
Q: What is causing this churn to happen?

A: The churn is happening due to increasing sophistication at the customer's end. As downstream projects are getting larger, they are also getting increasingly demanding in their product requirements. There is a growing emphasis on product safety than ever before. There is a growing need for vendors to respond with increasing product/process certifications. There is a growing premium on the design and development of technology-intensive products that enhances the overall operational integrity of downstream customers. Most importantly, there is a growing customer need for solutions as opposed to standalone product delivery. The result is that the churn within our business is being caused as much by increased customer needs as by changes in government taxation policy.

The biggest highlight was that the Company continued to invest in the business during the course of the sectoral slowdown, prioritizing the need to be future-ready as soon as business conditions revive.

Q: What accounts for Salzer's sectoral out-performance?

A: Our out-performance is the result of the coming together of a high product quality, high technology intensity, strategic flexibility and organizational responsiveness. In uncertain times, there are sudden demand shifts, making it necessary for product cum service providers like our company to respond



with increasing speed to changes in design and testing compliances. Besides, the bar is continuously rising: from ISO 9001 to ISO 14001 to ISO 18000 and now ISO 26000 (which deals with organizational ethics). This underlines an evolution in customer needs: from product quality to process integrity to environment compliance to whether the Company is managing the business in a holistically ethical manner, to which Salzer has consistently been responding.

Q: What were the highlights of your company's performance during the year under review?

A: The biggest highlight was that the Company continued to invest in the business during the course of the sectoral slowdown, prioritizing the need to be future-ready as soon as business conditions revive. During the last quarter of the year under review, the Company completed its ₹27 cr investment in three phase dry type transformer project with design and technology collaboration from Traformodern, a high technology company based in Austria. This investment represents a decisive step for the Company for some good reasons: this cutting-edge technology is largely confined to US and Europe; there are few Indian companies in this field, representing a large under-addressed opportunity. This product is used in mission-critical areas like urban metro rail transportation systems. We are optimistic of prospects of this product due to its widening use in solar investors (renewable energy), railways and large uninterrupted power systems.

Q: Why is the Company optimistic of its prospects?

A: Much of our optimism comes from the vast potential of the Indian market that appears to be on the verge of a significant take-off. During the last few years, there has been modest investment in the country's core sectors; even as the government continued to invest, we have

barely seen any private sector investment transpiring. We believe that this reality will soon change following structural shifts within the economy that could result in larger cash flows for the organized sector leading to larger investments.

At Salzer, we are optimistic of our prospects for a number of reasons. One, we have selected to invest ahead of the curve. Two, we are addressing a larger proportion of high-value products and have a robust portfolio that addresses the diverse needs of customers. Three, we have invested in process automation that is enhancing process integrity and product quality. Four, we are a research cum knowledge-driven company with the ability to customise products around user needs. Five, we possess a broad product complement that is enhancing our ability to provide a single-point service to customers across various sectors including oil & gas, steel, cement, automotive, real estate, construction, chemical, agricultural and power sectors.

Our performance is the result of the coming together of high product quality, high technology intensity, strategic flexibility and organizational responsiveness.

Besides, I believe that the sectoral turnaround should assert by the second half of the current financial year.

Q: What are some of the positives that shareholders need to take cognizance of?

A: Shareholders need to recognise that even during the downturn, the Company continued to develop products whereas the easiest thing would have been to retreat into a shell and await better times. Another important point to recognize is our marquee relationships continue to

be robust; our GE relationship doubled in quantum during the last financial year to aggregate 5 per cent of revenues while we remained Schneider's preferred global vendor for magnetics (7 per cent of revenues); our L&T relationship continued to be strong while our relationship with various other multinationals is growing.

Q: What is the company's outlook for the current financial year?

A: Given the reality as it exists at the moment, marked by attractive demand forecasts from customers, Salzer is confident of reporting 15 per cent revenue increase coupled with profitable growth that should enhance value for our stakeholders.



The biggest highlight was that the Company continued to invest in the business during the course of the sectoral slowdown, prioritizing the need to be future-ready as soon as business conditions revive.



Much of our optimism comes from the vast potential of the Indian market that appears to be on the verge of a significant take-off.

Performance Indicators

₹ in Crs

	2017	2016	2015	2014	2013	2012	2011	2010
Financial performance								
Domestic (Gross)	365.25	334.46	243.28	215.59	201.91	206.41	171.84	174.49
Exports (Gross)	73.34	71.27	64.86	52.04	43.96	33.87	19.51	16.18
Sale of services (Energy Saver)	1.51	3.56	4.66	3.73	9.06	7.46	6.87	4.43
Other Operating Income	2.64	2.18	2.42	2.53	2.51	1.38	1.18	1.01
Total Gross Sales	442.75	411.48	315.21	273.90	257.44	249.12	199.39	196.11
Duties and Taxes	58.69	50.34	31.91	29.37	28.71	26.24	18.74	19.51
Net Sales	384.06	361.13	283.30	244.53	228.73	222.88	180.65	176.6
Operating Profit (EBITDA)	42.93	42.89	35.46	30.22	28.46	28.76	25.81	23.63
Other Income	7.20	2.80	1.00	0.93	1.39	0.91	0.68	0.52
Depreciation and Amortization	9.81	8.32	7.14	7.52	8.67	7.96	6.90	5.24
Finance Cost	14.59	13.14	12.34	11.94	11.77	11.59	8.90	7.66
Profit before Tax	25.28	24.24	16.97	11.69	9.42	10.12	10.68	11.25
Profit After Tax	17.09	17.05	11.98	8.44	7.06	8.19	9.05	8.28
Dividend Payout incl Tax	2.76	2.65	2.44	1.80	1.44	1.43	1.92	1.92
Balance Sheet								
Share Capital	14.35	13.64	10.28	10.28	10.28	10.28	10.28	10.28
Reserves & Surplus	207.65	177.62	96.79	86.42	79.78	74.16	67.82	60.05
Net worth	222.00	191.26	107.07	96.70	90.07	84.45	78.11	70.33
Secured Borrowings	105.55	94.38	96.60	74.33	59.32	55.64	56.78	45.24
Net fixed Assets	129.53	110.36	83.37	68.38	66.23	62.09	56.22	51.64
Investments	4.47	17.52	5.66	6.10	5.83	5.70	4.84	4.84
Current Assets	282.56	239.39	185.98	156.60	148.50	144.48	120.60	101.45
Current Liabilities	195.44	157.61	144.34	124.66	121.32	117.24	95.86	75.87
Net working Capital	87.12	81.78	41.64	31.94	27.18	27.24	24.74	25.58
Performance Indicators								
Domestic Sales Growth	9.21%	37.48%	12.84%	6.78%	-2.18%	20.00%	-2.00%	73.00%
Exports Sales Growth	2.90%	9.89%	24.62%	18.39%	29.79%	74.00%	21.00%	-3.00%
Total Gross Sales growth	7.60%	30.54%	15.08%	6.39%	3.34%	25.00%	2.00%	63.00%
Export contribution to the Sales	18.00%	17.57%	21.05%	19.45%	17.88%	14.00%	10.00%	8.00%
Operating Profit Margin	11.17%	11.88%	12.52%	12.36%	12.44%	13.00%	14.00%	13.00%
Operating Profit growth	-0.96%	20.97%	17.33%	6.16%	-1.03%	11.00%	9.00%	43.00%
Net Profit Margin	4.37%	4.68%	4.21%	3.44%	3.07%	4.00%	5.00%	5.00%
Net Profit Growth	0.26%	42.29%	41.90%	19.54%	-13.80%	-10.00%	9.00%	55.00%
Earning per shares - Basic (in ₹)	12.35	13.54	11.65	8.21	6.87	7.97	8.80	8.05
Dilute (in ₹)	11.89	12.87	10.79	8.21	6.87	7.97	8.80	8.05
Book value per share (in ₹)	154.72	140.19	104.12	94.04	87.58	82.12	75.95	68.39
Dividend per cent	16.00%**	16.00%	15.00%	15.00%	12.00%	12.00%	16.00%	16.00%
Dividend per share (in ₹)	1.60**	1.60	1.50	1.50	1.20	1.20	1.60	1.60
Dividend Payout Ratio	15.00%	16.00%	20.00%	21.00%	20.00%	17.00%	21.00%	23.00%
Current Ratio	1.45	1.52	1.29	1.26	1.22	1.23	1.26	2.45
Return on Networth (RoNW)	8.00%	9.00%	11.00%	9.00%	8.00%	10.00%	12.00%	12.00%
Return on Capital Employed	16.60%	17.16%	22.41%	22.00%	21.25%	22.17%	19.90%	20.48%
Interest Coverage Ratio (Times)	2.73	2.85	2.38	1.98	1.80	1.87	2.20	2.47
Debt Equity Ratio	0.13	0.17	0.25	0.14	0.13	0.16	0.14	0.19
Market Cap (₹in Crs) as at March 31	271.00	287.59	240.43	63.71	55.94	59.39	54.71	113.18
Price Earning Ratio (in Times)	15.00	14.00	20.00	8.00	8.00	7.00	6.00	14.00

***Subject to approval of the shareholders at their forthcoming 32nd Annual General Meeting.

Outcomes

Salzer provides world-class products at among the most competitive price-value propositions in the world

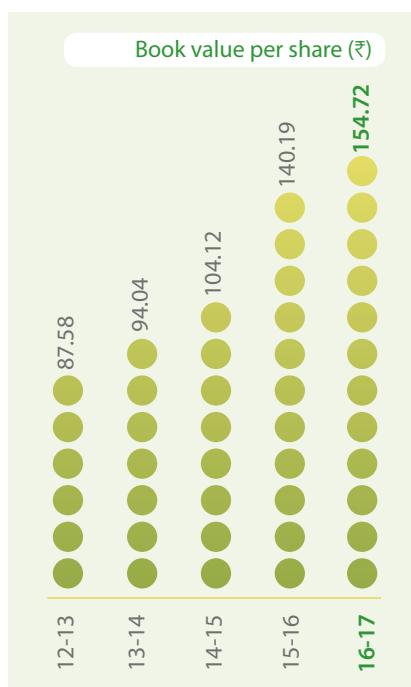
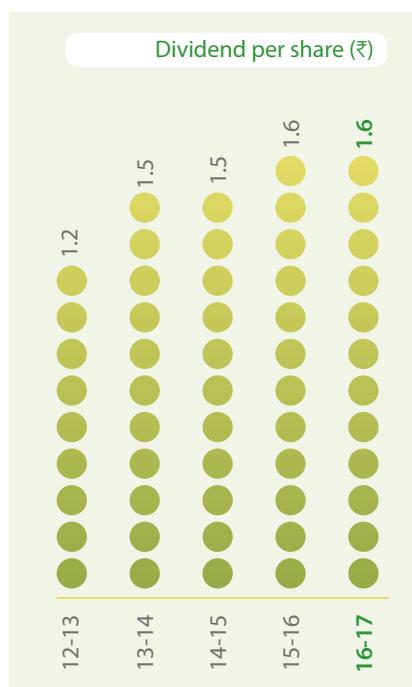
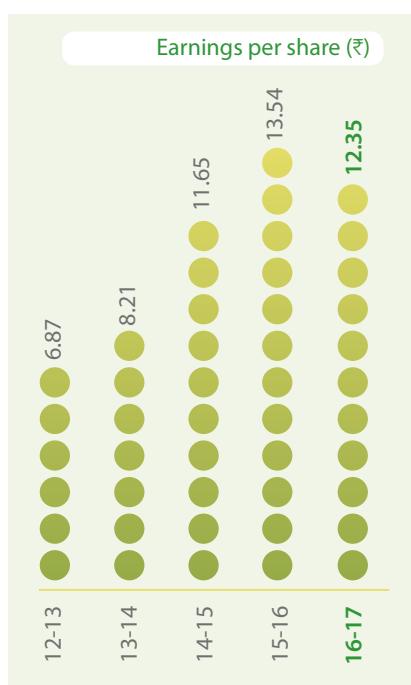
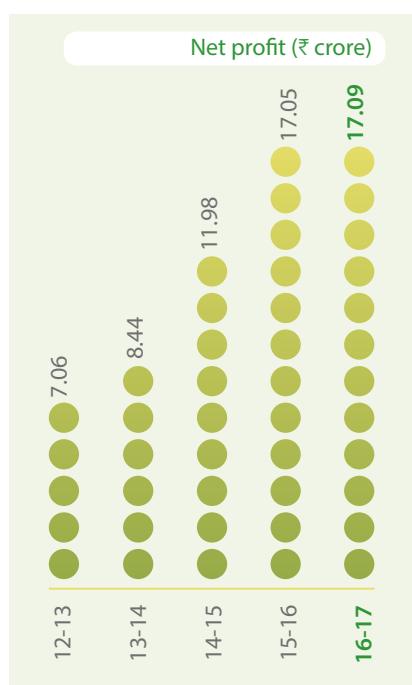
Salzer's products are exported to more than 40 countries, no country accounting for more than 4% of the company's revenues. Exports accounted for 18% of the company's revenues, 2016-17.

Salzer enjoys market leadership in India for rotary switches, Toroidal Transformers and PVC wiring ducts (channels).

Salzer derives 20% of revenues from value-added products at the apex of the product pyramid.

Salzer reported sustained out-performance; the sector enjoys a 1.5x elasticity with GDP growth; the Company enjoys a 3x elasticity with sectoral growth

Salzer's EBITDA margins have ranged between 11.5% and 12.95% in the last five years



The broad message would be that Salzer's core business has consistently grown in the last few years despite ongoing challenges of low sectoral growth and growing competition.

Salzer's products are exported to 40 countries, no country accounting for more than 4% of the company's revenues. Exports accounted for 20% of the company's revenues, 2015-16.

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Salzer Electronics Limited will be held on Saturday, the 09th Day of September 2017 at 11.30 AM at The Hotel Sree Annapoorna, East Arokiasamy Road, R.S. Puram, Coimbatore - 641 002 to transact the following businesses:-

Ordinary Business:

1. To consider and adopt the audited Financial statements of the Company for the Financial year ended March 31, 2017, comprising of balance sheet as at March 31,2017, statement of profit and loss for the year ending on that date, Cash Flow statement as on that date and the reports of the Board of Directors along with annexures and Auditors thereon;
2. To declare a dividend on Equity Shares for the financial year 2016-17.
3. To appoint a Director in the place of Mr. Rajeshkumar Doraiswamy (DIN: 00003126), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
4. To appoint a Director in the place of Mr.Sankaran Baskarasubramanian (DIN: 00003152), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
5. To ratify the appointment of statutory auditors for the financial year 2017-18

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by Members at their 29th Annual General Meeting appointing M/s.Swamy & Ravi, Chartered Accountants (FRN:004317S) as Statutory Auditors of the Company to hold office for a term of five years from 2014-15, subject to ratification by the shareholders on annual basis during the tenure of the office, the Company do hereby ratify and confirm the appointment of M/s.Swamy & Ravi, Chartered Accountants, as Statutory Auditors of the Company for the financial year ending 31st March, 2018 at such remuneration plus service tax as applicable and reimbursement of out-of-pocket expenses in connection with the audit as the Board of Directors may fix in this behalf"""

Special Business:

6. To appoint Dr. OTTO EGGIMANN (DIN: 07791113) as an Independent Director 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 that pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force), Dr. Otto Eggimann (DIN: 07791113) who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective May 25,2017 and who holds office till the date of 32nd Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. Otto Eggimann (DIN: 07791113) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of three years effective May 25,2017 to May 24,2020 and the term shall not be subject to retirement by rotation."

7. To approve the increase in Managerial remuneration payable to Mr. PERUMAL REDDIAR RAMACHANDRAN (DIN: 01043572), whole Time Director (Marketing) and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as the Special Resolutions

"RESOLVED THAT subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013, upon such regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in terms of Company's Policy for Nomination and Remuneration Committee, as a partial modifications to the special resolutions passed by the Shareholders at their 28th Annual General Meeting held on August 10, 2013 on the re-appointment of Mr. Perumal Reddiar Ramachandran (DIN:01043572) for a term of five years with such conditions, based on the recommendation of Nomination and Remuneration Committee and consequential

resolutions passed by the Board of Directors at their Meeting held on May 25,2017 approving such increase in accordance with their authority, the Company do hereby ratify and confirm the increase in the Managerial remuneration payable to Mr. Perumal Reddiar Ramachandran (DIN 01043572) from ₹30,000 per month to ₹1,00,000 per month effective June 01,2017 till his remaining term gets expired."

"**RESOLVED FURTHER THAT** except aforesaid enhancement of remuneration, all other conditions as stipulated in the special resolutions passed by the shareholders at their 28th Annual General Meeting held on August 10,2013 on the re-appointment of Mr.Perumal Reddiar Ramachandran (DIN:01043572) shall hold good as such and be in existence till his remaining term of office."

8. To approve the Material Related Party Transactions and in this regard to consider and if thought it, to pass, with or without modification(s), the following resolution as the Special Resolution.

"**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014, in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (including any statutory modification(s) or enactment thereof for the time being in force), in accordance with Salzer's Policy on Related Party Transactions and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the approval of the Company be and is hereby accorded to the Material Related Party Transactions to be entered with related Parties for Financial Year 2017-18 of a value of ₹250.00 Crores in aggregate as per details as set out under item no 8. of the Statement annexed

to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegation of such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

9. To ratify the remuneration payable to CMA A.R. Ramasubramania Raja (M.No. 32458) appointed as Cost Auditor of the Company for FY 2017-18 and in this regard to consider and if thought it, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, CMA A.R. Ramasubramania Raja (M.No. 32458), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the FY 2017-18, be paid a remuneration of ₹75,000 plus applicable service tax and out-of-pocket expenses on actual basis."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board
For Salzer Electronics Limited

S Baskarasubramanian
Director (Corporate Affairs) &
Company Secretary
DIN 00003152
FCS 4605

Date: May 25, 2017

Place: Coimbatore

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 6 to 9 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment/ re-appointment as Director under Item Nos. 3, 4 and 6 of the Notice, are also annexed.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT hours before the commencement of the AGM. Proxy Form given in the page No. 109.
3. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not

act as a proxy for any other person or shareholder.

4. The Register of Members and Share Transfer Books of the Company will be closed on Saturday, September 02,2017 to Saturday, September 09,2017, in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015
5. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith in page No. 111, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
6. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid within the stipulated time to those Members whose names stand registered on the Company's Register of Members:
 - a) For members (beneficial owners) holding shares in demat form, whose name appear in the list provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the closure of business hours on 01.09.2017.
 - b) For Members holding shares in physical form whose names appear in the Register of Members of the Company as at September 09, 2017 after giving effect to valid share transfers lodged with the Company, on or before September 01, 2017.
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, M/s. GNSA Infotech Limited (GNSA) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to GNSA.
8. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to GNSA.
9. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or GNSA for assistance in this regard.
10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or GNSA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
11. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. Members seeking any information with regard to the Financial Statements are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
13. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.salzergroup.net (under 'Investors' section). Members holding shares in physical form may submit the same to GNSA. Members holding shares in electronic form may submit the same to their respective depository participant.
14. Those Members who have so far not encashed their dividend warrants for the Financial year 2009-10, may approach GNSA/ Company, for making their claim without any further delay as the said unpaid dividends will get transferred to the Investor Education and Protection Fund of the Central Government before November 2017 pursuant to the provisions of Companies Act 2013. Further Ministry of Corporate Affairs has notified on September 05,2016 operation of Section 124(6) of the Companies Act 2013 and Related Rules "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective September 07,2016 which, inter alia, contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years in the name of IEPF Suspense Account.
15. Shareholders are requested to note that no claim shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government. However, Shareholders may claim from IEPF

- Authority both unclaimed dividend amount and the shares transferred to IEPF Suspense Account as per the applicable provisions of Companies Act, 2013 and rules made thereunder.
16. The unclaimed/unpaid Dividend, declared during December 2009, for the Financial year 2008-09 has since been transferred to Investor Education and Protection Fund during the year under review.
 17. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2016-17 will also be available on the Company's website viz. www.salzergroup.net.
 18. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / GNSA.
 19. The route map showing directions to reach the venue of the thirty -second AGM is annexed. Refer page No. 111.
 20. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
 21. The Board of Directors has appointed Mr. G Vasudevan, Practicing Company Secretary as the Scrutinizer to scrutinize
- (vi) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

the voting at the meeting and remote e-voting process in a fair and transparent manner.

22. The facility for voting, either through electronic voting system or polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
23. The Members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
24. The voting period begins on Monday, September 04, 2017 (9.00 a.m.) and ends on Friday, September 08, 2017 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 01, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
25. **THE INSTRUCTIONS FOR E-VOTING ARE AS UNDER:**
 - (i) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (ii) Click on Shareholders.
 - (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (iv) Next enter the Image Verification as displayed and Click on Login.
 - (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for SALZER ELECTRONICS LIMITED on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

26. For members who wish to vote using ballot form:

For the benefit of Members who do not have access to e-voting facility, a Ballot Form is being sent along with the Notice of the AGM. Ballot form in form No. MGT - 12 is available in page no.107. The members may submit the same in a sealed envelope to the Scrutinizer, Mr.G.Vasudevan,, Practicing Company Secretary, C/o. Salzer Electronics Limited, Samichettipalayam, Coimbatore – 641 047, so as to reach by 5.00 p.m., on September 08,2017. Detailed instructions on voting through post are given on the reverse of the Ballot Form

The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

27. Other Instructions

- i. The Scrutinizer-Mr.G.Vasudevan, Practicing Company Secretary shall, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report on the votes cast in favour or against the resolutions, and forthwith submit such report to the Chairman of the Company.
- ii. The Voting Results shall be declared within 48 hours after

- conclusion of AGM. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.salzergroup.com and on the website of CSDL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
- iii. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
 - iv. A Member can opt for only one mode of voting, i.e. either by post or through e-voting. In case of Member(s) who cast their votes by both modes, then voting done through a valid e-voting shall prevail and Postal Ballot of that Member shall be treated as invalid.
 - v. If any member buys the shares of the company after August 11, 2017 they may either write to the company for call for notice or download the notice from the website of the company to cast their vote as advised therein.
 - vi. The members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

By the order of the Board of Directors

S Baskarasubramanian
Director (Corporate Affairs) &
Company Secretary
(DIN:000003152 & FCS :4605)

Date : May 25,2017

Place : Coimbatore

Explanatory Statement

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 9 of the accompanying Notice:

1. Item No.6

The Board of Directors of the Company appointed at their meeting held on May 25,2017, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Otto Eggimann (DIN: 07791113) as an Additional Director of the Company (Independent) with a term of three years from May 25, 2017 to May 24, 2020 subject to confirmation of the shareholders at their ensuing 32nd Annual General Meeting.

The Company has received a notice in writing from a member along-with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Otto Eggimann for the office of Director of the Company.

Dr. Otto Eggimann is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Companies Act, 2013 inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149 of the

Companies Act 2013, an independent director can hold office for a term up to 5 (Five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Dr. Otto Eggimann to the effect that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

In the opinion of Nomination and Remuneration Committee and the Board:-

- Dr. Otto Eggimann possesses appropriate skills, attributes, experience and knowledge, inter alia, in the field of Engineering and Marketing which are more relevant to the Company's growth &
- Dr. Otto Eggimann fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. Dr. Otto Eggimann is independent of the management.

Keeping in view his extensive expertise and knowledge as attributable to the further growth of your Company, your Board has unanimously recommended to the Members on the appointment of Dr. Otto Eggimann as an Independent Director and for which,

requisite resolutions have been placed before them as set out at Item No. 6 for consideration and approval by means of ordinary resolutions.

Copy of the draft letter for appointment Dr. Otto Eggimann as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Dr. Otto Eggimann is not related to any other Director and Key Managerial Personnel of the Company.

Save and except Dr. Otto Eggimann and his relatives, to the extent of their shareholding interest, if any, in the Company, (presently either he or his relatives are not holding any pecuniary interest including shares of the company) none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item No.7

Mr. Perumal Reddiar Ramachandran (DIN: 01043572), whole Time Director (Marketing) was reappointed by the Members by passing special resolutions at their 28th Annual General Meeting held on August 10,2013 with a term of five years effective September 26,2013, with following terms

- Salary ₹30,000.00 per month

Perquisites are:-

- **House Rent Allowance :** House Rent Allowance will be considered to be paid, subject to the ceiling stipulated under sec 198, schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, in future.
- **Medical Allowance :** Expenses incurred by him and his family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
- **Leave Travel concession :** As per Company Rules from time to time.
- **Personal Accident Insurance :** Premium not to exceed ₹1000 per annum
- **Club Fees :** Fees of clubs subject to maximum two clubs. This will not include admission and life membership.
- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and Encashment of leave at the end of tenure."

As per your approval, the term of office of Mr. Perumal Reddiar

Ramachandran would get expired on September 25, 2018. Before expiry of his term, the Nomination and Remuneration Committee noted the following facts and made recommendation to the Board to consider the increase in remuneration payable to Mr. Perumal Reddiar Ramachandran.

- His pro-active steps benefitting Unit IV in showing consistence performance in the last two years under his leadership and
- His level of execution of marketing ability in cable and wires business resulting in improved contribution to the total revenue of the Company

Based on such recommendation, your Board, subject to ratification and confirmation of the shareholders at their 32nd Annual General Meeting, approved increase in managerial remuneration payable to Mr. Perumal Reddiar Ramachandran from ₹30,000 per month to ₹1,00,000 per month with effect from June 01,2017 till ending of present term.

With above increase in remuneration payable for Mr. Perumal Reddiar Ramachandran, the total remuneration payable to the managerial personnel is well within the limit prescribed in Sec.197 of the Companies Act 2013 and Rules made therefor for the purpose of overall maximum remuneration payable to all managerial personnel as computed pursuant to the provisions of Sec.198 of the Companies Act, 2013.

Relevant resolutions have been placed before the Members for their consideration, ratification and confirmation as set out in Item No. 7 of the Notice.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Perumal Reddiar Ramachandran and his relatives, are in any way, concerned or interested in the said resolution

Item No.8

The Company also proposed to enter into business transactions in the ordinary course of business with M/s. Salzer Magnet Wires Limited and M/s. Salzer Exports Limited during Financial Year 2017-18 which is estimated at ₹150 Crores and ₹100 Crores respectively which are of value individually also exceeding 10% of the Annual Turnover of the Company as per the Last Audited Financial Statement of the Company.

Both M/s. Salzer Magnet Wires Limited and M/s. Salzer Exports Limited are "Related Parties" within the meaning of Section 2 (76) of the Companies Act, 2013.

