

August 14, 2020

To

THE CORPORATE RELATIONSHIP DEPT  
BSE Limited  
I 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,

**NOTICE** is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members of the company will be held on **Saturday, the 12<sup>th</sup> September 2020** at 11.30 am to transact the business mentioned in the Notice of the Annual General Meeting being held through Video Conferencing (VC)/Other Audio Visual Means (OAVM) in compliance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular no. 14/2020, dated 08th April, 2020, MCA General Circular no. 17/2020, dated 13th April, 2020 and MCA General Circular No. 20/2020 dated 05th May, 2020.


The schedule of the AGM is set out below:

| Event                                   | Date  | Time           |
|---|---|----------------|
| Cut-off date to vote on AGM resolutions | 04 <sup>th</sup> September, 2020                | NA             |
| Book Closure-AGM                        | 11th September, 2020 to<br>12th September, 2020 | NA             |
| Commencement of remote e-voting         | 7th September, 2020                             | 09:00 a.m. IST |
| End of remote e-voting                  | 11th September, 2020                            | 05:00 p.m. IST |
| AGM                                     | 12th September, 2020                            | 11:30 a.m. IST |

Further in terms of Regulation 34(1) of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015, we are attaching herewith our Annual Report for the financial year 2019-20. The soft copy of the Annual Report is also available on the website of the Company [www.salzergroup.net](http://www.salzergroup.net).

You are requested to kindly take a note of the same and disseminate the same.

Thanking you  
Yours faithfully  
For Salzer Electronics Limited

  
S. Baskarasubramanian  
Director (Corporate Affairs)  
& Company Secretary  
(DIN: 00003152)

# 2020

## Annual Report

Resilience to Sustain  
through Headwinds...

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## 35<sup>TH</sup> ANNUAL GENERAL MEETING INFORMATION

|      |   |
|------|---|
| Date | : September 12,2020   |
| Day  | : Saturday  |
| Time | : 11.30 a.m   |
| Mode | : Video Conferencing (VC) / Other Audio Visual Means (OAVM) |

## Remote E-Voting Information

|                             |   |
|-----------------------------|---|
| E-Voting period starting on | : September 07,2020, Monday (9.00 a.m)                                      |
| E-Voting Period Ending on   | : September 11,2020, Friday (5.00 p.m)                                      |
| EVEN No.                    | : 113360  |
| E-voting Facility through   | : <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> |

## Cautionary Statement

Certain expectations and projections regarding the future performance of the company referred in the Annual Report constitute forward-looking statements. These expectations and projections are based on the currently available competitive, financial and Economic data, along with the Company's Operating Plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.

## BOARD OF DIRECTORS

**Mr. Rangachary N.** Chairman

**Mr. Doraiswamy R.** Managing Director

**Mr. Rajeshkumar D.** Joint Managing Director & CFO

**Mr. Ramachandran P.** Whole Time Director

**Mr. Damodharaswamy R.** (upto 27/11/2019)

**Mr. Jayabal N.**

**Mr. Nirmal Kumar M. Chandria**

**Mr. Sankaran V.**

**Mr. Shah P.K.**

**Mr. Venkatapathy L.**

**Dr. Thilagam Rajeshkumar**

**Dr. Otto Eggimann** (upto 24/05/2020)

**Mr. Vishnu Rangaswamy**

(Additional Director - from 06/02/2020)

## DIRECTOR (CORPORATE AFFAIRS) & COMPANY SECRETARY

Mr. S. Baskarasubramanian

## BANKERS

M/S. Canara Bank

M/S. Citibank N A

M/s. ICICI Bank Limited

M/S. HDFC Bank Limited

M/S. Union Bank Of India

M/s. IDFC First Bank Limited

## AUDITORS

**M/s. JDS Associates**

Chartered Accountant,

R.No.6, 1st Floor, Jewel Complex, 324, Raja Street, Coimbatore - 641 001.

## INTERNAL AUDITOR

Covai management Services Coimbatore - 641 011.

## SECRETARIAL AUDITOR

**CS G.Vasudevan** B.COM, LL.B, FCS

Company Secretary in Practice,

No.11A, 1st Floor (Opp. to Park), Collector Sivakumar Street, (Opp. Road to Hotel Vijay Paradise, NSR Road, Saibaba Colony), K.K. Pudur, Coimbatore - 641 038.

## COST AUDITOR

**CMA A.R. RAMASUBRAMANIA RAJA**

DTT, BCOM, BGL, MBA, FCS, ACMA.,

19, third Street, Gokulam Colony, P.N.Pudur, Coimbatore - 641 041.

## SHARE TRANSFER AGENT (PHYSICAL & DEMAT)

**M/s GNSA Infotech Private 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

## PLANT LOCATIONS

### Unit-I

Samichettipalayam, Jothipuram (Via), Coimbatore - 641 047.

### Unit-II

Chinnamaddampalayam, Coimbatore - 641 019.

### Unit-III

# 2, Gudalur Village Samichettipalayam, Jothipuram (Via), Coimbatore - 641 047.

### Unit-IV

S F No.863, Coimbatore Main Road, Bettathapuram, Coimbatore - 641 104.

### Unit-V

S F No.882/3, Coimbatore Main Road, Bettathapuram, Coimbatore - 641 104.

# Managing Director's Message

“Resilience to sustain through headwinds ensures a successful & thriving business”

**R. DORAISWAMY** Managing Director



## Dear fellow shareholders,

I would like to begin my message by thanking you for your unwavering support to our Company even in the times when the overall global economy is facing an unprecedented challenging scenario resulting in massive disruption in the industrial growth. The commitment and passion of our employees along with diverse product offerings has helped our Company stay strong and resilient during this period, against the backdrop of immense volatility in our key markets across the spectrum. Admire these challenges our Company has always remained focused on its goals and have been generating value to its stake holders both by organic and in-organic growth.

The financial year 2019-2020 saw many events like the US- China trade war at the start of the year, the slowdown in the consumption of the domestic economy and a major event in the last quarter of the year being the spread of the COVID-19 virus all across the world resulting in shutting down of manufacturing activities amid lockdown decisions taken by various authorities to prevent the spread of this deadly virus.

Although in the first nine months of the financial year we had been on track with our estimates, the last quarter which supposed to be the biggest quarter of the financial year witnessed a substantial setback with the economic slowdown combined with the lockdown in our country and across the world. However, we have been using this time effectively - planning, fine tuning, re-examining our set goals, constraints and focussing on building a contingency fund for any future crises. Also, to add that the operations at all our factories have started in a phased manner during May and June with all the requisite safety protocols being adhered to in a stringent manner. Since almost all our workforces are local residents, we don't face any issues in

running factory operations during this Pandemic Period. Our employees are working from home wherever possible and the workforce required in the factory are given necessary connectivity to and from workplace with all necessary safety measures in place at all times.

We are being resilient and working on the plans in order to be future ready which will help us grab the opportunities going forward. We also have been looking at how we can do business better & smarter as many things will change post the lifting of complete lockdown. Our focus has always been on driving sustainable growth and increasing efficiencies across all our business with a clear target of improving our returns on capital employed.

## Financial Performance

As a result of the nation-wide lockdown declared in March 2020, the net sales in the fourth quarter and of the year were lower than the same period last year. Due to the eight days lockdown in March 2020, we have lost revenues to the tune of approx. Rs 18-20 cr across all business divisions.

During the year, our Company registered a revenue growth of 1.28% Y-o-Y to Rs. 567 crores from Rs. 560 crores in FY19. Our EBITDA i.e Operating Profit was at Rs. 65.2 crores as against Rs. 63.6 crore in FY19 representing a growth of 2.4%% Y-o-Y. Profit after tax was at Rs. 26.4 crore during the year as compared to Rs. 24.0 crore in FY19, a YoY growth of 10.2%.

This growth was mainly driven by increased contribution from our key business division of Industrial Switchgear which contributed 45% in the full year led by increase in exports to Europe and US markets.



The wires and cables division contributed 47% towards the yearly revenues. Also, during the year, we have successfully commissioned the LAN Cable plant and trial production have started. We have submitted samples to customer for approval and for third party testing. So far, we have seen good enquiries coming from both local and export markets. We expect the revenues to come from end of Second Quarter this current financial year.

Our Building product division, the only B2C business division, contributed 6% towards the revenue. During the financial year the real estate market has been on a slower side and we are yet to see a pickup in demand that has impacted the overall industry. We hope that this changes in the coming quarters with the proactive measures of the Government and will help us to increase our contribution from this division in our overall revenue.

The fourth is the Energy Management division contributing 2% in FY20. This is an order book driven business and revenues have been driven from Annual maintenance contracts.

The Consolidated revenue of our Company and Subsidiary Company Kaycee Industries Ltd for the financial year 2020 was Rs. 584.4 crores with EBITDA & PAT i.e Profit after Tax of Rs. 66.8 crore & Rs. 27.4 crore, respectively.

### Value Creation

Salzer has successfully crossed multiple technology cycles over the last three decades, pivoting and adapting each time to build new capabilities and help our clients realize the benefits of these new technologies. Our responsiveness, agility, and adaptability to change have been core to our endurance.

At a time when the world is wrestling with problems like COVID 19 and slowdown in the economic activities, we at Salzer have taken this time to focus on our internal strengths and formulate strategies that will tide us through these headwinds. Though in this fluid and uncertain environment it is extremely difficult to predict and give FY21 targets, but our internal targets will be to maintain the FY20 performance. Our team of capable engineers working in the R&D department along with the investments made are helping us create customised solutions for our customers and stay connected. Sustainability, for us, has always been the entrepreneurial pursuit of economic opportunities while aligning the interests of the organization with all of our stakeholders. Also the biggest positive seen is that people are going to become more efficient with out of the box thinking, improvement in productivity which will help us in reducing our costs in the long run.

The opportunities ahead are huge. By staying true to our mission and values, and by continually investing in building newer capabilities, we are well in a position to become the preferred partner of choice for enterprises in their growth and transformation journeys.

Furthermore, I would like to share with you all that, during the financial year we have completed the acquisition of Kaycee Industries Limited, a pre independence Company with a legacy of over 75 years. This acquisition will boost our Company to further strengthen our market share in the industrial switchgear business and reach into newer geographies and products thereby helping us to stay on our long term goal of creating sustainable & long term value for our shareholder.

### Looking Forward

The current global scenario is leading to large Companies looking for other options for their manufacturing activities and supply related goods. In this India is seen as the most favoured nation by most of the Companies for their requirements. The current government has taken major steps under its recently announced Atmanirbhar Bharat Mission aiming to make India a self-Reliant under five pillars focussing on Economy, Infrastructure, System, Vibrant Demography and Demand which will help boost domestic manufacturing as a Vocal for Local and thereby increase contribution of export from India.

We at Salzer are excited about these opportunities that the industry has to offer going forward. We have also received lot of enquires for our products and have supplied them for testing and are hopeful that these get converted into orders in the near future enabling us to increase our revenues and profitability and utilizing our capacities more efficiently.

I am proud to have a motivated team of people who are resolved to perform better and are looking to seize every business opportunity that will create sustainable & profitable growth. Together, we will continue to focus on growing our business, improving our working capital cycle & efficiencies leading to a higher return on capital employed. Our united aim is not just to drive sustainable growth, but also to create value through efficiency and innovation.

I would like to thank our employees for their untiring efforts, the Board for their guidance and all other stakeholders for their consistent support and encouragement in all our endeavours. We continue to look forward to your guidance and support, motivating us to reach newer heights and aim higher!

**R.DORAISWAMY**

Place: Coimbatore  
Date : June 18, 2020

MANAGING DIRECTOR  
DIN : 00003131

# Standalone broad financial highlights

(₹ in Crs)

| Results from Operations                | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   | 2014   |
|--|--------|--------|--------|--------|--------|--------|--------|
| Net revenue from Operations            | 566.94 | 559.76 | 442.78 | 384.06 | 361.13 | 283.30 | 244.53 |
| Other Income                           | 0.89   | 0.71   | 3.10   | 6.75   | 2.80   | 1.00   | 0.93   |
| Total revenue                          | 567.83 | 560.47 | 445.88 | 390.81 | 363.94 | 284.30 | 245.46 |
| Operating Profit (EBITDA)              | 65.20  | 63.64  | 53.29  | 42.91  | 42.89  | 35.46  | 30.22  |
| Depreciation and Amortization          | 14.44  | 12.16  | 10.53  | 9.81   | 8.32   | 7.14   | 7.52   |
| Finance Cost                           | 21.17  | 19.88  | 14.91  | 14.59  | 13.14  | 12.34  | 11.94  |
| Profit before Tax                      | 30.48  | 32.31  | 30.95  | 25.26  | 24.24  | 16.97  | 11.69  |
| Profit After Tax                       | 26.39  | 23.96  | 20.02  | 17.09  | 17.05  | 11.98  | 8.44   |
| Dividend Payout incl Tax               | -      | 03.08  | 3.07   | 2.76   | 2.65   | 2.44   | 1.80   |
| <b>Balance Sheets</b>                  |        |        |        |        |        |        |        |
| Share Capital                          | 15.98  | 15.98  | 15.53  | 14.35  | 13.64  | 10.28  | 10.28  |
| Reserves & Surplus                     | 293.40 | 271.01 | 255.07 | 207.65 | 177.62 | 96.79  | 86.42  |
| Net worth                              | 309.38 | 286.99 | 270.60 | 222.00 | 191.26 | 107.07 | 96.70  |
| Borrowings                             | 173.68 | 139.81 | 135.43 | 105.55 | 94.38  | 96.60  | 74.33  |
| Net fixed Assets                       | 202.37 | 178.35 | 166.32 | 129.33 | 110.36 | 83.37  | 68.38  |
| Investments (Current and Non Current)  | 19.72  | 3.67   | 3.08   | 4.47   | 17.52  | 5.66   | 6.10   |
| Current Assets                         | 352.42 | 349.69 | 327.59 | 282.56 | 239.39 | 185.98 | 156.60 |
| Current Liabilities                    | 260.52 | 253.99 | 236.56 | 195.44 | 157.61 | 144.34 | 124.66 |
| Net working Capital                    | 91.90  | 95.70  | 91.03  | 87.12  | 81.78  | 41.64  | 31.94  |
| <b>Performance Indicators</b>          |        |        |        |        |        |        |        |
| Revenue growth                         | 1.28%  | 26.42% | 15.29% | 6.35%  | 27.47% | 15.86% | 6.91%  |
| Operating Profit Margin                | 11.50% | 11.37% | 12.04% | 11.17% | 11.88% | 12.52% | 12.36% |
| Operating Profit growth                | 2.46%  | 19.42% | 24.19% | 0.04%  | 20.97% | 17.33% | 6.16%  |
| Net Profit Margin                      | 4.65%  | 4.27%  | 4.49%  | 4.37%  | 4.68%  | 4.21%  | 3.44%  |
| Net Profit Growth                      | 10.14% | 19.68% | 17.14% | 0.25%  | 42.29% | 41.90% | 19.54% |
| Revenue Contributions :-               |        |        |        |        |        |        |        |
| (a) Industrial Switch Gears            | 44.80% | 41.40% | 45.01% | 45.80% | 47.00% | 52.00% | 51.00% |
| (b) Wires and Cables                   | 47.00% | 48.50% | 49.20% | 45.60% | 37.00% | 41.00% | 40.00% |
| (c) Building Products                  | 6.20%  | 7.60%  | 4.71%  | 6.00%  | 4.00%  | 5.00%  | 4.50%  |
| (d) Energy Management                  | 2.00%  | 2.50%  | 1.08%  | 2.60%  | 12.00% | 2.00%  | 4.50%  |
| Return on Capital Employed *           | 10.96% | 12.02% | 10.97% | 11.73% | 12.67% | 14.73% | 13.54% |
| Return on Net-worth                    | 8.53%  | 8.35%  | 7.40%  | 7.70%  | 8.91%  | 11.19% | 8.73%  |
| Debt Equity Ratio ** (x)               | 0.56   | 0.49   | 0.50   | 0.52   | 0.52   | 0.86   | 0.82   |
| Earning per shares - Basic (in Rs.)    | 16.51  | 15.21  | 13.68  | 12.35  | 13.54  | 11.65  | 8.21   |
| -Dilute (in Rs.)                       | 16.51  | 15.10  | 13.31  | 11.89  | 12.87  | 10.79  | 8.21   |
| Dividend Declared per cent             | -      | 16%    | 16%    | 16%    | 16%    | 15%    | 15%    |
| Dividend per share (in Rs.)            | -      | 1.60   | 1.60   | 1.60   | 1.60   | 1.50   | 1.50   |
| Dividend Pay-out Ratio                 | -      | 13%    | 15%    | 15%    | 16%    | 20%    | 21%    |
| Book value per share (in Rs.)          | 199.60 | 185.15 | 174.58 | 154.72 | 140.19 | 104.12 | 94.04  |
| Price Earnings Ratio (Times)           | 3.75   | 7.79   | 14.32  | 15.08  | 13.83  | 20.07  | 7.55   |
| Price to Book Value Ratio              | 0.31   | 0.64   | 1.12   | 1.20   | 1.34   | 2.25   | 0.66   |
| Market Cap (Rs. in Crs) as at March 31 | 97.41  | 189.27 | 293.79 | 271.00 | 287.59 | 240.43 | 63.71  |
| No of Shareholders as at March 31      | 17,700 | 19,379 | 23,049 | 21,157 | 20,588 | 13,500 | 12,168 |

\* ROCE=EBIT/ (Net worth + LT Borrowing + ST Borrowing + Current Maturity of LT Debt - Non Current Investments)

\*\* Debt equity ratio = Total Debt / Shareholders Fund

## NOTICE TO THE MEMBERS

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members of Salzer Electronics Limited will be held on Saturday, the 12<sup>th</sup> September 2020 at 11.30 A.M., through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) to transact the following businesses:

### Ordinary Business:

1. To consider and adopt the standalone and consolidated Audited Financial statements of the Company for the Financial year ended March 31, 2020, comprising of Balance Sheet as at March 31, 2020, Statement of Profit and Loss for the year ending on that date, Cash Flow Statement and Statement of Changes in Equity as on that date and the reports of the Board of Directors along with annexure and Auditors thereon;

**"RESOLVED THAT** the standalone and consolidated Audited Financial Statement comprising of Balance Sheet as at March 31, 2020, Statement of Profit and Loss for the year ending on that date, Cash Flow Statement and Statement of Changes in Equity as on that date and the Reports of the Board of Directors along with annexure and Auditors thereon, as circulated to the Shareholders, be and are hereby received, considered and adopted."

2. To re-appoint a Director in place of Dr.Mrs.Rajeshkumar Thilagam (DIN: 00006783), who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment and in this regard to consider and if thought fit to pass the following resolutions with or without modification as an ordinary resolution.

**"RESOLVED THAT** in pursuance of Section 152 of the Companies Act 2013 read with Article 178 of the Articles of Association of the Company Dr.(Mrs) Rajeshkumar Thilagam (DIN: 00006783), a retiring Director at this Annual General Meeting be and is hereby re-appointed as a Director of the Company, subjected to determination of her office by means of retirement by rotation at the Annual General Meeting."

3. To re-appoint a Director in 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 and in this regard to consider and if thought fit to pass the following resolutions with or without modification as an ordinary resolution.

**"RESOLVED THAT** in pursuance of Section 152 of the Companies Act 2013 read with Article 178 of the Articles of Association of the Company, Shri. Sankaran Baskarasubramanian (DIN: 00003152), a retiring Director at this Annual General Meeting be and is hereby re-appointed as a Director of the company, subjected to determination of his office by means of retirement by rotation at the Annual General Meeting."

### Special Business:

4. To consider and approve the appointment of Mr.Vishnu Rangaswamy (DIN: 00793090) as a Non-Executive and Non Independent Director and in this regard to consider and if thought fit to pass the following resolutions with or without modification as an ordinary resolution.

**"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 and based on the recommendation of Nomination and Remuneration Committee and Board of Directors of the company, the consent of the members be and is hereby accorded to ratify and approve the appointment of Mr.Vishnu Rangaswamy (DIN: 00793090), a Non-Executive and Non Independent Director with effect from September 12, 2020 subject to retirement by Rotation as required under Section 152 of the Companies Act 2013.

5. To ratify the remuneration payable to CMA A.R. Ramasubramania Raja (M.No. 32458) appointed as Cost Auditors of the Company for FY 2020-21 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 Auditor by the Board of Directors to audit the cost records of the Company for the FY 2020-21, be paid a remuneration of Rs.1,00,000/- (Rupees One lakh Only) per annum plus applicable GST 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. BASKARA SUBRAMANIAN**  
Director (Corporate Affairs) &  
Company Secretary  
(DIN :00003152& FCS No.4605)

Date: June 18, 2020  
Place: Coimbatore



## NOTICE (Contd.)

### Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 Act setting out material facts concerning the business under Item Nos. 4 & 5 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 of the Notice, are also annexed.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, the Government of India, ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 35<sup>th</sup> AGM of the Company is being held through VC / OAVM.
3. Hence, members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participation in the meeting through VC/OAVM is as per note No. 42 and available at the Company's website [www.salzergroup.com](http://www.salzergroup.com).
4. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
5. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
6. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the M/s. GNSA Infotech Pvt Ltd, the Registrar and Transfer Agents, by email through its registered email address to [sta@gnsaindia.com](mailto:sta@gnsaindia.com).
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. In line with the aforesaid Ministry of Corporate Affairs (MCA) Circulars and SEBI Circular dated 12th May, 2020, the Notice of AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Member may note that Notice and Annual Report 2019-20 has been uploaded on the website of the Company at [www.salzer@salzergroup.com](mailto:www.salzer@salzergroup.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. <https://eservices.nsdl.com>.
9. Members whose email address are not registered can register the same in the following manner:
  - a. Members holding share(s) in physical mode can register their e-mail ID on the Company's website at [https://www.salzer@salzergroup.com/investors/ shareholder-registration](https://www.salzer@salzergroup.com/investors/shareholder-registration) by providing the requisite details of their holdings and documents for registering their e-mail address; and
  - b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants ("DPs") for receiving all communications from the Company electronically.
10. 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.
11. The Members can join the AGM through the VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
12. The Register of Members and Share Transfer Books of the Company will be closed from Friday the 11<sup>th</sup> September, 2020 and Saturday the 12<sup>th</sup> September, 2020 (both days inclusive), in terms of

## NOTICE (Contd.)

the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

13. 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 Private Limited (GNSA) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to GNSA / Company.
14. **As per SEBI regulations, except in case of transmission or transposition of securities, requests for effecting transfer of securities in physical mode will not be processed with effect from 1<sup>st</sup> April 2019.**
15. In view of the above, the members holding shares in physical form are requested to consider converting their holdings to dematerialized and to avail various benefits of dematerialisation and to eliminate all risks associated with physical shares and for ease of portfolio management.
16. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA - 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.

17. 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](http://www.salzergroup.net) (under 'Investors' section). Members holding shares in physical form may submit the same to RTA / Company. Members holding shares in electronic form may submit the same to their respective depository participant (DP).
18. **Those Members who have so far not encashed their dividend warrants for the Financial year 2012-13,** may approach GNSA, 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 August 2020 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.

19. Due dates for transfer of unclaimed / unpaid dividends from the financial year 2011-12 are as under and thereafter the unclaimed/unpaid dividend amount will be transferred to IEPF:

| FY ended             | Declaration Date | Last date for encashment | Due Date   |
|----------------------|------------------|--------------------------|------------|
| 2012-13 (31.03.2013) | 10.08.2013       | 15.09.2020               | 14.10.2020 |
| 2013-14 (31.03.2014) | 09.08.2014       | 14.09.2021               | 13.10.2021 |
| 2014-15 (31.03.2015) | 08.08.2015       | 13.09.2022               | 12.10.2022 |
| 2015-16 (31.03.2016) | 13.08.2016       | 19.09.2023               | 17.10.2023 |
| 2016-17 (31.03.2017) | 09.09.2017       | 15.10.2024               | 14.11.2024 |
| 2017-18 (31.03.2018) | 22.09.2018       | 28.10.2025               | 26.11.2025 |
| 2018-19 (31.03.2019) | 10.08.2019       | 14.09.2026               | 13.10.2026 |

20. 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 consecutive 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.
21. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date and transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.salzergroup.net/investors.html>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

## NOTICE (Contd.)

22. Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/ investors are advised to visit the webpage: <http://www.iepf.gov.in/IEPFA/refund.html> or contact our RTA for lodging claim for refund of shares and/or dividend from the IEPF Authority.
23. A sum of Rs.3,78,732/- has been transferred to the Investor Education and Protection Fund in the year 2019 towards unclaimed/unpaid dividend declared during August 2012 for the year 2011-12.
24. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market.
25. Members holding shares in physical mode:
  - a) are required to submit their Permanent Account Number (PAN) and Bank Account details to the Company/ RTA, if not registered with the Company as mandated by SEBI.
  - b) are requested to register / update their e-mail address with the company / RTA for receiving all communications from the company electronically.
26. Members holding shares in electronic mode:
  - a) are required to submit their Permanent Account Number (PAN) and Bank Account details to their DPs with whom they are maintaining their demat account.
  - b) are requested to register / update their e-mail address with their DPs for receiving all communications from the company electronically.
27. Non-Resident Indian members are requested to inform RTA / respective DPs, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
28. Vide circular dated May 5, 2020, MCA has also dispensed with the printing and despatch of annual reports to shareholders. The Notice of the AGM along with the Annual Report 2019-2020 is being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company / Depositories. Members may note that this Notice and the Annual Report 2019-2020 will also be available on the Company's website viz. [www.salzergroup.net/investors.html](http://www.salzergroup.net/investors.html).
29. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / GNSA.
30. 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 NSDL, 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.
31. The Board of Directors has appointed G V and Associates, Company Secretaries as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
32. 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.
33. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC / OAVM but shall not be entitled to cast their vote again. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by NSDL.

## 34. PROCEDURE AND INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER:-

- (i) The remote e-voting period begins on **Monday, September 7, 2020 (9.00 a.m.) and ends on Friday, September 11, 2020 (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 Saturday September 4, 2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.

## NOTICE (Contd.)

### How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to

- Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID e.g.,<br>if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID e.g.,<br>if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the company e.g.,<br>if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

- Your password details are given below:
  - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - How to retrieve your 'initial password'?
    - ✓ If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - ✓ **If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered**
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

## NOTICE (Contd.)

- G. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  - H. Now, you will have to click on "Login" button.
  - I. After you click on the "Login" button, Home page of e-Voting will open.
  - J. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
  - K. Select "EVEN" of company for which you wish to cast your vote.
  - L. Now you are ready for e-Voting as the Voting page opens.
  - M. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
  - N. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - O. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  - P. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
35. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [vasu@gvacs.in](mailto:vasu@gvacs.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
36. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
37. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. : 1800-222-990 or send a request to Mr.Amit Vishal, Senior Manager NSDL at [amtv@nsdl.co.in](mailto:amtv@nsdl.co.in)/022-24994360 or Megha Malviya, Assistant Manager at [megham@nsdl.co.in](mailto:megham@nsdl.co.in)/022 49142500, +91 7987207516.
38. Process for those shareholders whose email ids are not registered with the depositories, for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :
39. In case shares are held in physical mode please provide Folio No. , Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [baskarasubramanian@salzergroup.com](mailto:baskarasubramanian@salzergroup.com) / [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com)
40. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [baskarasubramanian@salzergroup.com](mailto:baskarasubramanian@salzergroup.com) / [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com)
41. **THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**
- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
  - b. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
  - c. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
  - d. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
42. **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**
- a. Member will be provided with a facility to attend the AGM through VC/OVAM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following



## NOTICE (Contd.)

the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- b. Members are encouraged to join the Meeting through Laptops for better experience.
  - c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - d. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - e. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [baskarasubramanian@salzergroup.com](mailto:baskarasubramanian@salzergroup.com) / [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com) and register themselves as a speaker. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
  - f. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [baskarasubramanian@salzergroup.com](mailto:baskarasubramanian@salzergroup.com) / [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com) / [sta@gnssindia.com](mailto:sta@gnssindia.com). These queries will be replied to by the company suitably by email.
43. Mr.G.Vasudevan, Practicing Company Secretary has been appointed as Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.
  44. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and not later than three days of the conclusion of the meeting, and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company to countersign the same.
  45. The Results along with the Scrutinizer's Report shall be placed on the Company's website [www.salzergroup.net](http://www.salzergroup.net) within forty eight hours of the passing of the Resolutions at the 35<sup>th</sup> Annual General Meeting of the Company and shall also be communicated to the Stock Exchanges where the shares of the Company are listed.
  46. If any member buys the shares of the company after 7<sup>th</sup> August 2020 they may either write to the company to obtaining notice or down load the notice from the website of the company to cast their vote as advised therein.

By Order of the Board  
For Salzer Electronics Limited

**S. BASKARA SUBRAMANIAN**  
Director (Corporate Affairs) &  
Company Secretary  
(DIN :00003152& FCS No.4605)

Date : June 18, 2020  
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. 4 to 5 of the accompanying Notice:

### Item No.4

Mr. Vishnu Rangaswamy, aged 44 years is an Non Resident Indian, who is a B.Tech graduate and having a post graduation of Master of Business Administration from Southern New Hemisphere University of USA. Presently working as President in Global Technical Talent (GTT), USA, one of the leading Manpower Recruitment Firm in US, who has been inducted as an Additional Director on the Board of Directors of the company with the recommendations of Nomination and Remuneration committee of the Board, by the Board of Directors at their meeting held on 06.02.2020 to hold office till this 35<sup>th</sup> AGM. Your company has received notice from the member of the company nominating Mr.Vishnu Rangasawmy to the office of Director on the Board of Directors of the company as Non Executive and Non Independent. Your Board of Directors thought it prudent based on the recommendations of Nomination and Remuneration committee to consider his candidature for the office of the director on the Board of Directors of the company and approved his induction subject to the approval of the shareholders at this meeting as a Non Executive and Non Independent Director with a term of office subject to retirement by rotation.

## **NOTICE (Contd.)**

Mr.R.Doraiswamy, Managing Director of the company, being the father and Mr.D.Rajeshkumar, Joint Managing Director and Chief Financial Officer of the company, being the brother and Dr.Rajeshkumar Thilagam, being the wife of his brother is considered to be interested in this resolution.

The Board, except the above relatives, unanimously recommend his appointment for your consideration and approval.

Details of Mr. Vishnu Rangaswamy are provided in the "Annexure" to the Notice.

### **Item No.5**

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 June 18, 2020, the Board considered and approved the appointment of CMA. A. R. Ramasubramania Raja (M.No. 32458) as the cost auditor for the FY 2020-21 at a remuneration of Rs. 1,00,000/- plus applicable GST and reimbursement of out-of-pocket expenses on actual basis. The Board of Directors recommends the Ordinary Resolution as set out in Item No. 5 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.

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# NOTICE (Contd.)

## 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   | Dr. (Mrs.) Rajeshkumar Thilagam  | Mr. S. Baskarasubramanian  | Mr. Vishnu Rangaswamy  |
|--|--|--|--|
| DIN  | 00006783   | 00003152   | 00793090   |
| Category   | Non Executive Director   | Executive Director   | Non Executive Director   |
| Date of Birth  | 03/12/1972   | 15/07/1943   | 22/02/1976   |
| Date of Appointment on the Board   | 30/03/2015   | 01/10/1994   | 02/02/2020   |
| Qualification  | MBBS, DGO  | B.COM., F.C.S  | B.Tech., MBA   |
| Brief profile and nature of their expertise in specific functional areas | Heading 50 bedded Multi Specialty Hospital & having vast administrative experience   | 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 31 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 President of Global Technical Talent (GTT), Manpower Recruitment Firm in USA, and has been associated with GTT for more than 20 years and held various positions. He is an experienced person with a demonstrated history of working in the information technology staffing and services industry. Strong skills in the management of enterprise talent engagement initiatives, client services & talent acquisition, team mentoring and management, Executive Search, Technical Recruiting. |
| Directorships held in other companies.                                   | 1. K R Health Care P Ltd<br>2. SRVE Industries Ltd.  | NIL  | 1. K R Health Care Private Ltd<br>2. Sri Ram Arts Centre Private Ltd<br>3. S R V E Industries Ltd<br>4. Saradha Investments Limited<br>5. Salzer Spinners Limited  |
| Memberships / Chairmanships of committees across all companies           | NIL  | Secretary to the following Committees<br>1. CSR Committee<br>2. Audit Committee<br>3. Risk Management Committee<br>4. Shareholders Grievances Committee<br>5. Nomination & Remuneration Committee  | NIL  |
| Shareholding in the Company  | 4,57,255 shares 2.86%  | 22445 shares 0.14%   | 7,54,500 shares 4.72%  |
| Inter se relationship, if any  | Wife of Shri. D.Rajesh Kumar, Joint Managing Director and Chief Financial Officer and daughter in law of Mr. R. Doraiswamy Managing Director | NIL  | Brother of Shri. D Rajesh Kumar, Joint Managing Director and Chief Financial Officer and son of Mr. R Doraiswamy Managing Director   |

# DIRECTORS' REPORT

To

Dear Shareholders,

We have pleasure in presenting the Thirty Fifth Annual Report, together with the audited financial statements of the Company for the Financial Year ended March 31, 2020.

## 1. FINANCIAL SUMMARY OF THE COMPANY

| Particulars   | Standalone                           |                                      | (₹ in Lakhs)                         |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2020 |
| I Revenue from operations   | 56,694.56                            | 55,976.62                            | 58,435.34                            |
| II Other Income   | 88.75                                | 70.70                                | 128.82                               |
| III Total Revenue (I + II)  | <b>56,783.31</b>                     | <b>56,047.32</b>                     | <b>58,564.16</b>                     |
| IV Expenses   |                                      |                                      |                                      |
| a Cost of materials consumed  | 43,019.54                            | 41,933.48                            | 43,691.44                            |
| b Purchase of stock in trade  | -                                    | -                                    | -                                    |
| c Changes in inventories of finished goods, work-in-progress and stock-in-trade | -1,038.47                            | -52.18                               | -921.99                              |
| d Employee benefit expenses   | 2,639.87                             | 2,489.37                             | 2,984.54                             |
| e Finance Cost  | 2,116.68                             | 1,988.47                             | 2,122.14                             |
| f Depreciation and amortisation expense   | 1,443.96                             | 1,215.96                             | 1,475.51                             |
| g Other expenses  | 5,554.68                             | 5,241.39                             | 6,003.28                             |
| h Total Expenses  | <b>53,736.26</b>                     | <b>52,816.49</b>                     | <b>55,354.92</b>                     |
| V Profit before exceptional and extraordinary items and tax (III-IV)            | 3,047.05                             | 3,230.83                             | 3,209.24                             |
| VI Exceptional Items  | -                                    | -                                    | -19.46                               |
| VII Profit before tax (V-VI)& extraordinary items                               | 3,047.05                             | 3,230.83                             | 3,189.78                             |
| VIII Extraordinary items  | -                                    | -                                    | -                                    |
| IX Profit before tax (VII-VIII)   | 3,047.05                             | 3,230.83                             | 3,189.78                             |
| X Tax expense:  | 408.39                               | 835.10                               | 448.46                               |
| XI Profit for the period - After Tax(IX-X)                                      | <b>2,638.66</b>                      | <b>2,395.73</b>                      | <b>2,741.32</b>                      |
| XIII Earnings per equity share:   |                                      |                                      |                                      |
| (1) Basic (in Rs.)  | 16.51                                | 15.21                                | 16.96                                |
| (2) Diluted (in Rs.)  | 16.51                                | 15.10                                | 16.96                                |
| XIV Reserves and Surplus  | 29,339.70                            | 27,101.18                            | 29,405.44                            |

\*\* The consolidated figures of the company could not be compared with corresponding previous years as that of the M/s. Kaycee Industries Ltd has become the subsidiary of the company effective from 11.07.2019 only.