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. Accordingly, the

following proposed transactions with the Salzer Magnet Wire Limited and Salzer Exports Limited to be construed as Material Related Party Transactions as these transactions individually exceeding 10% of the annual turnover of the Company for the period ending March 31,2017:

	Nature of Transactions	Salzer Magnet Wires Limited	Salzer Exports Limited	Total
		₹In Crs	₹In Crs	₹In Crs
1	Sale of Materials	60.00	50.00	110.00
2	Purchase of Materials	60.00	25.00	85.00
3	Sale of Power	5.00	5.00	10.00
4	Labour Charges	25.00	20.00	45.00
	Total	150.00	100.00	250.00

In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2016, all material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. Notwithstanding such transactions have been done at arm's length basis and normal course of business.

In the light of above statutory requirement and based on the recommendation of the Audit Committee, your Directors have placed before the Members for the approval on the proposed transactions, being material in nature, with the related parties for financial year 2017-18

The Board recommends the Special Resolution as set out at item No. 8 for the approval of the Shareholders.

None of the Directors, Key Managerial Personnel, or their relatives is in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No.9

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records for the applicable products of the Company. On the recommendation of the Audit Committee at its meeting held on May 24, 2017, the Board considered and approved the appointment of CMA A.R. Ramasubramania Raja (M.No. 32458) as the cost auditor for the FY 2017-18 at a remuneration of ₹75,000 plus applicable service tax and reimbursement of out-of-pocket expenses on actual basis. Thus the Board of Directors recommends the Ordinary Resolution as set out in Item No. 9 of the Notice for the approval of the shareholders.

None of the Directors, Key Managerial Personnel, or their relatives is in any way, concerned or interested, financially or otherwise, in the said resolution.

Annexure to Notice – Details of Directors Seeking Appointment/ Re-Appointment at the forthcoming Annual General Meeting (pursuant to regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015)

Name of the Director	Rajeshkumar Doraiswamy	S. Baskarasubramanian	Otto Eggimann
DIN	00003126	M No.4605 & DIN 00003152	07791113
Category	Joint Managing Director & Chief Financial Officer	Director (Corporate Affairs) & Company Secretary	Independent Director
Date of Birth	25/09/1971	15/07/1943	07/02/1956
Date of Appointment on the Board	22/12/2001	01/10/1994	25/05/2017

Name of the Director	Rajeshkumar Doraiswamy	S. Baskarasubramanian	Otto Eggimann
Qualification	B E –Electrical Engineering & MBA (US)	B.Com., FCS	B.Sc. (Dipl. Ing. HTL) in Mechanical Engineering from Winterthur Polytechnic School of Engineering, Switzerland; M.Sc. in Mechanical Engineering from Columbia Pacific University and Ph.D. in Mechanical Engineering from Columbia Pacific University, USA
Brief profile and nature of their expertise in specific functional areas	He is a young and energetic entrepreneur and is managing the Salzer group of companies	He is a qualified Company Secretary and Fellow member of Institute of Company Secretaries (FCS) of India, is having wide experience of more than 50 years in aggregate & of which post qualification experience for 25 years in the field of administration, Company Law matters / Corporate Affairs. He is at present employed in your Company as Director (Corporate Affairs) & Company Secretary.	He is having knowledge in engineering in the field of Textiles, Automobiles and Electrical. Besides he is well conversant with the Global Marketing Network . He handled multiple assignments across the Globe and also held various key positions in Global Corporations. Currently, he is a Vice President Operations and BU Asia and Americas in LEGIC Indentsystems, CH-Wetzikon,
Directorships held in other companies.	1. K.R.Health Care PLtd, 2. Sri Ram Arts Centre P Ltd., 3. Salzer Exports Limited, 4. S R V E Industries Ltd , 5. Salzer Securities Holdings Ltd, 6. Salzer Magnet Wires Limited	NIL	NIL
Memberships / Chairmanships of committees across all companies	In Salzer Electronics Ltd 1. Chairman – Risk Management Committee 2. Members – CSR Committee, 3. Member - Employees Compensation Committee 4. Member - Stakeholders Relationship Committee	Secretary to the following Committees 1. CSR Committee 2. Audit Committee 3. Risk Management Committee 4. Shareholders Grievances Committee 5. Employees Compensation Committee 6. Nomination & Remuneration Committee	NIL
Shareholding in the Company	2,39,216 Equity shares – 1.67%	11223 Equity Shares-0.08%	NIL
Inter se relationship, if any	Son of Shri. Rangaswamynaidu Doraiswamy, Managing Director and Husband of Dr. Mrs. RajeshkumarThilagam, Non Executive Director	NIL	NIL

DIRECTORS' REPORT

TO
DEAR SHAREHOLDERS,

We have pleasure in presenting the Thirty Second Annual Report, together with the audited financial statements of the Company for the Financial Year ended March 31, 2017

1. FINANCIAL SUMMARY OF the Company

	Particulars	For the Year Ended 31/03/2017	₹ in Lakhs For the Year Ended 31/03/2016
I	Revenue from operations	38406.20	36113.49
II	Other Income	675.43	280.37
III	Total Revenue (I + II)	39081.63	36393.86
IV	Expenses		
	Cost of Materials Consumed	30086.61	25179.35
	Changes in inventories of finished goods and work in progress	(2077.23)	480.06
	Employee benefits expenses	1886.63	1768.43
	Finance Cost	1459.29	1313.58
	Depreciation and amortization expenses	980.48	831.89
	Other expenses	4218.16	4396.42
	Total Expenses	36553.94	33969.74
V	Profit before exceptional and extraordinary items and tax (III-IV)	2527.69	2424.12
VI	Exceptional Items	-	-
VII	Profit before tax (V-VI) & extraordinary items	2527.69	2424.12
VIII	Extraordinary items	-	-
IX	Profit before tax (VII-VIII)	2527.69	2424.12
X	Tax expense:		
	(1) Current tax	(623.68)	(521.19)
	(2) Deferred tax	(194.58)	(198.18)
XI	Profit for the period - After Tax(IX-X)	1709.43	1704.75
XII	Earnings per equity share:		
	(1) Basic	12.35	13.54
	(2) Diluted	11.89	12.87

2. ANALYSIS OF PERFORMANCE

The revenues from the operations were at ₹384 crores in full year as against ₹361 crores in the corresponding year, with a 7% growth. The full year ended EBITDA stood at ₹42.93 crores giving a flat growth. EBITDA (Earnings Before Interest Tax Depreciation and Amortization) and margin was at 11.17% and remained flat as compared to last year. The PAT (Profit After Tax) also was flat at ₹17.1 crores in the full year as against ₹17.04 crores in the corresponding year. Exports for the full year contributed 18% of total revenues of your Company.

Industrial switch gear segment

The industrial switch gear segment is one the largest contributors to overall revenues of your Company. This segment comprises Cam Operated Rotary Switches; Toroidal Transformers, Relays, Load Break Switches, Wire Harness etc.. The market conditions in India as well as USA and Europe continue to be very challenging. Despite these challenges, this division managed and posted a growth of 7% on year on year and made 46% contribution to the total revenue of the Company. Going forward, your Company is expecting strong recovery of the demand across the spectrum and also foresee healthy business would come from both domestic and international markets and also from the companies like GE, Schneider, Honeywell, ABB & Siemens in 2017-18.

Wire and cable segment

Wire and cable segment consisting of copper wires and cables is the second major business of your Company. On a yearly basis, wire and cable business contributed 46% with a year on year growth of 32%. Within this segment, your Company's focus has been to do brand labelling for major brands. Initially, it has been started with branding for L&T, and today branding is being done for Crompton Greaves, Texmo, E-Fab and a couple of other brands. In the last two years, this division has started to focus giving value added products to various customers like elevator travelling cables, wire harnesses, and other similar cables in the segment.

Building Product Segment

In respect of Building Product Segment, your Company has witnessed a very robust growth although the contribution to the total revenue remains small and exploring various options to improve its contribution to the extent of 10% level. On a yearly basis the building segment product contributed 6% with a year on year growth of 50%.

Energy management segment

The fourth is the energy management segment and an order driven business. This is a new technology oriented business which was developed by your Company's in-house R&D team. This product segment has given a benefit of being the largest ESCO with highest CRISIL rating - Grade A in the country for your Company. Energy management business, on an annual basis, contributed 2% to the

total revenues with a year on year decline of 76%. In the last year, this segment had a revenue of ₹42 crores coming in from the EPC contract business as against which, only ₹10 Crore revenue recorded in this year.

Without Energy Management business, your company has achieved revenue growth of 17% year on year. The EBITDA and PAT also witnessed a growth of 13% and 20% respectively. Overall, the revenue growth has been driven by the building segment, wire and cable segment; both of them have grown more than 30% year on year. Through our continued association and increase in orders from our valued customers like GE, Schneider, Honeywell and ABB, your Company has been able to achieve this growth.

Going forward your Company's focus remains to achieve profitable growth by adding newer products which are customized and value added in nature, exploring newer geographies which can yield better margins. With a very competent team in place, your Company is quite confident of achieving the milestone which it has set for itself.

Your Company has signed a Memorandum of Understanding with Saelzer Electric GmbH, Germany, for possible co-operation between two companies to leverage on their inherent strengths for Joint Product Development with cutting edge technologies and exploring Joint Marketing for Rotary Cam Switches world-wide.

3. DIVIDEND

The Board of Directors at their meeting held on May 25,2017 recommended a Dividend at a rate of 16% (₹1.60 per share) for the financial year ended March 31,2017 as that of the last year . The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting to be held on September 09,2017.

Dividend (including dividend tax) as a percentage of net profit after tax is 15%, on the expanded capital as compared to 15.23% in the previous year. In order to strengthen the internal accruals of the Company, Your Board of Directors moderated the Dividend Payment out of available surplus for the financial year 2016-17 on the expanded capital.

The Register of Members and Share Transfer Book of the Company will remain closed from September 02,2017 to September 09,2017

(both days inclusive) for the purpose of dividend, if declared in above AGM, will be paid to the members, whose names appear in the company's register of members on Saturday, September 09, 2017 and in respect of shares held in electronic form, the dividend will be paid to the beneficial owners of the shares as on the closing hours of the business on Friday, September 01, 2017 as per details to be furnished by the depositories for this purpose.

4. SHARE CAPITAL AND OTHER RELATED SECURITIES

a. Equity share Capital

During the year under the review, the Company has added 7,05,000 in its issued, subscribed and paid-up shares by means of allotment under Conversion of share warrants subscribed by the Promoters group under pre-preferential basis and Exercise of Stock Options by the Employees under Stock Options Scheme. Thereby the total no. of shares increased from 1,36,43,187 equity shares to 1,43,48,187 Equity Shares. The details of increase are as under

	Particulars	31-Mar-17		31-Mar-16	
		No. of Shares	Amount	No. of Shares	Amount
	At the Beginning of the Period	1,36,43,187	13,64,31,870	1,02,83,737	10,28,37,370
Add:	Shares issued during the period				
a.	Issue under conversion of warrants	5,80,000	58,00,000	4,20,000	42,00,000
b.	Issue under Exercise of Stock Options	1,25,000	12,50,000	2,98,450	29,84,500
c.	Institutional Placement	-	-	26,41,000	2,64,10,000
Less:	Shares bought Back during the year	-	-	-	-
Add:	Other movements during the year	-	-	-	-
	Outstanding at the end of the period	1,43,48,187	14,34,81,870	1,36,43,187	13,64,31,870

b. Outstanding share warrants

With the approval of the shareholders by means of special resolutions passed at their Extra Ordinary General Meeting held on July 10, 2015, the Company had issued 10,00,000 Share warrants convertible into similar number of equity shares within given period of 18 Months from the date of issue –July 14, 2015 at an issue price of ₹251.45 to the Promoters and Promoters Bodies Corporate under Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009. Details of the issue, conversion of warrants and balance outstanding as at March 31, 2017 furnished hereunder

	Descriptions	Warrants
	Opening as on 01/04/2016	5,80,000
Less	Conversion during the year	5,80,000
	Outstanding warrants on 31/03/2017	nil

c. Employees Stock Options

Your Company has granted 1028000 Stock Options to eligible employees under Salzer Electronics Limited Employees Stock Options Scheme 2012-13. Details of the grant, exercise and balance options outstanding as at March 31, 2017 furnished hereunder

	Descriptions	Stock Options
	Opening as on 01/04/2016	7,30,450
Less	Options exercised during the year	1,25,000
	Outstanding vested options on 31/03/2017	6,04,550

5. CORPORATE GOVERNANCE

As required under Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance attached with this report **Annexure : 1**

provisions in the Companies Act 2013 and Rules made there-under, has transferred ₹45.00 lakhs to the General Reserve Account.

7. LIQUIDITY

As at March 31, 2017, your Company had adequate cash and cash equivalents in its Books, taking care of all such current liabilities comfortably.

6. RESERVES

Your Board of Directors, as a prudent policy in the absence specific

8. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year, the nature of the business of your Company – Manufacturing of Electrical Installation Products- has not been changed.

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2016-17 and the date of this report.

10. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No orders passed by any Court in India or by any Regulator or by Tribunals affecting the going concern status and Company's operations in future.

11. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.

The Company has put in place adequate internal financial controls over financial reporting. These are reviewed periodically and made part of work instructions or processes in the Company. The Company continuously tries to automate these controls to increase its reliability.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015. These are in accordance with Generally Accepted Accounting Principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The Company has identified inherent reporting risks for each major element in the financial statements and put in place controls to mitigate the same. These risks and the mitigation controls are revisited periodically in the light of changes in business, IT systems, regulations and internal policies. Corporate accounts function is involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of account.

The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account. Explanations are sought for any variance noticed from the respective functional heads and corrective actions taken then and there, if warrants.

The Company, in preparing its financial statements makes judgements and estimates based on sound policies and uses

external agencies to verify/validate them as and when appropriate. The basis of such judgements and estimates are also approved by the Audit Committee of the Board of Directors of the Company in consultation with the Statutory Auditors of the Company.

The Company has a Code of Conduct applicable to all its employees along with a Whistle Blower Policy which requires employees to update accounting information accurately and in a timely manner.

12. DETAILS OF SUBSIDIARY/Joint VENTURES/ASSOCIATE COMPANIES

Your company does not have any subsidiary company and do not have any associate company as defined under Sec.2(6) of the Companies Act, 2013, during the year under review.

13. DETAILS OF SUBSIDIARY/Joint VENTURES/ASSOCIATE COMPANIES

During Financial year 2016-17, your Company had disinvested the balance 27% stake in Salzer Global Services LLC, USA taking into account the business exigencies.

14. DEPOSITS

During the Financial year under the review, your Companies has not accepted any deposits within the meaning of Section 73 of the Companies Act 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

15. STATUTORY AUDITORS

In terms of Proviso to Section 139 (1) of the Companies Act 2013, M/s. Swamy& Ravi, Chartered Accountants (FRN:004317S) Coimbatore has been appointed as a statutory auditor of the Company for a term five years from 2014-15, subject to ratification by the shareholders at the every general meeting in terms of ordinary resolution passed by the Members at their 29th Annual General Meeting held on August 9, 2014.

In pursuance of above term, necessary resolution ratifying appointment of M/s.Swamy& Ravi, Chartered Accountants, Coimbatore as the statutory auditor for the financial year 2017-18 is being placed before members for their consideration in this Annual General Meeting.

M/s.Swamy& Ravi, declares and confirms in pursuance of Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 in their letter dated May 02,2017 that

- The firm does not suffer any disqualification under the Companies Act 2013 and the Chartered Accountants Act, 1949 and the rules or regulations made thereunder;
- There is no such proceedings/litigations against the audit firm or any partner of the audit firm, pending with respect to professional matters of conduct.
- The Firm is holding the appointment within the limits laid down by or under the authority of the Act and

16. AUDITORS' REPORT

The Independent Audit Report along with the Annexure as prescribed under Companies (Auditors' Report) Order 2015 as issued by the Auditors' are appended in this Annual Report, wherein the Auditors have not made any qualification / adverse remarks based on the auditing.

17. EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 forms part of the Board's report given as Annexure: 2 herewith in compliance with Rule 12(1) of the Companies (Management and Administration) Rules, 2014

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo given as Annexure: 3 herewith separately.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of the provisions of section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance report, which forms part of this report – Annexure: 4. Your Company has also in place a CSR Policy and the same is available on your Company's website www.salzergroup.net/investor.

The Company, for the past many years, has been fulfilling the objectives of social nature in the area of education, health and other social causes in and around Periyanaickenpalayam Region, Coimbatore District. The Company primarily through its Trust, is promoting education, healthcare etc., The Company is at the service of the Society in general for up-liftment of literacy and health care.

Accordingly, the Company was required to spend ₹34.92 lakhs towards CSR activities and against which, spent only ₹12.45 lakhs in respect of the activities enshrined in Schedule VII of the Companies Act, 2013 and also in Salzer's Corporate Social Responsibility Policy.

20. DIRECTORS:

A) Changes in Directors and Key Managerial Personnel

i) During the year under the review, the following changes took place on the composition of the Board of Directors of your Company.

Mr. Howard M Gladstone, an Independent Director relinquished his office of the Director from the Board of Directors of the Company due to his personal reason. Mr. P R Thiruvengadam, who was appointed as an alternate director for Mr. Howard M Gladstone has also ceased to be a Director of your Company on laying down the office of Director from the Board of Directors of the Company by Mr. Howard M Gladstone

Dr. Otto Eggiman was appointed as an additional director by the

Board of Directors at their Board Meeting held on May 25, 2017 in the capacity of the Independent Director for a term of three years effective May 25, 2017, subject to the approval of the members at their forthcoming Annual General Meeting in terms of Section 160 of the Companies Act 2013

B) Declaration by an Independent Director(s) and re-appointment, if any

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. The Board has optimum composition of the Independent and Non Independent Directors.

C) Formal Annual Evaluation

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as: -

- Board dynamics and relationships
- Information flows
- Decision-making.
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness

Peer evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate governance report.

Familiarization programme

The Company has put in place an induction and familiarisation programme for all its Directors including the Independent Directors. The familiarisation programme for Independent Directors is in accordance with the provisions of Regulation 46(2) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is uploaded on the website of the Company.

D) Committees of the Board.

Currently, the Board has six committees: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, Stakeholders Relationship Committee, the Risk Management Committee, the Employees Compensation Committee. A detailed note on the composition of the Board and its committees is provided in the Corporate governance report section

of this Annual Report.

21. LISTING REGULATIONS

Your Company has duly complied with various Regulations as prescribed under SEBI (Listing obligations and Disclosures) Regulations 2015.

22. MEETINGS

The details in respect of the Meeting of the Board of Directors, Audit Committee and all other sub Committee are given in the Corporate Governance Report.

23. VIGIL MECHANISM

A vigil Mechanism has been in place providing opportunity to Directors/Employees

- To access in good faith, to the Audit Committee in case they observe unethical and improper practices or any other wrongful conduct in the Company,
- to prohibit managerial personnel from taking any adverse personnel action against those employees and
- to provide necessary safeguards for protection of employees from reprisals or victimization

This policy applies to all directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy

To report such incidents, practices etc., the concerned Employees / Directors can contact / report to

Office of the Audit Committee (Compliance Officer)	E-Mail : baskarasubramanian@salzergroup.com Contact No. 0422 4233614
Office of the Managing Director	E-Mail : rd@salzergroup.com Contact No.0422-4233612
Office of Joint Managing Director & Chief Financial Officer	E-Mail : rajesh@salzergroup.com Contact No.0422-4233610

24. PREVENTION OF SEXUAL HARASSMENT AT THE WORK PLACE

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, the Committee has not received any such complaint.

25. NOMINATION AND REMUNERATION COMMITTEE

The purpose of the committee is to screen and to review individuals qualified to serve as executive directors, non-executive directors and independent directors, consistent with policies approved by

the Board, and to recommend, for approval by the Board, nominees for election at the AGM.

The committee also makes recommendations to the Board on candidates for

- (i) nomination for election or re-election by the shareholders; and
- (ii) any Board vacancies that are to be filled.

It also reviews and discusses all matters pertaining to candidates and evaluates the candidates. The nomination and remuneration committee coordinates and oversees the annual self-evaluation of the Board and of individual directors.

The nomination and remuneration committee charter and policy are available on our website (<https://www.salzergroup.net/files/NRC%20Policy.pdf>)

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review,

- During the year, the Company has granted/taken loans, unsecured, from or to Companies, firms or other parties, listed in the Register maintained under section 189 of the Companies Act, 2013 ('the Act'), the terms and conditions are not *prima facie* prejudicial to the interest of the Company during the course of its business and
- The investments in other bodies corporate are well within the limit as prescribed under Section 186 of the Companies 2013

27. SALZER EMPLOYEES STOCK OPTIONS SCHEME 2012-13

The shareholders at their 27th Annual General Meeting held on August 11,2012 passed necessary resolutions approving "Salzer Employees Stock Option Scheme 2012 -13" for grant of stock options to the eligible employees upto 10% of the paid capital of the Company, as a reward to the employees who are behind the growth of the Company.

Accordingly, the Employees Compensation Committee, constituted by the Board for administration of Stock option Plan, granted 10,28,000 Stock Options, constituting 10% of the paid up capital, to such eligible employees with one year vesting period and five years exercise period on November 19,2013. The Bombay Stock Exchange in its letter dated May 08,2014 granted In-principle approval for allotment of 10,28,000 shares which are likely to arise on exercise of stock options . Further, the Company also, on getting listed in NSE Limited, has got the requisite In-Principle approval for the Outstanding Options granted under the Scheme.

The aforesaid Committee, during the year under review, have allotted 125000 Shares against equivalent amount of vested options exercised by the employees.

As on the date of this report, 604550 stock options vested upon grantees and outstanding for exercise.

The relevant disclosures as required SEBI Guidelines are appended herewith as **Annexure: 5**

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the Resolution passed by the shareholders dated August 11,2012. The Certificate would be placed at the Annual General Meeting for inspection by members.

28. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year under review were on an arm's length basis and were in the ordinary course of business. During the year, the Company had material related party transaction with the related parties with due compliance of the approval accorded by the shareholders under Relevant Regulation.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a annual basis for the transactions which are of a foreseen and repetitive nature in compliance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

In response to Rule 8(2) of Companies (Accounts) Rules, 2014, particulars of contracts or arrangements with related parties during the year under review given in the Form AOC-2, annexed herewith as **Annexure: 6**.

29. INSIDER TRADING

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities. The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website (<https://www.salzergroup.net>)

30. MANAGERIAL REMUNERATION

A) The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014.

B) The Company does not have such director who is in receipt of any commission from the Company and who is a Managing Director or Whole-time Director of the Company receiving any remuneration or commission from any Holding Company or Subsidiary Company of such Company

Details pursuant to section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed herewith as **Annexure - 7**.

31. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on May 25, 2017 has appointed Mr. G Vasudevan, B.Com, LLB & FCS, M/s. G V Associates, Company Secretaries (Certificate of Practice No. 6522), as the Secretarial Auditor to conduct an audit of the secretarial records, for the financial year 2017-18.

The Company has received consent from Mr. G Vasudevan, B.Com, LLB & FCS, M/s. G V Associates, Company Secretaries to act as the auditor for conducting audit of the Secretarial records for the financial year ending 31st March, 2018 in terms of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report for the financial year ended 31st March, 2017 is set out in the Annexure: 8 to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

32. RISK MANAGEMENT POLICY

Risk management is attempting to identify and then manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the firm and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats. In order to tackle such risks emanating during the course of business operation, the Board of Directors, constituted Risk Management Committee with an objective of identifying the potential threats that are likely to impact the growth of the organization and evolve suitable strategic measure to mitigate such identified Risks.

33. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's discussion and analysis is set out in this Annual Report as **Annexure: 9**.

34. COST AUDITOR

Your Board of Directors have appointed CMA Mr. A.R. Ramasubramania Raja, as Cost Auditor of the Company for the

Financial year 2017-18 to conduct audit of Cost Accounting Records maintained by the Company, for the product(s) covered under relevant heads of Central Excise Tariff Act (CETA) as notified by the Minister of Corporate Affairs vide its notification dated 31/12/2014.

35. POLICIES OF THE COMPANY

The Company is committed to good corporate governance and has consistently maintained its organizational culture as a remarkable confluence of high standards of professionalism and building shareholder equity with principles of fairness, integrity and ethics.

The Board of Directors of the Company have from time to time framed and approved various Policies as required by the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations. These Policies and Codes are reviewed by the Board and are updated, if required.

Some of the key policies adopted by the Company are as follows:

- i) Policy on Determination of materiality of events/information
- ii) Policy on prevention of sexual harassment at workplace
- iii) Code of Conduct for Directors and Employees
- iv) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- v) Code of Conduct to Regulate, Monitor and Report trading by Insiders
- vi) Policy on Related Party Transactions
- vii) Whistle Blower Policy
- viii) Corporate Social Responsibility Policy
- ix) Nomination and Remuneration Policy
- x) Risk Management Policy

36. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your Directors make the following statements:

- that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit and loss of the Company for that period;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;

- that internal financial controls are being followed by the Company and that such internal financial controls are adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively

37. CREDIT RATINGS

Your Company's Loan facilities from the Banks are being rated by CRISIL and assigned the following rating scales as under:

Total Bank Loan Facilities Rated : ₹1565.8 Million
(Enhanced from ₹1091 Million)

Long Term Rating : CRISIL A-/Positive
(revised from 'CRISIL A-/Stable')

Short Term Rating: CRISIL A1 (Upgraded from 'CRISIL A2+')

CRISIL observed while assigning the rating that your Company's Banks facilities continue to reflect the benefits that Salzer derives from its leading market position in the domestic rotary switches market, its marketing tie-up with Larsen & Toubro Ltd and its sustained focus on research and development which facilitates product improvement and resource optimization. This rating continues to reflect the company's adequate financial risk profile, marked by adequate capital structure and debt protection metrics.

38. INDUSTRIAL RELATIONS

During the year under review, industrial relations at the Company's units continued to remain cordial and peaceful.

39. CAUTIONARY STATEMENT

Statements in the Annual Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

40. ACKNOWLEDGEMENTS

Your Directors place on record their deep sense of appreciation and gratitude to the Shareholders, various Government Agencies, Canara Bank, Union Bank of India, ICICI Bank, Citi Bank NA, M/s. Axis Bank, M/s. HDFC Bank, M/s. Larsen & Toubro Limited - Marketing Associates, CRISIL, M/s.GNSA Infotech Ltd, (Registrar & Share Transfer agent) for their continued support and co-operation. Your Directors also wish to record their appreciation for the dedicated services being rendered by the employees at all levels.

For and on behalf of the Board

Place : Coimbatore

Date : May 25,2017

N RANGACHARY

CHAIRMAN

(DIN 00054437)

ANNEXURE – 1

CORPORATE GOVERNANCE REPORT

(As Required under Regulation 34(3) of SEBI (LODR) Regulations 2015)

1. COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE.

The Philosophy of Corporate Governance is transparency, full disclosure, independent monitoring the state of affairs and being fair to all the stakeholders, which is scrupulously being adopted by the company not only to comply with the statutory requirements but also to go well beyond that and to attain a high level of transparency and accountability in the functioning of the Company to enhance the value to all the stakeholders.