## FINANCIAL SUMMARY OF THE SUBSIDIARY COMPANY

| Particulars  | 31st March      |                 | (₹ in Lakhs) |
|--|-----------------|-----------------|--------------|
|  | 2020            | 2019            |              |
| 1 Revenue from operations                                    | <b>2,342.68</b> | <b>2,501.81</b> |              |
| 2 Operating Expenses   |                 |                 |              |
| a Cost of materials consumed                                 | 1,137.81        | 1,338.56        |              |
| b Cost of traded goods sold                                  | 31.58           | 76.04           |              |
| c Changes in inventories of finished goods, work-in-progress | (79.67)         | 28.39           |              |
| d Employee Benefit Expenses                                  | 466.30          | 443.41          |              |
| e Other Expenses   | 540.02          | 521.71          |              |
| 3 Total Operating Expenses (a+b+c+d+e)                       | <b>2,096.04</b> | <b>2,408.11</b> |              |
| 4 Operating Profit (1-3)                                     | <b>246.64</b>   | <b>93.70</b>    |              |

## DIRECTORS' REPORT (Contd.)

(₹ in Lakhs)

| Particulars   | 31st March 2020 | 31st March 2019 |
|---|-----------------|-----------------|
| 5 Other Income                                      | 17.65           | 153.66          |
| 6 Finance cost                                      | 6.75            | 15.60           |
| 7 Depreciation and Amortisation Expenses            | 41.99           | 38.06           |
| 8 Profit before Tax (4+5-6-7)                       | <b>215.56</b>   | <b>193.70</b>   |
| 9 Provision - Covid 19 for Inventory and Receivable | 19.46           | -               |
| 10 Tax Expenses                                     | 54.38           | 58.51           |
| 11 Profit after Tax (8-9)                           | <b>141.72</b>   | <b>135.19</b>   |
| 12 Other Comprehensive Income                       | (11.85)         | (5.70)          |
| 13 Total Comprehensive Income (10+ 11)              | 129.87          | 129.49          |
| 14 Share Capital                                    | 63.47           | 63.47           |
| 15 Reserves and Surplus                             | 1,356.44        | 1,234.49        |
| 16 Net Worth of the Company                         | 1,419.91        | 1,297.96        |
| 17 Book Value of the shares                         | <b>2,237.14</b> | <b>2,045.01</b> |
| 18 Earnings per share                               | <b>223.29</b>   | <b>212.99</b>   |

## 2. ANALYSIS OF PERFORMANCE

Your Company has registered a marginal growth in its performance with net revenues over that of corresponding year by around 1% year on year during the financial year, in spite of the lock-down announced by government during the last week of March 2020. Besides, the marginal growth is attributable to the slowdown in the economic activities not only in the domestic market, but also in the global market during the fiscal FY20 in addition to close down of the factory during last about 10 days due to lock down on the outburst of the COVID-19 pandemic throughout the globe.

In the concluded financial year 2019-20, Net Revenue of the Company increased from Rs.559.80 Crs to Rs.566.95 crore with marginal growth of 1% in the otherwise subdued market conditions for the electrical and electronics industry. This growth was driven by all three key businesses of Industrial Switch Gears, Building segment and Wires & cables. Similarly, EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortization) and Profitability of the Company went up by 4% and 13% respectively on account of better operational efficiency and availability of the deferred Tax Credit. The contribution from domestic sales at 87% was mainly driven by increase in demand and good traction for products in almost all the business divisions.

During the year, the legacy products of your Company such as rotary switches and toroidal transformers have shown growth and uptick in demand along with other products like three phase dry type transformers and wire harnesses.

Yours Company's focus will always remain on adding

new high margin products, reach out different markets with customized product and solutions in order to add newer clients and grow our business, and constantly looking for new opportunities for technical associations to strengthen our base of product offerings.

Your Company would continue to focus on adding new high margin products under its product portfolio, reach out to new geographies and offer total customer solutions to its customers besides strengthening the revenue drivers, improving ROCE, working capital cycle as well as constantly looking for new opportunities for technical associations to strengthen the base of product offerings which are part of its core strategy.

### Industrial switch gear Division

The industrial switch gear division is one of the largest contributors to overall revenues of your Company. This division comprises Cam Operated Rotary Switches; Toroidal Transformers, Relays, Load Break Switches, Wire Harness, Three Phase Dry Type Transformers etc.,. This division posted a growth of 1.3% on year on year and made 45% contribution to the total revenue of the Company mainly driven by products - three phase dry type transformers and wire harness.

### Wire and cable Division

Wire and cable division consisting of copper wires and cables is the second major business of your Company. On a yearly basis, wire and cable business contributed 47% with a year on year growth of 1.9% mainly on account of consolidation of Salzer Magnet Wires and increase of new product offerings. From the start of this financial year, your



## DIRECTORS' REPORT (Contd.)

Company has started to manufacture and sell wires and cables under the Salzer brand, which is seeing good demand and also a growing opportunity in the market. This is apart from our regular brand labelling business that we are doing for Larsen & Toubro, Crompton and a few other large brands

In order to strengthen the revenues of this division, your Company has acquired the whole of the business undertaking from Salzer Magnet Wires Limited on slump basis as a going concern in pursuance of the business transfer Agreement effective March 08, 2019 for a total value of Rs.2029.10 Lakhs for consideration other than cash. The acquired undertaking has been facilitating well growth support for this division.

### Building Product Division

This is the only division where your Company has been operating on a B2C basis. The Portfolio under this division involves Distribution Boards, Modular Switches & Speciality Switches, Movement Sensors, Remote Switches, Single Phase Motors Switches, House Wires etc.,.The building division contributed around 6% of your Company's revenues in 2019-20 with a downtrend of 16% on account of slowdown in economy during 2019-20 and also clubbed with lockdown as announced by government to combat the COVID-19, during last week of March 2020. Your Company is confident of increasing contribution from this division in the coming two to three years to around 10% of its total revenue levels as it has opened up new opportunities in real estate sector where Unit has got some annual rate contracts with major builders and more focus on retail segment.

### Energy management Division

The fourth is the Energy Management division 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 division has given a benefit of being the largest ESCO, with highest CRISIL rating -Grade A in the country for your Company. Energy management division, during the full year FY2020, has contributed only 2% to the total net revenues of the Company

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.

## 3. DIVIDEND

The Board of Directors at their meeting held on June 18, 2020 considered the proposal of Dividend

for the financial year ended March 31, 2020 taking into account the company's performance during the period under review as well as the dividend track record for the last more than two decades, the dividend payout ratio at an average rate of 18%, the global economic slowdown including in domestic market during the year under review, the lockdown announced by the government to contain the spread of COVID-19 crept in December 2019 in China and aggressively spread all over the world impacting the economic activities and the standard of living of the society at large, the continuation of the lockdown announced by government with uncertainty on lifting the same due to continuous spread of the COVID-19 resulting in heavy human loss and bringing the economic activities to a state of standstill globally.

Hence, your Board of Directors thought it prudent to conserve the resources to meet not only the eventuality arising out of the COVID-19 but also the future requirements of the company to ensure the sustainability of the business for value addition and mutual benefit to all the stakeholders, in the long run. The Board of Directors has decided to plough back the profit into the business. However, your Board of Directors are continuously monitoring the situation not only to sustain the business but also to improve the performance of the company under this strenuous environment and the interest of the stakeholders would be considered accordingly depending upon the business growth exigencies in the periods ahead.

## 4. SHARE CAPITAL AND OTHER RELATED SECURITIES

### Amendment to the Memorandum and Articles of Association

During the year under review, your Company has not amended any Provisions in the Memorandum and Articles of Association.

## 5. CORPORATE GOVERNANCE

As required under Schedule V© 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

## 6. RESERVES

Your Board of Directors, as a prudent policy in the absence specific provisions in the Companies Act 2013 and Rules made there-under, has transferred Rs.45.00 Lakhs to the General Reserve Account. Accordingly, your Company has general reserve of Rs.1958.46 Lakhs as at March 31, 2020.

## DIRECTORS' REPORT (Contd.)

### 7. LIQUIDITY

In spite of the prevailing environment your company has ensured to have adequate cash and cash equivalents in its Books, and taking care of all such current liabilities comfortably.

Moreover, the government has announced various concessions and reformative measures to ensure the liquidity in the market by permitting the banks to give moratorium by way of repayment of its term liabilities as well as payment of interest both on term liability and working capital for a period of three months initially from March 2020 and subsequently extended the same by another three months till 31.08.2020. In order to felicitate the MSME and corporate to have the sufficient liquidity during this COVID-19 period and your company as a conservative measure has been availing the facilities so extended by the government to combat the economical slowdown during COVID-19 period. This would also support the liquidity position of your company with adequate cash and cash equivalents to combat the eventualities during this period.

### 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

- a. There are no material changes which could have been affected the financial positions of the company between the end of the financial year and the date of this report except M/s. Kaycee Industries Ltd have become the subsidiary of the company consequent to the acquisition of controlling interests to the extent of 74.92% both from the erstwhile promoters of the Kaycee Industries Ltd and also acquisition of shares from the public in compliance with the relevant SEBI regulations in force.
- b. Impact of COVID-19 :- The outbreak of COVID-19 pandemic and the resulting lockdown enforced from 24<sup>th</sup> March 2020 have affected the Company's regular operations. Accordingly, the Company has considered the possible effects that may result from the pandemic on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these

financial results has used internal and external information, which are relevant in determining the expected future performance of the Company. The Company has evaluated its liquidity position, recoverability of such assets, and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results. Moreover, the Company has a practice of providing requisite provisions in the Financial Statements in line with the Accounting Standards for the expected credit loss on the carrying cost of both fixed and current assets taking care of all possible loss arising out of any uncertainties.

The Management believes that it has taken into account all the possible impact of events arising from COVID 19 pandemic in the preparation of the standalone financial results including the ability of the Company to continue as going concern. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

### 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. 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

## DIRECTORS' REPORT (Contd.)

reviewed 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 and dealt with appropriately. No Discrepancies were found during the year under review.

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 as well as Board of Directors 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

As stated supra M/s.Kaycee Industries Ltd is subsidiary of your company with effect from 11.07.2019, which is also in the synergical line of manufacture of electrical installation products having its registered office and factory at Mumbai in the state of Maharastra.

### 13. DEPOSITS

During the Financial year under the review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act 2013 read with Companies (Acceptance of Deposits) Rules, 2014. As such there was no deposit as at March 31, 2020.

### 14. STATUTORY AUDITORS

In terms of Proviso to Section 139 (1) of the Companies Act 2013, and with the approval of the shareholders at their meeting held on 10.08.2019 M/s. JDS Associates, Chartered Accountant, has been appointed as the Statutory Auditors of the Company, as consented and confirmed vide its letter dated 08.05.2019 on their eligibility to be so appointed, for a term of Five years immediately after conclusion of the 34<sup>th</sup> Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting for the financial year 2023-24, consequent to the demission of office by the statutory auditor M/s.Swamy & Ravi, in compliance with the regulations of appointment of statutory auditors.

### 15. INVESTMENTS MADE BY THE COMPANY

The company has investments in quoted equities and unquoted equities and the company has adequate measures to review the significant impact by way of changes in fair value of the equity shares and accordingly they are dealt with in the financial statements . The company has quoted equity investment in the subsidiary during the financial year under reporting as detailed elsewhere in the directors report and the carrying value of the investment is at cost considering the future growth rate, experts opinion, market capacity and the brand value.

### 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. Your Company has also in place a CSR Policy and the same is available on your Company's website [www.salzergroup.net/investor](http://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, has been promoting education, healthcare etc.,. The Company is at the service of the Society in general for up-liftment of literacy and health care.

## DIRECTORS' REPORT (Contd.)

Accordingly, the Company was required to spend Rs.58.59 Lakhs during the year towards CSR activities and against which, spent Rs. 14.41 Lakhs in respect of various specified activities enshrined in Schedule VII of the Companies Act, 2013 and also in Salzer's Corporate Social Responsibility Policy. The Annual Report on the CSR Activities has been attached with this report as Annexure:4

### 20. DIRECTORS:

#### A) Changes in Directors and Key Managerial Personnel

During the year under review, one of the Directors Mr.R.Dhamodaraswamy, Non-Independent and Non Executive Director passed away on 27.11.2019. On the date of this report, Dr. Otto Eggimann vacated his office as an Independent Director on 24.05.2020

Mr.Vishnu Rangaswamy, Son of Mr.R.Doraiswamy, Managing Director and brother of Mr.D.Rajeshkumar, Joint Managing Director and Chief Financial Office of the company, was appointed on the Board as an additional director, designated as Non Executive and Non Independent Director and who shall hold office till the conclusion of forthcoming 35<sup>th</sup> Annual General Meeting for the financial year 2019-20.

Based on the nomination for the appointment of Mr.Vishnu Rangaswamy as a Director on the Board of Director on a regular basis received by the company, necessary proposal for his appointment as a Director designated as Non Executive and Non Independent Director is placed for approval of the share holders at this meeting with a tenure of office subject to retirement by rotation. Based on the recommendation of Nomination and Remuneration Committee, your Board of Directors considered this appointment and recommended for your approval as required by relevant regulations.

#### B) Retirement by Rotations

Dr.Thilagam Rajesh and Mr.S.Baskarasubramanian, Directors of the company, who are the retiring Directors in the ensuing 35<sup>th</sup> Annual General Meeting, offered themselves to get re-appointed in pursuance of Section 152 of the Companies Act 2013 read with Article 178 of the Articles of Association of the Company.

#### C) Declaration by the Independent Directors

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.

#### D) 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.

#### E) Committees of the Board.

Currently, the Board has five committees: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, Stakeholders Relationship Committee, and the Risk Management 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

## DIRECTORS' REPORT (Contd.)

practices or any other wrongful conduct in the Company,

- to prohibit managerial personnel from taking any adverse personal 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. 0422-4233610

### **Office of Joint Managing Director and Chief Financial Officer**

E-Mail : rajesh@salzergroup.com  
Contact No. 0422-4233610

During the year under review no complaints were received by the above officers under Vigil Mechanism with respect to the performance of the company and other related matters thereof.

## **24. PREVENTION OF SEXUAL HARASSMENT AT THE WORK PLACE**

The Company has constituted an Internal Committee (IC) in all the Units to consider and resolve all sexual harassment complaints reported by women. The constitution of the IC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Investigation is being conducted and decisions made by the IC at the respective Units and a senior woman employee is the presiding officer over every case. 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.

## **26. POLICY ON THE DIRECTORS APPOINTMENT AND REMUNERATION**

In accordance with the Regulation 17 of SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015 read with Salzer's Policy for Nomination and Remuneration, the Board is having an optimum combination of the executive, non-executive and independent directors. As of March 31, 2020, the Board had thirteen members, four of whom are Executive Directors; two are Non-Executive and Non-Independent members and seven Independent Directors. One non-executive and non-independent member of the Board is woman. The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website.

We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company and also pursuant to the Regulations in force.

## **27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review:

- The Company has not granted/taken any unsecured loans 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.

## **28. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year under review were on



## DIRECTORS' REPORT (Contd.)

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 an 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 with respect to the 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: 5.

### 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 [www.salzergroup.net](http://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 i.e.
- No employee of the Company throughout the Financial year was in receipt of remuneration for that year which, in the aggregate, for Rupees one Crore and two Lakhs rupees and

- No employee of the Company for a part of the Financial year was in receipt of remuneration for any part of year which, in the aggregate, for Rupees Eight Lakhs and Fifty Thousand per month
- 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 - 6.

### 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 24<sup>th</sup> May 2019 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 2019-20.

The Company has received consent from Mr. G Vasudevan, B.Com, LLB & FCS, M/s. G V Associates, Company Secretaries to act as the Secretarial Auditor for conducting audit of the Secretarial records for the financial year ending 31st March, 2020 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, 2020 is set out in the Annexure-7 to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### 32. COMPLIANCE ON SECRETARIAL STANDARDS

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

### 33. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by

## DIRECTORS' REPORT (Contd.)

the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. During the year, the Company has transferred the unclaimed and unpaid dividends of Rs.3,78,732/-. Further, 9763 corresponding shares on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF rules. The details are available on our website at [www.salzergroup.net](http://www.salzergroup.net)

### 34. 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 measure strategically to mitigate such identified Risks.

Accordingly, the operating management review the risk profile which has got impact on the performance of the company in accordance with the policy of the company on Risk Management and also in compliance with the relevant regulations thereof on a periodical basis. Further, the Risk Management Committee last met on 06.02.2020 and reviewed the risk profile and accordingly, the remedial actions have been initiated wherever necessary.

### 35. 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 :8.

### 36. COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Directors, on the recommendation of the Audit Committee and subject to the approval of the Members, have appointed CMA Mr.A.R. Ramasubramania Raja, Practicing Cost and Management Accountant, as the Cost Auditor of the Company for the Financial Year 2020-21 to conduct the audit on the Maintenance of Cost Records of the Company and submit the report to the Central Government with

the due approval of the Board of Directors within the stipulated time.

### 37. 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:

- a) Policy on Materiality of Related Party Transactions
- b) Corporate Social Responsibility Policy
- c) Insider Trading Policy
- d) Nomination and Remuneration Policy
- e) Policy on Related Party Transactions
- f) Risk Management Policy
- g) Policy on prevention of sexual harassment at workplace
- h) Whistle Blower Policy
- i) Policy on payment of remuneration to Non Executive Directors
- j) Policy on Familiarization Program for the Non Executive Directors
- k) Policy on Determination of materiality of events/ information
- l) Policy for Preservation of Records
- m) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- n) Policy on Subsidiary & Material Subsidiary Company

### 38. 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, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

## DIRECTORS' REPORT (Contd.)

- 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, 2020 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;  
The Management and the Board believe that it has taken into account all the possible impact of events arising from COVID 19 pandemic in the preparation of the financial statements including the ability of the Company to continue as a going concern. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions
- that internal financial controls are being followed by the company and that such internal financial controls are adequate and are operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively

## 39. CREDIT RATINGS

During the year under review, the credit ratings have reaffirmed as 'CRISIL A/Stable' for long term borrowing and 'CRISIL A1' for short term borrowings.

## 40. INDUSTRIAL RELATIONS

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

## 41. 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.

## 42. 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 Private 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

**N RANGACHARY**

CHAIRMAN

DIN : 00054437

Place : Bengaluru

Date : June 18, 2020

# 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 13 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, 2020

| Category   | No of Directors |
|--|-----------------|
| <b>Executive Director</b><br>(Managing Director, Joint Managing Director, Whole-time Director & Director (Corporate Affairs) & Company Secretary | 4               |
| <b>Non Executive &amp; Independent Directors</b> including the Chairman  | 7               |
| <b>Other Non Executive &amp; Non Independent Directors</b>   | 2               |

### PROFILE OF DIRECTORS

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

Shri.N.Rangachary, Chairman of the company, aged 82 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 41 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 Andra 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 77 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 49 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

## ANNEXURE-1 (Contd.)

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 48 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. She is 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 76, 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 72 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. He is also a Director in M/s. Salzer Securities Holdings Limited.

### 7. **Shri.Nirmal Kumar M Chandria, Non-Executive Independent Director**

Shri.Nirmal Kumar M Chandria, aged 60 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. Nirmal Insulations P Ltd, M/s. Motichand Poonjabhai and Brothers Pvt Ltd & M/s. Parsvir Alloys P Ltd.

### 8. **Shri.P.K.Shah, Non-Executive Independent Director**

Shri.P.K.Shah, aged 77 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 21 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.

### 9. **Shri.L.Venkatapathy, Non-Executive Independent Director**

Shri. L.Venkatapathy, aged 90 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 31 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.

### 10. **Shri.V.Sankaran, Non-Executive Independent Director**

Shri.V.Sankaran, aged 77 years, is an Independent and Non Executive Director on the Board of Directors for the last 17 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 40 years of experience in reputed companies in various areas of Finance and General Management. Mr.Sankaran is a Director of Smile Electronics Limited.

### 11. **Shri.S.Baskarasubramanian, Director (Corporate Affairs) & Company Secretary**

Shri. S.Baskarasubramanian, aged 77 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.



## ANNEXURE-1 (Contd.)

### 12. Shri.Otto Eggimann, Non-Executive Independent Director

Shri.Otto Eggimann, aged 64 years is a European (Switzerland) citizen and holding directorship as Non-Executive and Independent Director on the Board. He is the Managing Director/Partner, Member Board of Directors, **PRECISWISS LTD.**, SWITZERLAND, CEO, Member Board of Directors, **Aclires Bangkok Ltd.**, Bangkok, Thailand and Vice President Operations and BU Asia & Americas.

### 13. Shri.Vishnu Rangaswamy, Non-Executive NonIndependent Director

Shri.Vishnu Rangaswamy, aged 44 years is a Non Resident Indian, who is a B.Tech graduate and having a post graduation of Master of Business Administration from Southern New Hemisphere University of USA. Presently working as President in Global Technical Talent (GTT), USA, one of the leading Manpower Recruitment Firm in US.

## POSITION OF BOARD OF DIRECTORS

| Directors                     | Category  | Attendance Particulars |                       | No. Of Membership In The Boards Of Other Companies |
|-------------------------------|---|------------------------|-----------------------|--|
|                               |   | Board meeting          | Last Agm (10.09.2019) |  |
| N.Rangachary *,@              | Non-Executive Independent Chairman                | 4                      | √                     | 7  |
| R.Doraiswamy #,@              | Managing Director                                 | 4                      | √                     | 6  |
| D.Rajeshkumar #,@,%           | Joint Managing Director & Chief Financial Officer | 4                      | √                     | 7  |
| Dr.(Mrs.)Rajeshkumar Thilagam | Non-Executive Woman Director1                     | 4                      | √                     | 7  |
| N.Jayabal *,#,@               | Non-Executive Independent Director                | 4                      | √                     | 2  |
| P. Ramachandran               | Whole-time Director                               | 4                      | √                     | 2  |
| R.Dhamodharaswamy ^           | Non-Executive Director                            | 3                      | √                     | 0  |
| L.Venkatapathy *,#,\$,%       | Non-Executive Independent Director                | 4                      | √                     | 1  |
| Nirmal Kumar K Chandria       | Non-Executive Independent Director                | 3                      | X                     | 4  |
| P.K.Shah \$                   | Non-Executive Independent Director                | 5                      | √                     | 0  |
| V.Sankaran *,\$,%             | Non-Executive Independent Director                | 4                      | √                     | 1  |
| Otto Eggimann                 | Non-Executive Independent Director                | 4                      | √                     | 0  |
| S.Baskarasubramanian *,#,@,%  | Director (Corporate Affairs) & Company Secretary  | 4                      | √                     | 0  |

\* 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

^ Demised on 27.11.2019

## MEETING OF THE BOARD OF DIRECTORS

During the year under report, Four Board meetings were held on 24.05.2019, 10.08.2019, 09.11.2019, 06.02.2020.

## ANNEXURE-1 (Contd.)

### Inter-se relationships between Directors of the Company.

| Sl. No. | Name                            | Position  | Inter-se relationships   |
|---------|---------------------------------|---|--|
| 1       | Mr. 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       | Mr. D. Rajeshkumar              | Joint Managing Director & Chief Financial Officer | Son of Mr.R.Doraiswamy, Managing Director and husband of Dr.(Mrs.) Rajeshkumar Thilagam, Director  |
| 3       | 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                                |
| 4       | Mr. Vishnu Rangaswamy           | Director  | Son of Mr.R.Doraiswamy, Managing Director, and brother of Mr.D.Rajeshkumar, Joint Managing Director & Chief Financial Officer  |

### FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in detail the Compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also have a one to one discussion with the newly appointed Director to familiarize him with the Company's operations.

The company's policy on the familiarization of business operation and the strategies on the management policies to ensure the value addition to all the stakeholders of the company and also the practice of good corporate governance is available

on the Company's website web link: [www.salzergroup.net](http://www.salzergroup.net). Accordingly, the Directors during their meetings on quarterly basis as per the requirements of the regulations in force, are reviewing the performance of the company, the systems and standards being adopted by the company to ensure the growth of the performance and value addition including the financial control measure being adopted by the company to safeguard the interests of the company. In this connection, they are also visiting various units of the company periodically to get an indepth and first-hand information on the standards and systems being followed by the respective units in discharging their performance. They are also reviewing the presentation of various functional heads of the company periodically during their meetings.

### The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

| Name of the Director            | Expertise in specific functional area   |
|---------------------------------|---|
| Mr. N.Rangachary                | An IRS Officer with professional qualification of all the three professional institutions ICAI, ICWA, ICSI with more than 50 years of experience in finance, taxation & Insurance and allied fields.  |
| Mr. R.Doraiswamy                | Industrialist with requisite technical skill set - Electrical Engineering graduation having more than 50 years of entrepreneur exposures.   |
| Mr. D.Rajeshkumar               | Industrialist with Electrical Engineering graduation with Post graduation in Management of Business Administration and having entrepreneur experience of more than 25 years both in finance and technical skill required for the growth of the company. |
| Dr. (Mrs.) Rajeshkumar Thilagam | Graduation in Medical profession with exposure in business management and entrepreneurship for more than 15 years.  |
| Mr. N.Jayabal                   | Graduation in Engineering with overseas experience in engineering industries and marketing for more than 40 years, which helps the company to formulate its strategy in export business.  |

**ANNEXURE-1 (Contd.)**

| <b>Name of the Director</b> | <b>Expertise in specific functional area</b>  |
|-----------------------------|---|
| Mr. P. Ramachandran         | Exposure in Business Management for more than 40 years, and his knowledge in managing the manufacture of Cables and Wires having good potential for Industrial and domestic purposes.   |
| Mr. L.Venkatapathy          | Having wide exposure in finance and finance controlling measures with business management exposure having managed leading engineering industry for more than 50 years.  |
| Mr. Nirmalkumar M Chandria  | Industrialist in the aluminum sector having good entrepreneurial exposure in managing the core business corporate and his experience and knowledge helps the company in formulating the policy decision.  |
| Mr. P.K.Shah                | Having Good knowledge and exposures in Business financing and corporate matters over 50 years.  |
| Mr. V.Sankaran              | Has wide in-depth knowledge and exposures in Accounts, finance, Costing and Taxation, and Management of Corporate Affairs for more than 50 years  |
| Dr. Otto Eggimann           | He is having knowledge in engineering in the field of Textiles, Automobiles and Electrical. Besides he is well conversant with the Global Marketing Exposure with wide overseas contacts  |
| Mr.Vishnu Rangaswamy        | He is an Engineering graduate B.Tech with Post graduation in Business Administration from Southern New Hemisphere University of USA. He is managing identifying and developing the human skill set required by various corporates particularly the industries in ITES like IBM, Oracle, Microsoft, etc., and have a good exposure in human resources development with strong skills in the management of enterprise talent engagement initiatives, client services & talent acquisition, team mentoring and management, Executive Search, Technical Recruiting. |
| Mr. S.Baskarasubramanian    | He is a graduate in Commerce and fellow member of Institute of Company Secretaries of India having over 30 years of post-qualification experience in company law matters and corporate affairs and having good exposure in legal, finance and corporate affairs.  |

Based on the disclosures received from all the independent directors and also in the opinion of the Board, the Independent directors fulfill the conditions specified in the Companies Act, 2013, the Listing Regulations, are independent of the Management.

**COMMITTEES OF DIRECTORS:**

The Board has constituted the following mandatory committee viz. Audit Committee, Stakeholders' (Investors) Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, 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 consisting of the following independent Directors met four times on 23.05.2019, 09.08.2019, 09.11.2019 & 05.02.2020 during the year under review, to consider the financial performance of the Company as well as compliance of Accounting Standards,

Company Law/ Stock Exchange provisions, adequacy of Internal Control system, etc, and found satisfactory.

**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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

## ANNEXURE-1 (Contd.)

- 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 on 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, shareholders, 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 2019-20 are given below:

| 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               | 4                        |
| 2       | Mr. N. Rangachary        | Member                       | Non Executive Independent Director               | 4                        |
| 3       | Mr. L. Venkatapathy      | Member                       | Non Executive Independent Director               | 4                        |
| 4       | Mr. N. Jayabal           | Member                       | Non Executive Independent Director               | 4                        |
| 5       | Mr. S.Baskarasubramanian | Secretary to the Committee   | Director (Corporate Affairs) & Company Secretary | 4                        |

## 2. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee with the following members met on 23.05.2019 and 06.02.2020 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.

## ANNEXURE-1 (Contd.)

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

### 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               | 2                        |
| 2       | Mr. L. Venkatapathy      | Member                       | Non Executive Independent Director               | 2                        |
| 3       | Mr. N. Jayabal           | Member                       | Non Executive Independent Director               | 2                        |
| 4       | Mr. S.Baskarasubramanian | Secretary to the Committee   | Director (Corporate Affairs) & Company Secretary | 2                        |

### 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

#### Remuneration to Whole-time / Executive / Managing Director

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.



## ANNEXURE-1 (Contd.)

### REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

**Sitting Fees** - The Non-executive Independent Directors and Non-executive Non 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 the Directors 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 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.

### 3. STAKEHOLDER (INVESTORS) RELATIONSHIP COMMITTEE:

The Stakeholder's (Investors) Relationship Committee of the Board met four times on 29.06.2019, 30.09.2019, 31.12.2019 & 20.03.2020 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 31.03.2020.

#### 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 of 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       | Mr. L Venkatapathy       | Chairman                     | Non Executive Independent Director                                 | 4                        |
| 2       | Mr. D.Rajeshkumar        | Member                       | Joint Managing Director and Chief Financial Officer of the company | 4                        |
| 3       | Mr. N Jayabal            | Member                       | Non Executive Independent Director                                 | 4                        |
| 4       | Mr. S.Baskarasubramanian | Secretary to the Committee   | 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               | 5                    |
| Non-Receipt of Share Certificates              | 4                    |
| Status of share Certificate - transfer to IEPF | 4                    |
| <b>TOTAL</b>                                   | <b>14</b>            |

As on March 31, 2020, no complaints were outstanding.

## ANNEXURE-1 (Contd.)

### 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.

#### 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."

The Committee considered, at its meeting held on 23.05.2019 the actual expenditure under CSR along with its Annual Report for the year 2018-19 and also considered and approved the budget to be spent during the year 2019-20 pursuant to the regulations in force.

#### Composition and attendance :

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

### 5. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee has been reconstituted by the Board, met on 11.11.2014 met during the year under review.

#### 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.

The Committee at its meeting held on 06.02.2020 reviewed the business risks based on the company's policies and the management strategies to combat the impact of the risk related to the business of the company both internal and external and also taken on record the continuous review by the operating management and actions taken thereof to safeguard the interests of the company without any prejudice for the mutual benefit of all stakeholders.

## ANNEXURE-1 (Contd.)

### Composition and attendance :

| Sl. No. | Name of the Members      | Position in the Committee  | Position in the Company                             | No. of Meetings attended |
|---------|--------------------------|----------------------------|---|--------------------------|
| 1       | Mr. D.Rajeshkumar        | Member                     | Joint Managing Director and Chief Financial Officer | 1                        |
| 2       | Mr. R. Doraiswamy        | Member                     | Executive Managing Director                         | 1                        |
| 3       | Mr. V. Sankaran          | Member                     | Independent Non Executive Director                  | 1                        |
| 4       | Mr. N. Jayabal           | Member                     | Independent Non Executive Director                  | 1                        |
| 5       | Mr. P. Ramachandran      | Member                     | Executive Non-Independent Director                  | 1                        |
| 6       | Mr. S.Baskarasubramanian | Secretary to the Committee | Director (Corporate Affairs) & Company Secretary    | 1                        |
| 7       | Mr. P. Sivakumar         | Member                     | General Manager (Marketing) - unit I                | 1                        |
| 8       | Mr. B.Mahendran          | Member                     | Sr.Manager (Works) Unit I                           | 1                        |
| 9       | Mr. M.Lakshminarayana    | Member                     | Gen.Manager Operations -Unit II                     | 1                        |
| 10      | Mr. S.Venkatachalam      | Member                     | Manager Commercial-Unit II                          | 1                        |
| 11      | Mr. R.Menaka             | Member                     | Manager Accounts Unit I                             | 1                        |

## 6. 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, R.S.Puram, Coimbatore- 02                      | 32 <sup>nd</sup> AGM | Saturday | 09/09/2017 | 11.30 am | Increase the Managerial remuneration payable to Mr.P.Ramachandran, Whole Time Director.<br>Approve the Material Related Party Transactions for the financial year 2017-18.   |
| Registered office of the company at Samichettipalayam, Coimbatore- 47 | EGM                  | Saturday | 16/12/2017 | 11.30 am | Reclassification of Authorised Share Capital of the company.<br>Amendment to the Memorandum of Association of the Company.<br>Amendment to the Articles of Association of the Company.<br>Issue and allotment of 5,00,000 equity shares to Salzer Magnet Wires Ltd.<br>Issue and allotment of 5,30,000 Non-Cumulative 5% Convertible Preference shares to Salzer Magnet Wires Ltd. |
| Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02                      | 33 <sup>rd</sup> AGM | Saturday | 22/09/2018 | 11.30 am | Re-appointment of Mr.P.Rama chandran, as a Whole time Director for a further term of Five years<br>Increase in borrowing Powers of the Board from Rs. 125 Crs to Rs. 200 Crs<br>Creation of charges on the movable and immovable properties of the Company, both present and future in respect of borrowings under section 180(1)(a) of the Companies Act, 2013                    |

**ANNEXURE-1 (Contd.)**

| Location  | Nature of Meeting    | Day      | Date       | Time     | Special resolution passed   |
|---|----------------------|----------|------------|----------|---|
| Registered office of the company at Samichettipalayam, Coimbatore- 47 | EGM                  | Monday   | 25/03/2019 | 10.00 am | 1. Constitution of Mr.N.Rangachary as an Independent Director of the company.<br>2. Constitution of Mr.P.K.Shah as an Independent Director of the company.<br>3. Constitution of Mr.V.Sankaran as an Independent Director of the company.<br>4. Constitution of Mr.N.Jayabal as an Independent Director of the company.<br>5. Constitution of Mr.L.Venkataray as an Independent Director of the company.<br>6. Re-appointment of Mr.N.Rangachary as an independent Director of the company for the second term of five consecutive years.<br>7. Re-appointment of Mr.Nirmal Kumar M Chandria as an independent Director of the company for the second term of five consecutive years.<br>8. Re-appointment of Mr.P.K.Shah as an independent Director of the company for the second term of five consecutive years.<br>9. Re-appointment of Mr.V.Sankaran as an independent Director of the company for the second term of five consecutive years.<br>10.Re-appointment of Mr.N.Jayabal as an independent Director of the company for the second term of five consecutive years. |
| SAGARI Hall, the Grand Regent, Hotel The Residency, Coimbatore-18     | 34 <sup>th</sup> AGM | Saturday | 10/08/2019 | 11.30 am | Appointment of Mr.S.Baskarasubra manian (DIN:00003152) as a Director (Corporate Affairs) & Company Secretary.   |

- ❖ In terms of Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the above resolutions were passed by way of both e-voting, Postal ballot and vote at the meeting, in the last AGM.
- ❖ There are no special resolutions to be passed in the ensuing Annual General Meeting.

**Special Business / Resolutions proposed to be transacted at the AGM scheduled on 12.09.2020:**

- i) To consider and approve the appointment of Mr.Vishnu Rangaswamy (DIN: 00793090) as a Non-Executive and Non-Independent Director of the Company for a term of office with retirement by rotation.
- ii) To ratify the remuneration payable to Mr.A.R.Ramasubramania Raja (M.No. 32458), appointed as Cost Auditors of the Company for FY 2020-21.

The Board appointed Mr.G.Vasudevan, a

Practicing Company Secretary of M/s.G.V.Associates, Coimbatore as a Scrutinizer for e-voting and postal ballot in a fair and transparent manner.

**7. INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on February 06, 2020, inter alia 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;

## ANNEXURE-1 (Contd.)

- 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 meeting, the Chairman and Chairman of the Audit Committee appraised and evaluated the performance of all the Directors including Executive / Whole Time Directors for the year under review and the Chairman's performance evaluated by the Board collectively.

All the Independent Directors of the Company got empanelled themselves in the Databank maintained

and administrated by the Indian Institute of Corporate Affairs in terms of Circular dated October 22, 2019 issued by the Ministry of Corporate Affairs.

## 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](http://www.bseindia.com) and NSE website [www.nseindia.com](http://www.nseindia.com) and in company's website [www.salzergroup.com](http://www.salzergroup.com).

## GENERAL SHAREHOLDER INFORMATION

### A) ANNUAL GENERAL MEETING

|  |  |
|--|--|
| Day & Date                                       | 12 <sup>th</sup> September 2020, Saturday  |
| Time   | 11.30 AM   |
| Mode   | Video Conference / Other Audio Video Means (VC / OAVM)   |
| Financial year                                   | 1st April, 2019 to 31st March, 2020  |
| Date of Book Closure                             | 11.09.2020 to 12.09.2020 (both days inclusive)   |
| Listing on Stock Exchanges                       | BSE Limited & National Stock Exchange of India Ltd (NSE)   |
| STOCK / SCRIP CODE                               | 517059 (BSE) & SALZERELEC (NSE)  |
| Audited Financial Results Announced              | 18.06.2020   |
| Announcement of Quarterly Results                | 24.05.2019, 10.08.2019, 09.11.2019 & 06.02.2020  |
| Posting of Notice calling AGM and Annual Reports | All communications required to be sent to the shareholders are being sent only through the registered e-mail addresses of the shareholders as per recent notification issued by MCA. Accordingly, the Notice along with the audited annual accounts would be sent either through e-mail or could be downloaded from company's website <a href="http://www.salzergroup.net">www.salzergroup.net</a> .   |
|  | Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at <a href="mailto:baskarasubramanian@salzergroup.com">baskarasubramanian@salzergroup.com</a> / <a href="mailto:investor_relations@salzergroup.com">investor_relations@salzergroup.com</a> . Those shareholders will only be allowed to express their views/ask questions during the meeting. The facility is provided for the benefit of shareholders who would like to speak not exceeding 1000 numbers on FCFS basis, as per guidelines. |
| Despatch of Annual Report                        | Within the stipulated time Through e-mail  |
| Period of e-voting                               | 07.09.2020 to 11.09.2020   |
| CIN No.  | L03210TZ1975PLC001535  |



**ANNEXURE-1 (Contd.)****B) MARKET PRICE DATA****SHARE TRADING DETAILS IN BSE LIMITED****For the period: 1-Apr-2019 to 31-Mar-2020****BSE Ltd**

| Month   | Open   | High   | Date       | low    | Date       | Closing |
|---------|--------|--------|------------|--------|------------|---------|
| Apr '19 | 117.45 | 136.00 | 16.04.2019 | 116.50 | 01.04.2019 | 122.35  |
| May '19 | 122.10 | 147.15 | 27.05.2019 | 104.95 | 13.05.2019 | 135.50  |
| Jun '19 | 134.95 | 147.00 | 14.06.2019 | 121.10 | 24.06.2019 | 123.15  |
| Jul '19 | 127.10 | 135.45 | 03.07.2019 | 107.15 | 31.07.2019 | 109.60  |
| Aug '19 | 108.10 | 125.90 | 13.08.2019 | 99.05  | 05.08.2019 | 115.35  |
| Sep '19 | 112.00 | 136.75 | 27.09.2019 | 107.55 | 04.09.2019 | 130.30  |
| Oct '19 | 132.00 | 1332   | 01.10.2019 | 111.60 | 17.10.2019 | 121.95  |
| Nov '19 | 124.60 | 130.80 | 08.11.2019 | 103.00 | 28.11.2019 | 107.50  |
| Dec '19 | 107.90 | 113.85 | 02.12.2019 | 97.30  | 12.12.2019 | 109.35  |
| Jan '20 | 111.25 | 129.15 | 06.01.2020 | 100.50 | 02.01.2020 | 115.80  |
| Feb '20 | 117.35 | 122.00 | 06.02.2020 | 97.10  | 27.02.2020 | 99.00   |
| Mar '20 | 100.10 | 100.40 | 02.03.2020 | 47.30  | 24.03.2020 | 60.95   |

**NSE Ltd**

| Month   | Open   | High   | Date       | low    | Date       | Closing |
|---------|--------|--------|------------|--------|------------|---------|
| Apr '19 | 117.05 | 145.60 | 16.04.2019 | 116.50 | 01.04.2019 | 121.00  |
| May '19 | 123.05 | 146.00 | 27.05.2019 | 103.95 | 13.05.2019 | 134.65  |
| Jun '19 | 133.00 | 145.95 | 06.06.2019 | 120.75 | 24.06.2019 | 124.15  |
| Jul '19 | 123.10 | 135.55 | 03.07.2019 | 106.15 | 31.07.2019 | 109.85  |
| Aug '19 | 107.10 | 116.70 | 07.08.2019 | 96.95  | 05.08.2019 | 114.15  |
| Sep '19 | 112.15 | 144.00 | 27.09.2019 | 107.40 | 04.09.2019 | 128.95  |
| Oct '19 | 130.00 | 130.65 | 01.10.2019 | 110.10 | 16.10.2019 | 124.05  |
| Nov '19 | 122.70 | 131.00 | 08.11.2019 | 103.40 | 28.11.2019 | 108.15  |
| Dec '19 | 109.90 | 113.95 | 31.12.2019 | 99.55  | 12.12.2019 | 108.90  |
| Jan '20 | 112.05 | 128.80 | 16.01.2020 | 103.20 | 08.01.2020 | 114.00  |
| Feb '20 | 115.00 | 124.00 | 06.02.2020 | 98.05  | 28.02.2020 | 99.90   |
| Mar '20 | 99.90  | 102.00 | 02.03.2020 | 55.00  | 25.03.2020 | 59.70   |

**TRADING VOLUME**

| Month   | BSE    |        |                | NSE    |        |                |
|---------|--------|--------|----------------|--------|--------|----------------|
|         | Open   | High   | Trading volume | Open   | High   | Trading volume |
| Apr '19 | 117.45 | 136.00 | 23,417         | 117.05 | 145.60 | 1,59,226       |
| May '19 | 122.10 | 147.15 | 63,388         | 103.05 | 146.00 | 3,69,342       |
| Jun '19 | 134.95 | 147.00 | 45,616         | 133.00 | 144.95 | 1,69,550       |
| Jul '19 | 127.10 | 135.45 | 32,413         | 123.10 | 135.55 | 2,65,444       |
| Aug '19 | 108.10 | 125.90 | 41,664         | 107.10 | 116.70 | 2,00,947       |
| Sep '19 | 112.00 | 136.75 | 27,436         | 112.15 | 144.00 | 1,02,703       |
| Oct '19 | 132.00 | 132.00 | 21,187         | 130.00 | 130.65 | 1,24,786       |
| Nov '19 | 124.60 | 130.80 | 20,655         | 122.70 | 131.00 | 1,51,567       |
| Dec '19 | 107.90 | 113.85 | 19,981         | 109.90 | 113.95 | 2,06,720       |
| Jan '20 | 111.25 | 129.15 | 57,697         | 112.05 | 128.80 | 3,62,735       |
| Feb '20 | 117.35 | 122.00 | 42,942         | 115.00 | 124.00 | 2,19,891       |
| Mar '20 | 100.10 | 100.40 | 61,878         | 99.90  | 102.00 | 2,39,271       |

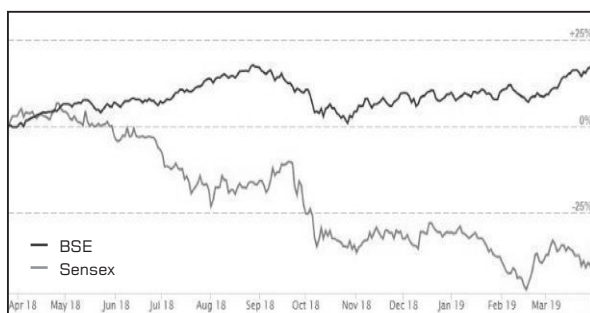
## ANNEXURE-1 (Contd.)

### MARKET CAPITALIZATION

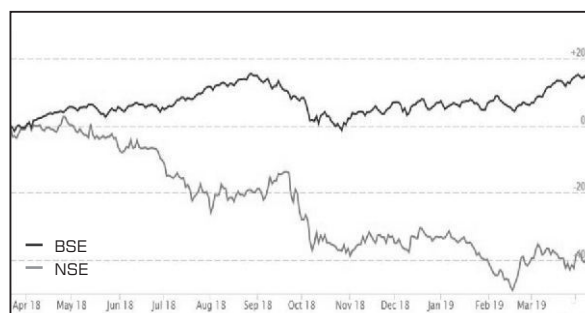
As on 31<sup>st</sup> March 2020, the market capitalization of the company stood at Rs.97.41 Crores as per BSE and at Rs.95.74 Crores as per NSE.

### Share Price performance in Comparison to Broad based indices - BSE & NSE as on 31.03.2020

**BSE-Vs-Sensex**



**BSE-Vs-NSE**



### 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 Private Limited, Nelson Chambers, 'F' Block, 4<sup>th</sup> 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 / transmission works, both physical and electronic form, are being done by M/s. GNSA Infotech Private Limited, Chennai.

**As per SEBI regulations, except in case of transmission or transposition of securities, requests for effecting transfer of securities in physical mode will not be processed with effect from 1<sup>st</sup> April 2019.**

In view of the above, the members holding shares in physical form are requested to consider converting their holdings to dematerialize and to avail various benefits of dematerialisation and to eliminate all risks associated with physical shares and for ease of portfolio management.

Application for transmission / transposition of share held in physical form are received both at the Registered office of the Company and at the office of the Registrar / Share Transfer Agent of the Company and if the documents are found to be in order, the transmission / transposition work is completed and the share certificate are returned within the stipulated time as per the Regulations.

To consider transmission / transposition of shares, the committee meets at least once in 15 days.

The Shares held in the demat form are electronically traded in the depositories and the Registrar and Transfer Agents of the Company periodically receive from the depositories the beneficiary holdings, to enable them to update their records.

### E) DISTRIBUTION SCHEDULE (As on 31.03.2019)

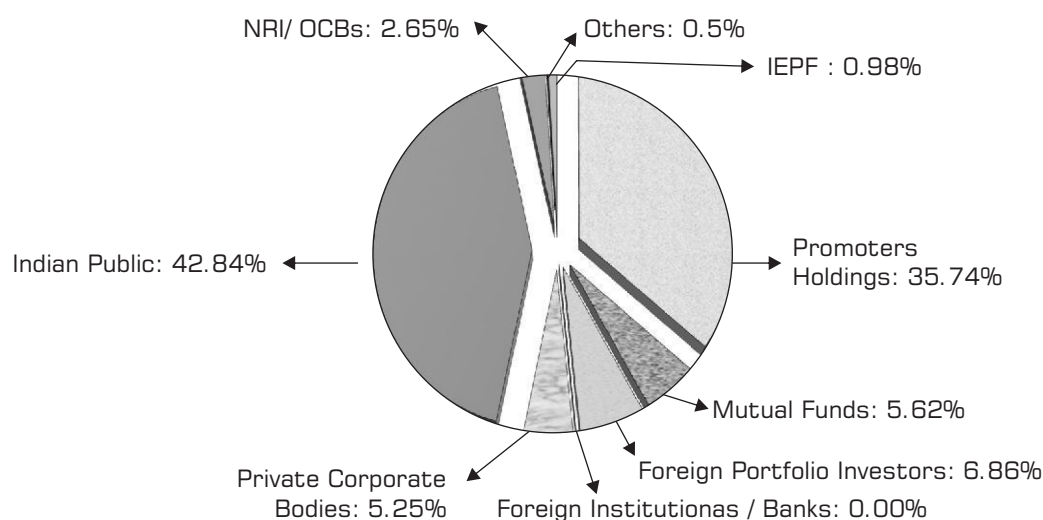
| Range          | No. of Folios | No. of Shares   | % of holding |
|----------------|---------------|-----------------|--------------|
| Up to - 5000   | 16004         | 1690606         | 10.58        |
| 5001 - 10000   | 982           | 802103          | 5.02         |
| 10001 - 20000  | 510           | 788544          | 4.93         |
| 20001 - 30000  | 217           | 557266          | 3.49         |
| 30001 - 40000  | 71            | 250848          | 1.57         |
| 40001 50000    | 74            | 351018          | 2.20         |
| 50001 - 100000 | 80            | 609779          | 3.82         |
| 100001 & above | 128           | 10932573        | 68.40        |
| <b>TOTAL</b>   | <b>18066</b>  | <b>15982737</b> | <b>100%</b>  |

## ANNEXURE-1 (Contd.)

### F) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2020

| Category |   | No. of Shares held | Percentage of Share Holding |
|----------|---|--------------------|-----------------------------|
| <b>A</b> | <b>Promoter's holding</b>   |                    |                             |
| 1        | Promoters   |                    |                             |
|          | Indian Promoters  | 5712762            | 35.74%                      |
|          | Foreign Promoters   | -                  | -                           |
| 2        | Persons acting in concert   | -                  | -                           |
|          | <b>Sub-Total</b>  | <b>5712762</b>     | <b>35.74%</b>               |
| <b>B</b> | <b>Non-Promoters Holding</b>  |                    |                             |
| 3        | Institutional Investors   |                    |                             |
| a        | Mutual Funds  | 898736             | 5.62%                       |
| b        | Foreign Institutional investors / Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions) | 1096644            | 6.86%                       |
|          | <b>Sub-Total</b>  | <b>1995380</b>     | <b>12.48%</b>               |
| 4        | Others  |                    |                             |
|          | Private Corporate Bodies  | 838728             | 5.25%                       |
|          | Indian Public   | 6847526            | 42.84%                      |
|          | NRI / OCBs  | 423851             | 2.65%                       |
|          | Any other (Foreign Collaborator/National)   | 8322               | 0.05%                       |
|          | IEPF  | 156168             | 0.98%                       |
|          | <b>Sub-Total</b>  | <b>8274595</b>     | <b>51.78%</b>               |
|          | <b>Grand Total</b>  | <b>15982737</b>    | <b>100.00%</b>              |

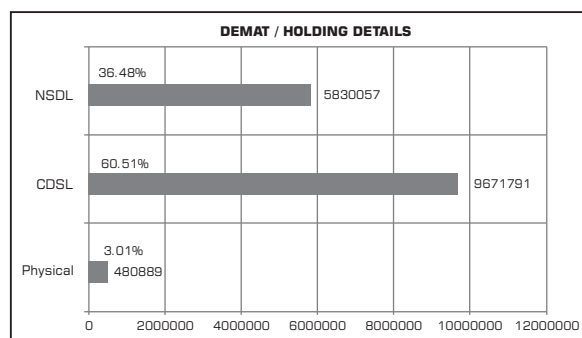
### DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2020



### G) DEMAT INFORMATION (AS ON 31.03.2020)

|                 | No. of Shares Dematerialized | % of Total Capital |
|-----------------|------------------------------|--------------------|
| <b>CDSL</b>     | 9671791                      | 60.51%             |
| <b>NSDL</b>     | 5830057                      | 36.48%             |
| <b>PHYSICAL</b> | 480889                       | 3.01%              |
| <b>TOTAL</b>    | 15982737                     | 100%               |

## ANNEXURE-1 (Contd.)



### H) CREDIT RATINGS OBTAINED BY THE ENTITY

|                   |                              |
|-------------------|------------------------------|
| Long Term Rating  | CRISIL A/Stable (Reaffirmed) |
| Short Term Rating | CRISIL A1 (Reaffirmed)       |

### I) 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.

### J) 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.863, Coimbatore Main Road, Bettathapuram, Coimbatore 641 104

Unit - V: No.882/3, Coimbatore Main Road, Bettathapuram, Coimbatore 641 104

### K) ADDRESS FOR CORRESPONDENCE

All correspondence should be addressed to:

The Managing Director / Company Secretary,

Salzer Electronics Ltd, Samichettipalayam,

Coimbatore - 641 047 CIN No. L03210TZ1985PLC001535

Website: The Company's website [www.salzergroup.com](http://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 Balance Sheet and Statement Profit & Loss are also available on the website in a user-friendly manner.

e-mail : [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com)

Compliance Officer id : [baskarasubramanian@salzergroup.com](mailto:baskarasubramanian@salzergroup.com)

Phone: 0422 4233600 / 0422 4233614

The Company has exclusive e-mail id: [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com) for investor services.

## 8. DISCLOSURES

### ❖ Informations Under Clause 36(3) Of Sebi (LODR) Regulation 2015 In Respect Of Directors Being Appointed / Re-appointed:

The following Directors are being re-appointed in this general body meeting, whose profiles are given in the Notice calling the Annual General Body meeting.

1. Dr.Mrs.Rajeshkumar Thilagam

2. Mr.S.Baskarasubramanian

### ❖ Disclosure 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-5 to the Directors Report.

## ANNEXURE-1 (Contd.)

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. 48 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 2019-20 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. The Materiality of the related party transaction policy is displayed on the Company's website viz. [www.salzergroup.net](http://www.salzergroup.net)

❖ **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 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 31.03.2020. 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 unethical 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. The Whistle Blower Policy is displayed on the Company's website viz. [www.salzergroup.net](http://www.salzergroup.net)

❖ **Commodity price risk and Commodity hedging activities**

The Company has adequate risk assessment and minimization system in place including for commodities. The one of the main input raw material being Copper, having high volatility in the price, which would impact the business have been adequately taken care of by sourcing the material both inland and imports to ensure the risk of volatility and consequential pricing impact. The company has been combating this risk by following previous month average cost of copper in pricing its products. The Company had managed the foreign

exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports depending upon the exigencies of the business.

❖ **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**

Does not arise as the Company has not raised any funds either through preferential allotment or qualified institutions placement, during the year, as specified under Regulations 32(7A).

❖ **Certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.**

The Certificate of Company Secretary in practice is annexed as a part of the Directors' report.

❖ **Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.**

The Board considered all the recommendations of the committees wherever necessary and approved the same during the year under review.

❖ **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

Details relating to fees paid to the Statutory Auditors are given in Note No. 37 to the Financial Statements.

❖ **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.

- number of complaints filed during the financial year - **Nil**
- number of complaints disposed of during the financial year - **Nil**
- number of complaints pending as on end of the financial year - **Nil**

During the year under review the working environment in the company remained cordial.

### 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.



## ANNEXURE-1 (Contd.)

- ❖ 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, 2020 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.
- ❖ Material non-listed subsidiary companies as defined in Regulations 23 of SEBI (LODR) Regulations 2015 with Stock Exchanges:
  - None.

### ❖ CONFIRMATION OF COMPLIANCE

As required under the Listing Regulations 2015

It is confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations 2015.

The Statutory Auditors' Certificate that the

Company has complied with the conditions of Corporate Governance is annexed to the 'Report of the Board of Directors & Management Discussion and Analysis'.

## 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 31.03.2020.

### ❖ 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](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com). The Quarterly / Half yearly and Annual Financial Results are also available in the Company's web-site : [www.salzergroup.com](http://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 are sent to shareholders as per records every year as the case may be.

### ❖ BSE Corporate Compliance & Listing Centre ('Listing Centre') & NSE ('Connect2nse')

BSE's "Listing Centre" and NSE's "Connect2nse" are web-based applications designed for corporates. 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 (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. During the fiscal 2019-20, the company has not received any complaints.

### ❖ 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.

## ANNEXURE-1 (Contd.)

### 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.

As per the provisions of the Companies Act, 2013, the Secretarial Audit for the year 2019-20 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-7) and the same has been approved by the Board at its meeting held on 24<sup>th</sup> May, 2019.

### 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 : Bangaluru  
Date : June 18, 2020

**N.RANGACHARY**  
CHAIRMAN  
DIN : 00054437

## CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Mr. R.Doraiswamy, Managing Director of the Company hereby certify

1. that I have reviewed the financial statements and the cash flow statement for the year ended 31 March 2020 and that to the best of my 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 my 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 I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take to rectify the identified deficiencies and
4. that I have informed the auditors and the audit committee that there are
  - o Significant changes in internal control during the year, if any.
  - o 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
  - o No instances of significant fraud of which I 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.
5. that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

For and on behalf of the Board

Place: Coimbatore  
Date : June 18, 2020

**R.DORAISWAMY**  
MANAGING DIRECTOR  
DIN : 00003131

## ANNEXURE-1 (Contd.)

**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 31.03.2020 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').
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 above mentioned Listing Agreement.
4. We state that no investors' grievances are pending for a period exceeding one month, as on 31<sup>st</sup> March 2020 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

Place: Coimbatore  
Date : June 18,2020

UDIN NO.: 20028346AAAAEG5469

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S**B. JAYARAM**  
Partner  
Memb.No. 028346

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Salzer Electronics Limited having (CIN: L03210TZ1985PLC001535) and having registered office at Samichettipalayam, Jothipuram Post, Coimbatore 641047 (hereinafter referred to as 'the Company'), produced to us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| S. No. | DIN      | Name of the Director           | Designation          | Original Date of Appointment as per MCA |
|--------|----------|--------------------------------|----------------------|---|
| 1      | 00003095 | L. Venkatapathy                | Independent Director | 17/12/1986                              |
| 2      | 00003106 | Prafulchandra Kanthilal Shah   | Independent Director | 02/05/1986                              |
| 3      | 00003111 | Narayanawamy Jayabal           | Independent Director | 28/12/1995                              |
| 4      | 00003126 | Rajeshkumar Doraiswamy         | Wholetime Director   | 22/12/2001                              |
| 5      | 00003131 | Doraiswamy Rangaswamy          | Managing Director    | 08/01/1985                              |
| 6      | 00003134 | Nirmalkumar Motichand Chandria | Independent Director | 17/12/1986                              |
| 7      | 00003141 | Veeraraghavan Sankaran         | Independent Director | 28/08/2002                              |
| 8      | 00003152 | Sankaran Baskarasubramanian    | Wholetime Director   | 01/10/1994                              |
| 9      | 00006783 | Thilagam Rajeshkumar           | Director             | 30/03/2015                              |
| 10     | 00054437 | Nambi Iyengar Rangachary       | Independent Director | 01/03/2014                              |
| 11     | 00793090 | Doraiswamy Vishnurangaswamy    | Additional Director  | 06/02/2020                              |
| 12     | 01043572 | Perumalreddiar Ramachandran    | Wholetime Director   | 26/09/1998                              |
| 13     | 07791113 | Otto Eggimann**                | Independent Director | 25/05/2017                              |
| 14     | 00003230 | Dhamodaraswamy*                | Director             | 17/12/1986                              |

\* Demised on 27.11.2019

\*\* Vacated w.e.f 24.05.2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G.V and Associates**  
Company Secretaries

Date : August 01, 2020  
Place : Coimbatore  
ICSI UDIN : F006699B000543279

**G. Vasudevan**  
FCS No.: 6699  
CPNo.: 6522

## ANNEXURE-2

### Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March 2020  
[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   | : | 08 <sup>th</sup> 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,<br>COIMBATORE, TAMILNADU, TAMIL NADU,<br>INDIA - 641047   |
|      | Contact details   | : | Telephone :0422-4233600, Fax : 0422-2692170<br>E-mail : salzer@salzergroup.com                 |
| vi)  | Whether listed company  | : | Yes  |
| vii) | Name, address and contact details of registrar and transfer agent, if any |   |  |
|      | Name  | : | GNSA INFOTECH PVT LTD  |
|      | Address   | : | "F" Block, 4 <sup>th</sup> Floor,<br>#115, Nelson Chambers, Aminthakarai,<br>CHENNAI - 600 029 |
|      | contact   | : | Phone : 044-42962025,<br>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:-

| S. 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                              | 45 %                               |
| 2     | Wires & Cables                                   | 3610                              | 47 %                               |
| 3     | Building segment products                        | -                                 | 6 %                                |
| 4     | Energy Management                                | -                                 | 2 %                                |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S. No | Name and address of the company   | CIN / GLN                 | Holding / Subsidiary Associate | % of shares held | Applicable section |
|-------|---|---------------------------|--------------------------------|------------------|--------------------|
| 1     | M/s.Kaycee Industries Ltd<br>Old Kamani Chmabers,<br>32- Ramjibhai Kamani Marg,<br>Ballard Estate,<br>Mumbai- 400 001;<br>Contact:<br>022-22613521/22/23<br>Website :<br>www.kayceeindustries.com | L70102MH194<br>2PLC006482 | Subsidiary                     | 74.91 %          | Sec. 2(87)         |



**ANNEXURE-2 (Contd.)**
**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**i) Category Wise Shareholding as at March 31, 2020**

| S. No      | Category of shareholders  | No. of shares hold at beginning of the year 01.04.2019 |               |                 |                   | No. of shares hold at End of the year 31.03.2020 |               |                 |                   | % of change during the year |
|------------|---|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|-----------------------------|
|            |   | Demat  | Physical      | Total           | % of total shares | Demat  | Physical      | Total           | % of total shares |                             |
| <b>(A)</b> | <b>Promoters</b>  |  |               |                 |                   |  |               |                 |                   |                             |
| <b>1</b>   | <b>Indian</b>   |  |               |                 |                   |  |               |                 |                   |                             |
| (a)        | Individuals/ HUF  | 1767149  | 13000         | 1780149         | 11.14             | 1776149  | -             | 1776149         | 11.11             | (0.03)                      |
| (b)        | Central/State Govt.(s)  | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (c)        | Bodies corporate  | 3848930  | -             | 3848930         | 24.08             | 3863391  | -             | 3863391         | 24.17             | 0.09                        |
| (d)        | FI/ Banks   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (e)        | Any other (Relative)  | 103142   | -             | 103142          | 0.65              | 73222  | -             | 73222           | 0.46              | (0.19)                      |
|            | <b>Sub-total (A)(1)</b>   | <b>5719221</b>   | <b>13000</b>  | <b>5732221</b>  | <b>35.87</b>      | <b>5712762</b>                                   | <b>-</b>      | <b>5712762</b>  | <b>35.74</b>      | <b>(0.13)</b>               |
| <b>2</b>   | <b>Foreign</b>  |  |               |                 |                   |  |               |                 |                   |                             |
| (a)        | Individuals (Foreign Individuals)   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (b)        | Bodies corporate  | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (c)        | Institutions  | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (d)        | QFI   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (e)        | Any other   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
|            | <b>Sub-total (A)(2)</b>   | <b>-</b>   | <b>-</b>      | <b>-</b>        | <b>-</b>          | <b>-</b>   | <b>-</b>      | <b>-</b>        | <b>-</b>          | <b>-</b>                    |
|            | <b>Total shareholding of promoter and promoter group (A) = (A)(1) + (A)(2)</b>  | <b>5719221</b>   | <b>13000</b>  | <b>5732221</b>  | <b>35.87</b>      | <b>5712762</b>                                   | <b>-</b>      | <b>5712762</b>  | <b>35.74</b>      | <b>(0.13)</b>               |
| <b>(B)</b> | <b>Public shareholding</b>  |  |               |                 |                   |  |               |                 |                   |                             |
| <b>1</b>   | <b>Institutions</b>   |  |               |                 |                   |  |               |                 |                   |                             |
| (a)        | Mutual funds/UTI  | 898736   | -             | 898736          | 5.62              | 898736   | -             | 898736          | 5.62              | -                           |
| (b)        | FI/Banks  | 30810  | -             | 30810           | 0.19              | 40   | -             | 40              | -                 | (0.19)                      |
| (c)        | Central/ State Govt. (s)  | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (d)        | Venture capital funds   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (e)        | Insurance companies   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (f)        | FII   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (g)        | Foreign venture capital   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (i)        | Any other   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (i)        | Financial Institutions  | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (i)        | Port Folio Investor   | 1187754  | -             | 1187754         | 7.43              | 1096604  | -             | 1096604         | 6.86              | (0.57)                      |
|            | <b>Sub-Total (B)(1)</b>   | <b>2117300</b>   | <b>-</b>      | <b>2117300</b>  | <b>13.25</b>      | <b>1995380</b>                                   | <b>-</b>      | <b>1995380</b>  | <b>12.48</b>      | <b>(0.76)</b>               |
| <b>2</b>   | <b>Non-institutions</b>   |  |               |                 |                   |  |               |                 |                   |                             |
| (a)        | Bodies corporate  | 946448   | 32121         | 978569          | 6.12              | 806607   | 32121         | 838728          | 5.25              | (0.87)                      |
| (b)        | Individuals   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
|            | i. Individual shareholders holding nominal share capital up to ₹ 1 lacs         | 4192152  | 468993        | 4661145         | 29.16             | 4126645  | 378968        | 4505613         | 28.19             | (0.97)                      |
|            | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lacs | 1885516  | 117986        | 2003502         | 12.54             | 2272113  | 69800         | 2341913         | 14.65             | 2.12                        |
| (c)        | Any other   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (i)        | (Non Resident Indian)   | 338151   | -             | 338151          | 2.12              | 423851   | -             | 423851          | 2.65              | 0.54                        |
| (ii)       | Foreign Company   | -  | -             | -               | -                 | -  | -             | -               | -                 | -                           |
| (iii)      | Foreign National  | 5419   | -             | 5419            | 0.03              | 8322   | -             | 8322            | 0.05              | 0.02                        |
| (iv)       | IEPF  | 146430   | -             | 146430          | 0.92              | 156168   | -             | 156168          | 0.98              | 0.06                        |
|            | <b>Sub-total (B)(2)</b>   | <b>7367686</b>   | <b>619100</b> | <b>8133216</b>  | <b>50.89</b>      | <b>7793706</b>                                   | <b>480889</b> | <b>8274595</b>  | <b>51.77</b>      | <b>0.88</b>                 |
|            | <b>Total public shareholding (B) = (B)(1) + (B)(2)</b>                          | <b>9484986</b>   | <b>619100</b> | <b>10250516</b> | <b>64.13</b>      | <b>9789086</b>                                   | <b>480889</b> | <b>10269975</b> | <b>64.26</b>      | <b>0.13</b>                 |
|            | <b>Total (A) + (B)</b>  | <b>15204207</b>  | <b>632100</b> | <b>15982737</b> | <b>100.00</b>     | <b>15501848</b>                                  | <b>480889</b> | <b>15982737</b> | <b>100.00</b>     | <b>-</b>                    |

**ANNEXURE-2 (Contd.)****ii) Shareholding of promoters as on 31st March, 2020**

| S. No | Shareholders' name                 | Shareholding at the beginning of the year 01.04.2019 |                                  |   | Shareholding at the End of the year 31.03.2020 |                                  |   | % 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 share |  |
| 1     | Vishnu Rangaswamy D                | 754500   | 4.72                             | -   | 754500   | 4.72                             | -   | -  |
| 2     | Thilagam R                         | 457255   | 2.86                             | -   | 457255   | 2.86                             | -   | -  |
| 3     | Doraiswamy R                       | 313428   | 1.96                             | -   | 313428   | 1.96                             | -   | -  |
| 4     | Rajesh Kumar D                     | 241966   | 1.51                             | -   | 250966   | 1.57                             | -   | 0.06                                     |
| 5     | SRVE Industries Ltd                | 615605   | 3.85                             | -   | 630066   | 3.94                             | -   | 0.09                                     |
| 6     | Quebec Information Services I Ltd  | 654842   | 4.10                             | -   | 654842   | 4.10                             | -   | -  |
| 7     | Salzer Exports Limited             | 345725   | 2.16                             | -   | 345725   | 2.16                             | -   | -  |
| 8     | Salzer Securities Holdings Limited | 101007   | 0.63                             | -   | 101007   | 0.63                             | -   | -  |
| 9     | K R Health Care P Limited          | 352783   | 2.21                             | -   | 352783   | 2.21                             | -   | -  |
| 10    | Saradha Investment Limited         | 748968   | 4.69                             | -   | 748968   | 4.69                             | -   | -  |
| 11    | Salzer Magnet Wires Limited        | 1030000  | 6.44                             | -   | 1030000  | 6.44                             | -   | -  |
| 12    | R Pappammal                        | 59922  | 0.37                             | -   | 59922  | 0.37                             | -   | -  |
| 13    | Samhita Rajesh                     | 13000  | 0.08                             | -   | 13300  | 0.08                             | -   | -  |
| 14    | R Damodaraswamy                    | 43220  | 0.27                             | -   | -  | -                                | -   | -0.27                                    |
|       | <b>TOTAL</b>                       | <b>5732221</b>                                       | <b>35.87</b>                     | <b>-</b>  | <b>5712762</b>                                 | <b>35.74</b>                     | <b>-</b>  | <b>-0.13</b>                             |

**ANNEXURE-2 (Contd.)**
**iii) Change in Promoters' Shareholding**

| S. No     | Changes in Promoters Holdings, date & reason of change | Shareholding at the beginning of the year 01.04.2019 |                                  | Cumulative shareholding during the year 2019-2020 |                                  |
|-----------|--|--|----------------------------------|---|----------------------------------|
|           |  | No of shares   | % of total shares of the company | No of shares                                      | % of total shares of the company |
| <b>1</b>  | <b>VISHNU RANGASWAMY D</b>                             |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 754500   | 4.72                             | 754500  | 4.72                             |
|           | At the end of the year - 31/03/2020                    |  | 0.41                             | 754500  | 4.72                             |
| <b>2</b>  | <b>THILAGAM R</b>                                      |  |                                  |   |                                  |
|           | At the beginning of the year 01/04/2019                | 457255   | 2.86                             | 457255  | 2.86                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 457255  | 2.86                             |
| <b>3</b>  | <b>DORAISWAMY R</b>                                    |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 313428   | 1.96                             | 313428  | 1.96                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 313428  | 1.96                             |
| <b>4</b>  | <b>RAJESH KUMAR D</b>                                  |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 241966   | 1.51                             | 241966  | 1.51                             |
|           | Market Purchase - 05/03/2020                           | 2000   | 0.02                             | 243966  | 1.53                             |
|           | Market Purchase - 12/03/2020                           | 7000   | 0.03                             | 250966  | 1.57                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 250966  | 1.57                             |
| <b>5</b>  | <b>SRVE INDUSTRIES LTD</b>                             |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 615605   | 3.85                             | 615605  | 3.85                             |
|           | Market Purchase - 19/02/2019                           | 11820  | 0.08                             | 627425  | 3.93                             |
|           | Market Purchase - 22/02/2019                           | 141  | 0.00                             | 627566  | 3.93                             |
|           | Market Purchase - 12/03/2019                           | 2500   | 0.01                             | 630066  | 3.94                             |
|           | At the end of the year - 12/03/2020                    |  |                                  | 630066  | 3.94                             |
| <b>6</b>  | <b>QUEBEC INFORMATION SERVICES I LTD</b>               |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 654842   | 4.10                             | 654842  | 4.10                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 654842  | 4.10                             |
| <b>7</b>  | <b>SALZER EXPORTS LIMITED</b>                          |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 347525   | 2.16                             | 345725  | 2.16                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 345725  | 2.16                             |
| <b>8</b>  | <b>SALZER SECURITIES HOLDINGS LIMITED</b>              |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 101007   | 0.63                             | 101007  | 0.63                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 101007  | 0.63                             |
| <b>9</b>  | <b>K R HEALTH CARE P LIMITED</b>                       |  |                                  |   |                                  |
|           | At the beginning of the year - 31/03/2019              | 352783   | 2.21                             | 352783  | 2.21                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 352583  | 2.21                             |
| <b>10</b> | <b>SARADHA INVESTMENT LIMITED</b>                      |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 748968   | 4.69                             | 748968  | 4.69                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 748968  | 4.69                             |
| <b>11</b> | <b>SALZER MAGNET WIRES LTD</b>                         |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 1030000  | 6.44                             | 1030000   | 6.44                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 1030000   | 6.44                             |
| <b>12</b> | <b>R PAPPAMMAL</b>                                     |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 59922  | 0.37                             | 59922   | 0.37                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 59922   | 0.37                             |
| <b>13</b> | <b>SAMHITA RAJESH</b>                                  |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 13000  | 0.08                             | 13000   | 0.08                             |
|           | Market Purchase - 27/02/2019                           | 300  |                                  | 13300   | 0.08                             |
|           | At the end of the year - 31/03/2020                    |  |                                  | 13300   | 0.08                             |
| <b>14</b> | <b>DHAMODHARASWAMY R</b>                               |  |                                  |   |                                  |
|           | At the beginning of the year - 01/04/2019              | 43220  | 0.27                             | 43220   | 0.27                             |
|           | Trns.to Public Category upon his demise on 27.11.2019  | -43220   | -0.27                            | -   | -                                |
|           | At the end of the year - 31/03/2020                    |  |                                  | -   | -                                |