2. BOARD OF DIRECTORS

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges read with Regulation 17 of SEBI (LODR) Regulation 2015, your Board has optimum combination of Executive and Non-Executive Directors. The Board is headed by a Non-Executive Chairman. Executive Directors includes Managing Director also. The composition of Board of Directors is as under.

COMPOSITION

The Board headed by the Non-Executive Chairman, comprises 12 Directors from varied disciplines like Engineering, Finance, Banking, Capital Market, Management, Administration sectors.

The Company is having the office of the Chairman and office of the Managing Director / CEO separately by different individuals.

Composition of the Board as on March 31, 2017

Category	No of Directors
Executive Director (Managing Director, Joint Managing Director, Whole-time Director & Director (Corporate Affairs) & Company Secretary)	4
Non Executive & Independent Directors including the Chairman	7*
Other Non Executive & Non Independent Directors	2

*One of our senior Non Executive and Independent Director Mr.Howard M Gladstone relinquished his office of directorship from the Board with effect from 13.08.2016.

PROFILE OF DIRECTORS

1. Shri.N.Rangachary, Non-Executive Independent Chairman

Shri.N.Rangachary, Chairman of the company, aged 79 years, possesses appropriate skills, integrity, experience and knowledge,

inter alia, in the field of Finance including the Management Accounting and Costing, Taxation, Insurance and Company Law matters and Corporate Governance. In the Opinion of the Board, Shri.Rangachary Nambi Iyengar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

Shri Rangachary Nambi Iyengar is an IRS officer having over 40 years of experience under the Government of India, Ministry of Finance. He is also a Fellow Member of all the three Professional Bodies viz., the Institute of Chartered Accountants of India, the Institute of Cost and Works Accountants of India, the Institute of Company Secretaries of India. He has also served as a Chairman of Central Board of Direct Taxes and also first Chairman of Insurance Regulatory and Development Authority (IRDA) from 1997 till June 2003 and retired. He is an awardee of International Insurance Man for the year 1999. Further, he was also an advisor to the Government of Andhra Pradesh – Finance department during the period 2002 – 2008. He is a Honorary Member of Indian Institute of Actuary.

2. Shri.R.Doraiswamy, Managing Director

Shri.R.Doraiswamy, Managing Director of the company, aged 74 years basically a graduate in electrical engineering and a technocrat entrepreneur being the core promoter of Salzer Electronics Limited and other Salzer Group Companies for manufacture of electrical installation products, comparable with the international quality standards, both for industrial and domestic segments. He has got wide experience in design, development and manufacture of electrical installation products , having served in leading industrial manufacturing company like Lakshmi Machine Works Limited, REITER MACHINE WORKS, M/S. BROWN BOVERY BADEN, And M/S. SORECHER + SCHVE ARROW, both in India and Switzerland respectively, for over two decades. He is having good business acumen and expertise in Industrial and Business Management with wide contacts globally.

3. Shri.D.Rajeshkumar, Joint Managing Director & Chief Financial Officer

Shri.D.Rajeshkumar, Joint Managing Director & Chief Financial Officer of the company, aged 46 years, is a graduate in Electrical Engineering with Post Graduation in Business Administration, a technocrat turned into an industrialist. Mr.D.Rajeshkumar did his post graduation in Business Management in USA and has taken over as Managing Director of erstwhile Salzer Controls Limited and was at the helm of the Management of Salzer Controls Limited for

over a period of 5 years. On merger of Salzer Controls Limited with Salzer Electronics Limited, he has occupied the position of Joint Managing Director in Salzer Electronics Limited, virtually acting as CEO of the concern. He is a young and energetic entrepreneur and is managing the Salzer group of companies under the guidance of Mr.R.Doraiswamy, his father, being the Promoter of Salzer group of companies.

4. Dr.(Mrs.)Rajeshkumar Thilagam, Non-Executive Woman Director

Dr.(Mrs.)Rajeshkumar Thilagam, aged 45 years, is a Doctor by profession, having MBBS & DGO qualification. Presently, engaged in practice and managing affairs of the K R Health Care Private Limited, a multi specialty 50 bedded hospital with annual revenue of ₹3.50 Crores. Spouse of Mr.D.Rajesh Kumar, Joint Managing Director of the Company. Having wide and rich knowledge on the administration of the business affairs and ability to take strategic decisions in any given situation.

5. Shri.N.Jayabal, Non-Executive Independent Director

Shri.N.Jayabal, aged 73, is an Electrical Engineer, having wide overseas experience for about three decades and with good international contacts. He is also a Director in M/s.Salzer Exports Limited. His association on the Board of Directors of the Company has contributed to improve the market share for the products of the Company in the Global Market.

6. Shri.P.Ramachandran, Whole Time Director

Shri.P.Ramachandran, aged 69 years, who is a Graduate in Economics with wide experience in the field and good contacts both in domestic and international markets, have contributed to achieve the performance and corporate objectives of the company all these years.

7. Shri.R.Dhamodharaswamy, Non-Executive Director

Shri.R.Dhamodharaswamy, aged 86 years, is a graduate and is a Non Executive Director on the Board of Directors of the Company for the last more than 25 years. He is a dynamic industrialist having wide exposure in business administration and Corporate Affairs and is well known in the society being an active member of social institutions like Lions Club etc., His acumen in business administration has helped the Company in its growth path all these years. He is also one of the Directors on the Board of M/s.Micro Controls Private Limited and M/s Micro Instruments Limited.

8. Shri.Nirmal Kumar M Chandria, Non-Executive Independent Director

Shri.Nirmal Kumar M Chandria, aged 57 years, having graduation in Commerce and is an Industrialist and Promoter of a Company in Aluminium Sector and associated himself with leading industries. He is a Director of M/s. Nirmal Aluminium Industries Ltd, M/s. Motijay Investments Pvt Ltd, M/s. Jaymoti Investments Pvt Ltd, M/s. Nirmal Insulations P Ltd & M/s. Parsvir Alloys P Ltd.

9. Shri.P.K.Shah, Non-Executive Independent Director

Shri.P.K.Shah, aged 73 years, is a graduate and also basically a business man and financier for the last more than 3 decades in Bangalore. He is associated with Salzer Electronics Limited for the last 20 years and his business acumen and expertise in financial aspects contributed for the growth of the company all these years. He is also a Partner of M/s. Suk Electronics and Proprietor of M/s. Jayashree Industrial Accessories.

10. Shri.L.Venkatapathy, Non-Executive Independent Director

Shri. L.Venkatapathy, aged 87 years, was the Chief Executive Officer of one of the leading Textile Machinery Manufacturer in the South viz., Textool Company Ltd, Coimbatore. He is associated with Salzer Electronics Limited for the last 20 years as a Director. He has a vast expertise in General Management and Administration as well as in depth knowledge in finance, which helped the company in its growth.

11. Shri.V.Sankaran, Non-Executive Independent Director

Shri.V.Sankaran, aged 74 years, is an Independent and Non Executive Director on the Board of Directors for the last 10 years and holds a Master's Degree in Commerce and is an Associate Member of both the Institute of Cost & Works Accountants of India and the Institute of Company Secretaries of India. He also holds a Postgraduate Diploma in Management Accounting from Jamnalal Bajaj Institute of Management Studies, Bombay (University of Bombay). He is well known in the Financial Services Industry. He has over 35 years of experience in reputed companies in various areas of Finance and General Management. Mr.Sankaran is a Director of Smile Electronics Limited.

12. Shri.S.Baskarasubramanian, Director (Corporate Affairs) & Company Secretary

Shri. S.Baskarasubramanian, aged 74 years, who is a graduate in Commerce and qualified Company Secretary and a Fellow member

of Institute of Company Secretaries (FCS) of India, is having wide experience in the field of Company Law matters / Corporate Affairs.

He is at present employed in your Company as Director (Corporate Affairs) & Company Secretary.

POSITION OF BOARD OF DIRECTORS

DIRECTORS	CATEGORY	ATTENDANCE PARTICULARS		No. OF MEMBERSHIP IN THE BOARDS OF OTHER COMPANIES
		Board meeting	Last AGM (13.08.2016)	
N.Rangachary *,@	Non-Executive Independent Chairman	5	√	11
R. Doraiswamy #,@	Managing Director	5	√	5
D. Rajeshkumar #,@,%,@	Joint Managing Director & Chief Financial Officer	5	√	8
Dr.(Mrs.)Rajeshkumar Thilagam	Non-Executive Woman Director	4	√	5
N.Jayabal *,#,@	Non-Executive Independent Director	5	√	1
P.Ramachandran	Whole-time Director (Marketing)	5	√	1
R.Dhamodharaswamy @	Non-Executive Director	4	√	1
L.Venkatapathy *,#,\$,%,@	Non-Executive Independent Director	5	√	-
Nirmal Kumar K Chandria	Non-Executive Independent Director	5	√	3
P.K.Shah \$	Non-Executive Independent Director	5	√	2
V.Sankaran *,\$,%,@	Non-Executive Independent Director	4	√	1
Howard M Gladstone *(resigned on 13/08/2016)	Non-Executive Independent Director	-	X	1
P.R.Thiruvengadam (automatically vacated on 13/08/2016)	Alternate Director for Mr.Howard M Gladstone	1	√	2
S.Baskarasubramanian *,\$,%,@,%,@	Director (Corporate Affairs) & Company Secretary	5	√	-

* Members of Audit Committee

Members of the Shareholders / Investors Grievance Committee

\$ Members of the Nomination and Remuneration Committee

@ Members of CSR Committee

% Members of Risk Management Committee

© Members of Employees Compensation Committee

MEETING OF THE BOARD OF DIRECTORS

During the year under report, Five Board meetings were held on 26.05.2016, 13.08.2016, 05.11.2016, 02.02.2017 & 31.03.2017.

COMMITTEES OF DIRECTORS:

The Board has constituted the following mandatory committees viz Audit Committee, Stakeholders' (Investors) Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non mandatory committees viz., Employees Compensation Committee and Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, and the minutes of the meeting have also been placed before the meeting of Board of Directors for their review and taking on record.

1. AUDIT COMMITTEE:

The Audit Committee met four times on 25.05.2016, 12.08.2017, 02.11.2016 & 02.02.2017 during the year under review and transacted the business in accordance with the terms of reference as given by the Board.

Terms of reference:

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and recommendation thereof to the Board.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements

before submission to the Board, focusing primarily on :

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions i.e, transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc that may have potential conflict with the interests of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- 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.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholder in case of non-payment of declared dividends) creditors.

Composition and attendance :

Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2016-17 are given below:

Sl. No	Committee Members	Designation in the Committee	Designation in the Board	No. of Meetings attended
1	Mr. N Rangachary	Chairman of the Committee	Non Executive Independent Chairman	4
2	Mr. L Venkatapathy	Member	Non Executive Independent Director	4
3	Mr. V Sankaran	Member	Non Executive Independent Director	4
4	Mr. N Jayabal	Member	Non Executive Independent Director	4
5	Mr. S Baskarasubramanian	Member- Secretary	Director (Corporate Affairs) & Company Secretary	4

2. STAKEHOLDER (INVESTORS) RELATIONSHIP COMMITTEE:

The Stakeholder's (Investors) Relationship Committee has been constituted by clubbing together the shareholders / Investors Grievance Committee and Share Transfer Committee with the approval of the Board at its meeting held on 26.05.2016 consisting the following members of the Board met four times on 30.06.2016, 30.09.2016, 31.12.2016 & 30.03.2017 and reviewed system of handling investor's complaints, redressal of Grievance, etc., and found that during the year under review the Investors/shareholders complaints have been redressed then and there to the satisfaction of the investors. The Committee also noted that there are no investors / shareholders complaints pending redressal as on 31.03.2017.

Terms of reference:

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also functions in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

The Committee also deal with share registry works such as considering and approving the transfer, transmission of shares being held in physical form / issue of duplicate / remat of shares on the request of the shareholders. Such other duties and functions as may be required for such services to the investors.

Composition and attendance :

Sl. No	Committee Members	Designation in the Committee	Designation in the Board	No. of Meetings attended
1	L.Venkatapathy	Chairman	Non-Executive Independent Chairman	4
2	D.Rajeshkumar	Member	Joint Managing Director and Chief Financial Officer of the company	4
3	N.Jayabal	Member	Non-Executive Independent Director	4
4	S.Baskarasubramanian	Member Secretary	Director (Corporate Affairs) & Company Secretary	4

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	1
Non-Receipt of Dividend Warrants	10
Non-Receipt of Share Certificates	6
TOTAL	17

3. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee, with the following members met on 25.05.2016 during the year under review,

Terms of reference:

1. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with laid down criteria,
2. To recommend to the Board their appointment and removal,
3. To carry out evaluation of every director's performance.
4. To formulate the criteria for determining qualifications, positive attributes and independence of a director and

5. To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. To formulate the policies so as to ensure that
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Composition and attendance:

Sl. No	Committee Members	Designation in the Committee	Designation in the Board	No. of Meetings attended
1	Mr. V Sankaran	Chairman of the Committee	Non Executive Independent Director	1
2	Mr. L Venkatapathy	Member	Non Executive Independent Director	1
3	Mr. P K Shah	Member	Non Executive Independent Director	1
4	Mr. S Baskarasubramanian	Member- Secretary	Director (Corporate Affairs) & Company Secretary	1

FORMULATION OF POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration Committee discussed and evolved a policy for selection of appointment of directors and their remuneration. The highlights of this policy are as follows:

Criteria for appointment of Whole-time / Executive / Managing Director / Non-Executive Independent Director / KMP and Senior Management Personnel

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. Appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there-under.
4. The Company shall appoint or continue the employment of any person as Whole-time Director as per the relevant provisions of the Companies Act, 2013 read along with the relevant schedule and rules made thereunder.

Remuneration to Whole-time / Executive / Managing Director

Remuneration

The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus by way of commission on net profit being computed as per regulations and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time

Director in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.

Provisions for excess remuneration

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

Sitting Fees - The Non-executive and Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further the boarding and lodging expenses shall be reimbursed to the Directors for their travelling on company's business.

Profit-linked Commission - The profit-linked Commission shall be paid to Managing Director and Joint Managing Director & Chief Financial Officer within the monetary limit approved by the shareholders of the Company, subject to the regulations thereof, on the net profits of the Company being computed.

Stock Options - Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

REMUNERATION TO KMP AND SENIOR MANAGEMENT PERSONNEL

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee/ Board. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board at its meeting held 10.05.2014, met on 25.05.2016 during the year under review.

Terms of reference:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause 3;
3. Monitor the Corporate Social Responsibility Policy of the company from time to time; and
4. Such other activities as may be prescribed by the Board from time to time."

Composition and attendance :

Sl. No	Committee Members	Designation in the Committee	Designation in the Board
1	Mr.N.Rangachary	Chairman	Non Executive Independent Director & Chairman of the Company
2	Mr.R.Doraiswamy	Member	Managing Director of the company
3	Mr.R.Dhamodharaswamy	Member	Director
4	Mr.D.Rajeshkumar	Member	Joint Managing Director and Chief Financial Officer of the company
5	Mr.N.Jayabal	Member	Director
6	Mr.S Baskarasubramanian	Member Secretary	Director (Corporate Affairs) & Company Secretary

The CSR Committee has passed the following resolutions, which has also been approved by the Board of Directors of the company.

1. Reviewed the CSR activities taken place during the year 2016-17.
2. Considered, approved and recommended to the Board the proposed social activities for the year 2016-17 and the amount to be spent.
3. Reviewed the CSR activities carried out under CSR policy and the actual expenditure incurred by the company during the year under review, as per the relevant provisions of the Companies Act, 2013 read along with the Schedule VII of the Act and accordingly a report thereof has been annexed under the Directors Report.

5. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee has been constituted by the Board at its meeting held on 11.11.2014 with the following members.

Terms of reference:

1. Assessment of the Company's risk profile and key areas of risk in particular,

2. Formulating suitable Risk Management Policies taking care of all foreseeable risks that may likely affect the business growth,
3. Recommending to the Board for adopting risk assessment procedures on various matters
4. Determining the sufficiency of the Company's internal control system.
5. Assessing and recommending to the Board acceptable levels of risk,
6. Monitoring compliance with Company Policies.
7. Reviewing the nature and level of insurance coverage of the assets
8. Co-ordination with the Statutory Auditors to ascertain the Compliance level of Accounting Policies and Standards
9. Discussing the results of the internal audit with the Company's auditors;
10. Inquiring if there have been any significant disagreements between management and the Company's auditors;
11. Monitoring management's response to the Company's auditors' recommendations that are adopted and
12. Such other duties as committee thinks fit for execution of the policies.

Composition and attendance :

Sl. No	Committee Members	Position in the Committee	Position in the Company
1	Mr. D Rajesh Kumar	Chairman	Joint Managing Director and Chief Financial Officer
2	Mr. V Sankaran	Member	Independent Non Executive Director
4	Mr. L Venkatapathy	Member	Independent Non Executive Director
5	Mr. S.Baskarasubramanian	Member Secretary	Director (Corporate Affairs) & Company Secretary
6	Mr. P.Sivakumar	Member	General Manager (Marketing) - unit I
7	Mr. B.Mahendran	Member	Sr.Manager (Works) –Unit I
8	Mr. M.Lakshminarayana	Member	Gen.Manager – Operations -Unit II
9	Mr. S.Venkatachalam	Member	Manager–Commercial-Unit II
10	Mr. R.Menaka	Member	Manager Accounts –Unit I

The Committee has been taking every effort to Monitor the Risks involved with respect to business of the company in the manufacture of electrical installation products and other allied products thereof to take suitable measures strategically to mitigate the impact of such risks on a continuous basis.

6. EMPLOYEES COMPENSATION COMMITTEE:
Terms of reference:

1. determining the Eligible Employees to whom the Options are to be granted;
2. the time when the Options are to be granted;
3. the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche;
4. the quantum of Options to be granted at various points in time;
5. the terms and conditions subject to which the Options vested in Eligible Employee may lapse in case of termination of employment for misconduct;
6. the criteria for determining the number of Options to be granted to the Eligible Employees;
7. the terms and conditions subject to which the Options granted would vest in the Eligible Employee;
8. the vesting schedule and the date of vesting of the Options granted;
9. the terms and conditions subject to which the Options vested would be exercised by the Eligible Employee;
10. the date by which the Options have to be exercised by the

Eligible Employee, including extension of such date subject to the approval of ECC and that option would lapse on failure to exercise the option within the exercise period;

11. the specified time period within which the Eligible Employee shall exercise the vested Options in the event of his / her termination or resignation;
12. the number of Options to be apportioned / allocated for various grades of Eligible Employees;
13. the assignment of weights to length of service, grade and performance rating;
14. the right of an Eligible Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
15. the Grant, Vest and Exercise of Options in the case of Eligible Employees who are on long leave;
16. the procedure for cashless Exercise of Options, if any;
17. the number of Options reserved, if any, for granting to new employees who would join the services of the Company; and
18. the procedure for making adjustments in relation to the Options in case of corporate actions such as rights issues, bonus issues, sub-division of shares, merger, acquisition, sale of division etc.
19. the recommendations, if any, to be made to the Company / other entity, as the case may be, from time to time on implementation of any or all the above matters;

Composition and attendance :

The Employee Compensation Committee consisting of the following Directors met thrice on 29.04.2016, 12.08.2016 & 25.02.2017 during the year under review;

Sl. No	Committee Members	Designation in the Committee	Designation in the Board	No. of Meetings attended
1	Mr. V Sankaran	Chairman	Non Executive Independent Director	3
2	Mr. D.Rajeshkumar	Member	Joint Managing Director and Chief Financial Officer of the company	3
3	Mr. L.Venkatapathy	Member	Non-Executive Independent Director	3
4	Mr. S Baskarasubramanian	Member Secretary	Director (Corporate Affairs) & Company Secretary	3

The Committee reviewed the status that the employees, who have been vested their options granted under the Salzer ESOS 2012-13, and the details of the same has been provided in the Directors Report.

7. GENERAL BODY MEETINGS

Information regarding last 3 years General Body meetings are given below:

Location	Nature of Meeting	Day	Date	Time	Special resolution passed
Hotel Sree Annapoorna, East Arokiyaswamy Road, R.S.Puram, Coimbatore- 02	29th AGM	Saturday	09/08/2014	11.30 am	Approval of the proposal of delegation of powers and authority to the Board of Directors of the company to borrow money(ies) for the purpose of the business of the company. Approval of the proposal of delegation of authority to the Board of Directors of the Company to deal with the transactions including material transaction, if any, from time to time, with the Related Parties pursuant to the provisions of Sec.188 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules 2014 *
Registered office of the company at Samichettipalayam, Coimbatore-47	EGM	Wednesday	13/05/2015	11.30 am	Approval of Issue of Securities under QIP to QIBs. Approval of issue of share warrants on preferential basis. Increase in Authorized Share Capital and consequent amendment to the capital clause of MoA & AoA.
Hotel Sree Annapoorna, East Arokiyaswamy Road, R.S.Puram, Coimbatore- 02	EGM	Friday	10/07/2015	11.30 am	As per SEBI instructions, revised approval obtained for :- Issue of Securities under QIP to QIBs. Approval of issue of share warrants on preferential basis.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	30th AGM	Saturday	08/08/2015	11.30 am	Adoption of new Articles of Association of the company. Approval of the office of Mr.D.Rajeshkuamr, JMD & CFO subject to determination by retirement of Director by rotation. Approval of the office of whole time director Mr.P.Ramachandran subject to determination by retirement of Director by rotation. Approval the office of whole time director Mr.S.Baskarasubramanian subject to determination by retirement of Director by rotation.
Hotel Sree Annapoorna, East Arokiyaswamy Road, R.S.Puram, Coimbatore- 02	31st AGM	Saturday	13/08/2016	11.30 am	Re-appointment of Mr.R.Doraiswamy as Managing Director for a further term of 5 years. Re-appointment of Mr.D.Rajesh kumar as Joint Managing Director for a further term of 5 years.

- Pursuant to Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, the above resolutions were passed by way of both e-voting, Postal ballot and vote at the meeting, in the last AGM.
- Similarly, the following special resolution is being proposed to be conducted through the postal ballot as well as e-voting for the

ensuing Annual General Meeting.

Special Business / Resolutions proposed to be transacted at the AGM scheduled on 09.09.2017:

- To appoint Dr. Otto Eggemann as a Non Executive Independent Director on the Board in terms of Section 160 of the Companies Act, 2013 for a term of three years.

- ii) To approve the increase in managerial remuneration payable to Mr.Perumal Reddiar Ramachandran
- iii) To consider and approve the material related party transactions as required under Regulation 23(8) of SEBI (Listing Obligation and Disclosure requirements) Regulation 2015.
- iv) To ratify the remuneration payable to Mr. A.R. Ramasubramania Raja (M.No. 32458), appointed as Cost Auditor of the Company for FY 2017-18

The Board appointed Mr.G.Vasudevan, a Practicing Company Secretary of M/s.G.V.Associates, Coimbatore as a Scrutinizer for e-voting, postal ballot and voting at the meeting in a fair and transparent manner.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 2, 2017, inter alia have discussed and reviewed the performance of the company and Board with respect to :

- i. The performance of non-independent directors and the Board as a whole;
- ii. the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

and found the affairs of the company were being carried out effectively in a satisfactory manner.

Accordingly, as authorized at the Independent Directors' meeting, the Chairman of the Company appraised and evaluated the performance of all the Directors including Executive / Whole Time Directors for the year under review.

8. DISCLOSURES

- Information under Clause 36(3) of SEBI (LODR) Regulation 2015 in respect of Directors being appointed / re-appointed:

The following Non-Independent / Independent Directors are retiring by rotation and are being re-appointed in this general body meeting, whose profiles are given in the Notice calling the Annual General Body meeting.

- 1. Re-appointment of Mr.Rajesh Kumar Doraiswamy who retires by Rotation and has offered himself for re-appointment;
- 2. Re-appointment of Mr.Sankaran Baskarasubramanian, who retires by Rotation and has offered himself for re-appointment and
- 3. Appointment of Dr.Otto Eggimann as Director on the Board for a term of three years effective May 25,2017.
- Disclosures on materially significant related party transactions that may have potential conflict with the interest of company

at large.

During the period under review, the Company had transactions with the related parties as detailed in **Annexure: 6** to the Directors Report.

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 28 of Financial Statements, forming part of the Annual Report.

The related party transactions dealt with in the financial statements of the company for the year 2016-17 have been in the ordinary course of business of the company and at arms length basis without prejudices and detrimental to the interest of the company.

- Details of 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

- Equity shares in suspense account

The Company does not have any of its securities lying in suspense account arising out of public / bonus / right issues as at 31.03.2017. Hence, the provisions of particulars relating to aggregate number of shareholders viz-a-vis outstanding securities in suspense account and other related matters thereof does not arise.

- Whistle Blower Policy

In order to ensure good Corporate Governance the company has appropriate mechanism for the employees to report on the matters relating to un-ethical behavior, actual or suspected fraud / dishonesty / violation / deviation of the Company's code of conduct or ethics policy and the mechanism / system provides safeguards against victimization of employees in the matter and also having direct access to the Chairman / Management / Chairman of the Audit Committee as the case may be. During the year under review, no such instances were reported and no employee was denied access to the Audit Committee.

- Prevention of Sexual Harassment at workplace

The company is having suitable policy for prevention of sexual harassment at workplace and the working environment and atmosphere are being closely monitored and no such incident was reported during the year under review.

COMPLIANCES:

- Pursuant to the provisions of the Companies Act, 2013, the annual accounts for the period under review have been prepared as per the requirements of the said revised Schedule-III.

- All applicable accounting standards have been followed in the preparation of Annual Accounts and there are no material deviation;
- All such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the Statement of Profit & Loss of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis ;
- The Company is having appropriate systems to ensure the compliance of all laws applicable to the Company;
- The Company is having appropriate system to ensure payment of statutory dues in time without any delay.
- 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 interest of the Company at large.
- None of the transactions with any of the related parties were in conflict with the interests of the Company.
- Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.
- No penalties or strictures have been imposed by any regulatory authority on any matter related to capital markets during the last three years.
- No Material non-listed subsidiary companies as defined in Regulations 23 of SEBI (LODR) Regulations 2015.

- Inter-se relationships between Directors of the Company.