**ANNEXURE-2 (Contd.)**
**iv) Shareholding pattern of top ten shareholders (Other than Promoters and Directors)**

| S. No     | For each top 10 shareholders name, date & reason of change                            | Shareholding at the beginning of the year 01.04.2019 |                                  | Cumulative shareholding during the year 31.03.2020 |                                  |
|-----------|---|--|----------------------------------|--|----------------------------------|
|           |   | No of shares   | % of total shares of the company | No of shares                                       | % of total shares of the company |
| <b>1</b>  | <b>HMG GLOBETROTTER</b>   |  |                                  |  |                                  |
|           | As on 01/04/2019  | 963024   | 6.03                             | 963024   | 6.03                             |
|           | at the End of the year 31/03/2020   |  |                                  | 963024   | 6.03                             |
| <b>2</b>  | <b>TARUN KANTILAL VAKHARIA</b>  |  |                                  |  |                                  |
|           | As on 01/04/2019  | 219128   | 1.37                             | 219128   | 1.37                             |
|           | at the End of the year 31/03/2020   |  |                                  | 219128   | 1.37                             |
| <b>3</b>  | <b>SHARMIN NASSER</b>   |  |                                  |  |                                  |
|           | As on 01/04/2019  | 205000   | 1.28                             | 205000   | 1.28                             |
|           | Market Purchase - 31/05/2019  | 5000   | 0.03                             | 210000   | 1.31                             |
|           | at the End of the year 31/03/2020   |  |                                  | 210000   | 1.31                             |
| <b>4</b>  | <b>DIPAK KANAYALAL SHAH</b>   |  |                                  |  |                                  |
|           | As on 01/04/2019  | 162700   | 1.02                             | 162700   | 1.02                             |
|           | Market Purchase - 12/07/2019  | 300  | 0.00                             | 163000   | 1.02                             |
|           | Market Purchase - 22/11/2019  | 1000   | 0.01                             | 164000   | 1.03                             |
|           | Market Purchase - 27/12/2019  | 1000   | 0.01                             | 165000   | 1.03                             |
|           | Market Purchase - 06/03/2020  | 200  | 0.00                             | 165200   | 1.03                             |
|           | Market Purchase - 20/03/2020  | 500  | 0.00                             | 165700   | 1.04                             |
|           | at the End of the year - 31/03/2020   |  |                                  | 165700   | 1.04                             |
| <b>5</b>  | <b>SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES II</b>               |  |                                  |  |                                  |
|           | As on 01/04/2019  | 160860   | 1.01                             | 160860   | 1.01                             |
|           | at the End of the year 31/03/2020   |  |                                  | 160860   | 1.01                             |
| <b>6</b>  | <b>INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS</b> |  |                                  |  |                                  |
|           | As on 01/04/2019  | 146430   | 0.92                             | 146430   | 0.92                             |
|           | Claim from IEPF on 30/09/2019   | 25   | 0.00                             | 146405   | 0.92                             |
|           | Transfer to IEPF on 25/10/2019  | 9463   | 0.06                             | 155868   | 0.98                             |
|           | Transfer to IEPF on 01/11/2019  | 300  | 0.00                             | 156168   | 0.98                             |
|           | at the End of the year - 31/03/2020   |  |                                  | 156168   | 0.98                             |
| <b>7</b>  | <b>SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES I</b>                |  |                                  |  |                                  |
|           | As on 01/04/2019  | 150910   | 0.94                             | 150910   | 0.94                             |
|           | at the End of the year - 31/03/2020   |  |                                  | 150910   | 0.94                             |
| <b>8</b>  | <b>SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES III</b>              |  |                                  |  |                                  |
|           | As on 01/04/2019  | 140071   | 0.88                             | 140071   | 0.88                             |
|           | at the End of the year - 31/03/2020   |  |                                  | 140071   | 0.88                             |
| <b>9</b>  | <b>ELARA INDIA OPPORTUNITIES FUND LIMITED</b>   |  |                                  |  |                                  |
|           | As on 01/04/2019  | 218925   | 1.37                             | 218925   | 1.37                             |
|           | Market Sale - 30/08/2019  | 62313  | 0.39                             | 156612   | 0.98                             |
|           | Market Sale - 06/12/2019  | 37158  | 0.23                             | 119454   | 0.75                             |
|           | at the End of the year - 31/03/2020   |  |                                  | 119454   | 0.75                             |
| <b>10</b> | <b>SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES IV</b>               |  |                                  |  |                                  |
|           | As on 01/04/2019  | 100029   | 0.63                             | 100029   | 0.63                             |
|           | at the End of the year 31/03/2020   |  |                                  | 100029   | 0.63                             |

## ANNEXURE-2 (Contd.)

### v) a. Shareholding pattern of Key Managerial Personnel

| S. No    | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year 01.04.2019 |                                  | Cumulative shareholding during the year 2019-20 |                                  |
|----------|--|--|----------------------------------|---|----------------------------------|
|          |  | No of shares   | % of total shares of the company | No of shares                                    | % of total shares of the company |
| <b>1</b> | <b>R DORAISWAMY</b>  |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 313428   | 1.96                             | 313428  | 1.96                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 313428  | 1.96                             |
| <b>2</b> | <b>RAJESH KUMAR D</b>  |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 241966   | 1.51                             | 241966  | 1.51                             |
|          | Market Purchase - 20/03/2020                                     | 9000   | 0.06                             | 250966  | 1.57                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 250966  | 1.57                             |
| <b>3</b> | <b>BASKARASUBRAMANIAN.S</b>                                      |  |                                  |   |                                  |
|          | Director (Corporate Affairs)& Company Secretary                  |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 21445  | 0.13                             | 21445   | 0.13                             |
|          | Market Purchase - 06/03/2020                                     | 100  | 0.00                             | 21545   | 0.13                             |
|          | Market Purchase - 13/03/2020                                     | 495  | 0.00                             | 22045   | 0.14                             |
|          | Market Purchase - 20/03/2020                                     | 105  | 0.00                             | 22145   | 0.14                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 22145   | 0.14                             |

### b) Directors of the Company

| S. No    | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year (01.04.2019) |                                  | Cumulative shareholding during the year 2019-20 |                                  |
|----------|--|--|----------------------------------|---|----------------------------------|
|          |  | No of shares   | % of total shares of the company | No of shares                                    | % of total shares of the company |
| <b>1</b> | <b>THILAGAM RAJESH</b>   |  |                                  |   |                                  |
|          | -Non Executive & Non Independent Director                        |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 457255   | 2.86                             | 457255  | 2.86                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 457255  | 2.86                             |
| <b>2</b> | <b>NIRMAL KUMAR CHANDRIA</b>                                     |  |                                  |   |                                  |
|          | -Independent Director  |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 34850  | 0.22                             | 34850   | 0.22                             |
|          | Market Purchase - 19/07/2019                                     | 43   | 0.00                             | 34893   | 0.22                             |
|          | Market Purchase - 06/03/2020                                     | 17   | 0.00                             | 34910   | 0.22                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 34910   | 0.22                             |
| <b>3</b> | <b>NARAYANASWAMY JAYABAL</b>                                     |  |                                  |   |                                  |
|          | -Independent Director  |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 665  | 0.00                             | 665   | 0.00                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 665   | 0.00                             |
| <b>4</b> | <b>L VENKATAPATHY</b>  |  |                                  |   |                                  |
|          | -Independent Director  |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 300  | 0.00                             | 300   | 0.00                             |
|          | Market Purchase - 14/06/2019                                     | 13   | 0.00                             | 313   | 0.00                             |
|          | At the end of the year 31/03/2020                                |  |                                  | 313   | 0.00                             |
| <b>5</b> | <b>V SANKARAN</b> -Independent Director                          |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | -  | -                                | -   | -                                |
|          | At the end of the year 31/03/2020                                |  |                                  | -   | -                                |
| <b>6</b> | <b>N RANGACHARY</b> - Independent Director                       |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | -  | -                                | -   | -                                |
|          | At the end of the year 31/03/2020                                |  |                                  | -   | -                                |
| <b>7</b> | <b>P K SHAH</b> -Independent Director                            |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | 31091  | 0.19                             | 31091   | 0.19                             |
|          | At the end of the year 31/03/2020                                |  | 0.00                             | 31091   | 0.19                             |
| <b>8</b> | <b>P Ramachandran</b> - Whole Time Director                      |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2019                          | -  | -                                | -   | -                                |
|          | At the end of the year 31/03/2020                                |  |                                  | -   | -                                |
| <b>9</b> | <b>OTTO EGGIMANN</b>   |  |                                  |   |                                  |
|          | - Independent Director   |  |                                  |   |                                  |
|          | At the beginning of the year 01/04/2018                          | -  | -                                | -   | -                                |
|          | At the end of the year 31/03/2019                                |  |                                  | -   | -                                |

## ANNEXURE-2 (Contd.)

### VI INDEBTEDNESS

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

(₹ in Lakhs)

|  | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Unsecured<br>Loans | Total<br>Indebtedness |
|--|--|--------------------|--------------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |  |                    |                    |                       |
| i) Principal Amount  | 11,981.08                              | 2000.00            | -                  | 13,981.08             |
| ii) Interest due but not paid                              | -                                      | -                  | -                  | -                     |
| iii) Interest accrued but not due                          | -                                      | -                  | -                  | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>11,981.08</b>                       | <b>2000.00</b>     | <b>-</b>           | <b>13,981.08</b>      |
| <b>Change in Indebtedness during the financial year</b>    |  |                    |                    |                       |
| Addition   | 3,387.28                               | -                  | -                  | 3,387.28              |
| Reduction  | -                                      | -                  | -                  | -                     |
| <b>Net Change</b>  | <b>3,387.28</b>                        | <b>-</b>           | <b>-</b>           | <b>3,387.28</b>       |
| <b>Indebtedness at the end of the financial year</b>       |  |                    |                    |                       |
| i) Principal Amount  | 15,368.36                              | 2000.00            | -                  | 17,368.36             |
| ii) Interest due but not paid                              | -                                      | -                  | -                  | -                     |
| iii) Interest accrued but not due                          | -                                      | -                  | -                  | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>15,368.36</b>                       | <b>2000.00</b>     | <b>-</b>           | <b>17,368.36</b>      |



**ANNEXURE-2 (Contd.)**
**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**a) Remuneration of Managing Director and other Whole Time Directors**

(₹ in Lakhs)

|   | <b>R.Doraiswamy</b>      | <b>D.Rajeshkumar</b>   | <b>P.Ramachandran</b>      | <b>S Baskara Subramanian</b>                                | <b>Total</b>  |
|---|--------------------------|--|----------------------------|---|---------------|
|   | <b>Managing Director</b> | <b>Joint Managing Director &amp; Chief Financial Officer</b> | <b>Whole Time Director</b> | <b>Director (Corporate Affairs) &amp; Company Secretary</b> |               |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 44.75                    | 43.50  | 15.61                      | 13.49   | 117.35        |
| (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              | -                        | -  | -                          | -   | -             |
| (d) Stock Option  | -                        | -  | -                          | -   | -             |
| (e) Sweat Equity  | -                        | -  | -                          | -   | -             |
| (f) Commission  |                          |  |                            |   |               |
| - as % of profit  | 20.54                    | 20.54  | -                          | -   | 41.08         |
| <b>(g) Others, specify...</b>   |                          |  |                            |   |               |
| PF Contribution   | 0.22                     | 0.22   | 0.21                       | 0.22  | 0.87          |
| Bonus   | 0.11                     | 0.42   | 0.42                       | 0.11  | 1.06          |
| <b>Total (A)</b>  | <b>65.62</b>             | <b>64.68</b>   | <b>16.24</b>               | <b>13.82</b>  | <b>160.36</b> |
| Ceiling as per the Act  | ₹ 342.40 Lacs            |  |                            |   |               |

**b) Remuneration to other Directors**
**i) Independent Directors**

(₹ in Lakhs)

| <b>S. No</b> | <b>Director</b>             | <b>Fees for attending the meeting</b> | <b>Commission</b> | <b>Others</b> | <b>Total</b> |
|--------------|-----------------------------|---------------------------------------|-------------------|---------------|--------------|
|              |                             | <b>(A)</b>                            | <b>(B)</b>        | <b>(C)</b>    | <b>A+B+C</b> |
| 1            | Mr. N.RANGACHARY            | 3.60                                  | -                 | -             | 3.60         |
| 2            | Mr. V.SANKARAN              | 3.60                                  | -                 | -             | 3.60         |
| 3            | Mr. L.VENKATAPATHY          | 2.40                                  | -                 | -             | 2.40         |
| 4            | Mr. NIRMAL KUMAR M CHANDRIA | 1.20                                  | -                 | -             | 1.20         |
| 5            | Mr. N.JAYABAL               | 1.20                                  | -                 | -             | 1.20         |
| 6            | Mr. P.K.SHAH                | 1.20                                  | -                 | -             | 1.20         |
| 7            | Mr. Otto Eggimann           | -                                     | -                 | -             | -            |
|              | <b>Total</b>                | <b>13.20</b>                          | <b>-</b>          | <b>-</b>      | <b>13.20</b> |

**ii) Other Non-Executive and Non Independent Directors**

(₹ in Lakhs)

| <b>S. No</b> | <b>Director</b>          | <b>Fees for attending the meeting</b> | <b>Commission</b> | <b>Others</b> | <b>Total</b> |
|--------------|--------------------------|---------------------------------------|-------------------|---------------|--------------|
|              |                          | <b>(A)</b>                            | <b>(B)</b>        | <b>(C)</b>    | <b>A+B+C</b> |
| 1            | Dr. THILAGAM RAJESHKUMAR | 1.20                                  | -                 | -             | 1.20         |
| 2            | Mr. R. DHAMODHARASWAMY   | 0.90                                  | -                 | -             | 0.90         |
|              | <b>Total</b>             | <b>2.10</b>                           | <b>-</b>          | <b>-</b>      | <b>2.10</b>  |

**ANNEXURE-2 (Contd.)**
**VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

(₹ in Lakhs)

| 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) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                               |                                    |
| Penalty                             | nil                          | nil               | nil  | nil                           | nil                                |
| Punishment                          | nil                          | nil               | nil  | nil                           | nil                                |
| Compounding                         | nil                          | nil               | nil  | nil                           | nil                                |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                               |                                    |
| Penalty                             | nil                          | nil               | nil  | nil                           | nil                                |
| Punishment                          | nil                          | nil               | nil  | nil                           | nil                                |
| Compounding                         | nil                          | nil               | nil  | nil                           | nil                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                               |                                    |
| Penalty                             | nil                          | nil               | nil  | nil                           | nil                                |
| Punishment                          | nil                          | nil               | nil  | nil                           | nil                                |
| Compounding                         | nil                          | nil               | nil  | nil                           | nil                                |

For and on behalf of the Board

Place : Bangaluru  
Date : Jun 18, 2020

(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

Energy conservation is the effort made to reduce the consumption of energy by using less of an energy service. This can be achieved either by using energy more efficiently or by reducing the amount of service used. Energy conservation is a part of the concept of eco-sufficiency. Energy conservation reduces the need for energy services and can result in increased environmental quality, national security and higher savings. It also lowers energy costs by preventing future resource depletion.

In this Direction, your Company remains conscious to achieve optimal energy efficiency across the Units and aims to employ continuous measurement of energy consumption and review its operating procedures periodically.

##### 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. The Company has already applied for the renewal of recognition and the same is under consideration of Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research and the Company is confident to get the renewal for further period. Further, Due to the continued COVID-19 pandemic situation, vide DSIR order No.RDI Ren.In-House R&D (1)/2020 dt. 01.7.2020, it has been extended the validity of recognition and validity of registration of existing In-house R&D unit (s) of Industries and

Scientific and Industrial Research Organisations (SIROs) recognised by DSIR which was valid up to 30.09.2020.

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

## ANNEXURE-3 (Contd.)

- 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

Energy saving Fan regulator, Air conditioner Energy Saver, Disconnect switch, Ceiling Mount movement sensor, Touch cum remote switch, GE Earth Terminal, Bimetallic Overload Relay, Different Type of Sensors, Contactors and

Overloaded relays upto 105 A, Definite purpose contactors, Motor protection circuit breakers, DC isolators for PV applications, Data cables, 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:

- The Company 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. This product has well received both in domestic and international markets and has got good potentials which would in turn improve the growth and profitability of the company.

- The Company 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 Newzeland. 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. This product has already established its foothold in the domestic and international markets.

#### 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., | ₹ 846.35 Lakhs |
| • New Products and Process development                                       | ₹ 167.36 Lakhs |
| • Salary and other expenses for R & D personnel                              | ₹ 172.39 Lakhs |

### ANNEXURE-3 (Contd.)

#### 4. Details of Imported Technology:

|  |  |
|--|--|
| • Technology Imported                    | For the manufacture of<br>(i) CAM Operated Rotary Switches<br>(ii) Toroidal Transformers<br>(iii) Three phase try type transformer |
| • Year of Import                         | (i) 1985 (ii) 1995 / 2005<br>(iii) 2016  |
| • Has the technology been fully absorbed | Yes, Fully absorbed.   |

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

|  |                  |
|--|------------------|
| a) Foreign Exchange earned during the year | ₹ 7,097.10 Lakhs |
| b) Foreign Exchange outgo                  | ₹ 5,422.51 Lakhs |

For and on behalf of the Board

Place : Bangaluru  
Date : June 18, 2020

**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 especially the development of Rural and Semi urban Local Regional Areas in which the Company is operating, 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 spend 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 saplings 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.

| S. No | Committee Member          | Type                       | Category in the Board                             |
|-------|---------------------------|----------------------------|---|
| 1     | Shri N Rangachary         | Chairman                   | Independent Director                              |
| 2     | Shri R Doraiswamy         | Member                     | Managing Director                                 |
| 3     | Shri D Rajesh Kumar       | Member                     | Joint Managing Director & Chief Financial Officer |
| 4     | Shri N. Jayabal           | Member                     | Independent Director                              |
| 5     | Shri S Baskarasubramanian | Secretary to the Committee | Director (Corporate Affairs) & Company Secretary  |

During the Financial year 2019-20, a Member of the Committee Mr.R Dhamodharaswamy passed away on 27/11/2019, and no appointment was made in his place.

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.



**ANNEXURE-4 (Contd.)****3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS**

|  | <b>2018-19</b><br>₹ In Lakhs | <b>2017-18</b><br>₹ In Lakhs | <b>2016-17</b><br>₹ In Lakhs |
|--|------------------------------|------------------------------|------------------------------|
| Net profit under Section 198 of the Companies Act 2013 | ₹ 3,218.24                   | ₹ 3,075.66                   | ₹ 2,493.96                   |

**4. PRESCRIBED CSR EXPENDITURE (TWO PER CENT. OF THE AMOUNT AS IN ITEM 3 ABOVE)**

|  | <b>₹ In Lakhs</b> |
|--|-------------------|
| <b>Last three years average profit</b> | 2,929.29          |
| CSR Spending -2%                       | 58.59             |

**5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR.**

|    |   |               |
|----|---|---------------|
| a. | Total amount to be spent for the financial year 2019-20 | ₹ 58.59 Lakhs |
| b. | Amount spent for the financial year 2019-20             | ₹ 14.41 Lakhs |
| c. | Amount unspent , if any;                                | ₹ 44.19 Lakhs |

**DETAILS OF THE AMOUNT SPENT DURING THE FINANCIAL YEAR ARE DETAILED BELOW**

| <b>S. No</b> | <b>CSR Project / activity Identified</b>          | <b>Sector in which the Project is covered</b> | <b>Location</b>        | <b>Amount outlay</b> | <b>Amount spent on projects</b> | <b>Cumulative expenditure upto reporting period</b> | <b>Direct or through implementing agency</b> |
|--------------|---|---|------------------------|----------------------|---------------------------------|---|--|
| 1            | 2   | 3   | 4                      | 5                    | 6                               | 7   | 8  |
|              |   |   |                        | ₹ In Lakhs           | ₹ In Lakhs                      | ₹ In Lakhs  |  |
| 1            | Education including skill development             | Education                                     | Coimbatore, Tamil Nadu | 20.00                | 9.19                            | 9.19  | By Both                                      |
| 2            | Hunger and poverty                                | Poverty eradications                          | Coimbatore, Tamil Nadu | 5.00                 | 0.42                            | 9.61  |  |
| 3            | Health care services                              | Health  | Coimbatore, Tamil Nadu | 5.00                 | 2.15                            | 11.76   |  |
| 4            | Rural development project                         | Rural Development                             | Coimbatore, Tamil Nadu | 15.09                | 0.70                            | 12.46   |  |
| 5            | Sports related activities                         | Sports  | Coimbatore, Tamil Nadu | 8.00                 | 1.85                            | 14.31   |  |
| 6            | Swachh Bharat (Clean India Mission of Government) | Swachh Bharat                                 | Coimbatore, Tamil Nadu | 5.00                 | -                               | 14.31   |  |
| 7            | Development of Traditional Culture                | Protection Culture                            | Coimbatore, Tamil Nadu | 0.50                 | 0.10                            | 14.41   |  |
|              | <b>Total</b>                                      |   |                        | <b>58.59</b>         | <b>14.41</b>                    |   |  |

**6. Reason for not spending the amount earmarked for CSR Activities in the Financial year 2019-20**

The lack of suitable projects in the local areas Gudalur, Naickkampalayam, Mathampalayam Panchayats attributed to this Unspent amount and the Company is effectively taking various measures to utilize available proceeds for the FY21 towards various causes in line with CSR Policy and approval of the CSR Committee

**7. 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 :00003131

Date : June 18,2020  
Place : Coimbatore

**N RANGACHARY**

Chairman of CSR Committee  
DIN :00054437  
Bangaluru

## ANNEXURE-5

### 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 arm's 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   | : NIL |
| b | Nature of contracts/arrangements/transactions   | : NIL |
| c | Duration of the contracts / arrangements/ transactions  | : NIL |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any                        | : NIL |
| e | Justification for entering into such contracts or arrangements or transactions                                    | : NIL |
| f | Date(s) of approval by the Board  | : NIL |
| g | Amount paid as advances, if any   | : NIL |
| h | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | : NIL |

#### 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                                    | : NIL |
| b | Nature of contracts/arrangements/transactions  | : NIL |
| c | Duration of the contracts / arrangements/ transactions                                     | : NIL |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any | : NIL |
| e | Date(s) of approval by the Board, if any or such other approvals                           | : NIL |
| f | Amount paid as advances, if any  | : NIL |

For and on behalf of the Board

Date : June 18, 2020  
Place : Bangaluru

**N RANGACHARY**  
Chairman of CSR Committee  
DIN : 00054437

## ANNEXURE-6

### 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 director to the median remuneration of the employees of the company for the financial year;

| Sl. No. | Name of the Director        | Position  | Total Remuneration for FY 20<br>(₹ in Lakhs) | Ratio of Remuneration of the Director to the median Remuneration |
|---------|-----------------------------|---|--|--|
| 1       | Mr. R. Doraiswamy           | Managing Director                                 | 65.62  | 22.27  |
| 2       | Mr. D. Rajeshkumar          | Joint Managing Director & Chief Financial Officer | 64.68  | 21.95  |
| 3       | Mr. P. Ramachandran         | Whole Time Director (Marketing)                   | 16.24  | 5.51   |
| 4       | S. Baskarasubramanian       | Director (Corporate Affairs) & Company Secretary  | 13.81  | 4.69   |
| 5       | Dr. Thilagam Rajeshkumar    | Non Executive and Non Independent Directors       | 1.20   | 0.41   |
| 6       | Mr. R. Damodharaswamy *     | Non Executive and Non Independent Directors       | 0.90   | 0.31   |
| 7       | Mr. Vishnu Ranagaswamy**    | Non Executive and Non Independent Directors       | -  | -  |
| 8       | Mr. N. Rangachary           | Independent Directors                             | 3.60   | 1.22   |
| 9       | Mr. L. Venkatapathy         | Independent Directors                             | 2.40   | 0.81   |
| 10      | Mr. N. Jayabal              | Independent Directors                             | 1.20   | 0.41   |
| 11      | Mr. Nirmal Kumar M.Chandria | Independent Directors                             | 1.20   | 0.41   |
| 12      | Mr. P.K. Shah               | Independent Directors                             | 1.20   | 0.41   |
| 13      | Mr. V. Sankaran             | Independent Directors                             | 3.60   | 1.22   |
| 14      | Mr. Otto Eggimann ***       | Independent Directors                             | -  | -  |

\* Demised on November 27,2019

\*\* Appointed on February 06,2020

\*\*\* Vacated on May 24,2020

\*\*\*\* Remuneration includes Sitting Fees

\*\*\*\*\* Non-Executive Directors and Independent Directors have been paid only sitting fees for attending the Board Meetings and Committee thereof.

# ANNEXURE-6 (Contd.)

- (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;

| Sl. No. | Name of the Director        | Position  | Total Remuneration for FY 20<br>(₹ in Lakhs) | Total Remuneration for FY 19<br>(₹ in Lakhs) | Increase % |
|---------|-----------------------------|---|--|--|------------|
| 1       | Mr. R. Doraiswamy           | Managing Director                                 | 65.62  | 72.54  | -10%       |
| 2       | Mr. D. Rajeshkumar          | Joint Managing Director & Chief Financial Officer | 64.68  | 70.84  | -9%        |
| 3       | Mr. P. Ramachandran         | Whole Time Director (Marketing)                   | 16.24  | 13.75  | 18%        |
| 4       | S. Baskarasubramanian       | Director (Corporate Affairs) & Company Secretary  | 13.81  | 17.79  | -22%       |
| 5       | Dr. Thilagam Rajeshkumar    | Non Executive and Non Independent Directors       | 1.20   | 1.20   | 0%         |
| 6       | Mr. R. Damodharaswamy *     | Non Executive and Non Independent Directors       | 0.90   | 0.90   | 0%         |
| 7       | Mr. Vishnu Ranagaswamy**    | Non Executive and Non Independent Directors       | -  | -  | 0%         |
| 8       | Mr. N. Rangachary           | Independent Directors                             | 3.60   | 2.70   | 33%        |
| 9       | Mr. L. Venkatapathy         | Independent Directors                             | 2.40   | 2.55   | -6%        |
| 10      | Mr. N. Jayabal              | Independent Directors                             | 1.20   | 1.50   | -20%       |
| 11      | Mr. Nirmal Kumar M.Chandria | Independent Directors                             | 1.20   | 1.50   | -20%       |
| 12      | Mr. P.K. Shah               | Independent Directors                             | 1.20   | 1.65   | -27%       |
| 13      | Mr. V. Sankaran             | Independent Directors                             | 3.60   | 2.85   | 26%        |
| 14      | Mr. Otto Eggimann ***       | Independent Directors                             | -  | -  | -          |

(iii) The percentage increase in the median remuneration of employees in the financial year : **9%**

(iv) The number of permanent employees on the rolls of company as at March 31, 2020 : **581**

(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 : **12%**

The increase granted to managerial personnel is: **-8.32%**

(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

Date : Jun 18, 2020

Place : Bangaluru

**N RANGACHARY**

Chairman

DIN :00054437

## ANNEXURE-7

### 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.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management.
6. The Secretarial Audit report is neither an assurance as to 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**

Company Secretaries

**G. Vasudevan**

FCS No.:6699

CPNo.:6522

Date: Jun 18, 2020

Place: Coimbatore

**ANNEXURE-7 (Contd.)**

**FORM NO. MR-3**  
**Secretarial Audit Report**  
**OF**  
**SALZER ELECTRONICS LIMITED**  
**For The Financial Year Ended March 31, 2020**

[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 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To

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

We 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 (hereinafter called 'the Company' or SEL). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **M/s. Salzer Electronics Limited (SEL)** 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, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2020 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of::

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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 extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings; **(Not Applicable to the company during the Audit Period)**
- (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, 2015;
  - (c) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - (d) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015.
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the company during the Audit Period)**
  - (f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the company during the Audit Period)**



## ANNEXURE-7 (Contd.)

- (g) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 **(Not Applicable to the company during the Audit Period)**
- (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the company during the Audit Period)**
- (i) 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 to the company during the Audit Period)**
- (j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the company during the Audit Period)**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1, 2, 3 & 4 issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We 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 and to schedule the Board Meetings, 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.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We 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.

We further report that during the audit period 2019-2020, the Company has

- a. Acquired 45,899 equity shares constituting 72.32% of holding of the Total Paid up shares of M/s. Kaycee Industries Limited (hereinafter referred as "Target Company") from Universal Trustees Private Limited under share purchase agreement dated 24<sup>th</sup> May 2019 on 11.07.2019 and by virtue of this acquisition, Target Company has become the subsidiary of SEL. Further, the company had made an open offer in compliance with application SEBI Regulations for acquiring 16,503 Equity shares of the Target Company and out of which 2,921 equity shares constituting 4.6% of the Total Paid up shares have been tendered by the shareholders of the Target Company and accepted by the Company (SEL). As a result, the total shareholding of SEL in the Target Company arose to 76.92%.
- b. Further, in order to meet the minimum public shareholding as prescribed in the Regulation 38 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the Target Company, SEL has sold 1,274 equity shares constituting of 2.01% of the Total paid up Shares of the Target Company and the minimum public shareholding stood at 25.09%. As on 31.03.2020, SEL holds 47,546 equity Shares constituting 74.91% of Total Paid up shares in the Target Company. By virtue of this the Company has become the holding company of M/s. Kaycee Industries Limited..

**For G.V and Associates**

Company Secretaries

Date: Jun 18, 2020

Place: Coimbatore

ICSI UDIN: F006699B000352044

**G. Vasudevan**

FCS No.:6699

CPNo.:6522

## ANNEXURE-8

### MANAGEMENT DISCUSSION AND ANALYSIS

The following discussions on our financial condition and result of operations should be read together with our audited standalone and consolidated 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 subsidiary.

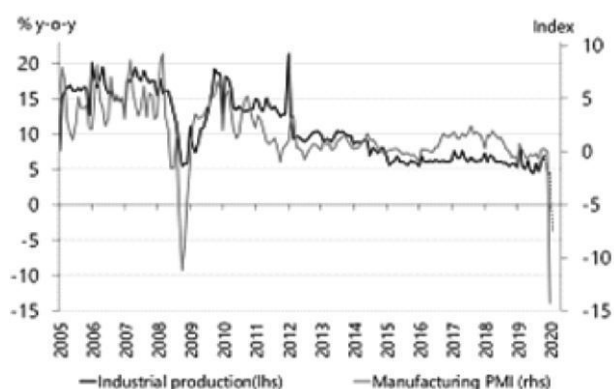
#### Global Economic Overview

The global economy experienced a major slowdown in 2019, and recession fears became widespread towards the end of the year. It is argued that the risk of a larger downturn while not absent will be contained, and the global economy will likely return to its slow, long-term growth trend of 2.7 percent sooner rather than later. Indeed as initial signs of an easing in the downturn in the industrial cycle emerged, a phase one trade deal between the US and China is signed, and consumers continued to show strength based on rising wages and low inflation rates, recession fears have begun to ebb.

Unexpectedly, however, a new downside risk has emerged through the COVID-19 crisis in China. It is likely that this viral outbreak has severely hit China's economy during the first quarter of 2020. Under the assumption that the number of new cases will subside in the first quarter of financial year 2021, it is expected to rebound in subsequent months. However, as China's economy is on a much slower growth path than in 2003 at the time of the SARS outbreak, it is expected that the rebound to be more modest as well. As a result, it is estimated that annual growth rate for China's economy for all of 2020 is downwards from 3.4 percent to 2.8 percent.

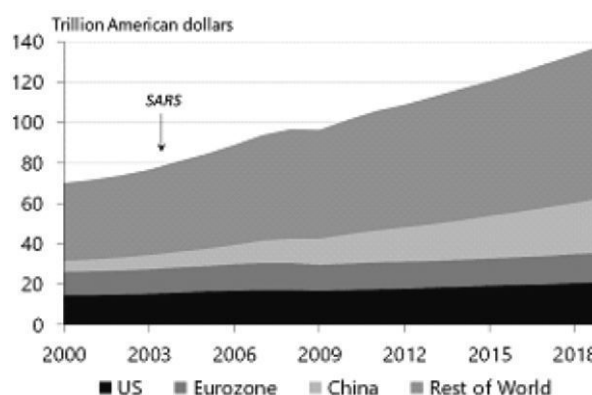
The global economic impact of COVID-19 is almost certainly going to be greater than that of the SARS epidemic in 2002/2003, which also started in China. First of all, the share of the Chinese economy in the total global economy is currently 20%, much higher than it was in 2003 (9%, see figure 2).

Figure 1: COVID-19 is hitting Chinese industrial production



Source: Macrobond, Rabo Research, China Federation of Logistics, NBS

Figure 2: China's share in the global economy has increased



Source: Macrobond, Conference Board, RaboResearch

Secondly, the Chinese economy is now much more closely interlinked with the rest of the world than it was 10 to 20 years ago. For many countries, China is now (i) an important export market, (ii) a source of tourism and (iii) a supplier of intermediate good. Over the years, the value chains of international business have become increasingly fragmented and spread across the world, and China has become the world's factory. For example, a major proportion of all consumer electronics (mobile phones and laptops) is now made in China, as are the batteries for many electric cars and the raw material for certain medicine.

Under the “rapid containment” scenario the impact of the coronavirus outbreak on global GDP growth is quite modest although bigger in Asia than elsewhere and would still keep 2020 growth at 2.4 percent, slightly above of the 2019 estimate of 2.3 percent. Industrial production is likely to come back into positive territory, and businesses will continue to leverage innovation and digital transformation to grow top-line revenue and reduce costs to avoid a major squeeze on profits. The contribution of trade to global growth will continue to be a challenge, obviously exacerbated by the China crisis. In addition, businesses are shortening value chains by “trading up” and “going local.” Productivity growth is critical to make up for the slack of slower globalization and weaker growth of the global workforce in the years ahead.

**Source**—<https://www.conference-board.org/data/globaloutlook/>

<https://economics.rabobank.com/publications/2020/march/global-economic-outlook/>

#### Global Switchgear Industry

Global switchgear market is expected to grow from around \$ 100 billion in 2019 to \$ 155 billion by 2025. Switchgears are switching devices designed to protect, regulate & control power generation, transmission & distribution equipment and electric motor control systems.

## ANNEXURE-8 (Contd.)

They are located on both the low voltage and high voltage side of large power transformers in substations. A switchgear includes circuit breakers, fuses, and isolators. Besides stopping flow of current in a circuit manually, switchgear automatically do the thing whenever there is an over current in the circuit or any other abnormal situation arises, thereby protecting valuable equipment.

Growing investments in renewable forms of energy and surging demand for safe and secure control distribution systems and advanced monitoring units is increasing the demand for switchgear. Additionally, the replacement and modernization of aging electrical networks is further contributing to the growth of global switchgear market.

Innovations in smart grid technologies and growing focus towards environmental protection would further boost the demand for switchgear, globally.

The global switchgear market is segmented based on insulation, installation, voltage, product, end user, region and Company. Based on insulation, the market can be segmented into air insulated, gas insulated and others.

The gas insulated segment is expected to hold the largest market share during the forecast period on account of its use in various industries for fulfilling the high demand for energy. Based on installation, the market can be bifurcated into indoor and outdoor. The outdoor segment is expected to grow at a fast pace during the forecast period owing to the widespread application in transmission and sub transmission sectors.

Based on voltage, the market can be categorized into low, medium and high. The low voltage segment is expected to dominate the market and hold the highest share of the market during the forecast period. Based on end user, the market can be fragmented into Transmission & Distribution Utilities, Industrial, Commercial, Residential and Others. The Transmission & Distribution utilities segment is anticipated to register high CAGR during the forecast period, as the segment is responsible for the generation, transmission, and distribution of electricity.

Among these regions, Asia-Pacific region is expected to dominate the overall switchgear market followed by Europe, North America, Middle East & Africa and South America. The major players operating in the global switchgear market are Bharat Heavy Electricals Ltd., Mitsubishi Electric Corporation, CG Power and Industrial Solutions Limited, Siemens Aktiengesellschaft, General Electric Company, Eaton Corporation plc, ABB Ltd., Alstom SA, Schneider Electric SE, Havells India Limited and others. Major companies are developing advanced technologies and launching new products in order to stay competitive in the market. Other competitive strategies include mergers & acquisitions and new product developments.

**Source** - <https://www.prnewswire.com/news-releases/global-switchgear-market-is-expected-to-grow-from-around-100-billion-in-2019-to-155-billion-by-2025-300999308.html>

### Indian Engineering Overview

In the last few years, India has emerged as a global engineering hub. Several global manufacturing majors have partnered with Indian firms in setting up successful engineering units across the country. A few of these include Alstom (France), Ansaldo (Italy), Babcock (UK), Colfax Corporation, GE (USA), Hitachi (Japan), Legrand (France), MHI (Japan), Schneider Electric (France), and Toshiba (Japan).

One of the key areas of focus for domestic players has also been technology up-gradation. Several firms have formed strategic alliances with technology suppliers to upgrade their production and processing capabilities. With the entry of foreign players, competition has further increased, spurring domestic investment in technology to significantly improve production quality and capacity. Increasingly, domestic players are securing ISO 9,000 accreditation to further strengthen their position in the global market.

The Indian engineering sector accounts for 5% of India's GDP. Rising domestic demand, increasing investment and growth opportunities, favourable government policies and global & domestic focus on establishing low cost plants have propelled the engineering sector to greater heights. The contribution of the engineering sector to India's GDP over the last few years can be categorised on the basis of cost, the manufacturing segment and pure engineering industry.

### Indian Electrical Sector

India is on the verge of becoming major power nation among developing economies. Electricity is a key constituent for the economic growth of the country and is directly linked to GDP of the country. There has been a surge in demand for power in India due to increase in capacity utilisation, industrialization, urbanization and population.

Currently through reforms such as 'Power for all', government plans to add 93 GW by 2022, this would fuel the demand for power transmission and distribution equipment. The Indian power and distribution transformer market is forecast to reach \$2.9 billion by 2022. Presently the government is taking major steps to strengthen the power transmission and distribution network and has undertaken imitativeness such as UDAY for financial turn-around of power distribution companies.

### Indian Switchgear Industry

Rapidly growing electrification need for remote areas along with rising electricity generation has positively affected the demand for various electrical equipment. Progressive targets by regional government to deliver electricity to rural zones is set to cater to the switchgear market growth.

## ANNEXURE-8 (Contd.)

Switchgear is an electrical apparatus used in a circuit to effectively regulate, control and switch on or off the circuit as required. It is readily installed in different residential, commercial, industrial and utility application to ensure operational safety, cost-effective and uninterrupted operations.

The current path in an electrical network is at times hindered due to break down of insulation layers leading to problematic fault or short circuit conditions. These erratic situations may lead to harmful consequences like equipment damage, fire and explosions, islanding and other failure. Switchgear are widely installed in low, medium and high voltage systems to deal with the abnormal operating levels in a variable network between load centers and generating stations.

Switchgears generally consists of two components power control components to control conduction in the equipment and power switching components, to break the connection in the fault incidents. It is also installed to de-energize the equipment and thereby effectively maintain and test the system to rectify fault levels. Switchgear is a combination of numerous devices like current & voltage transformers, relays, circuit breakers, fuses, isolators, switches and other equipment's for enhancing operations.

Expanding transmission & distribution (T&D) network has influenced the usage switchgear across different regions. Asia Pacific region holds the lion's share owing to the presence of large industrial establishments like bulk manufacturing units.

Furthermore, Europe occupies a substantial market position due to long standing distribution network along with increasing adoption of renewable technologies. North America switchgear market is set to grow at a considerable rate owing to the expansion of existing commercial and industrial infrastructure along with the construction of new grids for renewable power.

India's switchgear market is projected to grow at a CAGR of over 15% through 2023, on account of rising development across residential, commercial and industrial end use sectors. Moreover, electrification programs running across the country and development of transmission and distribution networks is further fueling growth in India's switchgear market. Additionally, with rising per capita income, demand for various electrical appliances like air conditioners, fridges, etc., is also growing, which in turn, is increasing the electricity consumption and the need of switchgears to regulate and control these appliances.

India's overall market for switchgears is anticipated to grow more than 7% at the end of the forecast period. Low Voltage Switchgear will be in dominance for the forecast period in switchgear industry. In specific Medium and High Voltage switchgear market, Medium Voltage custom built products are in the dominance and are anticipated to be in dominance for the forecast period. MV and HV switchgear is anticipated to have CAGR of more than 8% from 2017-18 to 2022-23.

The presence and advancement of adequate infrastructure is essential for sustained growth of the Indian economy. India's power sector is one of the most diversified in the world. Sources of power generation range from traditional sources, such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, agricultural and domestic waste. Switchgear is necessary from the point of production of electricity to end users.

(Source-<https://www.fortunebusinessinsights.com/industry-reports/switchgear-market-100815>)

<https://www.eprmagazine.com/industry-analysis/switchgear-industry-indispensable-part-of-indias-future/>

<https://www.businesswire.com/news/home/20180717005790/en/India-Switchgear-LV-MV-HV-Market-Overview>

<https://www.techsciresearch.com/report/india-switchgear-market/3044.html>

### Indian Wires & Cables Industry

Doubling of demand for electricity in the future will generate the need for development of quality electrical infrastructure supporting this growth for several years to come. This augurs well for the development of wires and cables industry in India. Being one of the key segments of the power sector, the wires and cables sector is experiencing an escalating demand owing to the growth in power generation infrastructure.

The wires and cables market in India comprise nearly 40% of the electrical industry and is growing at a CAGR of 15% as a result of growth in the power and infrastructure segments. The segment has been witnessing unprecedented growth owing to the boost provided by the recent policy and regulatory initiatives as well as Government schemes like Ujjwal Discom Assurance Yojana (UDAY), the Deendayal Upadhyay Gram Jyoti Yojana (DDUGJY), the Integrated Power Development Scheme (IPDS) and the Pradhan Mantri Sahaj Bijli Har Ghar Yojana Saubhagya. Further, Indian Railways' Railway Mission 41K has generated the potential for Indian wires and cables industry through electrification of 38,000 km route. Under DDUGJY, the government has envisaged the electrification of all villages.

(Source - <https://www.electricalindia.in/wires-cables-industry-betting-big-on-infra/>)

### ABOUT SALZER ELECTRONICS LIMITED

Salzer Electronics Limited is among leading players offering Total and Customized Electrical Solutions in Switchgears, Wires & Cables and Energy Management business in India. The Company is the largest manufacturer of CAM Operated Rotary switches & Wire Ducts in India, with a market share of 25% & 20% respectively. The Company caters to a wide range of products with five In-house manufacturing facilities located in Coimbatore.



## ANNEXURE-8 (Contd.)

The Company has a wide distribution network locally and globally, exporting to more than 40 countries. In India, Salzer markets its products through its own distributors and more than 350 local distributors of L&T. The Company has a strong R&D team that focuses on developing and commercializing the technologies of the products, and as a result, can offer total customized electrical solutions to its customers.

### CONSOLIDATED FINANCIAL OVERVIEW

The consolidated performance of the Company for the financial year ended March 31<sup>st</sup>, 2020, is as follows:

Total revenue from operations at Rs. 566.9 crore for the year ended March 31<sup>st</sup>, 2020, as against Rs. 559.8 crore for the corresponding previous period, an increase of 1.6%, mainly driven by Industrial Switch Gears Business. The Contribution from Export Sales was 17.2%, driven by Industrial Switchgear Business

The Breakup of revenue for the Electrical Installation Products:

- Industrial Switchgear 45 % of net revenues, YoY increase of 9.9 %, mainly on account of higher exports
- Wires & Cables 47.0 % of net revenues, YoY decline of 1.9 %
- Buildings Products 6 % of net revenues
- Energy Management 2 % of net revenue

The raw materials consumed for the financial year ended March 31<sup>st</sup>, 2020 were Rs. 419.8 crore as against Rs. 418.8 crore for the corresponding previous period, an increase of 0.2%.

The staff expenses for the financial year ended March 31<sup>st</sup>, 2020 were Rs. 26.4 crore as against Rs. 24.9 crore for the corresponding previous period, an increase of 6.0%.

The other expenses for the financial year ended March 31<sup>st</sup>, 2020 were Rs. 55.5 crore as against Rs. 52.4 crore for the corresponding previous period, an increase of 6.0%.

The EBITDA (earnings before interest, depreciation and tax) was Rs. 65.2 crore for the year ended March 31<sup>st</sup>, 2020, as against Rs. 63.6 crore for the corresponding previous period, an increase of 2.4%.

The depreciation for the financial year ended March 31<sup>st</sup>, 2020 was Rs. 14.4 crore, as against Rs. 12.2 crore for the corresponding previous period, an increase of 18.8%.

The EBIT (earnings before interest and tax) were Rs. 51.6 crore for the year ended March 31<sup>st</sup>, 2020, as against Rs. 52.2 crore for the corresponding previous period, a decline of 1.1%

The interest for the financial year ended March 31<sup>st</sup>, 2020 was Rs. 21.2 crore as against Rs. 19.9 crore for the corresponding previous period, an increase of 6.4%.

The profit after tax for the financial year ended March 31<sup>st</sup>, 2020 was at Rs. 26.4 crore as against Rs. 24.0 crores for the corresponding previous period, an increase of 10.2%.

The EPS (Earning per Share) for the financial year ended March 31<sup>st</sup>, 2020 was Rs. 16.5 for a face value of Rs 10 per share, as against Rs. 15.2 for the corresponding previous period.

### RESOURCES AND LIQUIDITY

As on March 31<sup>st</sup>, 2020, the total networth stood at Rs. 309.4 crore and total debt was at Rs. 173.68 crore.

The net debt to equity ratio of the Company stood at 0.53 as on March 31<sup>st</sup>, 2020.

### BUSINESS PERFORMANCE

Salzer primarily operates in four divisions, viz. Industrial Switchgears, Copper Business, Building Products and Energy Savers.

#### Industrial Switchgear

The Industrial Switchgear business occupies the first place in contribution to the total business of the Company in 2019-20. This division includes transformers, terminal blocks, rotary switches, isolators, general purpose relays, wiring ducts, MPCBs, contactors, control panels, and overload relays etc.,. The products are mainly targeted for the Original Equipment Manufacturers (OEMs) like Engineering Conglomerates Larsen & Toubro Limited etc., Panel Builders, special Machine Manufacturers etc.,. The Company commenced its operation in 1985 with this segment which is now having both domestic and export markets considerably. These products have all the necessary international certifications like UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), Intertek Semko certification and CE (Conformite Europeennee).

During the year, this business posted revenue of Rs. 254.29 Crs against Rs. 231.48 Crs in FY19, with the growth of around 9.9% and contributed 44.8% to the top-line.

#### Copper business

The copper business comes second in contribution to the business. In this division, Larsen and Toubro plays a major role in the off take. This vertical commenced some 16 years back and focusing more on domestic market. After few years of flat performance, the segment witnessed robust recovery and during the year, the business reported a revenue of Rs. 266.62 Crs as against Rs. 271.69 Crs with year on year decline of around 1.9%.

The copper division includes wires and cables, flexible bus bars, enameled wires, bunched conductors and tinned wires.

#### Building Segment

Salzer has a wide range of products under this division including modular switches, wires and cables,

## ANNEXURE-8 (Contd.)

changeovers and MCBs. Modular Switches drives this segment in a major way.

Some of the features are:

- Contemporary and aesthetically sleek switches - 10, 20 and 32 Amps A
- Silver nickel contacts for enhanced electrical life
- Manufactured using high-grade engineering plastics
- Safety features: anti-spark shield and finger-protected switch terminals
- Speciality products viz. movement sensors, shock protectors, shaver sockets, key tag switch, programmable timers, remote switches and touch switches etc.

During the year, the Buildings Products business contributed 6.2% of total revenues.

### Energy Savers

The energy saving business is a new business vertical and expects to further boost growth by focusing on the manufacturing and installation of energy saving and efficient products like street light controllers and energy saving panels. During the year, this business contributed to 2.1% of net revenue.

### Key Developments

Salzer Electronics - an approved vendor for Schneider - was awarded as the Best Collaborative Supplier for 2019.

In line with the focus on increasing product offerings and expanding footprint into newer segments along with access to all India dealer network, the Company acquired 74.8% stake in Kaycee Industries Ltd for a total consideration of Rs 18.10 crore

- Kaycee Industries Limited a “**pre-independence**” Company with a legacy of “**three quarter of a century**”, being pioneer in Industrial Switchgear business and among the leading provider of electrical and electric component in India with manufacturing facility located at Ambarnath **Thane**
- Appointed Mr. Raman Krishnamoorthy as Vice President Finance & Operations of Kaycee Industries. Mr. Raman is a Finance Professional with over 21 years of experience in various aspects of financial and operational Management Cost optimization, operating Controls, Accounting, Tax, Reporting, Budgeting, Cash & Treasury Management, Legal & Compliance, Insurance and Risk Management

## RISKS AND CONCERNS

The Company faces the following 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. 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 with itself competition. In each individual business division the Company faces different kinds of competition risk from both domestic manufacturers and bigger international companies. 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 more customers. It also offers total and customized electrical solutions to its 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 highly 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 will be affected. 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 as well as add technologically-advanced new products. The execution of the project is dependent on land purchase and project management skills. 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.



## ANNEXURE-8 (Contd.)

### Forex risk

Given the volatile global economy and fluctuations in the foreign exchange market, the Company does face forex risk. In order to mitigate this, hedging tools have been adopted to arrest the negative impact. Importantly, Salzer has a natural hedge having both import and export at appropriate value and as the result, any volatility in the forex market does not have a significant material impact on the business.

### OPPORTUNITIES

**Ongoing investments across commercial and residential sector will complement the industry statistics** - Rising space constraints along with ongoing investments in R&D sector for the enhancement of smart and compact control equipment will further complement the industry scenario. Continuous investments across commercial and residential establishments including public and private apartments, offices, and restaurants will further fuel the product demand. Moreover, ease-of-operation, longer product life cycle and enhanced equipment safety are the essential features which will accelerate the product adoption.

**Growing inclination toward energy efficient systems will complement the industry outlook** - Increasing demand for safe & reliable systems coupled with the increasing demand for HVDC systems across the T&D network will complement the demand DC switchgears. Expansion of extra high-tension transmission networks to cater to the growing energy demand across the manufacturing and industrial sector will further stimulate the product demand. In addition, rising fund allocation toward solar and offshore wind farms across developed and developing countries will further complement the switchgear market growth.

**Ageing Equipment's in many Countries** The installed base of switchgear in many countries either has exceeded or is nearing their recommended operational life. Such conditions provide good prospects for the replacement market. There are possibilities for switchgears to explode if at all they fail, causing potential damages to other equipment, facility and environment. This may involve liabilities such as compensation, environmental cleanup and legal action. Presently the nature of the load has changed to a large extent, mainly due to growth of electronic equipment that is being used. Therefore, in order to ensure high power quality, improved efficiency and to meet the load demand the existing aged switchgear should be replaced the new ones.

**Increase in Electricity Generation** The world electricity capacity is expected to grow over a period of time. There has been a trend of increasing re-location of industrial activity from developed economies to emerging economies such as China, India, Eastern Europe and Latin America. Such a trend arises because of two reasons. Firstly, the low-cost advantage that the companies can derive out of shifting some of their

operations in these countries. Secondly there has been a growing domestic demand in these emerging economies for increased industrial and commercial production. To meet the growing demand for more power, countries will require increased investments in electricity infrastructure. Such growth in the installed capacity would require additional infrastructure investments in switchgears. Additionally, the upgradation of transmission and distribution infrastructure to meet the federal and state level energy efficiency mandate is likely to boost the demand for switchgears. The impact of this driver is expected to be medium in the short term and high in the medium and long term over a period of time.

### THREATS

- Competition from local and multinational players
- Execution risk
- Regulatory changes
- Raw Material Cost

### HUMAN RESOURCES

The company has proper human resource and industry relations policies, which are reviewed periodically. The human resource team conducts various training sessions for employee development on an ongoing basis. These development programs are aimed at augmenting employee potential and represent an integral part of the overall business goals. Besides, employees profile represents a well balanced mix of experience and youth.

As on March 31<sup>st</sup>, 2020, the Company had a workforce of 581 people on rolls.

### Way Ahead

The demand of electricity is growing on a year-on-year basis, which will open new growth opportunities. Currently, 10 per cent of India's export market is contributed by transformers. With the introduction of the "Make in India" initiative, the share of transformers is set to grow in the near future. Several incentives have also been introduced for capacity addition in power generation, which are expected to significantly increase the demand for transformers and other electrical equipment in the coming years. With huge investments proposed across sectors such as power, infrastructure, etc., the transformers market in India is slated for strong growth. The excess capacity in the transformer industry in India, and entry of new players is further expected to increase market competitiveness. This is also expected to lead to market consolidation over the next few years.

The Company expects to capitalize on this opportunity. Besides, Company also focuses on having technical tie up's with globally renowned players to develop technically advanced products for its customers.

## ANNEXURE-8 (Contd.)

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 enters into a tie-up with global firms, for importing technologies to make different products and commenced commercial production.

### Disclaimer

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 comply with the IND AS Accounting standards. 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.

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# STANDALONE INDEPENDENT AUDITOR'S REPORT

To  
the Members of **SALZER ELECTRONICS LIMITED**  
**Report on the Standalone Ind AS Financial Statements**

## Opinion

We have audited accompanying standalone Ind AS financial statements of Salzer Electronics Limited (**"the Company"**), which comprise of the balance sheet as at March 31, 2020, the statement of Profit and Loss (Including other comprehensive income), the Statement of changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by The Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis of Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards

on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independent requirement that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

| Sr.No | Key Audit Matter   | Auditor's Response  |
|-------|--|---|
| 1.    | <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</p> <p>The application of this revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, this revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date</p> | <p><b><u>Principal Audit Procedures</u></b></p> <p>We assessed the Company's process to identify the impact of adoption of the revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>- It is observed that transaction price charged is ex works price and revenue is booked at the time of dispatch of the goods.</li> <li>- The above method followed by the Company is in line with the provisions of Ind AS 115-'Revenue from contracts with customers'</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation.</p> |

## STANDALONE INDEPENDENT AUDITOR'S REPORT (Contd.)

| Sr.No | Key Audit Matter   | Auditor's Response  |
|-------|--|---|
|       | <p>Accuracy of revenues and onerous obligations in respect of fixed price contracts.</p>   | <p><b>Principal Audit Procedures</b></p> <p>In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and</li> <li>- Agreed the applied tariff to the respective terms in the contract.</li> <li>- Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation.</p>   |
|       | <p>Assessment of carrying value of investments</p> <p>The Company has invested in listed equity instruments. We consider this a key audit matter given the relative significance of the value of investments.</p>  | <p>Our procedures in relation to assessing the carrying value of investments include the following observations.</p> <ul style="list-style-type: none"> <li>- The equity investments are carried at fair value as on 31st March, 2020.</li> <li>- Due to market fluctuation, there has been significant value reduction in the equity investments.</li> <li>- The Company has also invested in equity oriented mutual funds, and the same has also been recognized at fair market value as on 31st March, 2020.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation</p>   |
|       | <p>Impairment assessment of carrying value of Investment in Kaycee Industries limited</p> <p>The Company's investment in Kaycee Industries Limited, a subsidiary of the Company, aggregates to ₹ 1,662.16 Lakhs as at March 31, 2020.</p> <p>Kaycee Industries Limited, is engaged in the business of manufacture and sale of Industrial Switchgears. The carrying value of investment is greater than the net worth of the subsidiary as at March 31, 2020 which is an indicator of potential impairment of this investment and accordingly an impairment assessment has been performed by the Management.</p> <p>This is a key audit matter as the investment is significant to the financial statements and Management judgement is required in certain key areas such as discount and growth rates in estimating future cash flows prepared by the Company (the Model) along with the Management's valuer to support the carrying value of its investment.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Understanding and evaluating the design and testing the operating effectiveness of key controls in relation to the impairment testing Model.</li> <li>- Assessing the Model and evaluating the independence, competence, capabilities and objectivity of the management's valuer.</li> <li>- Assessing the historical accuracy of the Company's forecasts by comparing the forecasts used in the prior year models with the actual performance in the current year.</li> <li>- Testing the mathematical accuracy of the underlying calculations and agreeing the forecasts for the ensuing year with the latest</li> </ul> <p>Board approved budgets.</p> <ul style="list-style-type: none"> <li>- Evaluating, along with the auditor's experts, the key assumptions such as discount rate and growth rate used in the Model.</li> <li>- Performing sensitivity tests on the Model for a range of certain assumptions, such as discount rate and growth rate.</li> </ul> |

## STANDALONE INDEPENDENT AUDITOR'S REPORT (Contd.)

| Sr.No | Key Audit Matter   | Auditor's Response   |
|-------|--|--|
|       |  | <p>- Evaluating adequacy of the disclosures made in the financial statements.</p> <p>Based on the procedure performed, we did not identify any material exceptions in the impairment assessment carried out by the management in respect of the carrying value of its investment in Kaycee Industries Limited.</p> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation</p>  |
|       | <p><b>Allowance for credit losses</b></p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p> <p>Refer Note No: 1 (vii) to the Standalone Ind AS financial statements</p> | <p>Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others: We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses. For a sample of customers: We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information. We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</p> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation</p> |

### Information other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises of the information included in the Management Discussion and Analysis, Board's report including Annexures to Boards Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance and conclusion thereon.

In connection with our audit of the standalone Ind AS financial statement, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or other information obtained during the course of our audit or otherwise appear to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

## STANDALONE INDEPENDENT AUDITOR'S REPORT (Contd.)

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the standalone Ind AS financial statements is included in Annexure "A". This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our Audit, 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 including other comprehensive income, the statement of change in equity, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors,

none of the directors is disqualified as on March 31, 2020 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 C". 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. 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 Companies Act, 2013, we give in the Annexure "C" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18, 2020

**B. JAYARAM**  
Partner  
UDIN NO.: 20028346AAAAEG5469 Memb.No. 028346



## ANNEXURE "A"

### TO THE INDEPENDENT AUDITOR'S REPORT RESPONSIBILITIES FOR AUDIT OF STANDALONE IND AS FINANCIAL STATEMENTS

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism through- out the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18,2020

**B. JAYARAM**  
Partner  
UDIN NO.: 20028346AAAAEG5469      Memb.No. 028346

## ANNEXURE "B"

### TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ONSTANDALONE IND AS STANDALONE FINANCIAL STATEMENTS OF M/s. SALZER ELECTRONICS LIMITED

**(Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind AS financial statements of the Company for the year ended March 31st, 2020)**

#### (i) In respect of its Fixed Assets

- a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b. These fixed assets of the Company have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification
  - c. The title deeds of all the immovable properties of the Company Shown under Property, Plant and Equipment are held in the name of the company.
- (ii) According to the information and explanations given to us, the Physical verification of the inventory has been conducted by the management at reasonable intervals. The Company has maintained proper record of inventory and no material discrepancies were noticed on physical verification of inventories as compared to the books of records.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013 during the financial year.
- (iv) The Company has not granted loans, given guarantees and securities however made investments during the year in compliance with the provisions of section 185 and 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits during the year and therefore paragraph 3(v) of the Order is not applicable to the Company
- (vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act'2013. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the cost records with a view to determine whether they are accurate and complete.

- (vii) According to the records of the Company, undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Services Tax and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2020 for a period of more than six months from the date of being payable.

Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below

| Name of the Statute | Nature of Dues                   | Amount  | Forum where the dispute is pending |
|---------------------|----------------------------------|---|------------------------------------|
| Central Excise Act  | Customs/ Excise Duty             | ₹ 97,68,260 (out of which ₹ 12,00,000 was paid under protest) | CESTAT-APPEAL                      |
| Income Tax Act      | Disputed Income Liability appeal | ₹ 91,64,051 (out of which ₹ 15,00,000 was Deposited)          | CIT-APPEAL                         |

- (viii) The company has not borrowed loans from any financial institutions against issue of debentures.
- (ix) The Company did not raise any money by way of initial Public offer or further public offer (including debt instruments). However, the Company has availed a term Loan and applied for the purpose for which the Loan obtained for.
- (x) No fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our Opinion, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

## ANNEXUR "B" (Contd.)

- (xiv) During the year, the Company has not made any preferential allotment or Private Placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(iv) of the order is not applicable.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly clause 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.

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18, 2020

**B. JAYARAM**  
Partner

UDIN NO.: 20028346AAAAEG5469      Memb.No. 028346

## ANNEXURE "C"

### TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended on 31st March, 2020).**

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

We have audited the internal financial controls over financial reporting of SALZER ELECTRONICS LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /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

## ANNEXUR "C" (Contd.)

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, 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, 2020, 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

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18, 2020

**B. JAYARAM**  
Partner

UDIN NO.: 20028346AAAAEG5469 Memb.No. 028346

# STANDALONE BALANCE SHEET

## AS AT MARCH 31, 2020

(₹ in Lakhs)

| Particulars                                 | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------|----------------------|----------------------|
| <b>I. ASSETS</b>                            |          |                      |                      |
| <b>1 Non-current Assets</b>                 |          |                      |                      |
| (a) Property, Plant and equipment           | 2        | 20,237.42            | 17,835.34            |
| (b) Capital Work in progress                | 3        | 272.02               | 606.09               |
| (c) Investment Property                     | 4        | 0.77                 | 0.77                 |
| (d) Intangible Assets                       | 5        | 427.76               | 461.81               |
| (e) Financial Assets                        |          |                      |                      |
| i. Investments                              | 6        | 1,747.23             | 67.25                |
| ii. Trade Receivables                       | 7        | 713.51               | 1,122.05             |
| iii. Others                                 | 8        | 1,778.23             | 942.68               |
| (f) Other Non-Current Assets                | 9        | 257.20               | 551.29               |
| <b>Total Non-Current Assets (1)</b>         |          | <b>25,434.14</b>     | <b>21,587.28</b>     |
| <b>2 Current Assets</b>                     |          |                      |                      |
| (a) Inventories                             | 10       | 15,715.47            | 14,266.53            |
| (b) Financial Assets                        |          |                      |                      |
| i. Investments                              | 11       | 225.43               | 299.68               |
| ii. Trade Receivables                       | 12       | 14,276.26            | 14,625.11            |
| iii. Cash and Cash Equivalents              | 13       | 221.82               | 712.92               |
| iv. Other Bank balances                     | 14       | 664.81               | 698.95               |
| v. Loans                                    | 15       | 2,408.25             | 2,536.44             |
| vi. Others                                  | 16       | 50.49                | 46.99                |
| (c) Other Current Assets                    | 17       | 1,679.03             | 1,782.48             |
| <b>Total Current Assets (2)</b>             |          | <b>35,241.56</b>     | <b>34,969.10</b>     |
| <b>TOTAL ASSETS (1+2)</b>                   |          | <b>60,675.70</b>     | <b>56,556.38</b>     |
| <b>II. EQUITY AND LIABILITIES</b>           |          |                      |                      |
| <b>1 EQUITY</b>                             |          |                      |                      |
| (a) Equity Share Capital                    | 18       | 1,598.27             | 1,598.27             |
| (b) Other Equity                            | 19       | 29,339.72            | 27,101.18            |
| <b>Total Equity (1)</b>                     |          | <b>30,937.99</b>     | <b>28,699.45</b>     |
| <b>2 LIABILITIES</b>                        |          |                      |                      |
| <b>(1) Non-current Liabilities</b>          |          |                      |                      |
| (a) Financial Liabilities                   |          |                      |                      |
| i. Borrowings                               | 20       | 1,777.61             | 421.08               |
| (b) Provisions                              | 21       | 59.05                | 62.92                |
| (c) Deferred tax liabilities (net)          | 22       | 1,848.62             | 1,974.29             |
| <b>Total Non-current Liabilities (2)</b>    |          | <b>3,685.28</b>      | <b>2,458.29</b>      |
| <b>(2) Current Liabilities</b>              |          |                      |                      |
| (a) Financial Liabilities                   |          |                      |                      |
| i. Borrowings                               | 23       | 15,590.75            | 13,560.00            |
| ii. Trade Payables                          | 24       | 5,040.29             | 5,382.89             |
| iii. Others                                 | 25       | 500.79               | 817.85               |
| (b) Other Current Liabilities               | 26       | 4,819.77             | 5,400.82             |
| (c) Provisions                              | 27       | 100.83               | 71.84                |
| (d) Current Tax Liabilities (Net)           | 28       | -                    | 165.24               |
| <b>Total current Liabilities (3)</b>        |          | <b>26,052.43</b>     | <b>25,398.64</b>     |
| <b>TOTAL EQUITY AND LIABILITIES (1+2+3)</b> |          | <b>60,675.70</b>     | <b>56,556.38</b>     |

Significant accounting Policies - Note : 1. The accompanying Notes are an integral part of the financial statements.

### N. RANGACHARY

Chairman  
(DIN :00054437)  
Bangaluru

### D. RAJESHKUMAR

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

Coimbatore – 47  
June 18, 2020

### R. DORAISWAMY

Managing Director  
(DIN :00003131)

### S. BASKARA SUBRAMANIAN

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

In terms of our report attached

For: **JDS ASSOCIATES**

Chartered Accountants

FRN: 008735S

### B. JAYARAM

Partner  
Memb.No. 028346

## STANDALONE STATEMENT OF PROFIT AND LOSS

### FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

| Particulars  | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|----------|-----------------------------------|-----------------------------------|
| <b>I. INCOME</b>   |          |                                   |                                   |
| Revenue From Operations  | 29       | 56,694.56                         | 55,976.62                         |
| Other Income   | 30       | 88.75                             | 70.70                             |
| <b>Total Income</b>  |          | <b>56,783.31</b>                  | <b>56,047.32</b>                  |
| <b>II. EXPENSES</b>  |          |                                   |                                   |
| Cost of materials consumed   | 31       | 43,019.54                         | 41,933.48                         |
| Changes in inventories of finished goods and work-in-progress      | 32       | -1,038.47                         | -52.18                            |
| Employee benefit expenses  | 33       | 2,639.87                          | 2,489.37                          |
| Finance Cost   | 34       | 2,116.68                          | 1,988.47                          |
| Depreciation and amortisation expense                              | 35       | 1,443.96                          | 1,215.96                          |
| Other expenses   | 36       | 5,554.68                          | 5,241.38                          |
| <b>TOTAL EXPENSES</b>  |          | <b>53,736.26</b>                  | <b>52,816.48</b>                  |
| <b>III. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>                |          | <b>3,047.05</b>                   | <b>3,230.84</b>                   |
| Exceptional items  |          | -                                 | -                                 |
| <b>IV. PROFIT BEFORE TAX</b>                                       |          | <b>3,047.05</b>                   | <b>3,230.84</b>                   |
| Tax Expense  | 37       | 408.39                            | 835.10                            |
| <b>V. PROFIT AFTER TAX</b>   |          | <b>2,638.66</b>                   | <b>2,395.74</b>                   |
| <b>VI. OTHER COMPREHENSIVE INCOME</b>                              |          |                                   |                                   |
| Items that will not be reclassified to profit or loss              |          |                                   |                                   |
| a. Re-measurement of post employment benefit obligations           |          | -28.92                            | -28.12                            |
| b. Change in fair value of FVOCI equity instruments                |          | -93.80                            | -                                 |
| c. Income Tax expenses on above                                    |          | 30.89                             | 9.73                              |
| <b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b> |          | <b>-91.83</b>                     | <b>-18.39</b>                     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                   |          | <b>2,546.83</b>                   | <b>2,377.35</b>                   |
| <b>EARNINGS PER SHARE</b>  | 38       |                                   |                                   |
| - Basic after exceptional items                                    |          | 16.51                             | 15.21                             |
| - Diluted after exceptional items                                  |          | 16.51                             | 15.10                             |

Significant accounting Policies - Note :1

The accompanying Notes are an integral part of the financial statements

In Terms Of Our Report Of Even Date

**N. RANGACHARY**Chairman  
(DIN :00054437)  
Bangaluru**R. DORAISWAMY**Managing Director  
(DIN :00003131)For: **JDS ASSOCIATES**Chartered Accountants  
FRN: 008735S**D. RAJESHKUMAR**Joint Managing Director &  
Chief Financial Officer  
(DIN: 00003126)**S. BASKARA SUBRAMANIAN**Director (Corporate Affairs) &  
Company Secretary  
(DIN :00003152& FCS No.4605)**B. JAYARAM**Partner  
Memb.No. 028346Coimbatore – 47  
June 18, 2020



# STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakhs)

| Particulars  | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--|------------------------------|------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>          |                              |                              |
| Profit/(Loss) after tax                                | 2,546.83                     | 2,377.35                     |
| Adjustments for:                                       |                              |                              |
| Tax expenses   | 377.50                       | 835.10                       |
| Depreciation and Amortisation                          | 1,443.96                     | 1,215.96                     |
| Interest Income  | -50.93                       | -43.42                       |
| Finance Costs  | 2,116.68                     | 1,988.47                     |
| (Gain)/Loss on Foreign Exchange Fluctuations (Net)     | -11.93                       | 73.59                        |
| Dividend Income  | -18.29                       | -12.60                       |
| Profit on Sale of Investments                          | 15.00                        | -0.32                        |
| (Profit)/Loss on Sale of Assets (Net)                  | -                            | -0.45                        |
| Fair Valuation of Investments                          | 93.80                        | -                            |
| Other Non-operating Income                             | -22.59                       | -13.91                       |
| Other Comprehensive Income                             | 28.92                        | -                            |
| <b>Operating Profit before working capital changes</b> | <b>6,518.95</b>              | <b>6,419.77</b>              |
| Adjusted for working capital changes                   |                              |                              |
| Inventories  | -1,448.94                    | -412.43                      |
| Trade and Other receivables                            | 511.79                       | -1,200.78                    |
| Trade and Other Payables                               | -1,392.65                    | 957.81                       |
| Other Liabilities                                      | -49.79                       | -                            |
| <b>Cash Generated from Operations</b>                  | <b>4,139.36</b>              | <b>5,764.37</b>              |
| Direct Taxes Paid                                      | -583.96                      | -598.03                      |
| <b>Net Cash Flow from Operating Activities</b>         | <b>3,555.40</b>              | <b>5,166.34</b>              |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>          |                              |                              |
| Purchase of Fixed Assets                               | -3,856.00                    | -2,880.38                    |
| Reduction in Capital Work in Progress                  | 334.07                       | 37.23                        |
| Non-operating Income                                   | 22.59                        | 13.91                        |
| Profit / (Loss) on Sale of Investments                 | -15.00                       | 0.32                         |
| Investment in Mutual Funds and Equities (Net)          | -18.92                       | -57.63                       |
| Proceeds from Sale of Fixed Assets                     | 45.76                        | 1.08                         |
| Profit/(Loss) on Sale of Assets                        | -                            | 0.45                         |
| Investment in Subsidiary                               | -1662.16                     | -                            |
| Other Non- Current Investments                         | 56.44                        | -                            |
| Dividend Income  | 18.29                        | 12.60                        |
| Interest Income  | 50.93                        | 43.42                        |
| <b>Net Cash Used in Investing Activities</b>           | <b>-5,024.00</b>             | <b>-2,829.00</b>             |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>          |                              |                              |
| Proceeds from Short Term Borrowings                    | 2,030.76                     | 782.22                       |
| Share Application/Allotment Money Received             | -                            | 6.38                         |
| Long term Borrowings                                   | 1,379.78                     | -                            |
| Repayment of Long Term Borrowings - Non Current        | -23.25                       | -344.15                      |
| Interest and Finance Charges                           | -2,116.68                    | -1,988.47                    |
| (Gain)/Loss on Foreign Exchange Fluctuations (Net)     | 11.93                        | -73.59                       |
| Dividend and Dividend Tax Paid                         | -339.18                      | -307.60                      |
| <b>Net Cash Generated from Financing Activities</b>    | <b>943.36</b>                | <b>-1,925.21</b>             |
| <b>Net Increase in Cash and Cash Equivalents</b>       | <b>-525.24</b>               | <b>412.13</b>                |
| Cash and Bank balances at the Beginning of the Year    | 1,411.87                     | 999.74                       |
| <b>Cash and Bank balances at the End of the Year</b>   | <b>886.63</b>                | <b>1,411.87</b>              |

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard (Ind As) 7- Statement of Cash Flows.