Sl. No.	Name	Position	Inter-se relationships
1	R.Doraiswamy	Managing Director	Brother of Mr.Dhamodharaswamy, Director and father of Mr.D.Rajeshkumar, Joint Managing Director and CFO and father-in-law of Dr.(Mrs.) Rajeshkumar Thilagam, Director
2	D.Rajeshkumar	Joint Managing Director & Chief Financial Officer	Son of Mr.R.Doraiswamy, Managing Director and husband of Dr.(Mrs.) Rajeshkumar Thilagam, Director
3	R.Dhamodharaswamy	Directoer	Brother of Mr.R.Doraiswamy, Managing Director
4	Dr.(Mrs.)Rajeshkumar Thilagam	Director	Wife of Mr.D.Rajeshkumar, Joint Managing Director & Chief Financial Officer and Daughter-in-law of Mr.R.Doraiswamy, Managing Director

NON –MANDATORY REQUIREMENTS

● Chairman's Office

During the year under review, the Company has not maintained any office for Non-Executive Chairman. However, the Company has been reimbursing the Travelling and other out-of-pocket expenses incurred by the Non-Executive Chairman in the performance of Company's business.

● Audit Qualifications

There are no qualifications in the Auditors' Report to the Members on the Financial Accounts for the year ended 31.03.2017.

● Shareholders' Right

The Quarterly, Half yearly and Annual Financial Results of the Company are published in the Newspapers, besides notifying to the Stock Exchanges, where the Company's Shares are listed www.bseindia.com & www.nseindia.com. The Quarterly / Half

yearly and Annual Financial Results are also available in the Company's web-site : www.salzergroup.com. The Audited Annual Report is also sent to every shareholders of the Company.

● Reminder to Investors

Reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures are sent to shareholders/debenture holders as per records every year as the case may be.

● BSE's Listing Centre and NSE's Connect2nse are web-based applications designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre of BSE and Connect2nse of NSE.

● SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-

based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATR) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

- Other Non Mandatory Requirements

The other Non mandatory requirements will be implemented in due course as and when required and/or deemed necessary by the Board.

SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-a-viz the issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

GENERAL SHAREHOLDER INFORMATION

a) ANNUAL GENERAL MEETING

Day & Date	9th September 2017, Saturday
Time	11.30 AM
Venue	Hotel Sree Annapoorna, R.S.Puram, Coimbatore-02
Financial year	1st April, 2016 to 31st March, 2017
Date of Book Closure	02.09.2017 to 09.09.2017 (both days inclusive)
Dividend Payment Date	Within the stipulated time
Listing on Stock Exchanges	BSE Limited & NSE Limited
STOCK / SCRIP CODE	517059 (BSE) & SALZERELEC (NSE)
Audited Financial Results Announced	25.05.2017
Announcement of Quarterly Results	26.05.2016, 13.08.2016, 05.11.2016 & 02.02.2017
Posting of Notice calling AGM and Annual Reports	All communications required to be sent to the shareholders are being either sent through the registered e-mail addresses of the shareholders as well as by post as required by the shareholders. Accordingly, the Notice along with the audited annual accounts would be sent either through e-mail or by post as the case may be.
Despatch of physical report	Within the stipulated time
Last date of receipt of Proxy forms	07.09.2017
Period of e-voting	04.09.2017 to 08.09.2017
Last date of receipt of Ballot paper	08.09.2017
CIN No.	L03210TZ1975PLC001535

As per the provisions of the Companies Act, 2013, the Secretarial Audit for the year 2016-17 have also been carried out by Mr.G.Vasudevan, Practicing Company Secretary of M/s.G.V. Associates, Coimbatore and accordingly his report is appended to Directors' Report. (See Annexure: 8)

MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Financial Results are published in leading Newspapers besides notifying to the Stock Exchanges where the Company's shares are listed as well as posted in the Company's website for the benefit of all stakeholders. The Quarterly, Half yearly and Annual Financial Results of the Company are also available in the BSE website www.bseindia.com and NSE website www.nseindia.com and in company's website www.salzergroup.com.

a) MARKET PRICE DATA

SHARE TRADING DETAILS IN BSE LIMITED

For the period: 1-Apr-2016 to 31-Mar-2017

BSE Ltd							(Amount in R)
Month	Open	High	Date	Low	Date	Closing	
April '16	192.60	230.80	07.04.2016	185.90	01.04.2016	211.70	
May '16	209.00	220.00	10.05.2016	190.50	31.05.2016	193.45	
June '16	190.25	230.00	30.06.2016	190.00	01.06.2016	225.45	
July '16	227.45	255.00	14.07.2016	221.70	01.07.2016	250.55	
August '16	256.30	267.00	01.08.2016	200.00	29.08.2016	205.00	
September '16	206.90	225.60	23.09.2016	197.70	06.09.2016	208.80	
October '16	210.70	243.90	24.10.2016	204.55	18.10.2016	221.55	
November '16	222.50	225.50	01.11.2016	175.25	17.11.2016	180.65	
December '16	180.80	187.00	15.12.2016	166.05	28.12.2016	169.50	
January '17	170.10	210.00	12.01.2017	169.00	02.01.2017	201.75	
February '17	200.55	203.00	02.02.2017	180.10	17.02.2017	188.45	
March '17	191.10	194.50	01.03.2017	168.00	22.03.2017	186.25	

NSE Ltd							(Amount in R)
Month	Open	High	Date	Low	Date	Closing	
April '16	186.00	230.55	07.04.2016	186.00	01.04.2016	213.20	
May '16	213.30	219.00	12.05.2016	190.10	06.05.2016	192.95	
June '16	193.00	230.00	30.06.2016	190.25	01.06.2016	226.65	
July '16	226.30	255.00	14.07.2016	220.35	01.07.2016	250.75	
August '16	254.00	267.00	01.08.2016	199.10	29.08.2016	205.20	
September '16	205.30	226.00	23.09.2016	194.00	06.09.2016	209.90	
October '16	211.15	243.85	24.10.2016	203.45	18.10.2016	220.80	
November '16	222.85	225.00	01.11.2016	172.45	09.11.2016	181.05	
December '16	181.10	187.00	15.12.2016	166.25	28.12.2016	169.35	
January '17	171.30	208.70	12.01.2017	169.00	02.01.2017	201.25	
February '17	201.75	205.00	02.02.2017	180.10	17.02.2017	189.55	
March '17	191.25	193.85	28.03.2017	168.20	22.03.2017	187.30	

TRADING VOLUME							(Amount in R)
Month	BSE			NSE			
	Open	High	Trading volume	Open	High	Trading volume	
April '16	192.60	230.80	776695	186.00	230.55	806423	
May '16	209.00	220.00	346475	213.30	219.00	664429	
June '16	190.25	230.00	561378	193.00	230.00	939441	
July '16	227.45	255.00	891526	226.30	255.00	2164951	
August '16	256.30	267.00	1468541	254.00	267.00	2729065	
September '16	206.90	225.60	726836	205.30	226.00	1164909	
October '16	210.70	243.90	562116	211.15	243.85	1170297	
November '16	222.50	225.50	480380	222.85	225.00	1030396	
December '16	180.80	187.00	301490	181.10	187.00	576977	
January '17	170.10	210.00	805314	171.30	208.70	1133765	
February '17	200.55	203.00	192544	201.75	205.00	563676	
March '17	191.10	194.50	938323	191.25	193.85	1221436	

MARKET CAPITALIZATION

As on 31st March 2017, the market capitalization of the company stood at ₹267.23 Crores as per BSE and at ₹271.97 Crores as per NSE.

Share Price performance in Comparison to broad based indices –BSE& NSE as on March 31,2017

	BSE			NSE		
	SALZER	BSE Small Cap	Sensex	SALZER	Nifty Small Cap	NIFTY
FY 2016-17	-3%	37%	17%	1%	19%	19%
2 years	-22%	32%	6%	-26%	104%	15%
3 years	203%	93%	32%	-	-	-
5 years	244%	113%	70%	-	-	-

** NSE trading commenced only effective December 02,2015

C) REGISTRAR & SHARE TRANSFER / DEMAT AGENTS

Company's share transfer Registry works both for Demat and Physical forms are being undertaken by M/s. GNSA Infotech Limited, Nelson Chambers, 'F' Block, 4th Floor, # 115, Nelson Manickam Road, Aminthakarai, Chennai – 600 029, Tel: 044-42962025, e-mail: info@gnsaindia.com.

The shares of the Company are dematerialised and registered in Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) under ISIN No.: INE457F01013.

D) SHARE TRANSFER SYSTEM

The Company's share transfer works, both physical and electronic form, are being done by M/s.GNSA Infotech Limited, Chennai.

E) DISTRIBUTION SCHEDULE (As on 31.03.2017)

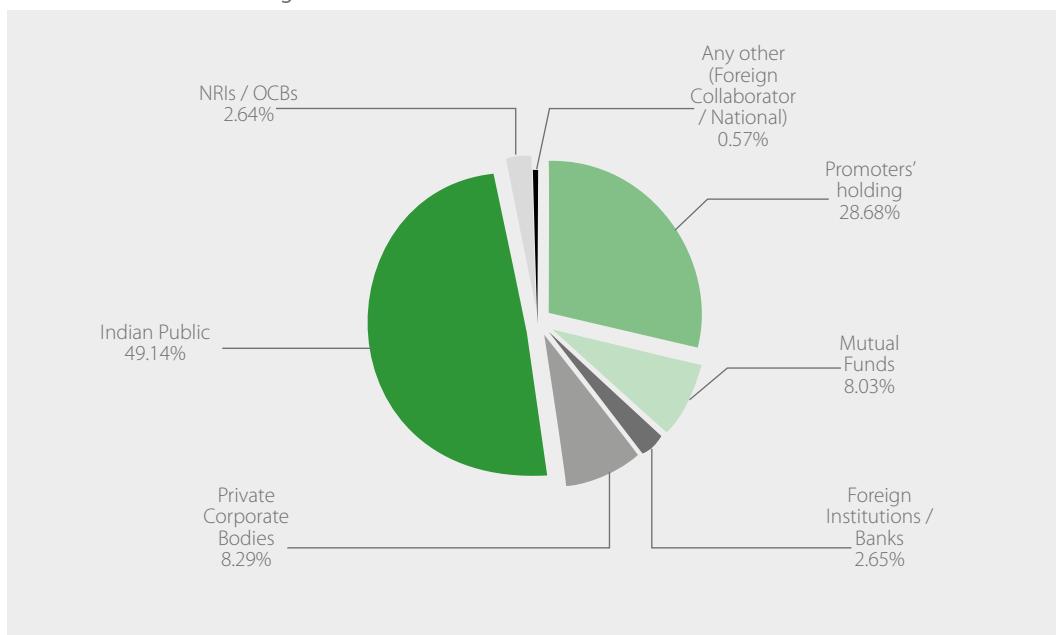
Range	No. of Folios	No. of shares	% of holding
Upto – 5000	18660	1724656	12.64
5001 – 10000	922	765282	5.61
10001 – 20000	503	807373	5.93
20001 – 30000	159	409806	3.00
30001 – 40000	72	259509	1.90
40001 – 50000	66	315410	2.31
50001 – 100000	89	676913	4.96
100001 & above	117	8684238	63.65
TOTAL	20588	13643187	100%

F) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2017

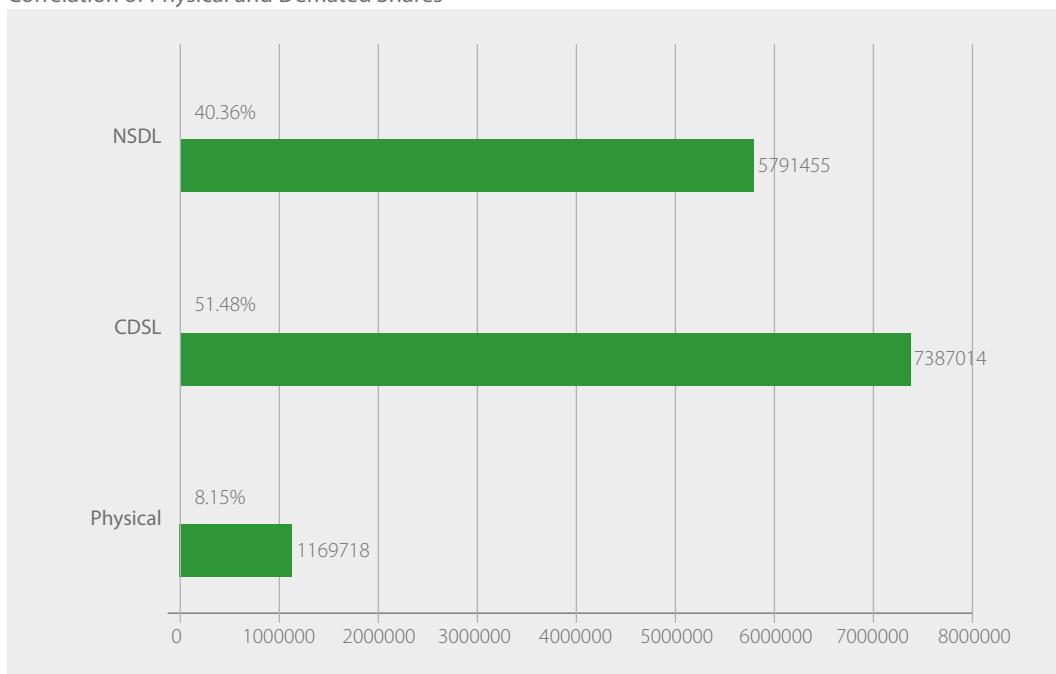
Category		No. of Shares held	Percentage of Share Holding
A	Promoter's holding		
1	Promoters		
	Indian Promoters	4115358	28.68%
	Foreign Promoters	-	-
2	Persons acting in concert	-	-
	Sub-Total	4115358	28.68%
B	Non-Promoters Holding		
3	Institutional Investors		
a	Mutual Funds	1151986	8.03%
b	Foreign Institutional Investors /Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions)	379627	2.65%
	Sub-Total	1531613	10.67%
4	Others		
	Private Corporate Bodies	1189828	8.29%

Category	No. of Shares held	Percentage of Share Holding
Indian Public	7050425	49.14%
NRIs / OCBs	379250	2.64%
Any other (Foreign Collaborator/National)	81713	0.57%
Sub-Total	8701216	60.64%
Grand Total	14348187	100.00%

Distribution of Shareholding as on 31.03.2017



Correlation of Physical and Demated Shares



H) NOMINATION FACILITY

As provided in the provisions of Companies Act, 1956 / Companies Act, 2013 as the case may be, nomination facility is available for the shares held in a Company. The nomination form along with instruction shall be provided to the members on request.

I) PLANT LOCATION

Unit - I : Samichettipalayam, Coimbatore - 641 047
Unit - II : Chinnamaddampalayam, Coimbatore – 641 019.
Unit - III : # 2, Gudalur Village Samichettipalayam, Coimbatore - 641 047
Unit - IV : No.882/3, Coimbatore Main Road, Bettathapuram, Coimbatore – 641 104

J) ADDRESS FOR CORRESPONDENCE

All correspondence should be addressed to:
Company Secretary,
Salzer Electronics Ltd, Samichettipalayam,
Coimbatore - 641 047
CIN No. L03210TZ1985PLC001535

Website: The Company's website www.salzergroup.com contains a separate dedicated section "Investors" where shareholders information is available. The Annual Report of the Company along with Directors' Report, Auditors' Report and Financial Statements is also available on the website in a user-friendly manner.

e-mail : investor_relations@salzergroup.com
Compliance Officer id : baskarasubramanian@salzergroup.com
Phone : 0422 4233600 / 0422 4233614

The Company has exclusive e-mail id: investor_relations@salzergroup.com for investor services.

The above report has been placed before the Board at its meeting held on 25th May, 2017 and the same was approved.

Place : Coimbatore
Date : 25.05.2017

For and on behalf of the Board

Sd/- N Rangachary
Chairman

Declaration

As provided under Reg.26(3) of SEBI (LODR) Regulations 2015, the Board Members and the members of Senior Management have confirmed compliance with the Code of Conduct.

For and on behalf of the Board

Place : Coimbatore
Date : 25.05.2017

(Sd/-)R Doraiswamy
Managing Director
(DIN :00003131)

CEO & CFO CERTIFICATION

To
The Board of Directors
Salzer Electronics Ltd
Coimbatore-641047

We, R Doraiswamy, Managing Director and D Rajesh Kumar, Joint Managing Director & Chief Financial Officer of the Company do hereby certify

1. that we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2017 and that to the best of our knowledge and belief,
 - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - these statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. that there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. that we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. that we have informed the auditors and the audit committee that there are
 - significant changes in internal control during the year, if any.
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
 - No instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: Coimbatore
Date : 25.05.2017

(Sd/-)R. Doraiswamy D Rajesh Kumar
Managing Director Jt. Managing Director &
(DIN: 00003131) Chief Financial Officer
(DIN: 00003126)

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Shareholders
Salzer Electronics Ltd

1. We have examined the compliance of conditions of Corporate Governance by Salzer Electronics Ltd, for the year ended 31.03.2017 as stipulated in Regulation 27 read with Schedule V(C) of SEBI (LODR) Regulations 2015.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations.
4. We state that no investors' grievances are pending for a period exceeding one month, as on 31st March 2017 against the Company as per the records maintained by the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In terms of our report attached
For Swamy & Ravi
Chartered Accountants
FRN :004317S

Coimbatore
25.05.2017

(Sd/-) S. AIAMELU
Partner
Membership No. 223555

ANNEXURE – 2

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L03210TZ1985PLC001535
ii)	Registration date	:	08th January 1985
iii)	Name of the company	:	SALZER ELECTRONICS LIMITED
iv)	Category / Sub-Category of the Company	:	
	Category	:	Public Company
	Sub-Category	:	Company Limited by shares
v)	Address of the registered office and contact details	:	
	Address of the registered office	:	SAMICHETTI PALAYAM, JOTHIPURAM POST, COIMBATORE, TAMILNADU, TAMIL NADU, INDIA - 641047
	Contact details	:	Telephone :0422-4233600, Fax : 0422-2692170 E.Mail : baskarasubramanian@salzergroup.com & salzer@salzergroup.com
vi)	Whether listed company	:	Yes
vii)	Name, address and contact details of registrar and transfer agent, if any	:	
	Name	:	GNSA INFOTECH LTD
	Address	:	"F" Block, 4th Floor, #115, Nelson Chambers, Aminthakarai , CHENNAI - 600 029
	Contact	:	Phone : 044-42962025, e-Mail : sta@gnsaindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and description of main products/ services	NIC code of the product/service	% to total turnover of the company
1	Industrial Switch Gears	3689	46%
2	Wires & Cables	3610	46%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
	Nil				

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)
i) Category Wise Shareholding as at March 31, 2017

Sr. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Promoters									
(1)	Indian									
(a)	Individuals/ HUF	1664936	-	1664936	12.20	1702686	-	1702686	11.87	0.26
(b)	Central/State Govt.(s)									
(c)	Bodies corporate	1767380	-	1767380	12.95	2309880	-	2309880	16.10	3.78
(d)	FI/ Banks									
(e)	Any other (Relative)	102993	-	102993	0.75	102792	-	102792	0.72	(0.00)
	Sub-total (A)(1)	3535309	-	3535309	25.91	4115358	-	4115358	28.68	4.04
(2)	Foreign									
(a)	Individuals (Foreign Individuals)									
(b)	Bodies corporate									
(c)	Institutions									
(d)	QFII									
(e)	Any other									
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of promoter and promoter group (A)=(A)(1)+(A)(2)	3535309	-	3535309	25.91	4115358	-	4115358	28.68	4.04
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual funds/UTI	1091101	-	1091101	8.00	1151986	-	1151986	8.03	0.42
(b)	FI/Banks	12746	-	12746	0.09	33081	-	33081	0.23	0.14
(c)	Central/ State Govt. (s)									
(d)	Venture capital funds									
(e)	Insurance companies									
(f)	FII	544361	-	544361	3.99	346546	-	346546	2.42	(1.38)
(g)	Foreign venture capital									
(i)	Any other									
(ii)	Financial Institutions	7282	-	7282	0.05	-	-	-	-	(0.05)
(ii)	Port Folio Investor	79530	-	79530	0.58	-	-	-	-	(0.55)
	Sub-Total (B)(1)	1735020	-	1735020	12.72	1531613	-	1531613	10.67	(1.42)
(2)	Non-institutions									
(a)	Bodies corporate	1071645	36346	1107991	8.12	1153482	36346	1189828	8.29	0.57
(b)	Individuals - i.Individual shareholders holding nominal share capital up to ₹1 lakhs	3329275	849602	4178877	30.63	3904460	960896	4865356	33.91	4.78
	Individuals - ii.Individual shareholders holding nominal share capital in excess of ₹1 lakhs	2482131	52105	2534236	18.58	2144806	40263	2185069	15.23	(2.43)
(d)	Any other									
(d) i)	(Non Resident Indian)	419541	50500	470041	3.45	328750	50500	379250	2.64	(0.63)
(d) ii)	Foreign Company	-	81713	81713	0.60	-	81713	81713	0.57	0.00
	Sub-total (B)(2)	7302592	1070266	8372858	61.37	7531498	1169718	8701216	60.64	2.29
	Total public shareholding (B)=(B)(1)+(B)(2)	9037612	1070266	10107878	74.09	9063111	1169718	10232829	71.32	0.87
	Total (A)+(B)	12572921	1070266	13643187	100.00	13178469	1169718	14348187	100.00	4.91

ii) Shareholding of promoters as on 31st March, 2017

Sr. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the company**	% of shares pledged/encumbered to total share	No. of Shares	% of total shares of the company**	%of shares pledged/encumbered to total shares	
1	VISHNU RANGASWAMY D	680287	4.99%	NIL	692787	4.83%	NIL	0.09
2	THILAGAM R	444755	3.26%	NIL	457255	3.19%	NIL	0.09
3	DORAISWAMY R	313428	2.30%	NIL	313428	2.18%	NIL	0.00
4	RAJESH KUMAR D	226466	1.66%	NIL	239216	1.67%	NIL	0.09
5	SRVE INDUSTRIES LTD	354605	2.60%	NIL	487105	3.39%	NIL	0.92
6	QUEBEC INFORMATION SERVICES I LTD	397392	2.91%	NIL	529892	3.69%	NIL	0.92
7	SALZER EXPORTS LIMITED	260725	1.91%	NIL	345725	2.41%	NIL	0.59
8	SALZER SECURITIES HOLDINGS LIMITED	101007	0.74%	NIL	101007	0.70%	NIL	0.00
9	K R HEALTH CARE P LIMITED	113683	0.83%	NIL	223683	1.56%	NIL	0.77
10	SARADHA INVESTMENT LIMITED	539968	3.96%	NIL	622468	4.34%	NIL	0.57
11	R DAMODARASWAMY .	43071	0.32%	NIL	42870	0.30%	NIL	0.00
12	R PAPPAMMAL	59922	0.44%	NIL	59922	0.42%	NIL	0.00
	% of total shares of the company	3001078	25.91%		4115358	28.68%		
	Total paid up shares	13643187			14348187			

** Percentage of Shareholding at the beginning of the year was calculated on the total paid up shares – 1,36,43,187 shares as on April 01, 2016 and Percentage of Shareholding at the end of the year was calculated on the total paid up shares – 1,43,48,187 shares as on March 31, 2017 after taking into account further allotment of 7,05,000 shares during the year.

iii) Change in Promoters' Shareholding

Sr. No.	Changes in Promoters Holdings, date & reason of change	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Vishnu Rangaswamy D.				
	At the beginning of the year	680287	4.99%	680287	4.99%
	Shares allotted on Nov 05, 2016	12500	0.09%	692787	4.97%
	At the end of the year			692787	4.83%
2	Dr. Mrs. Rajesh Kumar Thilagam				
	At the beginning of the year	444755	3.26%	444755	3.26%
	Shares allotted on Jan 8, 2017	12500	0.09%	457255	3.19%
	At the end of the year			457255	3.19%
3	R Doraiswamy				
	At the beginning of the year	313428	2.30%	313428	2.30%
				313428	2.18%
4	D Rajeshkumar				
	At the beginning of the year	226466	1.66%	226466	1.66%
	Shares allotted on July 21,2015	12750	0.09%	239216	1.75%
	Shares allotted on Jan 6, 2017	250	0.00%	239216	1.72%
	At the end of the year			239216	1.67%
5	SRVE Industries Limited				
	At the beginning of the year	354605	2.91%	354605	2.60%
	Shares allotted on Nov 5, 2016	3000	0.02%	357605	2.56%
	Shares allotted on Jan 8, 2017	129500	0.91%	487105	3.40%
	At the end of the year			487105	3.39%

Sr. No.	Changes in Promoters Holdings, date & reason of change	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	Quebec Information Services India Ltd				
	At the beginning of the year	397392	2.91%	397392	2.91%
	Shares allotted on Jan 8, 2017	132500	0.93%	529892	3.70%
	At the end of the year			529892	3.69%
7	Salzer Exports Limited				
	At the beginning of the year	260725	1.91%	260725	1.91%
	Shares allotted on May 25, 2016	50000	0.37%	310725	2.26%
	Shares allotted on Aug 26, 2016	35000	0.26%	345725	2.49%
	At the end of the year			345725	2.41%
8	Salzer Securities Holdings Limited				
	At the beginning of the year	101007	0.74%	101007	0.74%
	At the end of the year			101007	0.70%
9	K R Health Care Private Limited				
	At the beginning of the year	113683	0.83%	113683	0.83%
	Shares allotted on Apl 16, 2016	25000	0.18%	138683	1.01%
	Shares allotted on Aug 26, 2016	53000	0.38%	191683	1.38%
	Shares allotted on Nov 5, 2016	23000	0.17%	214683	1.54%
	Shares allotted on Jan 8, 2017	9000	0.06%	223683	1.56%
	At the end of the year			223683	1.56%
10	Saradha Investments Limited				
	At the beginning of the year	539968	3.96%	539968	3.96%
	Shares allotted on Jan 8, 2017	82500	0.57%	622468	4.35%
	At the end of the year			622468	4.34%
11	R Dhamodharaswamy				
	At the beginning of the year	43071	0.32%	43071	0.32%
	Sold during 15.07.2016	-200	0.00%	42871	0.31%
	Bought during 23.12.2016	314	0.00%	43185	0.31%
	Sold during 06.01.2017	-315	0.00%	42870	0.31%
	At the end of the year			42870	0.30%
12	R Papammal				
	At the beginning of the year	59922	0.44%	59922	0.44%
	At the end of the year			59922	0.42%

Note : % of the holdings of concerned promoter has been calculated based on the expanded Capital prevailed on the relevant date of purchase / sale.

iv) Shareholding pattern of top ten shareholders (Other than Promoters and Directors)

Sr. No.	For each of the top 10 shareholders name, date & reason of change	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES				
	As on 01-04-2016	917805	6.73		
	at the End of the year 31-03-2017			917805	6.40
2	ELARA INDIA OPPORTUNITIES FUND LIMITED				
	As on 01-04-2016	544361	3.99		
	Market Sales - 15/04/16	-200815	-1.40	343546	2.39
	at the End of the year 31-03-2017			343546	2.39
3	DIPAK KANAYALAL SHAH				