## N. RANGACHARY

Chairman  
(DIN :00054437)  
Bangaluru

## R. DORAISWAMY

Managing Director  
(DIN :00003131)

In terms of our report attached

For: **JDS ASSOCIATES**

Chartered Accountants

FRN: 008735S

## D. RAJESHKUMAR

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

## S. BASKARA SUBRAMANIAN

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

## B. JAYARAM

Partner  
Memb.No. 028346

Coimbatore – 47  
June 18, 2020

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2020

### A) EQUITY SHARE CAPITAL

| Particulars   | As at 31-03-2020 | As at 31-03-2019 |
|---|------------------|------------------|
| Issued and Subscribed:  |                  |                  |
| <b>Balance as at the beginning of the year</b>                              | <b>1598.27</b>   | <b>1499.67</b>   |
| Add: Allotment of shares under Employees Stock Options Scheme to Employees  | -                | 45.60            |
| Add: Issue under conversion of Non-Cumulative Convertible preference shares | -                | 53.00            |
| <b>Balance as at the end of the year</b>                                    | <b>1598.27</b>   | <b>1598.27</b>   |

### B) OTHER EQUITY

| Particulars                                    | Reserve and Surplus                       |                 |                            |                 |                                   | Total Equity     |
|--|---|-----------------|----------------------------|-----------------|-----------------------------------|------------------|
|  | Share application money pending allotment | Capital Reserve | Securities Premium Reserve | General Reserve | Employee Stock option outstanding |                  |
| Balance as at 31/03/2019                       | -   | 80.67           | 12,630.14                  | 1,913.46        | -                                 | 27,101.18        |
| Profit for the year ended 31-03-2020           | -   | -               | -                          | -               | -                                 | -                |
| - Other Comprehensive income:                  | -   | -               | -                          | -               | -                                 | -                |
| Transfer to other reserves (if any)            | -   | -               | -                          | 45.00           | -                                 | -                |
| Appropriations (if any)                        | -   | -               | -                          | -               | -                                 | -                |
| Options exercised, pending allotment of shares | -   | -               | -                          | -               | -                                 | -                |
| Premium against the allotment of shares        | -   | -               | -                          | -               | -                                 | -                |
| Dividend paid                                  | -   | -               | -                          | -               | -308.28                           | -308.28          |
| <b>Balance as at 31/03/2020</b>                | <b>-</b>                                  | <b>80.67</b>    | <b>12,630.14</b>           | <b>1,958.46</b> | <b>-</b>                          | <b>29,339.72</b> |

The accompanying Notes are an integral part of the financial statements

In Terms Of Our Report Of Even Date

### N. RANGACHARY

Chairman  
(DIN : 00054437)  
Bangalore

### R. DORAISWAMY

Managing Director  
(DIN : 000003131)

### D. RAJESHKUMAR

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

Coimbatore - 47  
June 18, 2020

### S. BASKARA SUBRAMANIAN

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

### B. JAYARAM

Partner  
Memb.No. 028346

### For: JDS ASSOCIATES

Chartered Accountants  
FRN: 008735S

# STANDALONE NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2020

### Significant Accounting Policies

#### Note No. 1

#### i. Corporate Information:

Salzer Electronics Limited, incorporated in January 1985, for manufacture of Electrical Installation Products and Components viz., CAM Operated Rotary switches, Selector Switches, Wiring Ducts, Voltmeter Switches, copper wires and cables and allied products addressing customers in the electrical equipment, power, medical equipment, automotive as well as renewable and uninterrupted power system spaces, in a single and unified segment. The company is listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### ii. General Information and Statement of Compliance with Ind AS:

These standalone financial statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

These financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on June 18, 2020

#### iii. Basis of Preparation:

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The Financial Statements have been prepared and presented on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as on the exchange date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the

asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### iv. Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these

Financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

#### v. Current versus non-current classification

The entity presents assets and liabilities in the balance sheet based on current/ non-current classification.

#### An asset is classified as current, when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

### A liability is classified as current, when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## vi. Foreign currency transactions

### Functional and presentation currency

The financial statements are presented in Indian Rupee which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest rupee.

### (a) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

### (b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

### (c) Forward Contract

Premium/ Discount in respect of Forward Contract are amortized as expense/income over the period of

contract. Exchange differences arising on forward contracts between the exchange rate on the date of transaction and the exchange rate prevailing at the year end is recognized in the Statement of Profit and Loss.

## vii. Covid-19 and its financial impact

The outbreak of COVID-19 pandemic and the resulting lockdown enforced from 24th March 2020 have affected the Company's regular operations. Accordingly, the Company has considered the possible effects that may result from the pandemic on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external information which are relevant in determining the expected future performance of the Company. The Company has evaluated its liquidity position, recoverability of such assets, and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results. Moreover, the Company has a practice of providing requisite provisions in the Financial Statements in line with the Accounting Standards for the expected credit loss on the carrying cost of both fixed and current assets taking care of all possible loss arising out of any uncertainties

The Management believes that it has taken into account all the possible impact of events arising from COVID 19 pandemic in the preparation of the standalone financial results including the ability of the Company to continue as going concern. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions

The Company has written off Bad and irrecoverable amount of Rs.83.96 Lacs Lakhs from the Book Debts as at March 31, 2020 and charged to Profit & Loss Account instead of routing through accumulated provisions for expected credit loss as the Company wants to retain the provisions to cover up the future loss that may be arising out of Covid - 19 Pandemic

## viii. Property, Plant and Equipment:

Property, Plant and Equipment (PPE) is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset.

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

PPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Subsequent expenditure relates to an item of PPE is capitalised if it meets the recognition criteria.

On the date of transition to Ind AS, barring Land which has been valued at Fair value, all other items of assets have been valued as per their 'deemed cost' in accordance with Ind AS 101.

Foreign exchange gain/loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded in the cost of the asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7A and depreciated over their remaining useful life. In respect of exchange gain/loss arising from foreign currency denominated borrowings which are hedged, accounting has been done based on hedge effectiveness either as derivative/cash flow hedge as per Ind AS 109.

### Depreciation:

The depreciable amount of PPE (being the Gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the company uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the management as detailed in the following table:

| Class of Assets            | Useful Lives |
|----------------------------|--------------|
| Buildings                  | 30 Years     |
| Plant and Machinery        | 15 Years     |
| Windmill                   | 22 Years     |
| Electrical Machinery solar | 30 Years     |
| Furniture and Fixtures     | 10 Years     |
| Vehicles                   | 8 Years      |

### De-recognition:

An item of PPE is derecognised at the time of its disposal or when it is assessed that no further economic benefit would accrue from it. The gain/loss arising out of such disposal/ retirement is taken to Statement of Profit or Loss.

### ix. Investment property:

Investment property is a property, being a land or a building or part of a building or both, held by the owner or by the lessee under a finance lease, to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes;

or sale in the ordinary course of business. Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

### x. Intangible assets and amortization:

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset.

The Company has used the following useful lives to amortise its intangible assets:

| Class of Assets                        | Useful Lives |
|--|--------------|
| Computer software                      | 3 Years      |
| Internally Generated Intangible assets | 3 Years      |

### xi. Research and Development Expenditure:

Research & Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as Property, plant and equipment or Intangible Asset and depreciated in accordance with the policies stated above.

### xii. Impairment of Non Financial assets:

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the



## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

### xiii. Inventories:

Inventories are carried at the lower of cost and net realizable value.

Cost includes all applicable costs incurred in bringing the properties to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of raw materials including consumables and stores & spares are determined on FIFO (First In First Out) Basis.

Cost of work-in-progress is valued at cost of materials and labor together with relevant factory overheads. The cost of work-in progress is determined on the basis of weighted average method.

The finished goods are valued at cost inclusive of excise duty (or) net realizable value whichever is less.

### xiv. Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## 1. Financial assets

### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

### Debt instruments at amortized cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

### Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

### Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

### Equity investments (other than investments in subsidiaries and joint ventures):

All equity investments within the scope of Ind AS 109, 'Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. The Company makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. Any gains or losses on de-recognition is recognized in the OCI and are not recycled to the statement of profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### De-recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to

recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### Investment in Subsidiaries, Associates and Joint ventures:

The Company's investment in equity instruments of Subsidiary is accounted for at cost as per Ind AS 27.

## 2. Financial Liabilities

### Initial recognition and measurement

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### a. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### b. Trade and other payables

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

#### c. Other financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial



## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

### De-recognition of Financial Liabilities:

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### 3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 4. Compound Financial Instruments:

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

### xv. Impairment of Financial assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

### xvi. Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### xvii. Revenue Recognition:

#### a. Revenue from sale of goods and services:

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer, which is mainly upon delivery, the amount of revenue can be measured reliably and the recovery of consideration is probable. Revenue from the sale of goods includes excise and other duties which the Company pays as a principal but excludes amounts collected on behalf of third parties, such as goods and service tax (GST) and value added tax, as applicable.

Export Benefits are recognized as revenue when the right to receive credit as per the terms of the entitlement is established in respect of exports made.

Revenue from services is recognised in the periods in which the services are rendered.

#### b. Revenue from Projects

Revenue from fixed Price Contracts, where the performance obligation is satisfied over the period of time and where there is no un-certainty as to measurement or collectability of consideration is recognized as per the percentage of completion method in accordance with the IND AS 115. Under the percentage of completion method, revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The amount recognised is net of goods and service tax (GST), service tax and other amounts collected from the customer in the capacity of an agent, as applicable. In cases where the total project cost is estimated to exceed the total estimated revenue from a project, the loss is recognised immediately.

Contract costs include the estimated material costs, installation costs and other directly attributable costs of the project.

Contract revenues represent the aggregate amounts of fair value of sale price for agreements entered into and are accrued based on the percentage that the actual construction costs incurred until the reporting date bears to the total estimated construction costs to completion.

The estimates for contract costs are reviewed by the management periodically and the cumulative effect of the changes in these estimates, if any, are recognized in the period in which these changes may be reliably measured.

#### c. Dividend:

Income from dividends are recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors

#### b. Interest Income:

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. The expected cash flows are reassessed on a yearly basis and changes, if any, are accounted prospectively.

#### e. Other Operating Revenue:

Other Operating revenue comprises income from ancillary activities incidental to the operations of the company and are recognized when the right to receive the income is established as per the terms of the contract.

### xviii. Leases:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalized at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

### xix. Employee benefits

#### 1. Short Term and other long term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy.

#### 2. Post-Employment Benefits

##### a. Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Superannuation Fund. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### b. Defined Benefit Plans

For defined benefit retirement plans, the cost of providing benefits is determined using the

projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in OCI in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

### xx. Share Based Payments Arrangements

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of the equity settled share based payment transactions are set out in the Note No. 40.

### xxi. Borrowing costs:

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs are charged to statement of profit and loss.

### xxii. Provisions:

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Provision for warranty:

Provision for expected cost of warranty obligations are recognized based on management's best estimate of the expenditure required to settle the obligations which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidents.

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### xxiii. Contingent liabilities and Contingent Assets:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognized but are disclosed when the inflow of economic benefits are probable.

### xxiv. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### xxv. Taxes on Income:

Tax expense comprises of current and deferred tax.

#### a. Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b. Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### xxvi. Cash and cash equivalents:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### xxvii. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

## STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Company is primarily engaged in manufacturing of wide range of electrical installation products including devices for energy efficiencies services which all fall under One segment by name Electrical Installation Products for any reporting requirements.

### Significant accounting Judgments, estimates and assumptions:

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgments that the management has made in the process of applying the Company's accounting policies:

#### a) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

#### b) Revenue recognition, contract costs:

The Company uses the percentage of completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be

expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred to the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

#### c) Provision and contingent liability:

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements.

#### d) Useful lives of depreciable assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

#### e) Evaluation of indicators for impairment of assets:

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

#### f) Defined benefit obligation:

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

#### g) Fair value measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**Note No. 2 PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

| Particulars                          | Freehold Land   | Building        | Plant & Equipment | Furniture & Fixtures | Electrical Machinery Solar | Vehicles      | Windmill      | Total            |
|--------------------------------------|-----------------|-----------------|-------------------|----------------------|----------------------------|---------------|---------------|------------------|
| Deemed Cost                          |                 |                 |                   |                      |                            |               |               |                  |
| <b>As at March 31, 2019</b>          | <b>2,970.84</b> | <b>2,760.57</b> | <b>14,295.48</b>  | <b>411.18</b>        | <b>269.95</b>              | <b>95.36</b>  | <b>102.09</b> | <b>20,905.47</b> |
| Additions during 31/03/2020          | 2.52            | 371.63          | 3,336.28          | 114.90               | -                          | 10.44         | 8.17          | 3,843.94         |
| Disposal during 31/03/2020           | -               | -               | 45.76             | -                    | -                          | -             | -             | 45.76            |
| <b>As at March 31, 2020</b>          | <b>2,973.36</b> | <b>3,132.20</b> | <b>17,586.00</b>  | <b>526.08</b>        | <b>269.95</b>              | <b>105.80</b> | <b>110.26</b> | <b>24,703.65</b> |
| Accumulated Depreciation             |                 |                 |                   |                      |                            |               |               |                  |
| <b>As at March 31, 2019</b>          | -               | <b>238.94</b>   | <b>2,600.39</b>   | <b>138.09</b>        | <b>37.50</b>               | <b>32.07</b>  | <b>23.14</b>  | <b>3,070.13</b>  |
| Depreciation charged during the year | -               | 107.43          | 1,197.46          | 58.21                | 15.13                      | 11.82         | 7.80          | 1,397.85         |
| Disposals during 31/03/2019          | -               | -               | 1.75              | -                    | -                          | -             | -             | 1.75             |
| <b>As at March 31, 2020</b>          | -               | <b>346.37</b>   | <b>3,796.10</b>   | <b>196.30</b>        | <b>52.63</b>               | <b>43.89</b>  | <b>30.94</b>  | <b>4,466.23</b>  |
| <b>Net Carrying amount</b>           |                 |                 |                   |                      |                            |               |               |                  |
| As at March 31, 2019                 | 2,970.84        | 2,521.63        | 11,695.09         | 273.09               | 232.45                     | 63.29         | 78.95         | 17,835.34        |
| As at March 31, 2020                 | <b>2,973.36</b> | <b>2,785.83</b> | <b>13,789.90</b>  | <b>329.78</b>        | <b>217.32</b>              | <b>61.91</b>  | <b>79.32</b>  | <b>20,237.42</b> |

Details of properties pledged as security - Refer Note No. 20

**Note No. 3 CAPITAL WORK IN PROGRESS**

(₹ in Lakhs)

| Particulars              | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------|----------------------|----------------------|
| Capital Work in Progress | 272.02               | 606.09               |
| <b>Total</b>             | <b>272.02</b>        | <b>606.09</b>        |

**Note No. 4 INVESTMENT PROPERTY**

(₹ in Lakhs)

| Particulars   | As at March 31, 2020 | As at March 31, 2019 |
|---------------|----------------------|----------------------|
| Freehold Land | 0.77                 | 0.77                 |
| <b>Total</b>  | <b>0.77</b>          | <b>0.77</b>          |



**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)**
**Note No. 5 INTANGIBLE ASSETS**

(₹ in Lakhs)

| Particulars                                   | As at          |               | As at          |               |
|---|----------------|---------------|----------------|---------------|
|   | March 31, 2020 |               | March 31, 2019 |               |
| <b>Software</b>                               |                |               |                |               |
| Opening Balance                               |                | 226.59        |                | 223.46        |
| Add: Additions during the year                |                | 12.07         |                | 34.54         |
| Less: Deductions/ Adjustments during the year |                | -             |                | -             |
| Less: Amortization for the year               |                | 46.11         |                | 31.41         |
| Closing Balance                               |                | <b>192.55</b> |                | <b>226.59</b> |
| <b>Goodwill</b>                               |                |               |                |               |
| Opening Balance                               |                | 235.21        |                | 235.22        |
| Add: Additions during the year                |                | -             |                | -             |
| Less: Deductions/ Adjustments during the year |                | -             |                | -             |
| Less: Amortization for the year               |                | -             |                | -             |
| Closing Balance                               |                | <b>235.21</b> |                | <b>235.22</b> |
| <b>Total</b>                                  |                | <b>427.76</b> |                | <b>461.81</b> |

**Note No. 6 NON-CURRENT INVESTMENTS**

(₹ in Lakhs)

| Particulars   | As at          |                 | As at          |               |
|---|----------------|-----------------|----------------|---------------|
|   | March 31, 2020 |                 | March 31, 2019 |               |
| <b>TRADE INVESTMENTS</b>                                  | <b>No.</b>     | <b>Amount</b>   | <b>No.</b>     | <b>Amount</b> |
| Measured at Fair value through Other Comprehensive Income |                |                 |                |               |
| (i) Quoted equity shares, fully paid up.                  |                |                 |                |               |
| Bank of India, of ₹ 10/- each                             | 2300           | 1.78            | 2300           | 2.41          |
| (ii) Quoted equity shares in subsidiary (Valued at cost)  |                |                 |                |               |
| Kaycee Industries Ltd. 100/-each                          | 47,546         | 1,662.16        | -              | -             |
| (31.03.2020-Rs.2562/-, 31.03.2019-Rs.Nil)                 |                |                 |                |               |
| <b>Total (i)</b>  |                | <b>1,663.94</b> |                | <b>2.41</b>   |
| (ii) Unquoted equity shares, fully paid up                |                |                 |                |               |
| Salzer Technologies, of ₹ 10/- each                       | 83,250         | 8.33            | 83,250         | 8.33          |
| Salzer Spinners Ltd, of ₹ 10/- each                       | 18,65,500      | 55.97           | 18,65,500      | 55.97         |
| Jayachandar Windfarm Pvt Ltd                              | 6,430          | 0.64            | 5,507          | 0.55          |
| Mythra Vayu (Manjira Pvt Ltd)                             | 1,83,500       | 18.35           | -              | -             |
| <b>Total (ii)</b>   |                | <b>83.29</b>    |                | <b>64.84</b>  |
| <b>GRAND TOTAL</b>  |                | <b>1,747.23</b> |                | <b>67.25</b>  |

(₹ in Lakhs)

| Particulars   | As at          |               | As at          |               |
|---|----------------|---------------|----------------|---------------|
|   | March 31, 2020 |               | March 31, 2019 |               |
|   |                | <b>Amount</b> |                | <b>Amount</b> |
| Aggregate value of quoted investments                     |                | 1,663.93      |                | 2.41          |
| Market value of quoted investments                        |                | 1,219.91      |                | 2.41          |
| Aggregate value of unquoted investments                   |                | 83.28         |                | 64.84         |
| Aggregate value of impairment in the value of investments |                |               |                |               |

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Note No. 7 TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Unsecured, considered good                                     | 732.55                  | 1,141.14                |
| Doubtful   | -                       | -                       |
| <b>Sub Total</b>   | <b>732.55</b>           | <b>1,141.14</b>         |
| Less: Allowance for expected credit losses (Refer Note No. 46) | 19.04                   | 19.09                   |
| <b>Total</b>   | <b>713.51</b>           | <b>1,122.05</b>         |

### Note No. 8 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>Financial Assets at amortized cost</b> |                         |                         |
| Security Deposits                         | 183.34                  | 174.59                  |
| Unbilled Revenue*                         | 1,594.89                | 768.09                  |
| <b>Total</b>                              | <b>1,778.23</b>         | <b>942.68</b>           |

\* Unbilled revenue represents revenue from projects in respect of performance obligations completed in accordance with IndAS 115 but customers are yet to be billed pending receipt of certification from independent agency.

### Note No. 9 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

| Particulars                  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------|-------------------------|-------------------------|
| Advance for capital expenses | 257.20                  | 551.29                  |
| <b>Total</b>                 | <b>257.20</b>           | <b>551.29</b>           |

### Note No. 10 INVENTORIES

(₹ in Lakhs)

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| Raw Material (including goods in transit) | 4,737.56                | 4,396.28                |
| Packing Materials                         | 150.38                  | 78.38                   |
| Trading Materials                         | 62.31                   | 65.12                   |
| Work in progress                          | 8,004.27                | 6,865.41                |
| Finished Goods                            | 2,760.95                | 2,861.34                |
| <b>Total</b>                              | <b>15,715.47</b>        | <b>14,266.53</b>        |

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
**Note No. 11 CURRENT INVESTMENTS**

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |               | As at<br>March 31, 2019 |               |
|--|-------------------------|---------------|-------------------------|---------------|
|  | No.                     | Amount        | No.                     | Amount        |
| <b>INVESTMENTS</b>                                   |                         |               |                         |               |
| Measured at Fair value through OCI                   |                         |               |                         |               |
| (i) In Mutual Funds, quoted                          |                         |               |                         |               |
| State Bank of India - Infrastructure Fund            | 82,945                  | 17.74         | 43,619                  | 19.57         |
| Reliance Equity Dividend                             | -                       | -             | 56,675                  | 22.10         |
| ICICI Prudential Discovery Fund                      | 1,21,939                | 19.53         | 76,641                  | 25.76         |
| Sundaram BNP Paribas Select Mid Cap                  | 1,07,651                | 23.51         | 71,181                  | 29.64         |
| Aditya Birla Sunlife Frontline Equity Fund           | 1,32,877                | 23.47         | 86,256                  | 28.98         |
| HDFC Top 200 Fund                                    | 69,623                  | 20.27         | 46,027                  | 28.40         |
| Canara Robeco Capital Protection Oriented Fund       | 2,50,000                | 27.56         | 4,03,390                | 44.51         |
| Canara Rebeco Emerging Equities - Regular Growth     | 14,002                  | 10.50         | 5,305                   | 13.22         |
| ICICI Pru Real Estate Portfolio                      | -                       | 0.40          | -                       | 1.75          |
| Aditya Birla Sunlife Mutual Fund                     | 13,541                  | 9.70          | 1,868                   | 7.77          |
| Union KBC Dynamite Bond Fund                         | -                       | -             | 4,99,990                | 53.80         |
| Reliance Top 200 Fund                                | -                       | -             | 12,096                  | 8.12          |
| Kodak Select Focus Fund                              | 61,009                  | 10.38         | 8,495                   | 8.22          |
| IDFC Sterling Equity Fund                            | 71,464                  | 7.75          | 8,874                   | 7.84          |
| Union Large & Midcap Fund                            | 99,990                  | 18.90         | -                       | -             |
| Nippon India Large Cap Fund                          | 87,373                  | 8.96          | -                       | -             |
| Nippon India Multi Cap Fund                          | 97,767                  | 18.14         | -                       | -             |
| Canara Rebeco Equity Hybrid Fund                     | 3,009                   | 4.31          | -                       | -             |
| Canara Rebeco Equity Hybrid Fund - Folio -1066591931 | 3,009                   | 4.31          | -                       | -             |
| <b>Total</b>   |                         | <b>225.43</b> |                         | <b>299.68</b> |

(₹ in Lakhs)

| Particulars                           | As at<br>March 31, 2020 |               | As at<br>March 31, 2019 |               |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                       | No.                     | Amount        | No.                     | Amount        |
| Aggregate value of quoted investments |                         | 225.43        |                         | 299.68        |
| Market value of quoted investments    |                         | <b>225.43</b> |                         | <b>299.68</b> |

**Note No. 12 TRADE RECEIVABLES**

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                  |
|--|-------------------------|------------------|-------------------------|------------------|
|  | No.                     | Amount           | No.                     | Amount           |
| Unsecured, considered good                                     |                         | 14,382.60        |                         | 14,698.32        |
| Doubtful   |                         | -                |                         | -                |
| <b>Sub Total</b>   |                         | <b>14,382.60</b> |                         | <b>14,698.32</b> |
| Less: Allowance for expected credit losses (Refer Note No. 46) |                         | 106.34           |                         | 73.21            |
| <b>Total</b>   |                         | <b>14,276.26</b> |                         | <b>14,625.11</b> |

# NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 13 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Balances with Banks                                  |                         |                         |
| - In Current Accounts                                | 176.15                  | 535.78                  |
| Deposits(with original maturity of 3 months or less) | 35.00                   | 167.88                  |
| Cash on hand   | 10.67                   | 9.26                    |
| <b>Total</b>   | <b>221.82</b>           | <b>712.92</b>           |

## Note No. 14 OTHER BANK BALANCES

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Balances with Banks                                      |                         |                         |
| <b>Earmarked Balances</b>                                |                         |                         |
| - In Unpaid Dividend Accounts                            | 29.70                   | 30.92                   |
| - In Margin money and Bank Guarantee                     | 314.35                  | 351.54                  |
| <b>Others</b>  |                         |                         |
| - Deposit (with original maturity of more than 3 months) | 320.76                  | 316.49                  |
| <b>Total</b>   | <b>664.81</b>           | <b>698.95</b>           |

## Note No. 15 LOANS

(₹ in Lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                         |                         |                         |
| Loans and Advances to related parties (Refer Note No. 48) | 324.23                  | 269.88                  |
| Loans and Advances to employees                           | 215.35                  | 239.17                  |
| Loans-Others  | 1,868.67                | 2,027.39                |
| <b>Total</b>  | <b>2,408.25</b>         | <b>2,536.44</b>         |

## Note No. 16 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>Financial Assets at amortized cost</b> |                         |                         |
| Energy Saver Income receivable            | -                       | -                       |
| Windmill Income receivable                | -                       | 0.36                    |
| Energy Saver Deposit Receivable           | 50.49                   | 46.63                   |
| <b>Total</b>                              | <b>50.49</b>            | <b>46.99</b>            |

## Note No. 17 OTHER CURRENT ASSETS

(₹ in Lakhs)

| Particulars                                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>               |                         |                         |
| <b>(a) Advances other than capital advances</b> |                         |                         |
| Advances to Suppliers                           | 443.50                  | 722.39                  |
| <b>(b) Others</b>                               |                         |                         |
| Prepaid expenses                                | 52.40                   | 74.62                   |
| Balances with statutory/government authorities  | 779.84                  | 767.72                  |
| Other Receivables - Statutory                   | 403.29                  | 217.75                  |
| <b>Total</b>                                    | <b>1,679.03</b>         | <b>1,782.48</b>         |

# NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 18 EQUITY SHARE CAPITAL

### Authorized Share Capital

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |                | As at<br>March 31, 2019 |                |
|--|-------------------------|----------------|-------------------------|----------------|
|  | No. of<br>Shares        | Amount         | No. of<br>Shares        | Amount         |
| 1,90,00,000 equity shares of ₹ 10/- each                                 |                         | 1900.00        |                         | 1900.00        |
| 10,00,000 non-cumulative convertible<br>preference shares of ₹ 10/- each |                         | 100.00         |                         | 100.00         |
| <b>Total</b>   |                         | <b>2000.00</b> |                         | <b>2000.00</b> |
| <b>Issued and Subscribed Capital</b>                                     |                         |                |                         |                |
| Equity Share Capital   | 1,59,82,737             | 1598.27        | 1,59,82,737             | 1598.27        |
|  |                         |                |                         |                |
| <b>Total</b>   | <b>1,59,82,737</b>      | <b>1598.27</b> | <b>1,59,82,737</b>      | <b>1598.27</b> |

### a. Reconciliation of shares outstanding at the beginning and at the end of the period

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |                 | As at<br>March 31, 2019 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | No. of<br>Shares        | Amount          | No. of<br>Shares        | Amount          |
| Shares at the beginning of the period  | 1,59,82,737             | 1,598.27        | 1,55,26,687             | 1,552.67        |
| Add: Shares issued during the period   |                         |                 |                         |                 |
| a. Under Employee Stock Option   | -                       | -               | 4,56,050                | 45.60           |
| b. Allotment of shares against Conversion of<br>5,30,000 Non cumulative 5% convertible preference shares | -                       | -               | 5,30,000                | 53.00           |
| Less :Conversion of 5,30,000 Non cumulative 5%<br>convertible preference shares                          | -                       | -               | -5,30,000               | -53.00          |
| <b>Outstanding at the end of the period</b>  | <b>1,59,82,737</b>      | <b>1,598.27</b> | <b>1,59,82,737</b>      | <b>1,598.27</b> |

### b. Terms/ Rights attached to the Equity Shares

- The Company has two class of Shares having par value of ₹ 10/- per share namely Equity Shares and Non Cumulative 5% Convertible Preference Shares. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays Dividend in Indian Rupees and
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

### c. Shares held by Holding Company or Ultimate Holding Company - **NIL**

### d. Shareholders holding more than 5% shares

| Particulars               | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                  |
|---------------------------|-------------------------|------------------|-------------------------|------------------|
|                           | No. of<br>Shares        | No. of<br>Shares | No. of<br>Shares        | No. of<br>Shares |
| Sundaram Mutual Fund      | 8,98,736                | 5.62%            | 8,98,736                | 5.62%            |
| Salzer Magnetic Wires Ltd | 10,30,000               | 6.44%            | 10,30,000               | 6.44%            |
| HMG Globetrotter          | 9,63,024                | 6.03%            | 9,63,024                | 6.03%            |

# NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 19 OTHER EQUITY

(₹ in Lakhs)

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| Capital Reserve                           | 80.67                   | 80.67                   |
| Securities Premium                        | 12,630.14               | 12,630.14               |
| General Reserve                           | 1,958.46                | 1,913.46                |
| Retained Earnings                         | 14,675.03               | 12,389.66               |
| Other Comprehensive Income                | -4.58                   | 87.25                   |
| Share application money pending allotment | -                       | -                       |
| Employee Stock option outstanding         | -                       | -                       |
| <b>Total</b>                              | <b>29,339.72</b>        | <b>27,101.18</b>        |

## Note No. 20 BORROWINGS (NON-CURRENT)

(₹ in Lakhs)

| Particulars                     | Effective<br>Interest<br>Rate | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------|-------------------------------|-------------------------|-------------------------|
| Term Loans                      |                               |                         |                         |
| Secured                         |                               |                         |                         |
| a. From Banks                   |                               |                         |                         |
| i) <b>Canara Bank</b>           |                               |                         |                         |
| Term Loan -2 #                  | 10.95                         | -                       | 16.72                   |
| ii) <b>Citi Bank</b>            |                               |                         |                         |
| Phase 5 Term Loan               | 6.25                          | -                       | 1.44                    |
| Phase 6 Term Loan               | 6.25                          | -                       | 1.40                    |
| iii) <b>HDFC Bank</b>           |                               |                         |                         |
| Phase 2 Term Loan *             | 9.20                          | 600.00                  | -                       |
| iv) <b>Union Bank of India</b>  |                               |                         |                         |
| Phase 2 Term Loan **            | 6.25                          | 1,177.61                | 397.83                  |
| v) <b>Hire Finance</b>          |                               |                         |                         |
| Volks Wagen Finance Private Ltd | 9.08                          | -                       | 3.69                    |
| <b>Total</b>                    |                               | <b>1,777.61</b>         | <b>421.08</b>           |

### Notes

\* Security: Assets purchased under Term Loans, Extension of equitable mortgage of Land and Building of the Company (Unit-III) and guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.

Terms of Repayment: Plant & Machinery Term Loan Repayable within 40 EMI of Rs. 15,00,000/-

\*\* Building, Plant & Machinery Term Loan

Secured by first charge as Land & Building, Plant & Machinery of Unit IV and guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director & CFO.

Rs. 15,89,97,758/- is availed against sanctioned limit of Rs. 183700000/- during the year.