Sr. No.	For each of the top 10 shareholders name, date & reason of change	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	As on 01-04-2016	136000	1.00		
	Market Purchase - 23/12/16	2000	0.01	138000	0.96
	at the End of the year 31-03-2017			138000	0.96
4	LEENA DHIREN DADIA				
	As on 01-04-2016	126153	0.92		
	at the End of the year 31-03-2017			126153	0.88
5	SUNIL GOVIND NAIK				
	As on 01-04-2016	-	-		
	Market Purchase - 15/07/16	142000	0.99	142000	0.99
	at the End of the year 31-03-2017			115000	0.80
6	TARUN KANTILAL VAKHARIA				
	As on 01-04-2016	-	0.00	-	-
	Market Purchase - 10/06/16	115000	0.80	115000	0.80
	at the End of the year 31-03-2017			115000	0.80
7	NEELA TARUN VAKHARIA				
	As on 01-04-2016	150	0.00		
	Market Purchase - 10/06/16	100000	0.70	100150	0.70
	at the End of the year 31-03-2017			100150	0.70
8	JITENDRA KANTILAL VAKHARIA				
	As on 01-04-2016	-	-		
	Market Purchase - 21/10/16	100000	0.70	100000	0.70
	at the End of the year 31-03-2017			100000	0.70
9	SBI PIPE FUND - 1				
	As on 01-04-2016	-	-		
	Market Purchase - 20/05/16	90381	0.63	90381	0.63
	at the End of the year 31-03-2017			90381	0.63
10	1680327 ONTARIO LIMITED				
	As on 01-04-2016	-	-		
	Market Purchase - 10/08/16	81713	0.57	81713	0.57
	at the End of the year 31-03-2017			81713	0.57

Note: % of the holdings of concerned shareholder has been calculated based on the expanded Capital prevailed on the relevant date of purchase / sale

v) a. Shareholding of Key Managerial Personnel

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	R Doraiswamy				
	At the beginning of the year	313428	2.30%	313428	2.30%
	At the end of the year			313428	2.18%
2	D Rajeshkumar				
	At the beginning of the year	226466	1.66%	226466	1.66%
	At the end of the year			239216	1.67%
3	P Ramachandran				
	At the beginning of the year	-	-	-	-
	At the end of the year			-	-
4	BASKARASUBRAMANIAN.S				
	Director (Corporate Affairs)& Company Secretary				
	At the beginning of the year	3723	0.01	3723	0.01%
	At the end of the year			11223	0.08%

Note: % of the holdings has been calculated based on the expanded Capital prevailed on the relevant date of purchase / sale

b. Directors of the Company

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Thilagam Rajesh - Non Executive & Non Independent				
	At the beginning of the year	444755	3.26	444755	3.26
	At the end of the year			457255	3.19
2	R Damodharaswamy - Non Executive & Non Independent				
	At the beginning of the year	43071	0.32	43071	0.32
	At the end of the year			43071	0.30
3	Nirmal Kumar Chandria -Independent Director				
	At the beginning of the year	16850	0.12	16850	0.12
	At the end of the year			16875	0.12
4	Narayanaswamy Jayabal -Independent Director				
	At the beginning of the year	665	-	665	-
	At the end of the year			665	-
5	L Venkatapathy -Independent Director				
	At the beginning of the year	300	-	300	-
	At the end of the year			300	-
6	V Sankaran -Independent Director				
	At the beginning of the year	-	-	-	-
	At the end of the year			-	-
7	N Rangachary - Chairman - Independent Director				
	At the beginning of the year	-	-	-	-
	At the end of the year			-	-
8	P K Shah -Independent Director				
	At the beginning of the year	37253	0.27	37253	0.27
	At the end of the year			30000	0.21

Note: % of the holdings of concerned shareholder has been calculated based on the expanded Capital prevailed on the relevant date of purchase / sale

V. INDEBTEDNESS

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

(₹ in Lakhs)

Name and address of the company	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2804.46	-	-	2804.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2804.46	-	-	2804.46
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	553.92	-	-	553.92
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	2250.54	-	-	2250.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2250.54	-	-	2250.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Remuneration of Managing Director and other Whole Time Directors

(₹ in Lakhs)

	R.Doraiswamy, Managing Director	D.Rajeshkumar Joint Managing Director & Chief Financial Officer	P.Ramachandran Whole Time Director	Total
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34.25	30.00	3.60	67.85
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
Commission	20.85	20.85	-	41.69
- as % of profit				
- Others, specify...				
Others, please specify				
PF Contribution	0.22	0.22	0.22	0.66
Bonus	0.15	0.15	0.15	0.45
Total (A)	55.47	51.22	3.97	110.65
Ceiling as per the Act	₹256. lakhs			

b) Remuneration to other Directors

i) Independent Directors

(₹ in Lakhs)

Sr. No.	Director	Fees for attending the meeting	Commission	Others	Total
		(A)	(B)	(C)	A+B+C
1	MR. N.RANGACHARY	1.60	-	-	1.60
2	MR. V.SANKARAN	1.75	-	-	1.75
3	MR. L.VENKATAPATHY	1.75	-	-	1.75
4	MR. NIRMAL KUMAR M CHANDRIA	0.60	-	-	0.60
5	MR. NJAYABAL	0.80	-	-	0.80
6	MR. PK.SHAH	0.80	-	-	0.80
	Total	7.30	-	-	7.30

ii) Non-Executive Directors

(₹ in Lakhs)

Sr. No.	Director	Fees for attending the meeting	Commission	Others	Total
		(A)	(B)	(C)	A+B+C
1	DR. THILAGAM RAJESHKUMAR	0.80	-	-	0.80
2	MR. R.DHAMODRASWAMY	0.80	-	-	0.80
	Total	1.60	-	-	1.60

c) Remuneration to other Key Managerial Personnel (Other than Managing Director & Whole Time Director)

(₹ in Lakhs)

	S BASKARASUBRAMANIAN Director (Corporate Affairs) & Company Secretary
Gross salary	
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.86
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Stock Option	8.13
Sweat Equity	-
Commission	-
- as % of profit	
- Others, specify...	
Others, please specify	-
Total (A)	18.99

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil
B. DIRECTORS					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil

Place : Coimbatore

Date : 25.05.2017

(Sd/-) N. Rangachary

Chairman

(DIN: 00054437)

ANNEXURE – 3

Disclosure pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

A. CONSERVATION OF ENERGY

Your Company, being a modest power intensive one, continues to ensure measures for conservation of energy wherever possible.

B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH & DEVELOPMENT:

Research and Development (R&D) plays a critical role in the innovation process. It's essentially an investment in technology and future capabilities which is transformed into new products, processes, and services. R&D is essential to keep ahead in the Competition. R&D would make the products to get transformed frequently in line with changing needs of the end users. Besides, new products with contemporary technologies and new features are being developed at R&D House so to gain the market share.

As stated in the Directors' Report, the recognition of in-house R & D by the Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research, New Delhi is continuously maintained since 2004 and the present renewal of the recognition is valid upto 31.03.2020.

1. Specific areas in which R&D was carried out by the Company.

The R&D wing of the Company has been working to achieve the following objectives:

- Sustainability of the quality standards comparable to the international standards.
- Ensuring process development on continuous basis, to be cost effective and cost competitiveness.
- Enlarging the utilities of the product by continuous improvement in specifications, design, etc.,
- Ensuring technological upgradation and know-how for the products of the Company.
- Developing new products to increase market share & profitability.

2. Benefits derived as a result of the above R&D activities:

Major products developed by R&D and its significant benefits

1. Energy Saver products

Energy Saver products developed by the Company has got good

response in the market. Corporations across the country are showing interest to adopt these products in their street lightings in order to save the energy and cut power cost considerably.

Benefits

- Guaranteed operating efficiency of 97% (higher than industry standards) with the use of highly efficient Toroidal transformers
- Dynamic Voltage reduction: provides stabilized voltage to the lamps
- Automatic On/Off based on Sunrise/Sunset or on programmed timings
- Wireless control and monitoring through sophisticated web-based software
- Automatic bypass in case of tripping with manual changeover in case of maintenance or emergency
- Reduces operational, maintenance and running cost
- Reliable and safe changeover with On-Load tap changing
- Completely remote programmable ON/OFF timings, alert and energy saving settings
- Instantaneous alerts for critical fault conditions to your mobile phone
- Energy saving reports and lamp failure reports on daily, weekly and monthly basis for single, multiple or all devices
- Detection of Energy theft or leakage
- Maintains a high power factor of above 0.85
- Guaranteed operating life of 10 years: No moving parts ensuring long life
- Eco-friendly - First in India to adhere to RoHS compliance
- Reduces public inconvenience
- Lighting levels conforming to ISI Standards

2. Automated Meter Reading

Benefits.

- All consumer lines (Energy Meters) are connected with AMR modules
- All the AMR modules will communicate to a single IP, i.e. all the readings shall terminate at the central station

- Unpaid consumer accounts can be disconnected & re-connected from the central station itself
 - Any tampering / fault occurrence of the meter can be found from the central station itself Hardware can be retrofitted to existing static energy meters
 - Real-time data configurable for a frequency as less than 15/30 minutes is available in the Control Station
 - Low implementation costs & Low Maintenance / Operating Cost
 - AMR System becomes inherently expandable, i.e. addition of a new service at any point in the power line becomes plug n play
 - Real-time data available
3. Other Products – Train Warning System, Energy saving Fan regulator, Ceiling Mount movement sensor, Touch cum remote switch, GE Earth Terminal, Bimetallic Overload Relay, Contactors and Overloaded relays upto 105 A, Motor protection circuit breakers, DC isolators for PV applications, Tinned Copper Wires etc., are developed by your R&D and are in different stage of testing and approval which will give considerable benefits on its usage.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

During the year:

- The Company has signed technical licensing agreement with Austria-based Trafomodern, Austria so to use former technology and design and assistance, to manufacture dry type air cooled transformers, Chokes and inductors in India. Dry type transformers is a highly specialised and technical product with applications in Medium & large UPS, renewable energy business, railways, power generation and the marine industry. Trafomodern is one of the leading manufacturers of dry type transformers in Europe.

The Company has set up state of the art manufacturing facility and commenced the production during the Third quarter in 2016-17.

- The Company has signed a Distribution Agreement with IPD Group Limited of Australia – a Leading Electrical distributor/ Wholesaler and manufacturer in Australia for marketing and selling of Salzer Branded Electrical products for Solar Photovoltaic Applications in Australia and Newzland. This

understanding with IPD opens to the Company a Large New Market for its internationally tested and approved products.

- Your Company has also undertaken the development of Contactors for C3 Controls, USA who is one of the reputed manufacturer and supplier of the electrical goods worldwide.
- The Company has signed a Memorandum of Understanding with Saelzer Electric GmbH, Germany, for possible co-operation between two companies to leverage on their inherent strengths for Joint Product Development with cutting edge technologies and exploring Joint Marketing for Rotary Cam Switches world-wide.

2. During the year under review the following expenditures were incurred with regard to R & D:

● Capital Expenditure as additions to Plant & Machineries, Tools, Dies etc.,	₹150.01 Lakhs
● New Products and Process development	₹177.02 Lakhs
● Salary and other expenses for R&D personnel	₹69.19 Lakhs

3. Details of Imported Technology:

● Technology Imported	For the manufacture of
	(i) CAM Operated Rotary Switches
	(ii) Toroidal Transformers
	(iii) Three phase dry type transformer
● Year of Import	(i) 1985 (ii) 1995 / 2005 (iii) 2015
● Has the technology been fully absorbed	Yes, Fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Foreign Exchange earned during the year (Direct export ₹5778.98 lakhs, Merchant Export ₹1554.88 lakhs & ₹38.19 lakhs for technical services)	₹_5817.17 Lakhs
b) Foreign Exchange outgo	₹_8031.82 Lakhs

For and on behalf of the Board

Place : Coimbatore

Date : May 25,2017

N.RANGACHARY

CHAIRMAN

(DIN: 00054437)

ANNEXURE – 4

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Outline of the Policy

Social Responsibility is one of the many responsibilities of a Corporate to contribute something from its earnings for the development of the society without any anticipation. In order to ensure and streamline such social and economic development of the society at large and also to ensure all citizens including corporates' participation along with the Government, corporate social activities is brought under the regulatory frame work under the relevant statute – Companies Act, 2013. Accordingly, the regulatory frame work stipulate 2% of the average net profit of the preceding three years should be spent by the Corporate under the CSR policy framed by the corporate concerned every year. The Corporates are expected to spent such amount for the social and economic upliftment of the society in and around the Corporate concerned and also society at large, in order to upliftment of literary level of the people by way of extending educational assistance, development of infrastructure facilities of the educational institutions, society in and around the Corporate, Health care programmes to the needy people, skill development through sponsorship of nationally recognised sports activities etc.,.

Accordingly, your company has formulated a CSR Policy with the following objectives.

Objectives of the CSR Activities

- Providing financial assistance to economically challenged students for pursuing education of the local regions where the Company operates comprising of Gudalur, Periyanaickenpalayam, Naickenpalayam, Coovanoor, Chinnamadhampalayam, Bettathapuram, Veerapandi, etc.,
- Providing financial assistance to the deserved people to undergo the medical treatment for any ailments,
- Distribution of stationeries to the students of the Governments School,
- Conducting the sports events like Ball Badminton, Kabadi etc.
- Plantation of siblings etc., in local villages,
- Providing in-plant training for development of Job Skills and Knowledge
- Part funding for construction of public utility and amenities such as Roads, Rest Rooms, Drainages, Community Hall etc., for the local regions,
- Organizing free health check-up for the people of the underprivileged Sections etc.,

Your Board of Directors had also constituted a Board's Sub-Committee to administer and manage the CSR activities under the CSR policy of the Company with the following members.

2. The Composition of the CSR Committee.

Sr. No.	Commission	Others	Total
1	Shri R Rangachary	Chairman	Independent Director
2	Shri R Doraiswamy	Member	Managing Director
3	Shri R Dhamodharaswamy	Member	Non Executive Director
4	Shri D Rajesh Kumar	Member	Joint Managing Director & Chief Financial Officer
5	Shri N. Jayabal	Member	Independent Director
6	Shri S Baskarasubramanian	Secretary to the Committee	Director (Corporate Affairs) & Company Secretary

The above composition of the CSR Committee duly complied with the Provisions of Section 135 of the Companies Act 2013 viz., a Corporate Social Responsibility Committee of the Board shall be consisting of three or more directors, out of which at least one director shall be an independent director.

3. Average net profit of the company for last three financial years - ₹1745.81 lakhs

	2015-16 ₹in lakhs	2014-15 ₹in lakhs	2013-14 ₹in lakhs
Net profit under Section 198 of the Companies Act 2013	2399.48	1695.12	1142.83

4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)

Last three years average net profit	₹1745.81 lakhs
2% of the above Net Profit that to be spent for CSR activities in 2016-17	₹34.92 lakhs

5. Details of CSR spent during the financial year.

a.	Total amount to be spent for the financial year 2015-16	:	₹34.92 lakhs
b.	Amount spent for the financial year 2015-16	:	₹12.74 lakhs
c.	Amount unspent , if any;	:	₹22.18 lakhs

d. Details of the amount spent during the financial year are detailed below

Sr. No.	CSR Project/ activity Identified	Sector in which the Project is covered	Location	Amount outlay	Amount spent on projects	Cumulative expenditure upto reporting period	Direct or through implementing agency
1	2	3	4	5	6	7	8
				₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
1	Education related activities	Education	Coimbatore, Tamil Nadu	26.00	7.06	7.06	
2	Health related Activities	Health	Coimbatore, Tamil Nadu	6.92	5.68	5.68	By Both
3	Promotions of sports related activities	Promotions	Coimbatore, Tamil Nadu	2.00	-	-	
				34.92	12.74	12.74	

1. Reason for not spending the amount earmarked for CSR Activities in the Financial year 2016-17

There was an Unspent amount of ₹22.18 lakhs in view of the lack of identification of Suitable Projects in the vicinity of the local region in which the Company is functioning. All efforts are being made to make full spent in current financial year 2017-18

2. The CSR Committee of the Company hereby confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company

R Doraiswamy
Managing Director
DIN :000003131

Date : May 25,2017
Place : Coimbatore

N Rangachary
Chairman of CSR Committee
DIN :00054437

ANNEXURE – 5

DISCLOSURES UNDER RULE 12(9) OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES 2014 READ WITH REGULATION 14 OF SEBI (SHARE BASED EMPLOYEES BENEFITS) REGULATIONS 2014.

Details of the Scheme

Your Company believes that appropriate appreciations and rewards to the employees for their contribution all these years would enable the Company to take its growth objectives forward with strong aspirations.

In this directions, a Scheme by name "Salzer Employees Stock option Scheme 2012-13" (shortly "Salzer ESOS 2012-13"), was instituted with the approval of the shareholders by means of special resolutions passed at their 27th Annual General Meeting held on August 11,2012. The Scheme is in compliance with SEBI (Share Based Employees Benefits) Regulations 2014. The Scheme is administered by Employees Compensation Committee.

Some Salient Features of the Scheme

- 1) The total number of options to be granted under this Scheme shall not exceed 10% of the Paid-up Share Capital of the Company as on 31.03.2012 i.e. 10,28,374 Options (10% of 10283737 Equity Shares),
- 2) One Option entitles the holder of the options to apply for and be allotted one equity share of ₹10/- of the Company,
- 3) Chief Executive Officer / President (not being the Promoter / Promoter Group) / Whole Time Director (not being the Promoter / Promoter Group) / Independent Director and other key senior management personnel posted in India or outside India and other employees, who are in regular role of the company, as may be determined by Employees Compensation Committee,
- 4) Employee(s) / Director(s) as stated above in respect of the wholly-owned subsidiary(ies) / holding Company(ies) of the

company whether in India or outside,

- 5) The scheme shall not apply to :
 - an employee, who is a promoter or belongs to the Promoter Group.,
 - Director, who either by himself or through his relative(s) or through any Body Corporate(s), directly or indirectly holds more than 10% of the outstanding equity shares of the company.
 - Nominee Director and
 - Independent Directors
- 6) There shall be minimum period of one year between the grant of the options and the vesting of options.

Status of the Scheme.

- 1) In accordance with the Scheme, 10,28,000 options granted on November 19,2013 to eligible employees at a grant price of ₹40/- against closing price of ₹48.60/- prevailed on November 18,2013, with a discount of ₹8.60 per share constituting 22% of the grant price.
- 2) The vesting period of options is one year from the date of grant and exercise period is five years from the date of vesting.
- 3) The shares so allotted upon exercise of stock options by the employees shall be locked in for a period of two years from the date of allotment.
- 4) As on the date of this Report - 4,23,450 stock options have been allotted on the exercise of the vested stock options.

Information under Rule 12(9) of Companies (Share Capital and Debentures) Rules 2014

1	Scheme Name	:	Salzer Employees Stock option Scheme 2012-13
2	options granted	:	10,28,000 Options @ grant price of ₹40/- per Options
3	options vested	:	10,28,000 Options on November 19,2014
4	options exercised	:	4,23,450 Options as at March 31,2017
5	the total number of shares arising as a result of exercise of option	:	4,23,450 Equity shares of ₹10/- each
6	options lapsed	:	NIL
7	the exercise price	:	₹40/- per share

8	variation of terms of options	:	NIL
9	money realized by exercise of options	:	₹1,69,38,000/-
10	total number of options in force	:	6,04,550options as at March 31, 2017
11	Employee wise details of options granted to	:	

- key managerial personnel as at March 31, 2017

Sr. No.	Name	Grade	Options granted	Options exercised
a	S Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	15,000	10000

- any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year : NA
- identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant : NA

12. Diluted Earnings per share (EPS) pursuant to the issue of shares on the exercise of options calculated in accordance with Accounting Standard 20 "Earning per share": ₹11.89 per share in FY 2016-17 against ₹12.87 per share in FY 2015-16.

For and on behalf of the Board

Place : Coimbatore

Date : May 25,2017

N RANGACHARY

CHAIRMAN

(DIN: 00054437)

ANNEXURE – 6

Form No. AOC-2

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

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

1 Details of contracts or arrangements or transactions not at arm's length basis	
a	Name(s) of the related party and nature of relationship
b	Nature of contracts/arrangements/transactions
c	Duration of the contracts / arrangements/ transactions
d	Salient terms of the contracts or arrangements or transactions including the value, if any
e	Justification for entering into such contracts or arrangements or transactions
f	Date(s) of approval by the Board
g	Amount paid as advances, if any
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2 Details of material contracts or arrangement or transactions at arm's length basis	
a	Name(s) of the related party and nature of relationship
b	Nature of contracts/arrangements/transactions
c	Duration of the contracts / arrangements/transactions
d	Salient terms of the contracts or arrangements or transactions including the value, if any
e	Date(s) of approval by the Board, if any or such other approvals
f	Amount paid as advances, if any:

Place : Coimbatore

Date : May 25,2017

N RANGACHARY

CHAIRMAN

(DIN: 00054437)

ANNEXURE – 7

DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The ratio of the remuneration of each executive director to the median remuneration of the employees of the company for the financial year;

(₹ in lakhs)

Sr. No.	Name of the Director	Position	Total Remuneration (₹In Lakhs)	Ratio of Remuneration of director to the Median remuneration
1	Mr. N Rangachary	Non-Executive & Independent Chairman	1.60	0.71
2	Mr. R Doraiswamy	Managing Director	55.46	
3	Mr. D Rajesh Kumar	Joint Managing Director and Chief Financial Officer	51.21	24.78
4	Mr. P Ramachandran	Whole Time Director (Marketing)	3.97	22.88
5	Mr.R Damodharaswamy	Non executive Director	0.80	
6	Dr. Thilagam Rajesh	Non executive Director	0.80	1.77
7	Mr. N Jayabal	Independent Director	0.80	
8	Mr. Nirmal Kumar Chandria	Independent Director	0.60	0.36
9	Mr. V Sankaran	Independent Director	1.75	0.36
10	Mr. P K Shah	Independent Director	0.80	0.36
11	Mr. L Venkatapathy	Independent Director	1.75	0.27
12	Mr. Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	18.99	0.78

● Remuneration includes sitting fees

● Non-executive Directors and Independent Directors have been paid sitting fees for attending the Board Meetings and Committee thereof

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

(₹ in lakhs)

Sr. No.	Name of the Director	Position	Remuneration		Increase %
			2016-17	2015-16	
1	Mr. N Rangachary	Non-Executive & Independent Chairman	1.60	2.4	-33%
2	Mr. R Doraiswamy	Managing Director	55.46	45.32	22%
3	Mr. D Rajesh Kumar	Joint Managing Director and Chief Financial Officer	51.21	44.78	14%
4	Mr. P Ramachandran	Whole Time Director (Marketing)	3.97	3.97	0%
5	Mr.R Damodharaswamy	Non executive Director	0.80	0.80	0%
6	Dr. Thilagam Rajesh	Non executive Director	0.80	0.80	0%

Sr. No.	Name of the Director	Position	Remuneration		Increase %
			2016-17	2015-16	
7	Mr. N Jayabal	Independent Director	0.80	0.80	0%
8	Mr. Nirmal Kumar Chandria	Independent Director	0.60	0.80	-25%
9	Mr. V Sankaran	Independent Director	1.75	2.40	-27%
10	Mr. P K Shah	Independent Director	0.80	0.60	33%
11	Mr. L Venkatapathy	Independent Director	1.75	2.40	-27%
12	Mr. Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	18.99	13.28	43%
			138.53	118.35	17%

- (iii) The percentage increase in the median remuneration of employees in the financial year – 7%
- (iv) The number of permanent employees on the rolls of company as at March 31,2017 - 465
- (v) Average Percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial year and its Comparison with the percentile increase in the managerial Remuneration and justification thereof and point out if there are any exceptional Circumstances for increase in the managerial remuneration;
- The average increase granted to employees other than managerial personnel is 9%
- The increase granted to managerial personnel is 12%
- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company
- It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Place : Coimbatore

Date : May 25,2017

N RANGACHARY
CHAIRMAN
(DIN: 00054437)

ANNEXURE – 8

SECRETARIAL AUDIT REPORT

To
The Members,
Salzer Electronics Limited,
Samichettipalayam,
Coimbatore - 641047.

My Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on my audit.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For G.V and Associates

Date: 25.05.2017
Place: Coimbatore

G. Vasudevan
FCS No.:6699
C P No.:6522

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Salzer Electronics Limited,
Samichettipalayam,
Coimbatore - 641047.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Salzer Electronics Limited (CIN:L03210TZ1985PLC001535), a listed entity having its registered office at Samichettipalayam, Coimbatore - 641047 (herein after called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents

and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place (with respect to statutory provisions listed hereunder) to the extent, in the manner and subject to the reporting made hereinafter

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not Applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Not applicable as the Company has not issued Debt Securities during the financial year under review.
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- Not applicable as the Company has not bought back any of its securities during the financial year under review.
I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
 - (ii) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015.
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- I further report the Company has not received any notices from Regulators/Statutory Authorities for material non-compliance or violation under the Acts, Rules and Regulations mentioned herein above, impacting the interest of stakeholders of the Company.
- I further report that
- the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with laws, rules, regulations and guidelines mentioned herein above.
- I further report that during the audit period 2016-17, the Company has
- a. Allotted 5,80,000 equity shares against share warrants on preferential basis to the Promoters and Promoters Group companies.
 - b. Allotted 1,25,000 equity shares under Salzer Electronics Limited Employees Stock Options Scheme 2012-13.

ANNEXURE – 9

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-looking statement

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally. The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the Act) and in compliance with the Accounting standards as notified under section 133 of the Act read with the Companies (Accounts) Rules 2014. The management of Salzer Electronics has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year. The following discussions on our financial condition and result of operations should be read together with our audited financial statements and the notes to these statements included in the annual report. Unless otherwise specified or the context otherwise requires, all references herein to 'we', 'us', 'our', 'the Company', 'Salzer' are to Salzer Electronics Limited and its subsidiaries and associates.

Global economic overview

The pace of global economic activity waned during 2016 because of inflationary headwinds. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Within advanced economies, comprising the US, Europe and Japan, a protracted monetary policy support and return to fiscal neutrality underpinned a generally-accelerating output. In countries outside the advanced economies, the sources of slower growth comprised commodity price declines, overhangs from erstwhile credit growth and political

turmoil. Global growth stood at 3.4% in 2017 after a downward revision of 10 bps following the April 2016 projection. Long-term prospects of emerging market economies improved following a decline in interest rates in advanced economies and firming commodity prices. Asian countries in general demonstrated robust growth. Although, the currencies of advanced commodity exporters strengthened, currencies of several emerging markets depreciated substantially.

Growth	2017	2018
	Actual	Estimated
Global economy	3.4%	3.6%
Advanced economies	1.9%	2.0%
Emerging market and developing economies	4.5%	4.8%

(Source: IMF)

Outlook

The global economy entered its sixth year of stagnation with growth estimates for 2018 continuing to trend the historical path. A projected stabilisation in energy and commodity prices may strengthen the case for resource-rich economies in 2018. Global economic growth is expected to rise from 3.4% in 2017 to 3.6% in 2018, driven by an increase in economic activities, expectations of resurgence in global demand and reduced deflationary pressures.

(Source: IMF)

Indian economic overview

During FY2016-17, the Indian economy slowed down to 7.1% from 7.6% in FY2015-16, largely owing to the demonetisation initiative undertaken in the third quarter of the financial year under review. India's consumer confidence index stood at 136 in Q4 2016, the highest in the world. India retained its position as the fastest-growing major economy in the world catalysed by strong consumption growth and enhanced government spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 basis points rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front and fiscal consolidation by the government enhanced investor confidence that translated into record net foreign exchange inflows. The year under review was also marked by the government's demonetisation initiative and the preparatory

work related to the introduction of the GST. While the first initiative focused on eliminating the parallel economy, the second is expected to transform the country's taxation structure.

Outlook

India's outlook remains positive with economic growth expected to rebound in the range of 6.75-7.5% in FY2017-18. The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth to >8%. The Union Budget 2017-18 laid a keen emphasis on rural infrastructural development, which is supposed to have a cascading multi-sectoral impact. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market while moderating inflation are expected to accelerate India's economic growth over the medium-term. (Source: IMF)

Growth of the Power Sector

Salzer has been a part of the growth story of country's infrastructure sector in general, and power sector & capital goods sectors in Particular.

The infrastructure sector is a key driver for the Indian economy. The sector is responsible for propelling India's overall development and enjoys intense Government focus for initiating policies that ensure the time-bound creation of world-class infrastructure in the country. The infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In 2016, India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016 to rank 35th among 160 countries.

The Infrastructure sector has been languishing for the last several years owing to multiple factors like poor funding, Non availability of the required raw materials. Players in the infrastructure have been facing severe headwinds and struggling to report reasonable growth.

The Government has taken several initiatives to rejuvenate the sector. As a part of such initiatives, the Government has undertaken the following reforms in the power sector:

Ujwal Discom Assurance Yojana: The Ujwal Discom Assurance Yojana was designed to turn around inefficient power distribution companies. Of the 16 states, which are part of the scheme, at least eight have lowered the gaps between average supply costs and

realisations and 12 states have reduced their aggregate technical and commercial loss levels. If successfully implemented, this policy can permanently solve longstanding issues affecting power distribution and revive energy demand in the country. (Source: Power Ministry)

Deen Dayal Upadhyay Gram Jyoti Yojana: The Deen Dayal Upadhyay Gram Jyoti Yojana's rural electrification package is targeted to electrify all un-electrified villages of the country by May 2018, to fit into the grander plans of providing '24x7 Power for All' by 2019. As per the GARV dashboard, of the 18,452 villages that need to be electrified, electrification has already been done for 11,434 villages. Electrification needs to be carried out in 6,320 villages and the remaining 698 villages are uninhabited.

'24X7 Power for All' campaign: The Central Government aims to ensure that its citizens receive adequate power supply by implementing the following steps:

- Develop a proper understanding of the coal sector and the dynamics at play within it in order to reduce inefficiencies
- The Government plans to increase generation capacity from roughly 1.2 trillion units at present to 2 trillion units till 2019
- Presently, around 280 million people in India do not have access to power. With per capita consumption levels in India one of the lowest in the world at 1,010 kilowatt-hours compared to China's 4,000 kilowatt-hours and developed nations average of around 15,000 kilowatt-hours, there exists a significant scope for growth
- The distribution sector has been under tremendous stress due to high debt levels of approximately ₹3 trillion and accumulated losses of more than ₹2.5 trillion. Until the financial position of the DISCOMs improve, they will continue to opt for load shedding rather than supply the power to the customers, due to the average loss of ₹1.14 per kilowatt-hour on each unit supplied.

Energy Efficiency Services Limited (EESL): This Joint Venture of NTPC Limited, Power Finance Corporation, Rural Electrification Corporation Ltd and Power Grid Corporation of India Limited facilitates the implementation of energy-efficiency projects. Its vision is:

- To create and sustain markets for energy efficiency in India
- To support private sector investments in energy efficiency

Its mission is :

- To assist central and state governments in implementing energy efficiency and realizing savings
- To create market access, particularly in public sector, to capture energy efficiency potential, assessed at ₹74,000 crores

Growth of the industry

- The electrical equipment segment grew 4.25% in 2016-17
- The Indian power sector represents an investment potential of ₹15 trillion (US\$ 225 billion) in the next five years
- Exports of the power sector have been growing at about 10% CAGR
- Imports have been declining at a rate of about 4% in the last five years
- Renewable solar power addition was 104%

Way forward

Considering the Government's commitment to the development of sector in the next five years through ambitious investment, private sector investment is bound to increase substantially Salzer expects to capitalize on all opportunities. Besides, Salzer also works on sourcing global technologies to make products in India under the theme of 'Make in India' an initiative by the Government in making products locally. As a part of the Make in India story, Salzer entered into a tie-up with Trafomoden, Austria, for importing technologies to make three phase dry type transformers commissioned a facility and commenced commercial production.

About Salzer

Salzer was established in 1985 with an aim to bring world-class technology in Electrical Installation Products, coupled with dependability and excellence in service to the Indian Industry. Salzer, is one of the largest manufacturers and suppliers of CAM operated Rotary Switches, Selector Switches, Wiring Ducts, Voltmeter Switches and allied products.

Salzer has four state-of-the-art manufacturing facilities located in Coimbatore and a wide distribution network across India. Globally, Salzer exports to more than 50 countries aided by 40 international distributors. In India, Salzer markets through 350 local Larsen & Toubro distributors and its own distributors.

Salzer has a well-equipped and full-fledged in house R&D facility and captive tool room. The in-house R&D wing is recognised by the Department of Scientific & Industrial Research, Government of India. Salzer has a modern infrastructural facility complies with techniques like TQM, TPM, Six Sigma, Lean Manufacturing and 5-S

Salzer prefers to understand client requirements to provide the perfect electrical solution – all its ongoing developmental activities for innovative and value-added products are driven by this sense of responsibility.

Salzer is fervently committed to competitiveness and innovation. Consistent quality checks at every stage of processing has been our growth engine to success.

Financial overview

Salzer clocked a 8 % increase in gross sales during FY2016-17 in an environment which can aptly be described as challenging, with 19% contribution from exports much like the last five years. The export

markets remained challenging owing to various macro- economic issues and as a result of which, it managed to post a growth of 2%. The financial performance of the Company for the financial year ended March 2017 is as follows:

- Total revenue earned for the year ended March 31, 2017 stood at ₹384.1 crore compared to ₹361.1 crore in the previous fiscal, an increase of 6.37 %.
- Operating expenses for the financial year ended March 31, 2017 stood at ₹341.60 crore compared to ₹318.2 crore in the previous fiscal, an increase of 7 %.
- Employee expenses for the financial year ended March 31, 2017 stood at ₹18.9 crore compared to ₹17.7 crore in the previous fiscal, an increase of 6.78 %.
- Other expenses for the financial year ended March 31, 2017 stood at ₹42.6 crore compared to ₹44 crore in the previous fiscal, a decrease of 3.18 %, attributed to a better pricing of raw materials, more particularly copper, a vital material for making wires and cables.
- EBITDA for the financial year ended March 31, 2017 stood at ₹42.93 crore compared to ₹42.9 crore in the previous fiscal, a decrease of 0.83 %.
- Depreciation for the financial year ended March 31, 2017 stood at ₹9.8 crore compared to ₹8.3 crore in the previous fiscal, an increase of 18.07 %.
- Interest outflow for the financial year ended March 31, 2017 stood at ₹14.6 crore compared to ₹13.1 crore in the previous

fiscal, an increase of 11.45 %.

- EBIT for the financial year ended March 31, 2017 stood at ₹40 crore compared to ₹37.37 crore in the previous fiscal, an increase of 7 %.
- EPS for the financial year ended March 31, 2017 stood at ₹12.35 compared to ₹13.50 in the previous fiscal, a decrease of 8.52 % as the result of the expansion of capital made out of the conversion of the share warrants and exercise of stock options.

Resources and liquidity

As on 31st March 2017, Salzer's consolidated net worth stood at ₹222 crore. Cash and cash equivalents stood at ₹12.4 crore while the net debt-equity ratio stood at 0.13 as against 0.17 recorded in 2015-16.

Business performance

Salzer primarily operates in one segment – Electrical Switchgears & Allied Products. For ease of analysis, the business is divided into four divisions – industrial switchgears, Wires & Cables, building products and energy savers.

Industrial switchgears

Share of overall revenues: 45.8 %

The switchgears division manufactures transformers, terminal blocks, rotary switches, isolators, general purpose relays, wiring ducts, MPCBs, contactors, control panels, and overload relays. The total revenue earned by the segment during the year stood at ₹176 crore compared to ₹192 crore in the previous fiscal, an decrease of 8 %.

Wires & Cables

Share of overall revenues: 45.6 %

This division's portfolio comprises wires and cables, flexible bus bars, enameled wires, bunched conductors and tinned copper wires. The total revenue earned by the segment during the year stood at ₹175 crore compared to ₹156 crore in the previous fiscal, an increase of 12 %.

Building products

Share of overall revenues: 6 %

Salzer has a wide range of products under this segment including modular switches, wires and cables, changeovers and MCBs. The total revenue earned by the segment during the year stood at ₹23 crore compared to ₹11 crore in the previous fiscal, an increase of 50 %.

Energy savers

Share of overall revenues: 2.6 %

The energy saving business is a new vertical which focuses on the

manufacture and installation of energy-efficient products like street light controllers and energy saving panels. The total revenue earned by the segment during the year stood at ₹10.2 crore compared to ₹42 crore in the previous fiscal, a decrease of 75.71 %.

New developments

The company is constantly working to bring out new products in the existing portfolio of products as well as new products. In line with this commitment, the Company will be adding the following products to its portfolio;

1. Miniature circuit breakers for India as well as North American market
2. Distribution boards
3. Range expansion in the photovoltaic Isolator segment.
4. Range expansion in wires and cables
5. Sealing products, plugs and sockets.

Apart from new products, Salzer is also consolidating the new transformer venture by expanding the range and aiming to become a Magnetic Products powerhouse, wherein a customer can source all types of magnetic products (Transformers, Chokes, Reactors, Filters, Inductors etc.,) both Single and Three Phase.

Salzer signed a Memorandum of Understanding with Saelzer Electric GmbH, Germany, for a possible co-operation between the two companies to leverage their inherent strengths for joint product development with cutting-edge technologies and exploring the joint marketing of Rotary Cam Switches world-wide

Salzer has also been actively participating in various tenders being floated by EESL and other agencies for the implementation of energy-efficiency projects in mass lighting systems across the country.

Risks and concerns

Commodity risk: A part of the business is substantially dependent on copper. Factors that could affect the copper business include rising copper prices.

Mitigation: However, this increase in prices is passed on to the customer, and as the Company operates on a monthly average pricing mechanism, it does not expect to be significantly affected by this risk.

Competition risk: This risk arising from more players wanting to be a part of this business. Like in most other industries, opportunity brings competition. In each individual business segment, the Company faces different kinds of competition risk from both domestic manufacturers and bigger international companies.

Mitigation: However, Salzer's strong reputation, its brand goodwill and ability to customize orders as per its customers has differentiated

the Company from its competition. Over the years, the Company has expanded its presence geographically and added customers. It also offers total and customized electrical solutions to customers. As a result, the Company has achieved a 'Preferred Supplier' status with GE and Schneider who source their products from Salzer on a global basis. the Company also has a substantial advantage over others due to the superior quality of infrastructure, customer-centric approach and innovative approach. Thus, the Company does not expect to be significantly affected by this risk.

Regulatory risk: If the Company is unable to obtain the required certifications and approvals for existing and new products, growth could be affected.

Mitigation: However, the Company has all the necessary international certifications for existing products. Moreover, with the previous experience of obtaining the necessary certifications for new products, the Company does not expect this risk to affect it in the coming years.

Execution risk: The Company is planning to expand its product range and add technologically-advanced products. The execution of the project is dependent on land purchase and project management skills.

Mitigation: However, land acquisition is not a concern as the Company has a sufficient land-bank to increase capacity and support the addition of new products. Concerns like unprecedented natural calamities, political/ social turmoil may remain. However, these threats are faced by the whole industry. With improved and efficient processes in place, the Company is well-positioned for sustainable growth.

Forex risk: Given the volatile global economy and fluctuations in the foreign exchange market, the Company faces forex risk.

Mitigation: In order to mitigate this, hedging tools have been adopted to arrest the negative impact. Salzer enjoys a natural hedge, having import and export of appropriate value. As a result, any volatility in the forex market may not have a significant material impact on the business.

Opportunities

- Foraying into the development of new energy-efficient products
- Entering the Western and Northern parts of India by expanding the distribution network
- Achieve higher growth in the energy management business by helping reduce energy consumption and supporting the 'Make in India' initiative
- Capitalising on the governmental reforms and investments

Threats

- Competition from local and international players
- Regulatory changes
- Execution risks
- Raw material cost increases

Human resources

The Company's human resource and industry relations policies are reviewed periodically. The human resource team conducts various training sessions for ensuring employee development on an ongoing basis. These development programmes are aimed at augmenting employee potential and represent an integral means of achieving overall business goals. The Company's employee profile represents a balanced mix of experience and youth.

INDEPENDENT AUDITOR'S REPORT

To the members of
SALZER ELECTRONICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SALZER ELECTRONICS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable .
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7of the Companies (Accounts) Rules, 2014 as applicable;

- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial statements;
 - ii. The Company has entered into a long term maintenance contract with Municipal corporations for executing energy saver project and no provision

is necessary for any material foreseeable losses there on as on date and the company did not have any derivative contracts during the year.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in the financial statements as regards its holdings and dealings in Specified Bank Notes, during the period from November 08, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the company.

For SWAMY & RAVI
 Chartered Accountants
 (FRN: 004317S)

S. ALAMELU
 PARTNER
 Membership No. 223555

May 25, 2017
 Coimbatore-641047

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditor's report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant & Equipment).
- (b) Physical verification of Fixed Assets (Property, Plant & Equipment) is done by the management as per regular programme of verification. As informed, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our Examination of the records of the Company, Title deeds of immovable properties are held in the name of the company and also based on the certificate issued by the Banks that the original documents of Title Deeds of immovable properties were held with bank towards the loans availed by the company.
- (ii) a) As per the information and explanation given to us, the inventories have been physically verified by the management at reasonable intervals during the year.
- b) In our opinion and as per the information and explanation given to us, procedures of physical verification of inventory followed by the management is adequate in relation to the size of the company and its nature of its business.
- c) The company is maintaining proper records of inventories. In our opinion, discrepancies noticed on physical verification of inventory were not material in relation to the operation of the Company, and same has been properly dealt with in the books.
- (iii) According to the information and explanations given to us, the Company has not granted/taken loans, unsecured, from or to Companies, firms, LLPs or other parties,, listed in the Register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the Provisions of Sec 186 of the Act, with respect to Investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie,

the prescribed accounts and records have been made and maintained. An independent cost auditor has been appointed by the company to carry out the Audit. We have not, however carried out a detailed examination of the same.

- (vii) According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:

- (a) The Company was regular in depositing Provident Fund and Employees' State Insurance dues, Excise duty, Service tax, Customs duty, CESS, Investor Education & Protection Fund, Income Tax, Value Added Tax and all other applicable statutory dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 months as at 31st March, 2017.
- (b) The Company has no undisputed amounts payable in respect of income tax, wealth tax, value added tax, customs duty and excise duty that were outstanding, except the following, as at 31st March, 2017

Name of Statute	Nature of Dues	Amount	Forum where the dispute is pending
Central Excise Act	Excise Duty	₹97,68,260/- (out of which ₹12 Lakhs has been paid under protest)	CESTAT-APPEAL

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to the Banks.
- (ix) According to the information and explanations given to us the Term Loans were applied for the purpose for which it is drawn.
- (x) As per the information and explanation given by the management the Managerial Remuneration has been paid or provided in accordance with the requisite approvals mandated by the Provisions of Sec 197 read with Sch V to the companiesAct,2013.
- (xi) According to the information and explanations given to us, no fraud on or by the Company by its officers' has been noticed or reported during the year.
- (xii) In our opinion, the company is not a Nidhi Company, accordingly, Para 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has made allotment of shares upon conversion of share warrants subscribed by the promoters/promoters body corporate on preferential basis and the amount raised has been used for the purpose for which funds are raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company,

the company has not entered into non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SWAMY & RAVI
Chartered Accountants
(FRN: 004317S)

S. ALAMELU

May 25, 2017
Coimbatore-641047
PARTNER
Membership No. 223555

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Salzer Electronics Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SWAMY & RAVI
Chartered Accountants
(FRN: 004317S)

S. ALAMELU
May 25, 2017
Coimbatore-641047
PARTNER
Membership No. 223555

BALANCE SHEET as at 31st March, 2017

Particulars		Note No.	As at 31 March, 2017		As at 31 March, 2016	
			₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
I	EQUITY AND LIABILITIES					
1	Shareholders' funds					
(a) Share Capital	3	1434.82		1364.32		
(b) Reserves and Surplus	4	20765.41		17761.69		
			22200.23			19126.01
1a	Share application money on conversion of warrants and pending allotment	4A	-		411.75	
1b	Money received upon exercise of stock options and pending allotment	4B	-		10.60	
						422.35
2	Non- current liabilities					
(a) Long-term borrowings	5	1182.49		1767.94		
(b) Deferred Tax liabilities (Net)	6	586.39		391.80		
(c) Other Long term liabilities	7	-		-		
(d) Long-term Provisions	8	49.10		73.39		
			1817.98			2233.13
3	Current Liabilities					
(a) Short term borrowings	9	10304.78		8133.13		
(b) Trade payables	10	3183.93		3291.14		
(c) Other current liabilities	11	5430.40		3550.96		
(d) Short term provisions	8	623.68		785.87		
			19542.79			15761.10
	TOTAL			43561.00		37542.58
II	ASSETS					
1	Non-current assets					
(a) Fixed assets (Property, Plant & Equipment)	12					
(i) Tangible assets		11819.88		10094.28		
(ii) Intangible assets		226.49		130.32		
(iii) Capital work-in-progress		906.79		811.23		
(b) Non-current investments	13A	76.58		548.08		
(c) Long-term loans and advances	14	106.94		93.00		
(d) Other non-current assets	15	2168.52		1926.68		
			15305.20			13603.59
2	Current assets					
(a) Current investments	13B	369.81		1204.34		
(b) Inventories	16	9086.27		6672.68		
(c) Trade receivables	15	12106.68		9975.60		
(d) Cash and Bank Balances	17	1239.44		1253.38		
(e) Short-term loans and advances	14	4379.68		3880.69		
(f) Other current assets	15	1073.92		952.30		
			28255.80			23938.99
	TOTAL			43561.00		37542.58
	Summary of Significant Accounting Policies	1 & 2				

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

N. RANGACHARY

Chairman
(DIN : 00054437)

R. DORAISWAMY

Managing Director
(DIN : 00003131)

For SWAMY & RAVI

Chartered Accountants
FRN :004317S

D. RAJESHKUMAR

Joint Managing Director
& Chief Financial Officer
(DIN: 00003126)

S. BASKARA SUBRAMANIAN

Director (Corporate Affairs)
& Company Secretary
(DIN: 00003152 & FCS No.4605)

S. ALAMELU

Partner
Membership No. 223555

May 25, 2017

Coimbatore - 641047

STATEMENT OF PROFIT AND LOSS For the year ended 31st March, 2017

Particulars	Note No.	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
I REVENUE FROM OPERATIONS	18	38406.20		36113.49	
II Other Income	19	675.43		280.37	
III Total Revenue (I + II)			39081.63		36393.86
IV Expenses					
Cost of Materials Consumed	20	30086.61		25179.35	
Changes in inventories of finished goods and work in progress	21	(2077.23)		480.06	
Employee benefits expenses	22	1886.62		1768.43	
Finance Cost	23	1459.29		1313.59	
Depreciation and amortization expenses	12	980.48		831.89	
Other expenses	24	4218.17		4396.42	
Total Expenses			36553.94		33969.74
V Profit before exceptional and extraordinary items and tax (III-IV)			2527.69		2424.12
VI Exceptional Items			-		-
VII Profit before tax (V-VI) & extraordinary items			2527.69		2424.12
VIII Extraordinary items			-		-
IX Profit before tax (VII-VIII)			2527.69		2424.12
X Tax expense:					
(1) Current tax		623.68		521.19	
(2) Deferred tax		194.58	818.26	198.18	719.37
XI Profit for the period - After Tax(IX-X)			1709.43		1704.75
XII Earnings per equity share:					
(1) Basic			12.35		13.54
(2) Diluted			11.89		12.87
Summary of Significant Accounting Policies	1 & 2				

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

N. RANGACHARY

R. DORAI SWAMY

For **SWAMY & RAVI**

Chairman

Managing Director

Chartered Accountants

(DIN : 00054437)

(DIN : 00003131)

FRN :004317S

D. RAJESHKUMAR

S. BASKARA SUBRAMANIAN

S. ALAMELU

Joint Managing Director

Director (Corporate Affairs)

Partner

& Chief Financial Officer

& Company Secretary

Membership No. 223555

(DIN: 00003126)

(DIN: 00003152 & FCS No.4605)

May 25, 2017

Coimbatore - 641047

CASH FLOW STATEMENT for the year ended 31st March, 2017

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
profit before tax		2527.69		2424.12
Adjusted for:				
Depreciation		980.48		831.89
ESOP Expenses		-		-
Interest received		-69.39		-71.66
Interest & Finance Charges		1459.29		1313.58
Exchange Rate Differences		-393.38		49.13
Dividend Income		-33.74		-65.81
Profit on Sale of Investment		-163.38		-84.22
Loss/(Profit) on Sale of Assets-Net		37.27		-19.67
Other Non-operating Income		-15.53		-6.18
Operating profit before working capital changes		4329.30		4371.17
Adjusted for working capital changes				
Inventories		-2413.59		-64.62
Trade Receivables		-2175.84		-2185.73
Long Term Loans & Advances		-13.94		-21.35
Short Term Loans and Advances		-499.00		-1593.45
Trade Payables		-107.21		578.91
Other Current Liabilities		1879.45		-120.21
Other Current assets		-231.42		107.97
Other Long Term Liabilities		-		-250.81
Provisions		-24.29		-9.32
other Non-Current Assets		-241.83		-1906.25
Cash generated from Operations		501.64		-1093.68
Direct Taxes Paid		-521.19		-358.73
Net Cash flow from operating activities	A	-19.55		-1452.41
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		-2906.69		-3530.70
Capital work In Progress reversed		-95.56		0.00
Non-Operating Income		15.53		6.18
Profit on Sale of Investment		163.38		84.22
Investment in Mutual fund & Equities		1306.03		-1185.93
Sale of Fixed Assets @ Book value		104.43		19.77
Loss on sale of asset		-37.27		0.00
Dividend Income		33.74		65.81
Interest Received		69.39		71.66
Net Cash used in investing activities	B	-1347.02		-4468.99

CASH FLOW STATEMENT for the year ended 31st March, 2017

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Long Term Borrowings		75.10		261.06
Long Term Borrowings from others				
Share Application/Allotment Money received		987.19		7366.25
Short Term Borrowings		2171.65		632.69
Repayment of Long Term Borrowings		-660.54		-226.07
Exchange Rate Difference		393.38		-49.13
repayment of Long Term Borrowings		0.00		0.00
repayment of Short Term Borrowings		0.00		0.00
Interest & Finance Charges		-1459.29		-1313.58
Repayment of Loans to Others & Directors		0.00		-24.50
Dividend & Dividend Tax Paid		-264.68		-244.08
Net Cash Generated Financing Activities	C	1242.81		6402.64
Net Increase In Cash and Cash Equivalents	A+B+C	-123.75		481.24
Net Increase In Cash and Cash Equivalents		-123.75		481.24
Cash & equivalent at the beginning of the year		1198.24		717.00
Cash & Equivalent at the end of the year		1074.49		1198.24
Components of Cash and cash Equivalants:		1074.49		1198.24
Cash on Hand		10.98		21.82
Bank Balance:				
In Current Accounts		495.67		483.79
In Unclaimed Dividend		27.90		28.04
As Margin Money		567.84		692.63
Less than 3 months		137.05		27.10
More than 3 Months		704.89		719.73
Total Cash and Cash Equivalants as per Balancesheet (Refer Note No. 17)		704.89	1239.44	719.73
				1253.38

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

N. RANGACHARY

Chairman
(DIN : 00054437)

R. DORAI SWAMY

Managing Director
(DIN : 00003131)

For **SWAMY & RAVI**

Chartered Accountants
FRN :004317S

D. RAJESHKUMAR

Joint Managing Director
& Chief Financial Officer
(DIN: 00003126)

S. BASKARA SUBRAMANIAN

Director (Corporate Affairs)
& Company Secretary
(DIN: 00003152 & FCS No.4605)

S. ALAMELU

Partner
Membership No. 223555

May 25, 2017

Coimbatore - 641047

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

Significant accounting policies:

NOTE 1: CORPORATE INFORMATION & HISTORY

Salzer Electronics Ltd is incorporated on 08.01.1985 for manufacture of electrical installation products such as CAM operated rotary switches, switch gear products and allied products and is an ongoing concern since then. The company is listed in BSE Limited (Bombay Stock Exchange) & National Stock Exchange Limited.

NOTE 2:

(a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost conception, on accrual basis of accounting (unless otherwise stated hereinafter) in conformity with the Accounting principles generally accepted in India and comply with the Accounting standards issued by the Institute of Chartered Accountants of India and notified under relevant provisions of the Companies Act, 2013. The financial statements are presented in Indian rupees rounded off to the nearest rupee in Lakh.

(b) Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision of accounting estimates is recognized prospectively in current and future period.

(c) Fixed assets (Property, Plant & Equipment) :

(i) Tangible Assets:

Fixed assets (Property, Plant & Equipment) are stated at historical cost less accumulated depreciation and impairment losses if any and net of Cenvat / Value Added Tax. Cost includes all attributable expenses in bringing the assets to its working condition. Net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets (Property, Plant & Equipment) are capitalized.

(ii) Intangible assets:

Software development expenditure of capital nature are shown as intangible assets. They are stated at cost of acquisition less depreciation.

(d) Impairment:

The carrying amount of asset is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

(e) Depreciation:

Depreciation on Fixed Assets (Property, Plant & Equipment) has been provided based on the life assigned to each asset in accordance with the Schedule II of Companies Act, 2013 and based on internal technical evaluation, with effect from 01.04.2014. The Depreciation has been provided on the depreciable amount of asset over useful life of asset after retaining 5% of original cost of asset as residual value.