Terms of Repayment: Plant & Machinery Term Loan Repayable within 50 EMI of Rs. 23,55,128/-



**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)**
**Note No. 21 PROVISIONS**

(₹ in Lakhs)

| Particulars                                 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| Liability towards LIC Group Gratuity Scheme | 56.23                   | 62.92                   |
| Provision for Premium payable               | 2.82                    | -                       |
| <b>Total</b>                                | <b>59.05</b>            | <b>62.92</b>            |

**Note No. 22 DEFERRED TAX LIABILITES (NET)**

(₹ in Lakhs)

| Particulars                            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>Deferred tax liability</b>          |                         |                         |
| - On Fixed Assets                      | 1,569.91                | 1,569.91                |
| - On Research and Development Expenses | 785.36                  | 572.34                  |
| - On Revenue Recognition / ECL         | 38.97                   | 7.03                    |
| - On Employee Benefit Expenses         | 28.60                   | 21.32                   |
| <b>Less: Deferred tax Asset</b>        |                         |                         |
| - On Employee Benefit Expenses         | 26.00                   | 26.00                   |
| - On Fixed Assets                      | 548.22                  | 170.31                  |
| <b>Total</b>                           | <b>1,848.62</b>         | <b>1,974.29</b>         |

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)**

**Note No. 23 BORROWINGS (CURRENT)**

(₹ in Lakhs)

| Particulars  | Interest Rate | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|---------------|-------------------------|-------------------------|
| <b>Secured</b>   |               |                         |                         |
| <b>a. From Banks</b>   |               |                         |                         |
| <b>i) Canara Bank</b>  |               |                         |                         |
| Cash Credit  | 9.85          | 1,727.71                | 1,509.07                |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-I  |               |                         |                         |
| Cash Credit  | 10.25         | 501.57                  | 1,307.80                |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |               |                         |                         |
| Byer's Credit  | L+ 1.75       | -                       | 109.27                  |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |               |                         |                         |
| Pre-shipment Loan  | L+ 1.75       | 2,756.50                | 2,716.02                |
| Secured by: Hypothecation of Inventories of Unit-II                |               |                         |                         |
| Post-shipment Loan   |               | 368.55                  | -                       |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |               |                         |                         |
| <b>ii) ICICI Bank</b>  |               |                         |                         |
| Cash Credit  | 9.75          | 2,833.08                | 518.93                  |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |               |                         |                         |
| Pre-shipment Loan  |               | 459.61                  | -                       |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |               |                         |                         |
| <b>iii) Union Bank of India</b>                                    |               |                         |                         |
| Cash Credit  | 9.40          | 2,606.45                | 2,712.73                |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-IV |               |                         |                         |
| Buyer's Credit   | L+ 1.00       | 312.17                  | -                       |
| Secured by: hypothecation of Inventories and Book Debts of Unit-IV |               |                         |                         |
| <b>iv. HDFC Bank</b>   |               |                         |                         |
| Cash Credit  | 9.40          | 1,002.09                | 935.18                  |
| Secured by hypothecation of Inventories and Book Debts of Unit-III |               |                         |                         |
| <b>v. Axis Bank</b>  |               |                         |                         |
| Cash Credit  | 9.35          | 1,023.02                | 1,751.00                |
| Secured by hypothecation of Inventories and Book Debts of Unit-V   |               |                         |                         |
| <b>Sub Total</b>   |               | <b>13,590.75</b>        | <b>11,560.00</b>        |
| <b>(B) Unsecured</b>   |               |                         |                         |
| From Banks   |               |                         |                         |
| Loans repayable on demand (HDFC )                                  | 8.10          | 2,000.00                | 2,000.00                |
| <b>Total</b>   |               | <b>15,590.75</b>        | <b>13,560.00</b>        |

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

**Note No. 24 TRADE PAYABLS**

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
|  | <b>Current</b>          | <b>Current</b>          |
| Trade payable - Micro and small enterprises            | -                       | -                       |
| Trade payable - Other than Micro and small enterprises | 5,040.29                | 5,382.89                |
| <b>Total</b>   | <b>5,040.29</b>         | <b>5,382.89</b>         |

There are no interest amounts paid / payable to Micro, Small and Medium Enterprises. The information in relation to dues to Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

**Note No. 25 OTHER FINANCIAL LIABILITIES**

(₹ in Lakhs)

| Particulars                           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Current maturities of long- term debt | 471.09                  | 786.93                  |
| Unclaimed dividends                   | 29.70                   | 30.92                   |
| <b>Total</b>                          | <b>500.79</b>           | <b>817.85</b>           |

**Note No. 26 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

| Particulars                 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Statutory Dues              | 244.51                  | 422.28                  |
| Advance from Customers      | 10.22                   | 35.04                   |
| Creditors for capital goods | 380.89                  | 337.46                  |
| Creditors for expenses      | 4,184.15                | 4,606.04                |
| <b>Total</b>                | <b>4,819.77</b>         | <b>5,400.82</b>         |

**Note No. 27 PROVISIONS**

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Provision for Employee Benefits - Gratuity (Refer Note No. 39) | -                       | -                       |
| Provision for Warranty   | 100.83                  | 71.84                   |
| <b>Total</b>   | <b>100.83</b>           | <b>71.84</b>            |

The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision for warranty claims represents the present value of the Management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under sale of goods legislations. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality

**Note No. 28 CURRENT TAX LIABILITY**

(₹ in Lakhs)

| Particulars           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------|-------------------------|-------------------------|
| Current tax Liability | -                       | 165.24                  |
| <b>Total</b>          | <b>-</b>                | <b>165.24</b>           |

# NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 29 REVENUE FROM OPERATIONS

(₹ in Lakhs)

| Particulars   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>(a) Sale of products (including excise duty and excluding GST)</b> |                                      |                                      |
| Sales - Domestic  | 48,983.18                            | 49,534.78                            |
| Sales - Exports   | 7,088.54                             | 5,613.87                             |
| <b>Sub Total</b>  | <b>56,071.72</b>                     | <b>55,148.65</b>                     |
| <b>(b) Sale of Services</b>   |                                      |                                      |
| Income by Street Light Maintenance                                    | -                                    | 11.22                                |
| Technical Services  | 0.47                                 | 25.25                                |
| Income by EESL Project  | -                                    | 3.29                                 |
| RMU Project Income  | -                                    | 76.72                                |
| <b>Sub Total</b>  | <b>0.47</b>                          | <b>116.48</b>                        |
| <b>Gross Revenue from Sale of Products and Services</b>               | <b>56,072.19</b>                     | <b>55,265.13</b>                     |
| <b>(c) Other operating revenue</b>                                    |                                      |                                      |
| Conversion Charges Received   | 122.25                               | 51.37                                |
| Income by Power Generation  | 68.73                                | 76.40                                |
| Duty Drawback Income  | 96.12                                | 100.35                               |
| MEIS License Sales  | 174.17                               | 56.11                                |
| Sale of Dies & Tools  | -                                    | 3.48                                 |
| Interest Received against Non-current Receivables - PPP               | 161.10                               | 423.78                               |
| <b>Sub Total</b>  | <b>622.37</b>                        | <b>711.49</b>                        |
| <b>TOTAL</b>  | <b>56,694.56</b>                     | <b>55,976.62</b>                     |

## Note No. 30 OTHER INCOME

(₹ in Lakhs)

| Particulars                                      | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Interest from Bank Deposits                      | 50.94                                | 43.42                                |
| Foreign Exchange Rate Differences                | 11.93                                | -                                    |
| Dividend received against short term investments | 18.29                                | 12.60                                |
| Net gain/loss on sale of investment              | -                                    | 0.32                                 |
| Insurance Claim Received                         | -                                    | 1.29                                 |
| Profit on Sale of Assets                         | -                                    | 0.45                                 |
| Income from Derivatives                          | -15.00                               | -                                    |
| Rental Income Received                           | 3.82                                 | 1.20                                 |
| Other Non-operating income (net of expenses)     | 18.77                                | 11.42                                |
| <b>TOTAL</b>                                     | <b>88.75</b>                         | <b>70.70</b>                         |

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
**Note No. 31 COST OF MATERIAL CONSUMED**

(₹ in Lakhs)

| Particulars                          | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Raw Materials Consumption</b>     |                                      |                                      |
| Opening Stock                        | 4,396.28                             | 4,057.60                             |
| Add: Purchases                       | 40,923.72                            | 39,859.69                            |
| Less: Closing Stock                  | 4,737.56                             | 4,396.28                             |
| <b>Sub Total</b>                     | <b>40,582.44</b>                     | <b>39,521.01</b>                     |
| <b>Trading Materials Consumption</b> |                                      |                                      |
| Opening Stock                        | 65.12                                | 34.44                                |
| Add: Purchases                       | 1,467.36                             | 1,379.55                             |
| Less: Closing Stock                  | 62.31                                | 65.12                                |
| <b>Sub Total</b>                     | <b>1,470.17</b>                      | <b>1,348.87</b>                      |
| <b>Packing Materials Consumption</b> |                                      |                                      |
| Opening Stock                        | 78.38                                | 87.50                                |
| Add: Purchases                       | 1,038.93                             | 1,054.48                             |
| Less: Closing Stock                  | 150.38                               | 78.38                                |
| <b>Sub Total</b>                     | <b>966.93</b>                        | <b>1,063.61</b>                      |
| <b>TOTAL</b>                         | <b>43,019.54</b>                     | <b>41,933.48</b>                     |

**Note No. 32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in Lakhs)

| Particulars                                 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>Opening Stock</b>                        |                                      |                                      |
| Work-in-progress                            | 6,865.41                             | 7,055.99                             |
| Finished Goods                              | 2,861.34                             | 2,618.58                             |
| <b>Sub Total</b>                            | <b>9,726.75</b>                      | <b>9,674.57</b>                      |
| <b>Less: Closing Stock</b>                  |                                      |                                      |
| Work-in-progress                            | 8,004.27                             | 6,865.41                             |
| Finished Goods                              | 2,760.95                             | 2,861.34                             |
| <b>Sub Total</b>                            | <b>10,765.22</b>                     | <b>9,726.75</b>                      |
| <b>Net (increase)/decrease in inventory</b> | <b>-1,038.47</b>                     | <b>-52.18</b>                        |

**Note No. 33 EMPLOYEE BENEFIT EXPENSES**

(₹ in Lakhs)

| Particulars                               | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Salaries and Wages including Bonus        | 2,291.85                             | 2,165.27                             |
| Contribution to Provident and other funds | 127.68                               | 114.42                               |
| Workmen and Staff Welfare Expenses        | 175.00                               | 169.37                               |
| Gratuity                                  | 45.34                                | 40.31                                |
| <b>TOTAL</b>                              | <b>2,639.87</b>                      | <b>2,489.37</b>                      |

**Note No. 34 FINANCE COSTS**

(₹ in Lakhs)

| Particulars              | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------------------------|--------------------------------------|--------------------------------------|
| (a) Interest Expenses    | 1,732.43                             | 1,599.28                             |
| (b) Other Borrowing cost | 384.25                               | 389.19                               |
| <b>TOTAL</b>             | <b>2,116.68</b>                      | <b>1,988.47</b>                      |

# NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 35 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

| Particulars                                       | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (a) Depreciation on Property, Plant and Equipment | 1,397.85                             | 1,184.55                             |
| (b) Amortisation on Other Intangible Assets       | 46.11                                | 31.41                                |
| <b>TOTAL</b>                                      | <b>1,443.96</b>                      | <b>1,215.96</b>                      |

## Note No. 36 OTHER EXPENSES

(₹ in Lakhs)

| Particulars                                  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Consumptions of Store and Spares             | 149.34                               | 167.72                               |
| Freight and Forwarding Charges               | 750.09                               | 728.84                               |
| Power and Fuel                               | 799.27                               | 841.94                               |
| Repairs -                                    |                                      |                                      |
| Buildings                                    | 27.26                                | 31.02                                |
| Machinery                                    | 296.42                               | 202.44                               |
| Others                                       | 108.30                               | 110.12                               |
| Subcontracting Expenses                      | 1,625.47                             | 1,402.57                             |
| Contract Labour Expenses                     | 460.50                               | 370.94                               |
| Advertisement Expenses                       | 8.19                                 | 7.75                                 |
| Audit Fees (Refer Note No.36.1)              | 18.75                                | 16.00                                |
| Director's Sitting Fees                      | 15.30                                | 14.85                                |
| Donation                                     | 6.44                                 | 6.94                                 |
| RMU Project Expenses                         | -                                    | 72.12                                |
| General Expenses                             | 62.60                                | 63.55                                |
| Insurance                                    | 40.96                                | 34.62                                |
| Foreign Exchange Realisation Difference      | -                                    | 73.59                                |
| Management system Expenses (ISO9000 & OSHAS) | 4.68                                 | 6.57                                 |
| Postage, Telephone & Telegram                | 27.65                                | 34.63                                |
| Printing & Stationery                        | 40.07                                | 43.56                                |
| Rates and Taxes                              | 39.87                                | 164.85                               |
| Rent   | 13.06                                | 10.06                                |
| Research & Development Expenses              | 167.36                               | 96.19                                |
| Warranty Expenses                            | 28.04                                | 27.57                                |
| Sales Promotional Expenses                   | 377.85                               | 411.75                               |
| Subscription & Periodicals                   | 27.35                                | 15.37                                |
| Technical/Professional Fee                   | 246.20                               | 99.44                                |
| Travelling and Conveyance                    | 76.24                                | 88.28                                |
| EESL Project Expenses                        | -                                    | 17.24                                |
| CSR Expenses (Refer Note No.44)              | 14.40                                | 53.20                                |
| Expected Credit Loss                         | 33.08                                | 7.92                                 |
| Royalty                                      | 3.95                                 | 19.74                                |
| loss on sale of Assets / Investments         | 2.03                                 | -                                    |
| Bad Debts                                    | 83.96                                | -                                    |
| <b>Total Other Expenses</b>                  | <b>5,554.68</b>                      | <b>5,241.38</b>                      |



# NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 36 1. AUDITOR REMUNERATION

(₹ in Lakhs)

| Particulars             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------|--------------------------------------|--------------------------------------|
| (a) For Statutory Audit | 8.50                                 | 7.50                                 |
| (b) For Tax Audit       | 2.50                                 | 2.00                                 |
| (c) For Other Services  | 7.75                                 | 6.50                                 |
| <b>TOTAL</b>            | <b>18.75</b>                         | <b>16.00</b>                         |

## Note No. 37 TAX EXPENSES

(₹ in Lakhs)

| Particulars   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Current Tax</b>   |                                      |                                      |
| Current tax on profit for the year                            | 583.96                               | 743.09                               |
| Change/ (Credit) in respect of current tax for earlier years  | -49.90                               | -                                    |
| <b>TOTAL (A)</b>  | <b>534.06</b>                        | <b>743.09</b>                        |
| <b>B. Deferred Tax</b>  |                                      |                                      |
| Origination and reversal of temporary differences             | -125.67                              | 92.00                                |
| Charge in respect of deferred tax for earlier years           | -                                    | -                                    |
| <b>TOTAL (B)</b>  | <b>-125.67</b>                       | <b>92.00</b>                         |
| <b>Tax expense recognized in Statement of Profit and Loss</b> | <b>408.39</b>                        | <b>835.10</b>                        |
| <b>TOTAL (A)+(B)</b>  |                                      |                                      |
| Tax expense recognized in Other Comprehensive Income          | 30.89                                | 9.73                                 |
| <b>Total Tax Expense</b>                                      | <b>377.50</b>                        | <b>825.37</b>                        |

The Company has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance,2019 from the Current Financial year. Accordingly, the Provision for Income Tax and deferred tax balances have been recorded / re-measured using the new tax rate and the resultant impact is recognized in the Current Period Statement of Profit and Loss. Pursuant to the Selection of this Option, the Company has reversed deferred tax liabilities amounting to Rs.4.97 Crores due to reduction in the Corporate Tax Rates

**The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:**

(₹ in Lakhs)

| Particulars  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| <b>Current Tax</b>   |                                      |                                      |
| Taxable profit for the year  | 3,047.05                             | 3,230.84                             |
| Applicable income tax rate   | 25.17%                               | 34.61%                               |
| Expected income tax  | 766.94                               | 1,118.19                             |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: | -                                    | -                                    |
| Income exempt from tax   | -213.02                              | -242.27                              |
| Expenses disallowed in determining the tax profit  | 11.95                                | 21.15                                |
| Investment allowances  | -                                    | -                                    |
| Unrecognized deferred tax assets   | -                                    | -                                    |
| Others   | -157.48                              | -61.97                               |
| <b>Tax expense recognised in Statement of Profit and Loss A/c</b>                                  | <b>408.39</b>                        | <b>835.10</b>                        |

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Note No. 38 EARNINGS PER SHARE

(₹ in Lakhs)

| Particulars  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit/(Loss) after tax and exceptional items                                      | 2,638.66                             | 2,395.74                             |
| Less: Notional Preference Dividend   |                                      |                                      |
| Profit/(Loss) after tax and exceptional items attributable to equity share holders | 2,638.66                             | 2,395.74                             |
| Add: Exceptional items (net of tax)  |                                      |                                      |
| Profit after tax but before exceptional items attributable to equity share holders | 2,638.66                             | 2,395.74                             |
| Add: Exceptional items (net of tax)  |                                      |                                      |
| No. of Equity shares outstanding   |                                      |                                      |
| Add: Shares to be issued pursuant to merger  |                                      |                                      |
| Weighted Average no. of equity shares outstanding during the year for Basic EPS    | 159.82                               | 157.46                               |
| Add: Shares to be issued pursuant to Employee Stock Option Scheme                  |                                      |                                      |
| Weighted Average no. of equity shares outstanding during the year for Dilutive EPS | 159.82                               | 158.61                               |
| Basic Earnings/(Loss) per share after tax and exceptional items (in ₹)             | 16.51                                | 15.21                                |
| Diluted Earnings/(Loss) per share after tax and exceptional items (in ₹)           | 16.51                                | 15.10                                |

### Note No. 39 GRATUITY

The details of various employee benefits provided to employees are as under:

#### A. Defined Contribution and other plans

(₹ in Lakhs)

| Particulars                                    | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Employer's Contribution to PF                  | 110.94         | 89.68          |
| Employer's Contribution to ESIC                | 13.59          | 20.24          |
| Employer's Contribution to Superannuation fund | 3.15           | 4.50           |
| <b>TOTAL</b>                                   | <b>127.68</b>  | <b>114.42</b>  |

#### B. Defined Benefit plans

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation using the projected unit credit method as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

**Investment Risk:** The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Longevity risk:** The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

| (₹ in Lakhs)              |                |                |
|---------------------------|----------------|----------------|
| Particulars               | March 31, 2020 | March 31, 2019 |
| Discount Rate             | 6.86%/6.66%    | 7.77%/7.75%    |
| Expected Return on Assets | 6.86%/6.66%    | 7.77%/7.75%    |
| Salary Escalation         | 6.50%          | 6.50%          |
| Attrition Rate            | 5.00%          | 5.00%          |

### Amount recognized in Profit and Loss for the year

| (₹ in Lakhs)  |                |                |
|---|----------------|----------------|
| Particulars   | March 31, 2020 | March 31, 2019 |
| Current Service Cost                                    | 43.67          | 37.97          |
| Net Interest on Defined Benefit Obligations             | 1.67           | 2.34           |
| Expenses recognized in the statement of profit and loss | 45.34          | 40.31          |

### Recognized in Other Comprehensive Income for the year

| (₹ in Lakhs)   |                |                |
|--|----------------|----------------|
| Particulars  | March 31, 2020 | March 31, 2019 |
| Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO       | 3.47           | -1.70          |
| Return on plan assets (excluding amounts included in net interest expense) | -              | -0.52          |
| Actuarial gains/losses arising from changes in financial assumptions       | 36.43          | -3.05          |
| Actuarial gains/losses arising from experience adjustments                 | -10.98         | 33.39          |
| Amount recognized in OCI for the current period                            | 28.92          | 28.12          |

### Change in present value of defined benefit obligation

| (₹ in Lakhs)   |                |                |
|--|----------------|----------------|
| Particulars  | March 31, 2020 | March 31, 2019 |
| Present value of obligations as at the beginning of the year | 671.81         | 577.89         |
| Current Service Cost   | 43.66          | 37.97          |
| Interest on Defined Benefit Obligations                      | 50.39          | 44.14          |
| Actuarial (gain)/loss on plan obligation                     | 28.92          | 28.64          |
| Benefits paid  | -21.73         | -16.83         |
| Present value of obligations as at the end of the year       | 773.05         | 671.81         |

### Change in fair value of plan assets

| (₹ in Lakhs)  |                |                |
|---|----------------|----------------|
| Particulars   | March 31, 2020 | March 31, 2019 |
| Fair value of plan assets as at the beginning of the period | 608.89         | 512.04         |
| Return on plan assets                                       | 48.71          | 41.80          |
| Contributions   | 80.95          | 71.36          |
| Benefits paid   | -21.73         | -16.83         |
| Actuarial gain/(loss) on plan assets                        | -              | 0.52           |
| Fair value of plan assets as at the end of the period       | 716.82         | 608.89         |

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)****Net Asset/ Liability recognized in Balance Sheet**

(₹ in Lakhs)

| Particulars                  | March 31, 2020 | March 31, 2019 |
|------------------------------|----------------|----------------|
| Present value of obligations | 773.05         | 671.81         |
| Fair Value of Plan Assets    | 716.82         | 608.89         |
| Amount recognized            | 56.23          | 62.92          |

The Statement of actuarial valuation by the LIC of India with whom the plan assets are maintained was not Provided to the Company by Lic of India till the finalisation of accounts and adoption by the Board and the amounts recognised in P&L a/c., OCI and Balance sheet were based on past experience, Indicators and the present contribution to the plan.

**Sensitivity Analysis**

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

(₹ in Lakhs)

| Particulars                  | March 31, 2020 |          | March 31, 2019 |          |
|------------------------------|----------------|----------|----------------|----------|
|                              | Increase       | Decrease | Increase       | Decrease |
| Discount rate by 1%          | 51.73          | 58.49    | 48.23          | 54.67    |
| Salary Escalation rate by 1% | 56.08          | 51.00    | 54.63          | 48.40    |
| Attrition rate by 1%         | 2.28           | 1.22     | 1.22           | -1.28    |
| Mortality rate by 10%        | 0.03           | -        | 0.05           | -        |

**NOTE No. 40 EMPLOYEES STOCK OPTION SCHEME 2012-13**

The option under the Scheme were exercised during the FY.2018/19 and there were no options unexercised or expired at the opening of FY.2019/20.

(₹ in Lakhs)

| Particulars                                      | March 31, 2020 |                                 | March 31, 2019 |                                 |
|--|----------------|---------------------------------|----------------|---------------------------------|
|  | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Options outstanding at the beginning of the year | -              | -                               | 456050         | 40                              |
| Options granted during the year                  | -              | -                               | -              | -                               |
| Options lapsed during the year                   | -              | -                               | -              | -                               |
| Options exercised during the year                | -              | -                               | 456050         | 40                              |
| Options expired during the year                  | -              | -                               | -              | -                               |
| Options outstanding at the end of the year       | -              | -                               | -              | -                               |
| Options exercisable at the end of the year       | -              | -                               | -              | -                               |

**Note No. 41 DIVIDENDS MADE AND PROPOSED**

(₹ in Lakhs)

| Particulars  | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Cash dividends on equity shares declared and paid: |                |                |
| Final Dividend for the financial year              | 255.72         | 255.15         |
| Dividend distribution tax                          | 52.26          | 52.45          |
| Dividend on Equity Shares Proposed                 | 308.28         | 307.60         |

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Note No. 42 COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in Lakhs)

| Particulars   | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Towards Import Obligations under EPGC                     | 2,797.30       | 1,626.64       |
| Letter of Credit for import and purchase of Raw Materials | 2,165.98       | 1,798.30       |
| Obligation towards Bank Guarantee                         | 513.98         | 614.59         |
| Excise Protest Fund Liability                             | 85.68          | 85.68          |

### Note No. 43 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

| Particulars  | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | -              | -              |

The disclosure in respect of the amounts payable to Micro, Small and Medium enterprises as at 31 March 2020 has been made in the financial statements based on information received and available with the Company. Also, the Company has not received any claim for interest from any supplier as at the balance sheet date.

### Note No. 44 CSR EXPENDITURE

(₹ in Lakhs)

| Particulars  | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Gross amount required to be spent by the company during the year | 58.59          | 53.11          |
| Amount spent during the year                                     | 14.40          | 53.20          |

### NOTE No. 45 FAIR VALUE MEASUREMENTS

#### i. Financial instruments by category

The carrying value of financial instruments by categories as at 31 March 2020 were as follows:

(₹ in Lakhs)

| Particulars                  | Note   | Amortised cost | FVTOCI   | FVTPL | Total Carrying value | Total Fair value |
|------------------------------|--------|----------------|----------|-------|----------------------|------------------|
| <b>Financial Assets</b>      |        |                |          |       |                      |                  |
| Investments                  | 6, 11  | -              | 1,972.66 | -     | 1,972.66             | 1,972.66         |
| Trade Receivables            | 7, 12  | 14,989.77      |          |       | 14,989.77            | 14,989.77        |
| Cash and Cash equivalents    | 13     | 221.82         |          |       | 186.82               | 186.82           |
| Other bank balances          | 14     | 664.81         |          |       | 699.81               | 699.81           |
| Loans                        | 15     | 2,408.25       |          |       | 2,408.25             | 2,408.25         |
| Other financial assets       | 8, 16  | 1,828.72       |          |       | 1,828.72             | 1,828.72         |
| <b>Financial Liabilities</b> |        |                |          |       |                      |                  |
| Borrowings                   | 20, 23 | 17,368.37      |          |       | 17,368.37            | 17,368.37        |
| Trade payables               | 24     | 5,040.29       |          |       | 5,040.29             | 5,040.29         |
| Other financial liabilities  | 25     | 500.79         |          |       | 500.79               | 500.79           |

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

The carrying value of financial instruments by categories as at 31 March 2019 were as follows:

(₹ in Lakhs)

| Particulars                  | Note   | Amortised cost | FVTOCI | FVTPL  | Total Carrying value | Total Fair value |
|------------------------------|--------|----------------|--------|--------|----------------------|------------------|
| <b>Financial Assets</b>      |        |                |        |        |                      |                  |
| Investments                  | 6, 11  | -              | 67.25  | 299.68 | 366.93               | 366.93           |
| Trade Receivables            | 7, 12  | 15,747.16      |        |        | 15,747.16            | 15,747.16        |
| Cash and Cash equivalents    | 13     | 712.92         |        |        | 545.04               | 545.04           |
| Other bank balances          | 14     | 698.95         |        |        | 866.83               | 866.83           |
| Loans                        | 15     | 2,536.44       |        |        | 2,536.44             | 2,536.44         |
| Other financial assets       | 8, 16  | 989.66         |        |        | 989.66               | 989.66           |
| <b>Financial Liabilities</b> |        |                |        |        |                      |                  |
| Borrowings                   | 20, 23 | 13,981.07      |        |        | 13,981.07            | 13,981.07        |
| Trade payables               | 24     | 5,382.89       |        |        | 5,382.89             | 5,382.89         |
| Other financial liabilities  | 25     | 817.85         |        |        | 817.85               | 817.85           |

### ii. Fair Value Hierarchy

The Company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

### Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2020

(₹ in Lakhs)

| Particulars                                      | Note   | Level 1 | Level 2   | Level 3 | Carrying value |
|--|--------|---------|-----------|---------|----------------|
| <b>Financial Assets</b>                          |        |         |           |         |                |
| At fair value through Other Comprehensive Income | 11     | 225.43  | -         | -       | 225.43         |
| <b>Investments</b>                               |        |         |           |         |                |
| Investments - Non - current - Quoted             | 6      | -       | 1,663.94  | -       | 1,663.94       |
| Investments - Non - current - Unquoted           | 6      | -       | -         | 83.28   | 83.28          |
| At fair value through Profit and Loss            |        |         |           |         |                |
| Investments                                      | 11     | -       | -         | -       | -              |
| <b>Financial Liabilities</b>                     |        |         |           |         |                |
| At amortised costs                               |        |         |           |         |                |
| Borrowings                                       | 20, 23 | -       | 17,368.37 | -       | 17,368.37      |



## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2019

(₹ in Lakhs)

| Particulars                                      | Note   | Level 1 | Level 2   | Level 3 | Carrying value |
|--|--------|---------|-----------|---------|----------------|
| <b>Financial Assets</b>                          |        |         |           |         |                |
| At fair value through Other Comprehensive Income |        |         |           |         |                |
| Investments - Non - current - Quoted             | 6      | 2.41    | -         | -       | 2.41           |
| Investments - Non - current - Unquoted           | 6      | -       | -         | 64.84   | 64.84          |
| At fair value through Profit and Loss            |        |         |           |         |                |
| Investments - Current                            | 11     | 299.68  | -         | -       | 299.68         |
| <b>Financial Liabilities</b>                     |        |         |           |         |                |
| At amortised costs                               |        |         |           |         |                |
| Borrowings                                       | 20, 23 | -       | 13,981.07 | -       | 13,981.07      |

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

#### iii. Valuation technique used to determine fair value

- The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values.
- The investment included in Level 3 hierarchy have been valued at cost approach to arrive at the fair values. The cost of unquoted investment approximate the fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range.
- The estimated fair value amounts as at March 31, 2020 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.
- There were no transfers between Level 1, Level 2 and Level 3 during the year.

### NOTE No. 46 FINANCIAL RISK MANAGEMENT

The Company's businesses are subject to several risks and uncertainties including financial risks.

The Company's activities expose it to credit risk, liquidity risk, market risk - interest rate risk and foreign currency risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk                           | Exposure arising from  | Measurement                                 |
|--------------------------------|--|---|
| Credit risk                    | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing analysis, Credit ratings             |
| Liquidity risk                 | Borrowings and other liabilities   | Rolling cash flow forecasts                 |
| Market risk Interest rate risk | Long-term borrowings at variable rates   | Cash flow forecasting, Sensitivity analysis |
| Foreign Currency risk          | Recognised financial assets and liabilities not denominated in functional currency         | Cash flow forecasting, Sensitivity analysis |

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The company's credit risk generally arises from Cash and cash equivalents, trade receivables, and other financial assets.

### Credit Risk Management

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

| Assets Group         | Description of category  | Particulars  | Provision for expected credit loss *  |
|----------------------|--|--|---|
| Low credit risk      | Assets where the counterparty has strong capacity to meet the obligations and where the risk of default is negligible or nil           | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss/life time expected credit loss                    |
| Moderate credit risk | Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong | Nil  | 12 month expected credit loss/life time expected credit loss                    |
| High credit risk     | Assets where there is a high probability of default.   | Nil  | 12 month expected credit loss/life time expected credit loss/fully provided for |

\* Life time expected credit loss is provided for trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

### Classification of Financial assets among risk categories:

(₹ in Lakhs)

| Credit rating        | Particulars  | March 31, 2020 | March 31, 2019 |
|----------------------|--|----------------|----------------|
| Low credit risk      | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 22,086.02      | 21,052.04      |
| Moderate credit risk | Nil  | -              | -              |
| High credit risk     | Nil  | -              | -              |

### The loss allowance for trade receivables using expected credit losses for different ageing periods as at 31 March 2020 are as follows:

(₹ in Lakhs)

| Particulars              | Note     | Less than 6 months past due | More than 6 months past due | Total     |
|--------------------------|----------|-----------------------------|-----------------------------|-----------|
| Gross Carrying Amount    | 6,767.33 | 5,753.22                    | 2,594.60                    | 15,115.15 |
| Loss allowance provision | -        | -                           | -125.38                     | -125.38   |
| Net                      | 6,767.33 | 5,753.22                    | 2,469.22                    | 14,989.77 |

### The loss allowance for trade receivables using expected credit losses for different ageing periods as at 31<sup>st</sup> March 2019 are as follows:

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)**

(₹ in Lakhs)

| Particulars              | Note     | Less than 6 months past due | More than 6 months past due | Total     |
|--------------------------|----------|-----------------------------|-----------------------------|-----------|
| Gross Carrying Amount    | 6,665.79 | 6,942.13                    | 2,240.54                    | 15,839.45 |
| Loss allowance provision | -        | -                           | -92.30                      | -92.30    |
| Net                      | 6,665.79 | 6,942.13                    | 2,148.24                    | 15,747.15 |

**Reconciliation of loss allowance for trade receivables**

(₹ in Lakhs)

| Particulars                          | March 31, 2020 | March 31, 2019 |
|--------------------------------------|----------------|----------------|
| Balance at the beginning of the year | 92.30          | 84.25          |
| Additions during the year            | 33.08          | 8.05           |
| Amounts written off during the year  | -              | -              |
| Amounts recovered during the year    | -              | -              |
| Balance at the end of the year       | 125.38         | 92.30          |

The Company has Written off as Bad debt through Profit & Loss account, a sum of Rs.83.96 Lakhs, being trade receivables, instead of routing through provisions as the company decided to retain the provisions for the probable contingencies that may arise due to Covid -19 Pandemic

**Exposure to customers having more than 5% of outstanding in respect of Trade Receivables.**

(₹ in Lakhs)

| Particulars                   | March 31, 2020  | March 31, 2019  |
|-------------------------------|-----------------|-----------------|
| LARESEN & TOUBRO              | 1,661.80        | 2,105.81        |
| TIRUPUR & VELLORE CORPORATION | -               | 1,141.14        |
| <b>TOTAL</b>                  | <b>1,661.80</b> | <b>3,246.95</b> |

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the business, the Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of Financial Liabilities as at 31 Mar 2020 are as follows:**

| Particulars                 | Less than 1 year | 1-5 year | More than 5 year | Total     |
|-----------------------------|------------------|----------|------------------|-----------|
| Borrowings                  | 15,590.75        | 1,777.61 | -                | 17,368.36 |
| Trade Payables              | 5,040.29         | -        | -                | 5,040.29  |
| Other financial Liabilities | 471.09           | 21.81    | 7.89             | 500.79    |

**Maturities of Financial Liabilities as at 31 Mar 2020 are as follows:**

| Particulars                 | Less than 1 year | 1-5 year | More than 5 year | Total     |
|-----------------------------|------------------|----------|------------------|-----------|
| Borrowings                  | 13,560.00        | 421.07   | -                | 13,981.07 |
| Trade Payables              | 5,382.89         | -        | -                | 5,382.89  |
| Other financial Liabilities | 786.93           | 19.66    | 11.26            | 817.85    |

**Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates etc. could affect the Company's income or the value of its holdings of financial instruments including cash flow. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

## NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Interest rate Risks

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The borrowings are fixed rate borrowings and are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Interest rate risk exposure

The following table provide the break-up of the co. fixed and floating rate borrowing

(₹ in Lakhs)

| Particulars             | March 31, 2020   | March 31, 2019   |
|-------------------------|------------------|------------------|
| Fixed Rate Borrowings   | -                | -                |
| Floating Rate           | 17,839.49        | 14,768.00        |
| <b>Total Borrowings</b> | <b>17,839.49</b> | <b>14,768.00</b> |

### Interest Rate Sensitivity analysis:

The Sensitivity Analysis below have been determined based on the exposure to interest rate for Floating Rate Liabilities, assuming the amount of the liability outstanding at the year end was outstanding for the whole year:

If interest rate had been 100 basis points higher/lower and all other variable were held constant, the company's profit for the year ended 31.03.2020 would decrease/increase by ₹ 178.40 Lacs. (for the year ended 31st March 2019: decrease /increase by ₹ 147.68 Lacs). This is mainly attributable to the Company's exposure to interest rate on its variable rate borrowings.

### Foreign Currency Risk

The Company's exposure to currency risk relates primarily to the Company's operating activities including anticipated sales & purchase and borrowings where the transactions are denominated in a currency other than the Company's functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows.

**The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 31.03.2020 are as follows:**

| Particulars           | US\$         | GPB           | EURO       |
|-----------------------|--------------|---------------|------------|
| Financial Assets      | 32,54,851.73 | 5,15,869      | -          |
| Financial Liabilities | 35,45,965.69 | 15,52,836.00  | 32,895.00  |
| Net exposure          | -2,91,113.96 | -10,36,966.27 | -32,895.00 |

**The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 31.03.2019 are as follows:**

| Particulars           | US\$         | GPB         | EURO     |
|-----------------------|--------------|-------------|----------|
| Financial Assets      | 23,56,040.64 | 2,61,816.23 | 1,473.14 |
| Financial Liabilities | 22,36,171.00 | -           | -        |
| Net exposure          | 1,19,869.64  | 2,61,816.23 | 1,473.14 |

### Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant.

| Particulars | Impact on profit before tax |      |                |       |
|-------------|-----------------------------|------|----------------|-------|
|             | March 31, 2020              |      | March 31, 2019 |       |
|             | %                           | %    | %              | %     |
| USD         | -0.01                       | 0.01 | 0.05           | -0.50 |
| GBP         | -0.05                       | 0.05 | -22.48         | 22.48 |
| EURO        | -                           | -    | -0.01          | 0.01  |

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)****NOTE No. 47 CAPITAL MANAGEMENT**

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt).