(f) Investments:

Long term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long term investments are stated at the lower of cost and fair value.

(g) Inventories:

- (i) Raw materials including consumables and stores & spares are valued at cost. The cost is determined on the basis of FIFO method.
- (ii) Work-in-process is valued at cost of materials and labour together with relevant factory overheads. The cost of work in progress is determined on the basis of weighted average method.
- (iii) The finished goods are valued at cost inclusive of excise duty (or) net realizable value whichever is less.

(h) Research and Development:

Revenue expenditure on Research and Development is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of fixed assets.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

(i) Foreign Currency Transactions:

- a) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.
- b) Monetary items (i.e. receivables, payables, loans, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.
- c) The exchange difference arising on the settlement of monetary items on reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income/expense in the period in which they arise.

(j) Taxation:

1. Current Tax:

Provision for taxation has been made on assessable profits of the Company as determined Under the Income Tax Act, 1961.

2. Deferred Tax:

In terms of AS.22, the deferred tax for timing differences between the book and tax profit arising out of capital expenditure on research and development, depreciation and provisions for the year is accounted by using the tax rates and laws that have been in force as of the Balance Sheet date.

(k) Revenue Recognition:

- i. Revenue in respect of sale of products is recognized at the point of dispatch to customers.
- ii. Sales comprise of value of sale of goods (Net of returns) excluding Value Added Tax and Excise Duty.
- iii. Revenue in respect of investments is recognized as and when these incomes are ascertained and quantified.
- iv. Income from Services is recognized as and when the services are rendered.
- v. Export benefits are recognized in the profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made.
- vi. Dividend income is recognized when the right to receive dividend is established.
- vii. Lease income under operating lease is recognized in Profit and Loss Account on the basis of accrual of income as per terms of the agreement.
- viii. The company has entered into multi-year contract with government entities for implementing projects under the PPP model. The contract involves supply of materials and services over the contract period. In respect of composite contract for supply of materials, installation and commissioning, revenue is recognized after successful installation. Where the contract involves a deferred consideration payable contingent on a future performance obligation, revenue is recognized only after successful fulfillment of such future obligation

(l) Employees Benefits:

1. Defined contribution plans:

The Company makes contribution towards employees' provident fund and employees' state insurance plan scheme.

2. Defined benefit plan (gratuity):

The employees' gratuity scheme is a defined benefit plan. The Company has taken Group Gratuity Policies with the Life Insurance Corporation of India ('LIC') for future payment of gratuities. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. Actuarial gains and losses and past service costs are recognized immediately in the Profit and Loss account.

3. Pension & Leave Salaries:

Pension:

The scheme is discretionary in nature. The Company operates a funded pension defined benefit scheme for qualifying employees. The scheme is funded with LIC of India – Pension and Group scheme.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

Leave Salaries:

No provision has been made for leave salaries as the Company does not have any leave encashment scheme and the same is at the discretion of management.

(m) ESOS

The company has formulated Employees' Stock Option Scheme in accordance with the SEBI Guidelines & Regulations. Employee stock option granted is accounted under Market value method. In respect of Employees Stock Options, the excess of market price on the date of grant over the exercise price is recognized as deferred employees compensation cost and amortized over the vesting period.

(n) Earnings Per Share (EPS):

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

(o) Borrowing Costs

Borrowing costs, which are directly attributable to the acquisition / constructions of fixed assets (Property, Plant & Equipment), till the time such assets are ready for intended use, are capitalized as part of the assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

(p) Leases:

Lease income is treated as operating lease in accordance with AS 19 of ICAI and the income is recognized on accrual basis as per the terms of agreement with Municipal Corporation.

Since the income has the character of fluctuations and not pre determined, straight line basis of adopting the income is not possible.

(q) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(r) Segment Reporting:

Based on the guiding principles given in Accounting Standards on "Segment Reporting (AS-17) issued by the ICAI and on the basis of Management Certification, the Company's primary business segment is Electrical installation products. As the Company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard does not arise.

(s) Cash and Cash Equivalents:

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTE 3: SHARE CAPITAL

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Authorised		
2,00,00,000 Equity Shares of ₹10/- each	2000.00	2000.00
b. Issued, Subscribed and Paid up		
1,43,48,187 Equity Shares of ₹10/- each fully paid-up. [Previous Year : 1,36,43,187 Equity Shares of ₹10/- each]	1434.82	1364.32
TOTAL	1434.82	1364.32

Particulars	31 March, 2017		31 March, 2016	
	Shares in lakhs	₹ in lakhs	Shares in lakhs	₹ in lakhs
c. Reconciliation of shares outstanding at the beginning and at the end of the period				
At the Beginning of the Period	136.43	1364.32	102.84	1028.37
Add: Shares issued during the period				
a. Issue under conversion of warrants	5.80	58.00	4.20	42.00
b. Issue under Exercise of Stock Options	1.25	12.50	2.98	29.85
c. Institutional Placement	-	-	26.41	264.10
Less: Shares bought Back during the year	-	-	-	-
Add: Other movements during the year	-	-	-	-
Outstanding at the end of the period	143.48	1434.82	136.43	1364.32

d. Terms/rights attached to the Equity Shares.

- The Company has only one class of Equity Shares having par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays Dividend in Indian Rupees.
- The Dividend Proposed is as recommended by the Board of Directors and subject to the approval of the Shareholders' in the ensuing Annual General Meeting.
- For the year Ended 31st March, 2017, The amount of dividend per share recognized as distributions to Equity is ₹1.60.(31st March, 2016: ₹1.50)
- 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

e. List of Share Holders having 5% or more shares in the Company

Particulars	31 March, 2017		31 March, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
SUNDARAM MUTUAL FUND A/C	917805	6.40%	917805	6.73%

NOTE 4: RESERVES AND SURPLUS

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Share Premium		
Opening Balance	9250.77	2529.18
FY 2016-17		
On Issue under conversion of warrants	1400.41	
On Issue under Exercise of Stock Options	37.50	
On reversal on employees comp Cost	10.75	
Less : Issue expenses	98.87	
FY 2015-16		
On Issue under conversion of warrants		1014.09
On Issue under Exercise of Stock Options		89.54
On Institutional Placement		5942.25
On reversal on employees comp Cost		25.67
Less : Issue expenses		349.96
Closing Balance	10600.56	9250.77
b. Contingent Reserve		
As per last Balance sheet	105.00	105.00
Less : Reversal of Provision (Trade Receivables)	44.75	-
Closing Balance	60.25	105.00
c. General Reserve		
As per last Balance sheet	1778.46	1733.46
Add: Transfer from Profit and Loss Account	45.00	45.00
Closing Balance	1823.46	1778.46
d. Profit and Loss Account		
As per last Balance sheet	6564.72	5222.59
Add: Profit During The Year	1709.43	1704.75
Add: Excess Provision for prior year written back	-	5.48
Less: Dividend Paid (2015-16) Inclusive of Tax	-	58.42
Less: Proposed Dividend (Incl .Tax)	-	264.68
Less: Transfer to General Reserves	45.00	45.00
Closing Balance	8229.15	6564.72
e. Employee Stock options Outstanding	51.99	62.74
TOTAL (a+b+c+d+e)	20765.41	17761.69

NOTE 4A: SHARE WARRANTS

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Money Received against Share Warrant	-	411.75
TOTAL	-	411.75

b. Reconciliation of shares warrants outstanding at the beginning and at the end of the period

Particulars	31 March, 2017 No. of Share warrants	31 March, 2016 No. of Share warrants
At the Beginning of the Period	5,80,000	-
ADD.: Shares warrants issued during the Year (July 14,2015)	-	10,00,000
LESS.: Conversion of share warrants during the year	5,80,000	4,20,000
Outstanding share warrants at the end of the Period	-	5,80,000

- c. On the strength of the special resolutions passed by the Members at their Extra Ordinary General Meeting held on July 10,2015, the Company issued 10,00,000 Share warrants on July 14,2015 to the Promoters and Promoters Bodies Corporate, convertible into similar number of Equity Shares within eighteen months from the date of such issue in accordance with Chapter VII (Preferential Issue) of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009;
- d. Entire outstanding 5,80,000 share warrants as at March 31, 2017 converted into equity shares by the promoters and Promoters Bodies Corporate and
- e. In terms of Regulation 78(1) of aforesaid Regulations, Shares allotted upon conversion of share warrants during the course of given year have been locked-in for a period of three years from respective date of trading approval from the exchanges.

NOTE 4B: EMPLOYEE STOCK OPTION SCHEME

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Money received against stock options exercised by the employees under Salzer Employees Stock Options Shcheme 2012-13	-	10.60
TOTAL	-	10.60

b. Reconciliation of stock options outstanding at the beginning and at the end of the period

Particulars	31 March, 2017	31 March, 2016
At the Beginning of the Period	7,29,550	10,28,000
ADD.: Options granted during the during the Year	-	-
LESS.: Options exercised during the year	1,25,000	2,98,450
Outstanding stock options at the end of the Period	6,04,550	7,29,550

c. Terms of the issue

- Granting Stock options constituting 10% of the Total paid up shares as at March 31,2012
- Options carry one year vesting period and five years exercise period from the date of vesting
- The shares being so allotted upon exercise of stock options will carry two years lock in period
- Promoters, Independent Directors and Nominee Directors are not entitled for any stock options
- Vested Options Holders, until conversion of same into Equity, are not entitled for any Dividend and do have any voting rights. Such vested options are also non transferable and
- Grant price of the option fixed as ₹40/-

NOTE 5: LONG TERM BORROWINGS

Particulars	Non-Current Portion		Current Maturities	
	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
-Secured Loan				
(A) Term Loans				
-From Bank				
Canara Bank - Unit-1				
Term Loan -1	64.66	190.47	125.43	125.04
a. Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-I) and Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director & CFO and				
b. Plant & Machinery Term Loan Repayable within 18 EMI of ₹10.44 lacs & 1 EMI of ₹2.17 lacs and ₹470.59 lacs has been availed against sanctioned limit of ₹500.00 lacs.				
Term Loan -2	613.17	937.79	576.00	576.00
a. Energy saver Working Capital Term Loan ₹2,101.17 lacs is availed against sanctioned limit of ₹2900.00 lacs;				
b. Term Loan Repayable within 10 EMI of ₹48.00 lacs, 14 EMI of ₹50.00 lacs and 1 EMI of ₹9.17 lacs and				
c. Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-I) and Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director & CFO.				
Citi Bank - Unit-2				
Term Loan -1	-	-	-	37.56
[Plant & Machinery Term Loan Repayable within 9 EMI of ₹4.17 lacs]				
Term Loan -2 (Phase-1)	69.67	111.47	41.80	41.80
[Plant & Machinery Term Loan Repayable within 32 EMI of ₹3.48 lacs]				
Term Loan -2 (Phase-2)	29.15	45.05	15.90	15.90
[Plant & Machinery Term Loan Repayable within 34 EMI of ₹1.33 lacs]				
Term Loan -2 (Phase-3)	34.50	52.50	18.00	18.00
[Plant & Machinery Term Loan Repayable within 35 EMI of ₹1.50 lacs]				
Term Loan -2 (Phase-4)	32.00	48.00	16.00	16.00
[Plant & Machinery Term Loan Repayable within 36 EMI of ₹1.33 lacs]				
Term Loan -2 (Phase-5)	25.63	37.93	12.30	12.30
[Plant & Machinery Term Loan Repayable within 37 EMI of ₹0.99 lac]				
Term Loan -2 (Phase-6)	12.60	18.20	5.60	5.60
[Plant & Machinery Term Loan Repayable within 39 EMI of ₹0.47 lacs]				

NOTE 5: LONG TERM BORROWINGS (contd.)

Particulars	Non-Current Portion		Current Maturities	
	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
[Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-II) and Guaranteed by Mr. D. Rajeshkumar, Joint Managing Director & CFO]				
Citi Bank - Unit-3				
Term Loan -1	-	16.56	-	13.25
[Plant & Machinery Term Loan Repayable within 27 EMI of ₹1.01 lac]				
Term Loan -2	-	14.69	-	11.75
a. Plant & Machinery Term Loan Repayable within 27 EMI of ₹0.98 lacs.				
b. Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-III) and				
c. Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director & CFO				
HDFC Bank - Unit-3				
Term Loan -1	6.25	-	25.00	-
[Plant & Machinery Term Loan repayable with 15 EMI of ₹2.08 lacs]				
Term Loan -2	68.84	-	39.34	-
[Plant & Machinery Term Loan repayable with 33 EMI of ₹3.28 lacs]				
Union Bank of India - Unit-4				
Term Loan	226.02	295.28	192.68	163.32
a. Plant & Machinery Term Loan Repayable within 2 EMI of ₹1.49 lacs, 12 EMI of ₹16.29 lacs, 10 EMI of ₹17.77 lacs and 1 EMI of ₹15.75 lacs				
b. Secured by First charge on Land & Building and Plant and Machinery of Unit IV and				
c. ₹880.33 lacs is availed against sanctioned limit of ₹900.00 lacs and				
d. Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director and CFO)				
-From Others				
Directors	-	-	-	-
Others	-	-	-	-
TOTAL	1182.49	1767.94	1068.05	1036.52

NOTE 6: DEFERRED TAX LIABILITY

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Deferred Tax Liabilities on Research and Development Expenses	262.89	210.96
Fixed Assets.: Impact of difference between Tax Depreciation and Book Depreciation	323.50	180.84
Gross Deferred Tax Liability	586.39	391.80
Deferred Tax Assets		
Fixed Assets.: Impact of difference between Tax Depreciation and book depreciation/ Retained Earnings	-	-
Deferred Tax Assets on Provisions	-	-
Gross Deferred Tax Assets	-	-
Deferred Tax Liabilities (Net)	586.39	391.80

NOTE 7: OTHER LONG TERM LIABILITIES

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Other Long Term Liability	-	-
TOTAL	-	-

NOTE 8: PROVISIONS

Particulars	Long Term		Short Term	
	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Present value of obligations as at the end of the Period	472.76	441.21	-	-
Fair value of plan assets as at the end of the Period	(423.66)	(367.82)	-	-
Net assets / (Liability) recognized in balance sheet	49.10	73.39	-	-
Other Provisions:				
Provision for Taxation	-	-	623.68	521.19
Proposed Dividend	-	-	-	219.92
Corporate Dividend Tax	-	-	-	44.76
TOTAL	-	-	623.68	785.87

NOTE 9: SHORT TERM BORROWINGS

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
(A) -Secured		
Loans repayable on demand		
From Banks		
Cash Credit From Canara Bank	1669.76	1022.59
Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-I		
Pre-shipment Loan from Canara Bank	31.29	83.77
Preshipment Loan has been secured on hypothecation of Inventories of Unit-I		
Cash Credit From Citi Bank	1037.95	-
Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-II		
Buyer's Credit Loan from Citi Bank	-	71.74
Buyers Credit Loan has been secured on hypothecation of Inventories of Unit-II		

NOTE 9: SHORT TERM BORROWINGS (contd.)

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Post-shipment Loan from Citi Bank Postshipment Loan has been secured on hypothecation of Inventories of Unit-II	165.54	-
Pre-shipment Loan from Citi Bank Preshipment Loan has been secured on hypothecation of Inventories of Unit-II	2618.59	2866.86
Cash Credit From Union Bank of India Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-IV	1312.93	1295.27
Buyer's Credit From Union Bank of India Buyers Credit has been secured on hypothecation of Inventories and Book Debts of Unit-IV	1046.76	864.49
Cash Credit From Citi Bank Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-III	-	428.41
Note: a. All the Working Capital loans (Except Citi Bank for Unit 2) are guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director & CFO		
b. Citi Bank Loans for Unit-2 are guaranteed by Mr. D. Rajeshkumar, Joint Managing Director & CFO		
Cash Credit From HDFC Bank - Unit 3 Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-III	421.96	-
(B) -Unsecured		
From Banks		
Loans repayable on demand (HDFC)	2000.00	1500.00
TOTAL	10304.78	8133.13

NOTE 10: TRADE PAYABLES

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Trade Payables		
For Goods	2841.70	2968.79
For Capital Goods and Capital Expenses	279.73	275.89
Others		
For Advances from Customers	62.50	46.46
TOTAL	3183.93	3291.14

Disclosure: There are no dues to any creditors constituting "Suppliers" within the meaning of Section 2(n) of the Micro, Small and Medium Enterprises Development Act, 2006.

NOTE 11: OTHER CURRENT LIABILITIES

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Current Maturities of long term borrowings	1068.05	1036.52
Unpaid dividends	27.90	28.04
For Expenses	4099.91	2215.84
Other Payables (Specify Nature)		
ESI Payable	2.50	0.74
PF Payable	10.33	11.57
TDS Payable	45.28	14.43
Sales Tax Payable	160.74	243.65
Excise Payable	15.69	0.17
TOTAL	5430.40	3550.96

NOTE 12: FIXED ASSETS (PROPERTY, PLANT & EQUIPMENTS)

(₹ in lakhs)

Particulars	Gross Block			Depreciation			Net Block		
	Cost As on 01.04.2016	Addition during the period	Adj.	Total cost As at 31.03.2017	Depreciation As at 01.04.2016	Addition During the period	Dep Adj.	Total Depre. As at 31.03.2017	As at 31.03.2016
Tangible assets									
1 Land									
- Free hold	252.62	2.43	-	255.05	-	-	-	255.05	252.62
2 Building	1935.30	233.22	-	2168.52	432.38	64.09	-	496.47	1672.05
3 Plant & machinery	13397.00	2487.25	316.68	15567.57	5650.50	824.03	223.63	6250.90	9316.67
4 Windmill	604.48	3.48	-	607.96	506.67	7.60	-	514.27	93.69
5 Electrical machinery solar	253.52	-	-	253.52	8.35	8.38	-	16.73	236.79
7 Furniture & fixtures	568.54	55.70	10.55	613.69	374.58	45.65	4.89	415.34	198.35
Vehicles	124.29	11.53	18.93	116.89	68.99	13.82	13.20	69.61	47.28
Total (A)	17135.75	2793.61	346.16	19583.20	7041.47	963.57	241.72	7763.32	11819.88
Intangible assets									
1 Software	146.55	113.09	-	259.64	16.24	16.91	-	33.15	226.49
Total (B)	146.55	113.09	-	259.64	16.24	16.91	-	33.15	130.32
Total (A+B)	17282.30	2906.70	346.16	19842.84	7057.71	980.48	241.72	7796.47	12046.37
Capital work in progress	-	-	-	-	-	-	-	-	906.79
Total	17282.30	2906.70	346.16	19842.84	7057.71	980.48	241.72	7796.47	12953.16
Previous year	14419.02	3274.73	411.44	17282.31	6637.17	831.89	411.35	7057.71	11035.83
									8337.11

NOTE 13A: NON-CURRENT INVESTMENTS

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Trade Investments		
Quoted		
a. Bank of India (2300 Shares of ₹10/- each at a premium of ₹35/- per share) (Closing Price as at 31.03.2017 @ 139.40/-per share aggregate ₹320620/-.)	1.04	1.04
b. Himadri Chemicals & Industries Limited (1042165 Equity Shares)	-	199.24
Unquoted		
Investments in Other Bodies Corporate		
1. Salzer Technologies Ltd (83250 Equity Shares of ₹10/- each)	8.33	8.33
2. Salzer Spinners Ltd (1865500 Equity Shares of ₹3/- each - at realizable value)	55.97	55.97
3. Salzer Global Services LLC (271000 (PY.400000) shares of Limited Liability Company)	-	283.50
4. Kamatchi Sponge & Power Corporation Ltd (112500 Equity Shares of ₹10/- each)	11.24	-
TOTAL	76.58	548.08

NOTE 13B: CURRENT INVESTMENT

Particulars	31 March, 2017		31 March, 2016	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
SBI Magnum Midcap Fund	7.50		1.50	
Reliance Equity Fund	-		5.90	
Reliance Equity Dividend	11.90		0.00	
ICICI Prudential Discovery Fund	16.70		9.03	
Sundaram BNP Paribas Select Mid Cap	16.30		8.43	
Birla Sun Life Frontline Equity Fund	16.45		11.05	
HDFC TOP 200 Fund	16.30		9.60	
Canara Robeco Mutual Fund	42.03		47.69	
	127.18		93.20	
ICICI Pru Real Estate Portfolio SSI		2.92		5.45
Canara Rabco		-		200.00
HDFC Liquid Fund		-		-
ICICI Prudential Liquid Fund		-		177.23
Birla Sunlife Cash Plus		239.71		620.86
Union KBC Dynamic Bond Fund		0.00		107.60
TOTAL		369.81		1204.34

NOTE 14: LOANS AND ADVANCES

Particulars	Non Current		Current	
	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Unsecured Considered Good:				
Capital Advances	-	-	237.95	509.60
Security Deposits	106.94	93.00	-	-
Loans and Advances to Related Parties	-	-	102.65	119.05
Other Loans and Advances (Specify Nature)	-	-	2,949.56	2,261.06
Loans and Advances to Suppliers	-	-	373.05	322.31
Prepaid Expenses	-	-	35.78	44.05
Advances to Staff & Others	-	-	216.69	197.43
Balance with Statutory Authorities	-	-	464.00	427.19
TOTAL	106.94	93.00	4,379.68	3,880.69

NOTE 15: TRADE RECEIVABLES AND OTHER ASSETS

Particulars	Non Current		Current	
	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Trade Receivables				
Unsecured Considered Good				
Over Six Months	-	-	634.84	150.13
Less : Bad Debts Written off	-	-	44.75	-
	-	-	590.09	150.13
Below Six Months	2168.52	1926.68	11516.59	9825.47
	2168.52	1926.68	12106.68	9975.60
Other Assets				
TDS Receivables	-	-	88.86	77.92
Energy Saver Income Receivables	-	-	29.68	5.17
Energy Saver Deposit Receivables	-	-	0.00	50.37
Excise Receivables	-	-	623.73	509.17
Vat Receivables	-	-	147.34	124.05
Vat Receivables (CG/ES)	-	-	101.78	155.54
Windmill Income Receivables	-	-	1.23	0.87
Duty Drawback Receivables	-	-	32.04	23.11
Other Receivables	-	-	49.26	6.10
TOTAL	-	-	1073.92	952.30

NOTE 16: INVENTORIES

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Raw Material	3069.80	2736.10
Packing Material	70.97	68.31
Work In Process	4617.52	3304.71
Finished Goods	1327.98	563.56
TOTAL	9086.27	6672.68

NOTE 17: CASH AND BANK BALANCES

Particulars	Non Current		Current	
	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
-Cash and Cash Equivalents				
Cash on Hand	-	-	10.98	21.82
Balance with Banks				
-In Current Accounts	-	-	495.67	483.79
-Deposit/Margin below 3 months maturity	-	-	567.84	692.64
- Other Bank Balances				
-Deposit/Margin above 3 months maturity	-	-	137.05	27.10
-Unclaimed Dividend Accounts	-	-	27.90	28.03
TOTAL	-	-	1239.44	1253.38

NOTE 18: REVENUE FROM OPERATION

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
A. Sale of Product		
Sales - Domestics	36,525.19	33,446.04
Sales - Exports	7,333.86	7,127.50
	43,859.05	40,573.54
Less : Excise Duty & Taxes	5,868.52	5,034.36
Sub Total	37,990.53	35,539.18
B. Sale of Services		
Income by Energy Saver	49.37	207.71
Income by Street Light Maintenance	58.69	55.41
Technical Services	43.39	93.02
Sub Total	151.45	356.14
C. Other Operating Revenues		
Conversion Charges Received	80.78	54.12
Income by Power Generation	97.40	77.62
Duty drawback Income	83.08	86.43
Cash Discount on Supply	2.96	-
Sub Total	264.22	218.17
TOTAL (A+B+C)	38,406.20	36,113.49

NOTE 19: OTHER INCOME

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Interest from Bank Deposits	69.39	69.06
Interest/Dividend received against short term investments	33.74	68.41
Foreign Exchange Rate Difference	393.38	32.51
Other non-operating income (net of expenses)	14.07	4.46
Profit on Sale of Assets	-	19.98
Net gain/ loss on sale of investments	163.38	84.22
Insurance Claim Received	1.47	1.73
TOTAL	675.43	280.37

NOTE 20: COST OF MATERIAL CONSUMED

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Raw Materials Consumption		
Stock at Commencement	2736.10	2201.04
Add: Purchases	29360.13	25059.87
Less : Stock at Close	3069.81	2736.10
	29026.42	24524.81
Packing Materials Consumption		
Stock at Commencement	68.31	58.68
Add: Purchases	772.11	664.17
Less : Stock at Close	70.97	68.31
	769.45	654.54
Cost of Trading Materials Sold		
Stock at Commencement	-	-
Purchase of Trading Materials	290.74	-
Freight and Octroi on Trading Materials	-	-
Less : Stock at Close	-	-
	290.74	-
TOTAL	30086.61	25179.35

NOTE 21: CHANGE IN STOCKS

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Stock at Commencement		
Work-in Process	3304.71	3830.63
Finished Goods	563.56	517.70
	3868.27	4348.33
Less: Stock at Close		
Work-in-Process	4617.52	3304.71
Finished Goods	1327.98	563.56
	5945.50	3868.27
Change in Inventories of Finished Goods and Work-in-process	-2077.23	480.06

NOTE 22: EMPLOYEE BENEFITS EXPENSES

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Salaries, Wages, Bonus etc.	1616.12	1450.65
Contribution to P.F, E.S.I and Other Statutory Funds	95.76	91.56
Workmen and Staff Welfare Expenses	130.00	180.23
Provision for Gratuity	44.74	45.99
TOTAL	1886.62	1768.43
Disclosure		
The above Salaries and Wages include Directors Remuneration.		

NOTE 23: FINANCE COSTS

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Interest Expense		
Interest on Term Loan	296.60	381.25
Interest on Working Capital	427.10	371.55
Interest on Pre-shipment Loan	83.33	65.59
Bill Discounting and other Bank charges	652.26	495.20
TOTAL	1459.29	1313.59

NOTE 24: OTHER EXPENSES

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Consumptions of Store and Spares	157.60	140.62
Freight and Forwarding Charges	579.65	667.13
Power and Fuel	591.96	570.10
Repairs To - Buildings	28.67	38.02
Repairs To - Machinery	179.00	146.31
Repairs To - Others	72.12	100.88
Subcontracting Expenses	1326.37	1171.16
Advertisement Expenses	7.25	89.48
Audit Fees	8.54	7.79
Director's Sitting Fees	8.90	11.90
Donation	3.35	29.15
Energy saver Expenses	101.58	148.78
General Expenses	71.44	81.99
Insurance	27.24	19.20
Loss on Sale of Asset	37.27	0.31
Management system Expenses (ISO9000 & OSHASExps.)	1.66	2.90
Postage, Telephone & Telegram	31.65	29.36
Printing & Stationery	39.35	38.13
Rates and Taxes	64.86	148.93
Rent	4.81	9.19
Research & Development Expenses	177.02	143.64
Royalty	-	68.43
Sales Promotional Expenses	407.73	355.58
Subscription & Periodicals	12.70	15.49
Technical/Professional Fee	91.00	97.64
Travelling and Conveyance	173.71	135.45
Loss on Foreign Exchange Rate Difference	-	81.63
CSR Expenses	12.74	25.40
Bad Debts	44.75	21.83
Less : Reversal of Provisions from the Contingent Reserves	44.75	-
TOTAL	4218.17	4396.42

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

NOTE 25:

As per Accounting Standard 15 “Employee Benefits”, the disclosures of Employee benefits as defined in the Accounting Standard are given below:

I. Table showing changes in present value of obligation

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Present value of obligations as at beginning of year	441.21	377.11
Interest cost	35.30	30.17
Current service cost	26.36	22.89
Benefits paid	(45.30)	(8.51)
Actuarial (gain) / Loss on obligations	15.19	19.55
Present value of obligations as at end of year	472.76	441.21

II. Table showing changes in fair value of plan assets

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Fair value of plan assets at beginning of year	367.82	296.39
Expected return on plan assets	32.12	26.62
Contributions	69.02	53.32
Benefits paid	(45.30)	(8.51)
Actuarial (gain) / Loss on Plan Assets	0.00	0.00
Fair value of plan assets at the year end	423.66	367.82

III. Table showing fair value of plan assets

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Fair value of plan assets at beginning of year	367.82	296.39
Actual return on plan assets	32.12	26.62
Contributions	69.02	53.32
Benefits paid	(45.30)	(8.51)
Fair value of plan assets at the year end	423.66	367.82
Funded status	(49.10)	73.39
Excess of Actual over estimated return on plan assets	-	-

IV. Actuarial Gain / Loss recognized

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Actuarial (gain) / Loss on obligations	(15.19)	19.55
Actuarial (gain)/loss for the year - plan assets	-	-
Total (gain) / loss for the year	(15.19)	19.55
Actuarial (gain)/loss recognized in the year	(15.19)	19.55

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

V. The amounts to be recognized in the balance sheet and statement of profit and loss (contd.)

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Present value of obligations as at the end of year	472.76	(441.21)
Fair value of plan assets as at the end of the year	423.66	367.82
Funded Status	(49.10)	(73.39)
Net asset/(liability) recognized in balance sheet	(49.10)	(73.39)

VI. Expenses recognized in statement of profit and loss

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Current service cost	26.36	22.89
Interest Cost	35.30	30.17
Expected return on plan assets	(32.12)	(26.62)
Net Actuarial (gain)/loss recognized in the year	15.19	19.55
Expenses recognized in statement of profit and loss	44.74	45.99

NOTE 26:

Employees' Stock option Scheme 2012-2013

Pursuant to the decision of the shareholders, at their meeting held on 11.08.2012. the company has established an "Employees Stock Option Scheme 2012-2013" (ESOS 2012-2013 or the Scheme) being administered by the Employees Compensation Committee (ECC) of the Board of Directors.

Under the Scheme, option not exceeding 10,28,000 have been reserved to be issued to the eligible employees. The option granted under the scheme vest not less than 1 year from the date of grant of option. The option granted to the employees would be capable of being exercised within a period of 5 years from the date of vesting.

Accordingly, 10,28,000 granted to the employees on November 19,2013 with vesting period of one year at a grant price ₹40/- against the closing market price of ₹48.60/- on November 18,2013 resulting in a employees compensation cost of ₹88,40,800/- which has duly been written off during the vesting period.

All the granted options vested on November 19,2014 with the exercise period of five years therefrom. During the year, the Company has allotted 125000 shares upon exercise of stock options by the employees.

As per Accounting Policy, the Employees Compensation Cost as determined under Intrinsic Value Method, to be written off over the vesting period. Accordingly, the cost has been written off in P&L during the third quarter of FY 15 and credited to Reserve & surplus Account under head "Employees Compensation Cost." As and when the shares are being allotted against exercise of options, the relevant amount got reversed from this head and credited to Share Premium Account.

NOTE 27:

Energy Saver Projects (PPP)

In 2015-16, the company has commenced executing contracts with corporations/ municipal authorities in Tamilnadu with obligations over five year period. In accordance with the contractual terms, the company has recognised revenue after supply of materials, installation and commissioning. Amount receivable in future years is shown under Other Non-Current Assets. Service revenues attributable to these contracts will be recognised on certification by corporation/municipal authorities on fulfilment of performance obligations.

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

NOTE 28:

Earnings per share

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
1 Net profit after tax for the year	1709.43	1704.75
2 Weighted average number of equity shares	13845572	12590048
3 Nominal Value per share	₹10/-	₹10/-
4 Earning Per Share (Basic) in ₹	12.35	13.54
5 Earning Per Share (diluted) in ₹	11.89	12.87

Note : 29

Related Party Disclosure

Related parties with whom transactions have taken place during the year:

- a. Key Management Personnel
- b. Relative of Key Management Personnel
- c. Enterprise owned or significantly influenced by key management personnel or their relatives

The following table provides the total amount of transactions that have been entered into with related parties for the financial year 2016-2017

a. Key Management Personnel

Particulars	Designation	Nature of Transaction	Amt. in lakhs
1. R. Doraiswamy	Managing Director	Remuneration	55.47
2. D. Rajeshkumar	Joint Managing Director & Chief Financial Officer	Remuneration	51.22
3. P. Ramachandran	Whole Time Director (Marketing)	Remuneration	3.97
4. S. Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	Salary	18.99

b. Board Members relative to Key Management Personnel

Particulars	Designation	Nature of Relations
1. R. Dhamodharaswamy	Non Executive Director	Brother Mr. R Doraiswamy, Managing Director
2. Dr. Mrs. Rajeshkumar Thilagam	Non Executive Director	Spouse of Mr. D Rajesh Kumar, Joint Managing Director and Chief Financial Officer

c. Enterprise owned or significantly influenced by key management personnel or their relatives

Sl. No	Party Name	Nature Of Transaction	Dr	Cr	₹ in lakhs
1	Salzer Exports Ltd.	Sale Of Materials	1201.79	0.00	
		Material Purchased	-	315.23	
		Labour Charges	6.65	-	
		Service Related	2.00	-	
		Total	1210.44	315.23	
2	Salzer Magnet Wires Limit	Sale Of Material	5007.86	-	
		Labour Charges received	14.89	-	
		Labour Charges paid	-	-	
		Purchase of Material	-	939.41	
		Solar Power	10.16	-	
		Lease Rent Paid	-	1.20	
		Total	5032.92	940.61	

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

c. Enterprise owned or significantly influenced by key management personnel or their relatives (contd.)				₹ in lakhs
Sl. No	Party Name	Nature Of Transaction	Dr	Cr
3	Salzer Spinners Ltd	Windmill	21.04	-
		Total	21.04	-
4	SRVE Industries Ltd	Sale of material	-	0.63
		Total	-	0.63
5	Roots Multi Clean Ltd	Sale Of Material	34.21	-
		Purchase Of Materials	-	0.03
		Total	34.21	0.03
6	K R Health Care Pvt Limited	Medical Care Services	-	3.72
		Total	-	3.72
7	SRVE Industries	Labour Charges	-	233.19
		Total	-	233.19
8	Micro Instruments Limited	Sale of Material	1.45	-
		Labour Charges	-	14.15
		Material Purchase	-	41.12
		Total	1.45	55.27

NOTE 30:

Contingent Liabilities as at March 31, 2017

Particulars	31 March, 2017 ₹ in lakhs
1. Towards import Obligation under EPCG Scheme :	1373.12
2. Letter of credit (foreign and inland) for import and purchase of Raw-materials :	551.83
3. Obligation towards Bank Guarantee :	412.55
4. Excise Protest Fund Liability:	85.68

NOTE 31:

Details of dues to micro and small enterprises as defined under the micro, small and medium enterprises development act, 2006

The Company has sent request letter to all its suppliers calling for their status under MSMED Act, 2006 and since many of them have not responded, the amount payable to these parties could not be disclosed. However, no party has claimed any interest for the due payable by the Company:

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
Dues outstanding as at the end of the year for more than 45 Days	-	-

NOTE 32:

Value of Imports on CIF Basis

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Raw-materials	5,039.83	5,321.48
b. Components and Spare parts	2,697.60	2,324.01
c. Capital Goods	164.53	607.21
Total	7,901.88	8,252.70

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

NOTE 33:

Expenditure of Foreign Currency

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Warehouse Maintenance	21.29	8.39
b. Foreign Tour	60.61	31.88
c. Dividend	-	2.58
d. Royalty	-	68.43
e. Sales Commission / Sales Promotional Expenses	43.18	15.37
f. Others (R&D Samples)	4.86	9.24
Total	129.94	135.90

NOTE 34:

Import & Indigenous Raw materials, components and Spare parts Consumed

Particulars	% of total Consumption as on 31.03.2017	Value on 31.03.2017 ₹ in lakhs	% of total Consumption as on 31.03.2016	Value on 31.03.2016 ₹ in lakhs
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Rawmaterial				
- Imported	23%	5,039.83	35%	5,321.48
- Indigenous	77%	16,784.42	65%	9,785.01
Total	100%	21,824.25	100%	15,106.49
Components				
- Imported	32%	2,697.60	25%	2,324.01
- Indigenous	68%	5,693.76	75%	7,094.31
Total	100%	8,391.36	100%	9,418.32
Packing Materials				
- Imported	0%	-	-	-
- Indigenous	100%	787.45	100%	659.68
Total	100%	787.45	100%	659.68
Stores & Spares				
- Imported	-	-	-	-
- Indigenous	100%	116.48	100%	140.62
Total	100%	116.48	100%	140.62

NOTE 35:

Sales and Stock Particulars of Finished Goods

Particulars	Sales Value	Closing Inventory	Opening Inventory
	₹ in lakhs	₹ in lakhs	₹ in lakhs
1. Current Year (in ₹)	37,990.53	1,327.98	563.56
2. Previous Year (in ₹)	35,539.18	563.56	517.70

NOTE 36:

Earning in foreign Currency

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
a. Export of Goods calculated on FOB Basis	5,778.98	5,413.30
b. Others	38.19	251.25
Total	5,817.17	5,664.55

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

NOTE 37:

Directors' remunerations

Particulars	R. Doraiswamy, Managing Director		D.Rajeshkumar, Joint Managing Director & Chief Financial Officer		P.Ramachandran Whole Time Director	
	31 March 17 ₹ in lakhs	31 March 16 ₹ in lakhs	31 March 17 ₹ in lakhs	31 March 16 ₹ in lakhs	31 March 17 ₹ in lakhs	31 March 16 ₹ in lakhs
Salaries and Allowances	34.25	23.90	30.00	23.40	3.60	3.60
Contribution to Provident Fund	0.22	0.22	0.22	0.22	0.22	0.22
Bonus	0.15	0.15	0.15	0.10	0.15	0.15
Contribution to Pension Fund	-	-	-	-	-	-
Commission	20.85	21.06	20.85	21.06		
Total	55.47	45.33	51.22	44.78	3.97	3.97

NOTE 38:

Payment to auditors

Particulars	31 March, 2017 ₹ in lakhs	31 March, 2016 ₹ in lakhs
As auditors Statutory Audit Fees	7.03	6.28
Tax Audit Fees	1.51	1.51
Total	8.54	7.79

NOTE: 39:

Impairment of assets

No material Impairment of Assets has been identified by the Company and as such no provision is required as per Accounting Standards (AS 28) issued by the Institute of Chartered Accountants of India.

NOTE: 40 :

In the opinion of the Board, the Current Assets, Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

NOTE: 41:

Pending litigation:

CESTAT Appeal regarding dispute between notification for amount of ₹97,68,260/-, out of which ₹12 lakhs has been paid condition of CESTAT Appeal No.C.CUS.No.675/2014 dt.15.04.2014

Appeal bearing No.1/2011 before the Labour court at Coimbatore filed by the Employee is pending in the Labour Court at Coimbatore.

NOTE: 42:

In respect of debtors, creditors and other parties request for confirmations of balances were sent and reconciliations with the parties are carried out as an on-going process.

NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS

NOTE :43

Details of the specified Bank Notes (SBN) held and transacted during the period from 08/11/2016 to 30/12/2016

Particulars	SBNs	Other denominations Notes	Total
Closing cash in hand as on 08/11/2016	16.87	20.40	37.27
(+) Permitted Receipts	-	33.31	33.31
(-) Permitted Payment s	3.23	28.97	32.27
(-) Amount deposited in Banks	13.64	-	13.64
Closing cash in hand as on 30/12/2016	-	24.73	24.73

NOTE: 44:

Previous year's figures have been regrouped/rearranged wherever necessary, to confirm with current year's presentation.

NOTE: 45:

Figures have been rounded off to the nearest rupee in thousand.

NOTE : 46: RESEARCH AND DEVELOPMENT

The capital expenditure on R&D incurred during the year by the Company was ₹ 150.01 lacs and shown as additions to fixed assets of the Company. The revenue expenditure ₹ 177.02 lacs is charged to the Profit & Loss account, is incurred for new products & process development. Further ₹ 69.19 lacs represented the salary and other expenses of R&D personal which is included under Note No. 22 - Employees Benefit expenses.

NOTE: 47:

The proposed Dividend on the Equity Shares is subject to declaration / approval at the 32nd Annual General Meeting and is not recognised as a Liability (Including DDT thereon as at 31st March 2017 pursuant to the Accounting Standard 4 revised by MCA Notification date March 30,2016.

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

N. RANGACHARY

Chairman
(DIN : 00054437)

R. DORAISWAMY

Managing Director
(DIN : 00003131)

For SWAMY & RAVI

Chartered Accountants
FRN :004317S

D. RAJESHKUMAR

Joint Managing Director
& Chief Financial Officer
(DIN: 00003126)

S. BASKARA SUBRAMANIAN

Director (Corporate Affairs)
& Company Secretary
(DIN: 00003152 & FCS No.4605)

S. ALAMELU

Partner
Membership No. 223555

May 25, 2017

Coimbatore - 641047

Form No. MGT-12

BALLOT PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies
(Management and Administration) Rules, 2014]

CIN : L03210TZ1985PLC001535

Name of the company : Salzer Electronics Limited

Registered office : Samichettipalayam, Coimbatore – 641 047

S. No.	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	Class of Share	Equity

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

S. No.		No of shares held by me	I assent to the resolution	I dissent from the resolution
Resolutions under Ordinary Business				
1.	Adoption of Audited Financial Statements for the year ended March 31, 2017 along with Directors Report and Auditors Report.			
2.	Declaration of a dividend on equity shares for the year 2016-17.			
3.	Appointment of a Director in the place of Mr. Rajesh Kumar Doraiswamy who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.			
4.	Appointment of a Director in the place of Mr. Sankaran Baskarasubramanian, who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.			
5.	Ratification of the appointment of statutory auditor for the financial year 2017-18.			
Resolutions under Special Business				
6.	Appointment of Dr. Otto Eggemann as an Independent Director for a term of three years effective May 25,2017			
7.	Increase in Managerial Remuneration payable to Mr. Perumal Reddiar Ramachandran, Whole time Director (Marketing) with effect June 01,2017			
8.	Approval of Material Related Party Transaction for 2017-18			
9.	Ratification of the remuneration payable to CMA A R Ramasubramania Raja, appointed Cost Auditor for the Financial year 2017-18			

Place:

Date:

.....
(Signature of the shareholder)

INSTRUCTIONS

1. Members may fill up the Ballot Form and submit the same in a sealed envelope to the Scrutiniser, Mr.G.Vasudevan, Practising Company Secretary, Unit: Salzer Electronics Limited, Samichettipalayam, Coimbatore – 641 047 or to his email id vasudevanacs@gmail.com as to reach by 5.00 p.m. on or before September 08,2017. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible, if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event a member casts his votes through both the processes, i.e., e-voting and Ballot Form, the votes in the electronic system will be considered and the Ballot Form will be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e., GNSA Infotech Limited). Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID/Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorised representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization / Board resolution to vote should accompany the Ballot Form.

Instructions for the e-voting procedure are available in the Notice of the AGM and are also placed on the website of the Company.

Form No. MGT-11
PROXY FORM

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies
(Management and Administration) Rules, 2014]

CIN	:	L03210TZ1985PLC001535	Name of the member (s)
Name of the company	:	Salzer Electronics Limited	Registered address
Registered office	:	Samichettipalayam, Coimbatore – 641 047	E-mail id
			Folio No. / Client
			DP Id

I/We, being the member (s) ofshares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature:....., or failing him

2. Name :

Address :

E-mail Id :

Signature:....., or failing him

3. Name :

Address :

E-mail Id :

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual general meeting of the company, to be held on Saturday, September 09, 2017 at 11.30 a.m. at Hotel Sree Annapoorna, East Arokiaswamy Road, R.S.Puram, Coimbatore – 641 002, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions under Ordinary Business.

- 1 Adoption of Audited Financial Statements for the year ended March 31, 2017 along with the Directors' report and Auditor's Report thereon
- 2 Declaration of a dividend on equity shares for the year 2016-17.
- 3 Appointment of a Director in the place of Mr.Rajesh Kumar Doraiswamy who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment
- 4 Appointment of a Director in the place of Mr. Sankaran Baskarasubramanian, who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.

5. Ratification of the appointment of statutory auditor for the financial year 2017-18.

Resolutions under Special Business.

6. Appointment of Dr. Otto Eggimann as an Independent Director for a term of three years effective May 25, 2017;
7. Increase in Managerial Remuneration payable to Mr. Perumal Reddiar Ramachandran, Whole time Director (Marketing) with effect June 01, 2017.
8. Approval of Material Related Party Transaction for 2017-18 and
9. Ratification of the remuneration payable to CMA A R Ramasubramania Raja, appointed Cost Auditor for the Financial year 2017-18

Signed this day of September 2017.

Signature of shareholder

On ₹1/-
Revenue
stamp to be
affixed here

Signature of Proxy holder(s)

Note: 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.

SALZER ELECTRONICS LIMITED

Samichettipalayam (PO), Jothipuram, Coimbatore – 641 047.

ATTENDANCE SLIP

(32nd Annual General Meeting – September 09, 2017)

Reg. Folio No./ DP & Client ID: _____

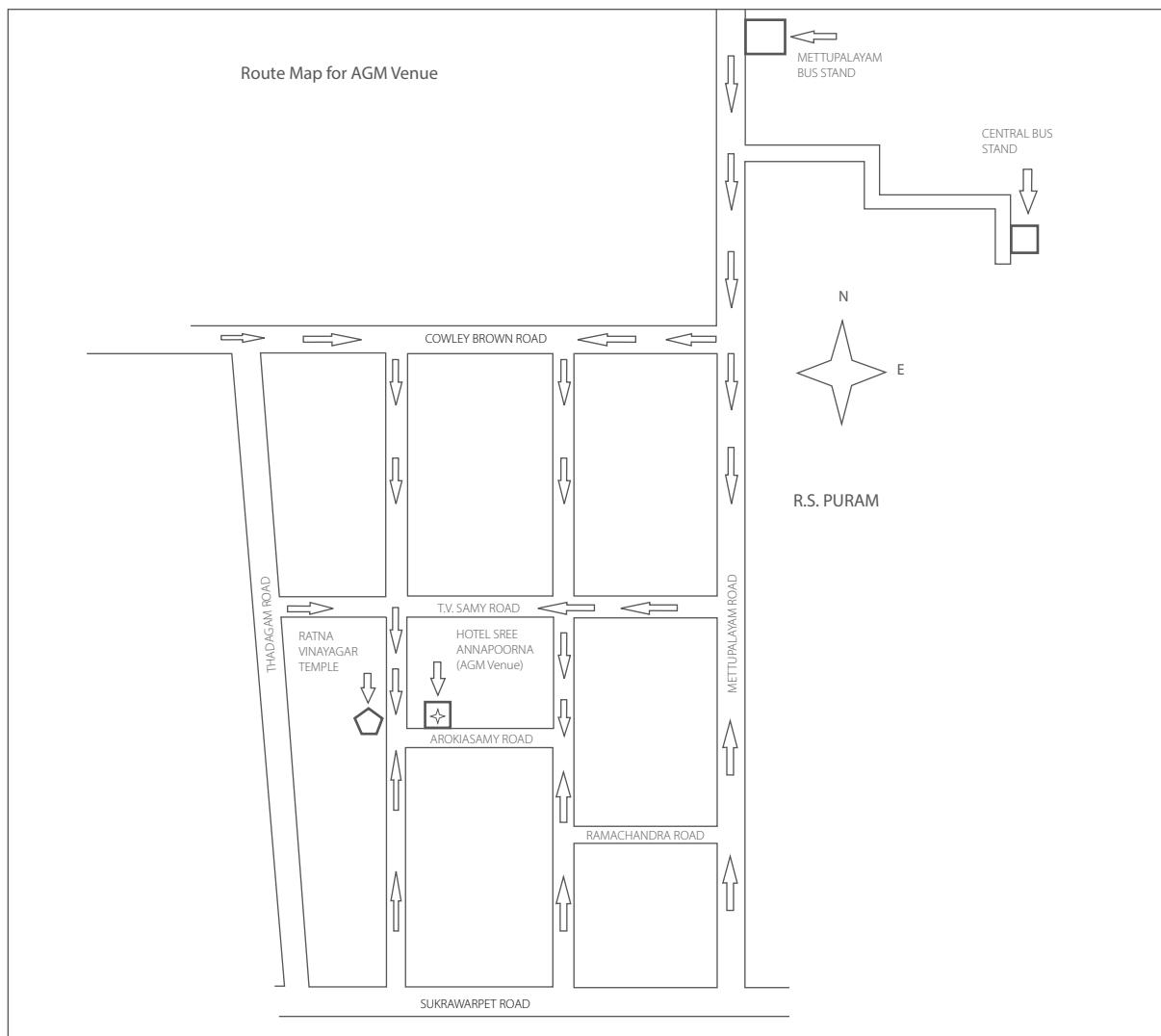
I certify that I am a registered Shareholder/Proxy for the Registered shareholder of the Company and I hereby record my presence at the 32nd Annual General Meeting of the Company held at Hotel Sree Annapoorna, East Arokiaswamy Road, R.S.Puram, Coimbatore – 641 002, on Saturday , September 09, 2017, at 11.30 AM.

.....
Member's/Proxy's Name
in BLOCK Letters

.....
Member's/Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the Entrance of the Meeting Hall.

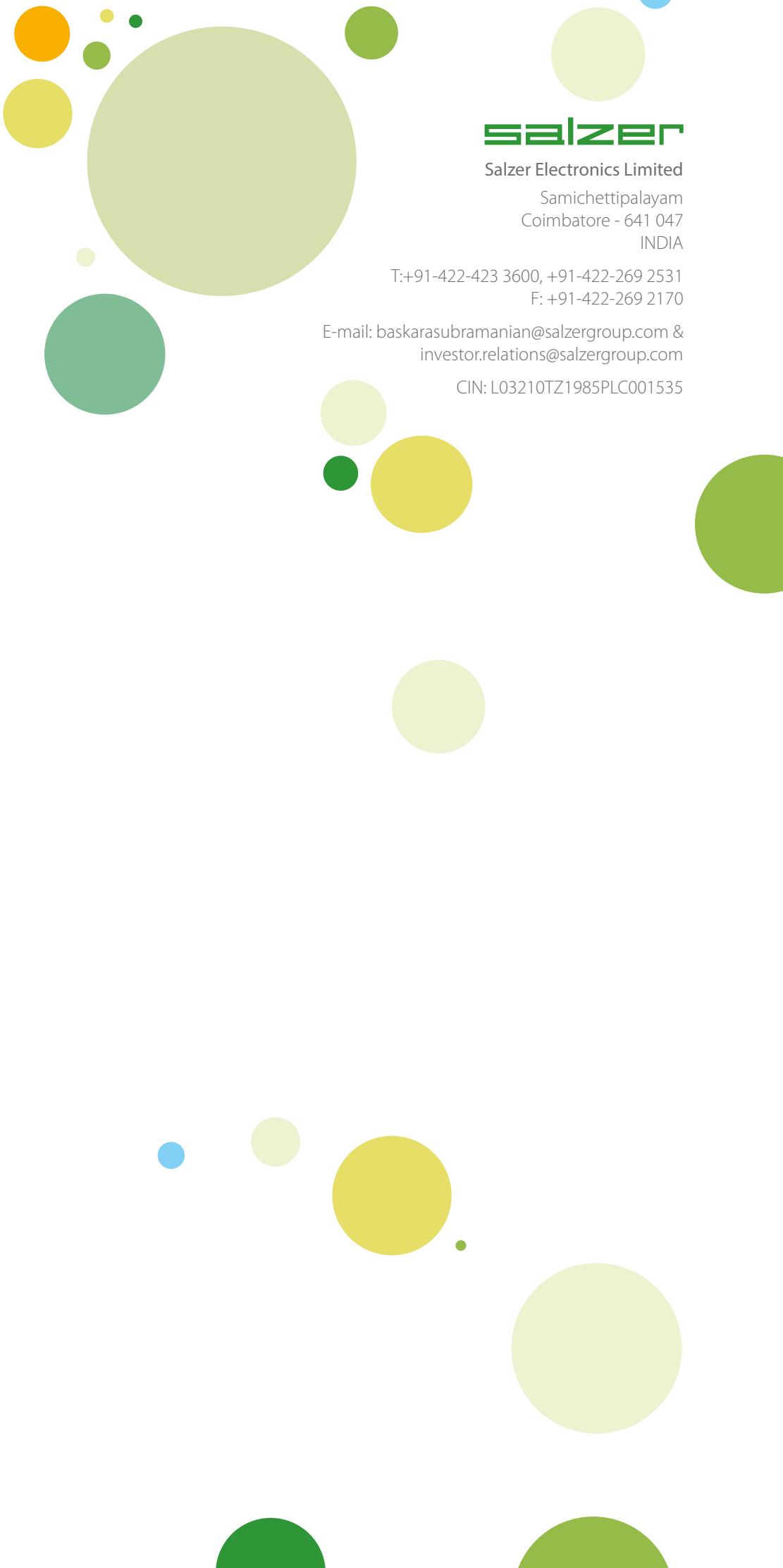
.....



Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Salzer Electronics Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-

looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Salzer Electronics Limited Annual Report 2015-16.



salzer

Salzer Electronics Limited

Samichettipalayam

Coimbatore - 641 047

INDIA

T:+91-422-423 3600, +91-422-269 2531

F: +91-422-269 2170

E-mail: baskarasubramanian@salzergroup.com &
investor.relations@salzergroup.com

CIN: L03210TZ1985PLC001535