Net debt are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

**The following table summarizes the capital of the Company:**

| Particulars  | (₹ in Lakhs)   |                |
|--|----------------|----------------|
|  | March 31, 2020 | March 31, 2019 |
| Non-Current Borrowings (Refer Note : 20)               | 1,777.61       | 421.07         |
| Current Borrowings (Refer Note : 23)                   | 15,590.76      | 13,560.00      |
| Current Maturities of Long term Debt (Refer Note : 25) | 471.09         | 786.93         |
| Total Borrowings (a)                                   | 17,839.46      | 14,768.00      |
| Cash and Cash equivalents (Refer Note : 13)            | 186.82         | 545.04         |
| Other Bank Balances (Refer Note : 14)                  | 699.91         | 866.83         |
| Current Investments (Refer Note : 11)                  | 225.43         | 299.68         |
| Total Cash (b)   | 1,112.16       | 1,711.55       |
| Net Debt (c) = (a)-(b)                                 | 16,727.30      | 13,056.45      |
| Equity (Refer Note : 18)                               | 1,598.27       | 1,598.27       |
| Other Equity (Refer Note : 19)                         | 29,339.71      | 27,101.18      |
| Total Equity (d)                                       | 30,937.98      | 28,699.45      |
| Total Capital (e) = (c)+(d)                            | 47,665.28      | 41,755.90      |
| Gearing Ratio = (c)/(e)                                | 0.35           | 0.31           |

**NOTE No. 48 RELATED PARTY DISCLOSURES****A. Key Management Personnel**

- Mr. R. Doraiswamy - Managing Director
- Mr. D. Rajeshkumar - Joint Managing Director & Chief Financial Officer
- Mr. P. Ramachandran - Whole Time Director and
- Mr. S. Baskarasubramanian - Director (Corporate Affairs) & Company Secretary

**B. Subsidiary Company**

- Kaycee Industries Limited

**C. Board Members relative to Key Management Personnel**

- Dr. (Mrs.) Thilagam Rajeshkumar - Non Executive & Non Independent Director - Spouse of Mr.D Rajesh Kumar, Jt MD and CFO and
- Mr. Vishnu Rangaswamy - Non Executive & Non Independent Director - Son of R. Doraiswamy - Managing Director

**NOTES TO STADALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)****D. Other Related Parties**

- a. Salzer Exports Limited
- b. Salzer Spinners Limited
- c. SRVE Industries Limited
- d. K R Health Care Private Limited
- e. S R V E Industries Limited
- f. K R Pharmacy

**D. Trust under Common Control**

- a. Salzer Educational Medical Research Trust

**Related Party Transactions**

(₹ in Lakhs)

| Particulars                  | Other Related Parties |               | Key Management Personnel |               | Subsidiary Company |               |
|------------------------------|-----------------------|---------------|--------------------------|---------------|--------------------|---------------|
|                              | March 31,2020         | March 31,2019 | March 31,2020            | March 31,2019 | March 31,2020      | March 31,2019 |
| Purchase of goods            | 8.97                  | 11.69         | -                        | -             | 0.43               | -             |
| Staff & Labour Welfare Exps. | 1.08                  | 4.86          | -                        | -             | -                  | -             |
| Sale of goods                | 2,203.71              | 1,805.17      | -                        | -             | 21.68              | -             |
| Purchase of Fixed Assets     | 70.80                 | -             | -                        | -             | 2.08               | -             |
| Rendering of Services        | 502.08                | 467.54        | -                        | -             | -                  | -             |
| Receiving of Services        | 21.79                 | 2.05          | -                        | -             | -                  | -             |
| CSR spent through Trust      | 6,878.00              | 22,2945.00    | -                        | -             | -                  | -             |
| Voluntary Contribution to    | 6,085.00              | 6,885.00      | -                        | -             | -                  | -             |
| Managerial remuneration      | -                     | -             | 160.34                   | 175.28        | -                  | -             |
| Outstanding Receivables      | 324.23                | -             | -                        | -             | -                  | -             |
| Director Sitting Fees        | 1.20                  | 1.20          | -                        | -             | -                  | -             |

**NOTE No. 49 SEGMENT INFORMATION**

The Company is engaged in manufacture of Electrical Insatillation Products which is considered to be the only reportable business segment as per Ind AS 108, 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment. The Company has widespread customer base and hence the Company does not have any concentration risk.

**NOTE No. 50** Previous year figures have also been reclassified, regrouped, recast to conform to current year classification.

In terms of our report attached

**N. RANGACHARY**

Chairman  
(DIN :00054437)  
Bangaluru

**R. DORAISWAMY**

Managing Director  
(DIN :00003131)

For: **JDS ASSOCIATES**

Chartered Accountants  
FRN: 008735S

**D. RAJESHKUMAR**

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

**S. BASKARA SUBRAMANIAN**

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

**B. JAYARAM**

Partner  
Memb.No. 028346

Coimbatore – 47  
June 18, 2020



# **Consolidated Financial Statement 2019 - 20**

## FORM NO. AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures (Information containing salient features of the financial statement of wholly owned subsidiary)

### Part A : Subsidiaries

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

|     |   |                                 |                                 |
|-----|---|---------------------------------|---------------------------------|
| 1.  | Sl. No.   | :                               | 1                               |
| 2.  | Name of the Subsidiary  | :                               | Kaycee Industries Limited       |
| 3.  | The date since when subsidiary was acquired   | :                               | July 11, 2019                   |
| 4.  | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | :                               | -                               |
| 5.  | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | :                               | INR                             |
|     |   |                                 | (₹ in Lakhs)                    |
|     |   | <b>As at<br/>March 31, 2020</b> | <b>As at<br/>March 31, 2019</b> |
| 6.  | Share Capital   | 63.47                           | 63.47                           |
| 7.  | Reserves & Surplus  | 1,356.44                        | 1,234.49                        |
| 8.  | Total assets  | 1,995.88                        | 1,863.53                        |
| 9.  | Total liabilities   | 1,995.88                        | 1,863.53                        |
| 10. | Investments   | 0.10                            | 0.10                            |
| 11. | Turnover  | 2,360.33                        | 2,655.47                        |
| 12. | Profit before taxation  | 196.10                          | 193.70                          |
| 13. | Provision for taxation  | 54.38                           | 58.31                           |
| 14. | Profit after taxation   | 141.72                          | 135.19                          |
| 15. | Proposed Dividend   | 30 %                            | 10 %                            |
| 16. | Extent of shareholding [In %] as at March 31  | 74.91 %                         | -                               |
| 17. | Names of subsidiaries which are yet to commence operations  | NIL                             | NIL                             |
| 18. | Names of subsidiaries which have been liquidated or sold during the year  | NIL                             | NIL                             |

Since the Company does not have any associate Companies or Joint Ventures, the requirement of furnishing detail under Part B does not arise

For and on behalf of the Board

Date : June 18, 2020  
Place : Chennai

**N RANGACHARY**  
Chairman  
DIN : 00054437

# CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

"To  
the Members of **SALZER ELECTRONICS LIMITED**  
**Report on the Consolidated Ind AS Financial Statements**

## Opinion

We have audited accompanying consolidated Ind AS financial statements of **Salzer Electronics Limited** ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise of the Balance Sheet as at March 31, 2020, the Consolidated statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of changes in Equity and the Consolidated Cash Flows Statement for the year ended on that date, and notes to the Consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Ind AS Financial Statements:)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by The Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2020, consolidated profit and total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

## Basis of Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independent requirement that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

| Sr.No | Key Audit Matter  | Auditor's Response  |
|-------|---|---|
| 1.    | <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</p> <p>The application of this revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, this revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> | <p><b>Principal Audit Procedures</b></p> <p>We assessed the Group's process to identify the impact of adoption of the revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>- It is observed that transaction price charged is exworks price and revenue is booked at the time of dispatch of the goods.</li> <li>- The above method followed by the Group is in line with the provisions of Ind AS 115-'Revenue from contracts with customers'</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation.</p> |

## CONSOLIDATED INDEPENDENT AUDITOR'S REPORT (Contd.)

| Sr.No | Key Audit Matter  | Auditor's Response   |
|-------|---|--|
| 2.    | Accuracy of revenues and onerous obligations in respect of fixed price contracts.   | <p>In the process of verifying the accuracy of recognition of revenues of fixed price contracts, we have undertaken the following audit approach</p> <ul style="list-style-type: none"> <li>- Understood, evaluated and tested the key controls over the recognition of revenue from fixed price contracts. We selected a sample of transactions and</li> <li>- Agreed the applied tariff to the respective terms in the contract.</li> <li>- Tested revenue calculations and agreed the revenue recognized to the underlying accounting records.</li> </ul> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation</p>  |
| 3.    | <p>Allowance for credit losses</p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p> <p>Refer Note No: to the Consolidated Ind AS financial statements</p> | <p>Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others: We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses. For a sample of customers: We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information. We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</p> <p><b>Conclusion:</b></p> <p>We agree with the management's evaluation</p> |
| 4.    | <p><b>Assessment of carrying value of goodwill as per Ind AS 36 (Refer Note. 1 (vii) to the Consolidated financial Statements)</b></p> <p>The Group has a goodwill balance of ₹ 697.94 Lakhs as at March 31, 2020 relating to the acquisition of subsidiary, which is considered as a Cash Generating Unit (CGU). For the year ended March 31, 2020, the Group performed an assessment of the carrying value of goodwill as required under Ind AS 36 by:</p> <ul style="list-style-type: none"> <li>• Calculating the recoverable amount for CGU using a discounted cash flow model (DCF model).</li> <li>• Comparing the recoverable amount of the respective carrying amount of assets and liabilities. The preparation of discounted cash flows requires assumptions for projections of cash flows for a specific period, typically for 5 years. A terminal</li> </ul>                               | <p>Our audit procedures in relation to assessment of carrying value of goodwill arising on consolidation of subsidiary company, included the following:</p> <ul style="list-style-type: none"> <li>• Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to the annual evaluation on assessment of carrying value of goodwill.</li> <li>• Together with auditor's valuation experts, evaluated the assumptions and methodologies used in the DCF models, in particular those relating to the cash flow projections used, discount rates and terminal growth rates applied, by: <ul style="list-style-type: none"> <li>a. Evaluating the reasonableness of the cash flow projections by comparing with the approved budgets, previous year performance and our knowledge and understanding of current business conditions.</li> </ul> </li> </ul>                                    |

## CONSOLIDATED INDEPENDENT AUDITOR'S REPORT (Contd.)

| Sr.No Key Audit Matter   | Auditor's Response   |
|--|--|
| <p>2. growth rate is applied in determining the terminal value. We considered the carrying value of goodwill as a key audit matter, considering its significance to the consolidated financial statements, and where applicable, the Management judgement involved in estimating future cash flows, particularly with respect to factors such as discount rates, cash flow projections and terminal growth rates</p> | <p>b. Determining a range of acceptable discount rates and terminal growth rates, with reference to valuations of similar companies and other relevant external data, and comparing this range to the discount rates and terminal growth rates adopted by the Company.</p> <p>c. Performing sensitivity tests on the DCF Model by analysing the impact of using other possible growth rates and discount rates within a reasonable and foreseeable range.</p> <p>d. Tested the arithmetical accuracy of the calculations carried out by the Management.</p> <p>Based on above procedures performed, we found the management's assessment of carrying value of goodwill to be reasonable.</p> |

In prepa

### Other Matters

We did not audit the financial statements of subsidiary Kaycee Industries Ltd., whose Ind AS financial statements reflect total assets of ₹. 1995.88 Lakhs-as at 31st March, 2020, total turnover of ₹.2360.33 Lakhs and net cash flows amounting to (₹ 83.50) Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of Profit of ₹ 65.74 Lakhs for the year ended 31<sup>st</sup> March, 2020, as considered in the consolidated financial statements, in respect of the subsidiary, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

### Information other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises of the information included in the Management Discussion and Analysis, Board's report including Annexures to Boards Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance and conclusion

thereon.

In connection with our audit of the consolidated Ind AS financial statement, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or other information obtained during the course of our audit or otherwise appear to be materially misstated, If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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

## CONSOLIDATED INDEPENDENT AUDITOR'S REPORT (Contd.)

presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated Ind AS financial statements is included in Annexure "A". This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our Audit, 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 of the aforesaid consolidated Ind AS financial statements
- 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated statement of change in equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated Ind AS financial statements,
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding company, none of the directors is disqualified as on March 31, 2020 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group Refer Note No. to the consolidated Ind AS financial statements.
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts Refer Note No to the consolidated Ind AS financial statements.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18, 2020

**B. JAYARAM**  
Partner  
UDIN NO.: 20028346AAAAEG5469      Memb.No. 028346



## ANNEXURE "A"

### TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SALZER ELECTRONICS LIMITED

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism through- out the audit. We also:-

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind

AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18,2020

**B. JAYARAM**  
Partner

UDIN NO.: 20028346AAAAEG5469

Memb.No. 028346



## ANNEXURE "B"

### **"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON CONSOLIDATED IND AS FINANCIAL STATEMENTS OF M/s. SALZER ELECTRONICS LIMITED**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report to the members of the Company on the Consolidated Ind AS Financial Statements for the year ended on 31st March, 2020).

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to the financial statements of Salzer Electronics Limited (hereinafter referred to as "the Company"), the holding company and its subsidiary company, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**CONSOLIDATED INDEPENDENT AUDITOR'S REPORT (Contd.)****Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary company have, 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, 2020, based on the internal control over financial reporting criteria established by the respective companies 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.

In Terms Of Our Report Of Even Date

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

Place: Coimbatore  
Date : June 18, 2020

**B. JAYARAM**  
Partner

UDIN NO.: 20028346AAAAEG5469      Memb.No. 028346

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in Lakhs)

| Particulars   | Note No. | As at March 31, 2020 |
|---|----------|----------------------|
| <b>I. ASSETS</b>  |          |                      |
| <b>1 Non-current Assets</b>                             |          |                      |
| (a) Property, Plant and equipment                       | 2        | 20,520.31            |
| (b) Capital Work in progress                            | 3        | 272.02               |
| (c) Investment Property                                 | 4        | 0.77                 |
| (d) Intangible Assets                                   | 5        | 1,140.92             |
| (e) Financial Assets                                    |          |                      |
| i. Investments  | 6        | 85.16                |
| ii. Trade Receivables                                   | 7        | 713.51               |
| iii. Others   | 8        | 1,779.93             |
| (f) Other Non-Current Assets                            | 9        | 303.92               |
| <b>Total Non-Current Assets (1)</b>                     |          | <b>24,816.54</b>     |
| <b>2 Current Assets</b>                                 |          |                      |
| (a) Inventories   | 10       | 16,060.73            |
| (b) Financial Assets                                    |          |                      |
| i. Investments  | 11       | 225.43               |
| ii. Trade Receivables                                   | 12       | 15,209.90            |
| iii. Cash and Cash Equivalents                          | 13       | 234.88               |
| iv. Other Bank balances                                 | 14       | 944.32               |
| v. Loans  | 15       | 2,408.23             |
| vi. Others  | 16       | 50.49                |
| (c) Other Current Assets                                | 17       | 1,717.83             |
| <b>Total Current Assets (2)</b>                         |          | <b>36,815.81</b>     |
| <b>TOTAL ASSETS (1+2)</b>                               |          | <b>61,668.35</b>     |
| <b>II. EQUITY AND LIABILITIES</b>                       |          |                      |
| <b>1 EQUITY</b>   |          |                      |
| (a) Equity Share Capital                                | 18       | 1,598.27             |
| (b) Other Equity  | 19       | 29,405.44            |
| <b>Equity attributable to the Owners of the Company</b> |          | <b>31,003.71</b>     |
| <b>Non Controlling interest</b>                         |          | 389.95               |
| <b>Total Equity (1)</b>                                 |          | <b>31,393.66</b>     |
| <b>2 LIABILITIES</b>                                    |          |                      |
| <b>(1) Non-current Liabilities</b>                      |          |                      |
| (a) Financial Liabilities                               |          |                      |
| i. Borrowings   | 20       | 1,777.61             |
| (b) Provisions  | 21       | 82.76                |
| (c) Other Non Current Liabilities                       | 21a      | 23.84                |
| (d) Deferred tax liabilities (net)                      | 22       | 1,834.79             |
| <b>Total Non-current Liabilities (2)</b>                |          | <b>3,719.00</b>      |
| <b>(2) Current Liabilities</b>                          |          |                      |
| (a) Financial Liabilities                               |          |                      |
| i. Borrowings   | 23       | 15,625.76            |
| ii. Trade Payables                                      | 24       | 5,409.12             |
| iii. Others   | 25       | 500.79               |
| (b) Other Current Liabilities                           | 26       | 4,865.26             |
| (c) Provisions  | 27       | 161.46               |
| (d) Current Tax Liabilities (Net)                       | 28       | -6.70                |
| <b>Total current Liabilities (3)</b>                    |          | <b>26,555.69</b>     |
| <b>TOTAL EQUITY AND LIABILITIES (1+2+3)</b>             |          | <b>61,668.35</b>     |

Significant accounting Policies - Note :1. The accompanying Notes are an integral part of the financial statements.

## N. RANGACHARY

Chairman  
(DIN :00054437) Bangaluru

## D. RAJESHKUMAR

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

## R. DORAISWAMY

Managing Director  
(DIN :00003131)

## S. BASKARA SUBRAMANIAN

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

Coimbatore – 47 June 18, 2020

In terms of our report attached

For: **JDS ASSOCIATES**

Chartered Accountants

FRN: 008735S

**B. JAYARAM**

Partner

Memb.No. 028346

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakhs)

| Particulars  | Note No. | For the year ended March 31, 2020 |
|--|----------|-----------------------------------|
| <b>I. INCOME</b>   |          |                                   |
| Revenue From Operations  | 29       | 58,435.34                         |
| Other Income   | 30       | 128.82                            |
| <b>Total Income</b>  |          | <b>58,564.16</b>                  |
| <b>II. EXPENSES</b>  |          |                                   |
| Cost of materials consumed   | 31       | 43,691.44                         |
| Changes in inventories of finished goods and work-in-progress          | 32       | -921.99                           |
| Employee benefit expenses  | 33       | 2,984.54                          |
| Finance Cost   | 34       | 2,122.14                          |
| Depreciation and amortisation expense                                  | 35       | 1,475.51                          |
| Other expenses   | 36       | 6,003.28                          |
| <b>TOTAL EXPENSES</b>  |          | <b>55,354.92</b>                  |
| <b>III. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>                    |          | <b>3,209.24</b>                   |
| <b>IV. a. Exceptional items</b>  |          | -                                 |
| Covid provision for inventory and receivables @ Kaycee                 |          | -19.46                            |
| <b>V. PROFIT BEFORE TAX</b>  |          | <b>3,189.78</b>                   |
| <b>VI. Tax Expense</b>   | 37       | 448.46                            |
| <b>VII. PROFIT AFTER TAX</b>   |          | <b>2,741.32</b>                   |
| a. Attributable to Owners of the Company (Holding Co)                  |          | <b>2,711.33</b>                   |
| b. Attributable to Non-controlling Interest                            |          | 29.99                             |
| <b>VIII. OTHER COMPREHENSIVE INCOME</b>                                |          |                                   |
| Items that will not be reclassified to profit or loss                  |          |                                   |
| a. Re-measurement of post employment benefit obligations               |          | -43.37                            |
| b. Change in fair value of FVOCI equity instruments                    |          | -93.80                            |
| c. Net gain/ (loss) on sale of investments designated through OCI      |          |                                   |
| d. Income Tax expenses on above  |          | 34.91                             |
| <b>IX. TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b> |          | <b>-102.26</b>                    |
| <b>X. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                    |          | <b>2,639.06</b>                   |
| a. Attributable to Owners of the Company (Holding Co)                  |          | 2,611.64                          |
| b. Attributable to Non-controlling Interest                            |          | 27.42                             |
| <b>XI. EARNINGS PER SHARE</b>  | 38       |                                   |
| - Basic and Diluted Before exceptional items (in ₹)                    |          | 17.27                             |
| - Basic and Diluted after exceptional items (in ₹)                     |          | 16.96                             |

Significant accounting Policies - Note :1

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

**N. RANGACHARY**Chairman  
(DIN :00054437) Bengaluru**R. DORAISWAMY**Managing Director  
(DIN :00003131)For: **JDS ASSOCIATES**Chartered Accountants  
FRN: 008735S**D. RAJESHKUMAR**Joint Managing Director &  
Chief Financial Officer  
(DIN: 00003126)**S. BASKARA SUBRAMANIAN**Director (Corporate Affairs) &  
Company Secretary  
(DIN :00003152& FCS No.4605)**B. JAYARAM**Partner  
Memb.No. 028346Coimbatore – 47  
June 18, 2020

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

| Particulars   | Year ended<br>March 31, 2020 |
|---|------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                              |
| Profit/(Loss) after tax   | 2,639.06                     |
| Adjustments for:  |                              |
| Tax expenses  | 448.46                       |
| Depreciation and Amortisation   | 1,475.51                     |
| Interest Income   | -63.02                       |
| Finance Costs   | 2,122.14                     |
| (Gain)/Loss on Foreign Exchange Fluctuations (Net)                          | -12.59                       |
| Dividend Income   | -18.31                       |
| (Profit)/Loss on Sale of Assets (Net)                                       | 1.58                         |
| Other Non-operating Income  | -7.59                        |
| <b>Operating Profit before working capital changes</b>                      | <b>6,585.24</b>              |
| Adjusted for working capital changes  |                              |
| Inventories   | -1,794.20                    |
| Trade and Other receivables   | -824.15                      |
| Trade and Other Payables  | -167.98                      |
| <b>Cash Generated from Operations</b>                                       | <b>3,798.91</b>              |
| Direct Taxes Paid   | -644.44                      |
| <b>Net Cash Flow from Operating Activities .....A</b>                       | <b>3,154.47</b>              |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                              |
| Investment in Subsidiary (Including Goodwill)                               | -1,662.16                    |
| Investment in Fixed Assets-Net  | -3,530.17                    |
| Sale of Fixed Assets  | 44.01                        |
| Non-operating Income  | 7.59                         |
| Proceeds from Investments   | 56.34                        |
| Post Acquisition Profit from Subsidiary                                     | 65.74                        |
| Dividend Income   | 18.31                        |
| Interest Income   | 63.02                        |
| <b>Net Cash Used in Investing Activities .....B</b>                         | <b>-4,937.32</b>             |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                              |
| Proceeds from Short Term Borrowings   | 2,065.76                     |
| Other Non-Current Assets  | 247.37                       |
| Long term Borrowings - receipts   | 1,356.53                     |
| Repayment of - Non Current Liabilities                                      | 23.84                        |
| Interest and Finance Charges  | -2,122.14                    |
| (Gain)/Loss on Foreign Exchange Fluctuations (Net)                          | 12.59                        |
| Dividend and Dividend Tax Paid  | -347.11                      |
| <b>Net Cash Generated from Financing Activities .....C</b>                  | <b>1,236.84</b>              |
| <b>Net Increase in Cash and Cash Equivalents .....A+B+C</b>                 | <b>-546.01</b>               |
| <b>ADD: Cash and Bank balances at the Beginning of the Year</b>             | <b>1,725.21</b>              |
| <b>Cash and Bank balances at the End of the Year</b>                        | <b>1,179.20</b>              |
| <b>Cash and Bank balances at the End of the Year as per Consolidated BS</b> | <b>1,179.20</b>              |

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard (Ind As) 7- Statement of Cash Flows.

Significant accounting Policies - Note :1

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

**N. RANGACHARY**

Chairman  
(DIN :00054437) Bengaluru

**R. DORAISWAMY**

Managing Director  
(DIN :00003131)

For: **JDS ASSOCIATES**

Chartered Accountants  
FRN: 008735S

**D. RAJESHKUMAR**

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

**S. BASKARA SUBRAMANIAN**

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

**B. JAYARAM**

Partner  
Memb.No. 028346

Coimbatore – 47  
June 18, 2020

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2020

| <b>A) EQUITY SHARE CAPITAL</b>   |                            |                                   |                        |                          |  |                     |
|--|----------------------------|-----------------------------------|------------------------|--------------------------|--|---------------------|
| <b>Particulars</b>   | <b>As at 31-03-2020</b>    |                                   |                        |                          |  |                     |
| Issued and Subscribed:   |                            |                                   |                        |                          |  |                     |
| <b>Balance as at the beginning of the year</b>                                   |                            |                                   |                        |                          |  | <b>1598.27</b>      |
| Add: Allotment of shares under Employees Stock Options Scheme to Employees       |                            |                                   |                        |                          |  | -                   |
| Add: Issue under conversion of Non-Cumulative Convertible preference shares      |                            |                                   |                        |                          |  | -                   |
| Add: Allotment of shares on Preferential basis for consideration other than Cash |                            |                                   |                        |                          |  | -                   |
| <b>Balance as at the end of the year</b>   |                            |                                   |                        |                          |  | <b>1598.27</b>      |
| <b>B) OTHER EQUITY</b>   |                            |                                   |                        |                          |  |                     |
| <b>Particulars</b>   | <b>Reserve and Surplus</b> |                                   |                        |                          |  | <b>Total Equity</b> |
|  | <b>Capital Reserve</b>     | <b>Securities Premium Reserve</b> | <b>General Reserve</b> | <b>Retained Earnings</b> | <b>Other Items of Other Comprehensive Income</b> |                     |
| Balance as at 31/03/2019   | 80.67                      | 12,630.14                         | 1,913.46               | 12,389.66                | 87.25  | <b>27,101.18</b>    |
| Profit for the year ended 31-03-2020   | -                          | -                                 | -                      | 2,704.37                 | -  | <b>2,704.37</b>     |
| - Other Comprehensive income:  | -                          | -                                 | -                      | -                        | -91.83   | <b>-91.83</b>       |
| Transfer to other reserves (if any)  | -                          | -                                 | 45.00                  | -45.00                   | -  | -                   |
| Appropriations (if any)  | -                          | -                                 | -                      | -                        | -  | -                   |
| Options exercised, pending allotment of shares                                   | -                          | -                                 | -                      | -                        | -  | -                   |
| Premium against the allotment of shares  | -                          | -                                 | -                      | -                        | -  | -                   |
| Dividend paid  | -                          | -                                 | -                      | -308.28                  | -  | <b>-308.28</b>      |
| <b>Balance as at 31/03/2020</b>  | <b>80.67</b>               | <b>12,630.14</b>                  | <b>1,958.46</b>        | <b>14,740.75</b>         | <b>-4.58</b>                                     | <b>29,405.44</b>    |

The accompanying Notes are an integral part of the financial statements

In Terms Of Our Report Of Even Date

**N. RANGACHARY**  
Chairman  
(DIN : 00054437)  
Bangalore

**R. DORAISWAMY**  
Managing Director  
(DIN : 00003131)

For: **JDS ASSOCIATES**  
Chartered Accountants  
FRN: 008735S

**D. RAJESHKUMAR**  
Joint Managing Director &  
Chief Financial Officer  
(DIN: 00003126)  
Coimbatore - 47  
June 18, 2020

**S. BASKARA SUBRAMANIAN**  
Director (Corporate Affairs) &  
Company Secretary  
(DIN : 00003152 & FCS No. 4605)

**B. JAYARAM**  
Partner  
Memb. No. 028346

# CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

## FOR THE YEAR ENDED MARCH 31, 2020

### Significant Accounting Policies

#### Note No. 1

#### i. Corporate Information:

Salzer Electronics Limited, incorporated in January 1985 under the provisions of Companies Act, 1956. The Group is engaged in manufacture of Electrical Installation Products and Components viz., CAM Operated Rotary switches, Selector Switches, Wiring Ducts, Voltmeter Switches, copper wires and cables and allied products addressing customers in the electrical equipment, power, medical equipment, automotive as well as renewable and uninterrupted power system spaces, in a single and unified segment. The Group is listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### ii. General Information and Statement of Compliance with IND AS

These Consolidated financial statements ('financial statements') of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies during the periods presented.

These financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Group's Board of Directors on June 18, 2020.

#### iii. Basis of Preparation:

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The Financial Statements have been prepared and presented on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as on the exchange date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### iv. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions



## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. The carrying amount of equity accounted investments are tested for impairment. The consolidated Ind AS financial statements of the Group include subsidiary which are incorporated in India in the table below

| Name of the Subsidiary | % of Holding | Reporting Date |
|------------------------|--------------|----------------|
| Kaycee industries Ltd  | 74.91%       | 31.03.2020     |

### iv) Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Group to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these

Financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

### v. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

#### An asset is classified as current, when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading

- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

#### A liability is classified as current, when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### vi. Foreign currency transactions

#### Functional and presentation currency

The financial statements are presented in Indian Rupee which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest rupee.

#### (a) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### (b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

## NOTE S TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

### (c) Forward Contract

Premium/ Discount in respect of Forward Contract are amortized as expense/income over the period of contract. Exchange differences arising on forward contracts between the exchange rate on the date of transaction and the exchange rate prevailing at the year end is recognized in the Statement of Profit and Loss.

### vii) Covid – 19 and its Financial Impact

Salzer Electronics Limited (Holding / Parent Company) and Kaycee Industries Limited (Subsidiary Company) evaluated the present extraordinary circumstances individually caused by the Pandemic led Lockdown and accordingly they have dealt with financial implications in their respective Books as at March 31,2020 in the following manner :-

- a) Since the parent company has practice of providing requisite provisions in the Financial Statements in line with the Accounting Standards for the expected credit loss on the carrying cost of both fixed and current assets taking care of all possible loss arising out of any uncertainties, no additional provisions have been made for mitigating any Covid 19 related loss. Having considered above, the parent has written off Bad and irrecoverable amount of Rs.83.96 Lacs Lakhs from the Book Debts as at March 31,2020 and charged to Profit & Loss Account instead of routing through accumulated provisions for expected credit loss and
- b) The Subsidiary Company has made provisions of Rs. 19.46 Lakhs with a view to observing all likely future loss arising out of Covid 19 induced lockdown.

### viii. Property, Plant and Equipment:

Property, Plant and Equipment (PPE) is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset.

Property, Plant and Equipment (PPE) is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset.

PPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Subsequent expenditure relates to an item of PPE is capitalised if it meets the recognition criteria.

On the date of transition to Ind AS, barring Land which has been valued at Fair value, all other items of assets have been valued as per their 'deemed cost' in accordance with Ind AS 101.

Foreign exchange gain/loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded in the cost of the asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7A and depreciated over their remaining useful life. In respect of exchange gain/loss arising from foreign currency denominated borrowings which are hedged, accounting has been done based on hedge effectiveness either as derivate/cash flow hedge as per Ind AS 109.

### Depreciation:

The depreciable amount of PPE (being the Gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the management as detailed in the following table:

| Class of Assets            | Useful Lives |
|----------------------------|--------------|
| Buildings                  | 30 Years     |
| Plant and Machinery        | 15 Years     |
| Windmill                   | 22 Years     |
| Electrical Machinery solar | 30 Years     |
| Furniture and Fixtures     | 10 Years     |
| Vehicles                   | 8 Years      |

### De-recognition:

An item of PPE is derecognised at the time of its disposal or when it is assessed that no further economic benefit would accrue from it. The gain/loss arising out of such disposal/ retirement is taken to Statement of Profit or Loss.

### ix) Investment property:

Investment property is a property, being a land or a building or part of a building or both, held by the owner or by the lessee under a finance lease, to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business. Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if

## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

### x) Intangible assets and amortization:

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset.

The Group has used the following useful lives to amortise its intangible assets:

| Class of Assets                        | Useful Lives |
|--|--------------|
| Computer software                      | 3 Years      |
| Internally Generated Intangible assets | 3 Years      |

### xi. Research and Development Expenditure:

Research & Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as Property, plant and equipment or Intangible Asset and depreciated in accordance with the policies stated above.

### xii. Impairment of Non Financial assets

The Group periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit

and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

### xiii) Inventories:

Inventories are carried at the lower of cost and net realizable value.

Cost includes all applicable costs incurred in bringing the properties to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of raw materials including consumables and stores & spares are determined on FIFO (First In First Out) Basis.

Cost of work-in-progress is valued at cost of materials and labor together with relevant factory overheads. The cost of work-in progress is determined on the basis of weighted average method.

The finished goods are valued at cost inclusive of excise duty (or) net realizable value whichever is less.

### xiv) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1. Financial assets

##### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

### Debt instruments at amortized cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

### Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

### Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Group may elect to designate a debt

instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

### Equity investments (other than investments in subsidiaries and joint ventures):

All equity investments within the scope of Ind AS 109, 'Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. The Group makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. Any gains or losses on de-recognition is recognized in the OCI and are not recycled to the statement of profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### De-recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case,

## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### **Investment in Subsidiaries, Associates and Joint ventures:**

The Group's investment in equity instruments of Subsidiaries, is accounted for at cost as per Ind AS 27.

## **2. Financial Liabilities**

### **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **a. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **b. Trade and other payables**

These amounts represent liabilities for goods or services provided to the Group which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

#### **c. Other financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

#### **d. De-recognition of Financial Liabilities:**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **3. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **4. Compound Financial Instruments:**

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

#### **xv) Impairment of Financial assets:**

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

#### **xvi) Fair value measurement:**

The Group measures financial instruments at fair value at each balance sheet date. Fair value is the



## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### xvii) Revenue Recognition:

#### a. Revenue from sale of goods and services:

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer, which is mainly upon delivery, the amount of revenue can be measured reliably and the recovery of consideration is probable. Revenue from the sale of goods includes excise and other duties which the Group pays as a principal but excludes amounts collected on behalf of third parties, such as goods and service tax (GST) and value added tax, as applicable.

Export Benefits are recognized as revenue when the right to receive credit as per the terms of the entitlement is established in respect of exports made.

Revenue from services is recognised in the periods in which the services are rendered.

#### b. Revenue from Projects

Revenue from fixed Price Contracts, where the performance obligation is satisfied over the period of time and where there is no un-certainty as to measurement or collectability of consideration is recognized as per the percentage of completion method in accordance with the IND AS 115. Under the percentage of completion method, revenue is recognised in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The amount recognised is net of goods and service tax (GST), service tax and other amounts collected from the customer in the capacity of an agent, as applicable. In cases where the total project cost is estimated to exceed the total estimated revenue from a project, the loss is recognised immediately.

Contract costs include the estimated material costs, installation costs and other directly attributable costs of the project.

Contract revenues represent the aggregate amounts of fair value of sale price for agreements entered into and are accrued based on the percentage that the actual construction costs incurred until the reporting date bears to the total estimated construction costs to completion.

The estimates for contract costs are reviewed by the management periodically and the cumulative effect of the changes in these estimates, if any, are recognized in the period in which these changes may be reliably measured..

## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

### c. Dividend :

Income from dividends are recognized when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

Final dividend on shares are recorded as a liability on the date of approval by the shareholders at the annual general meeting and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors

### d. Interest Income:

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. The expected cash flows are reassessed on a yearly basis and changes, if any, are accounted prospectively.

### a. Other Operating Revenue:

Other Operating revenue comprises income from ancillary activities incidental to the operations of the Group and are recognized when the right to receive the income is established as per the terms of the contract.

### xviii) Leases:

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalized at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent

amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

## xix) Employee benefits

### 1. Short Term and other long term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy.

### 2. Post-Employment Benefits

#### a. Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separate entity. The Group makes specified monthly contributions towards Provident Fund and Superannuation Fund. The Group's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### b. Defined Benefit Plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in OCI in



## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

### xx) Share Based Payments Arrangements

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

### xxi) Borrowing costs:

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs are charged to statement of profit and loss.

### xxii) Provisions:

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Provision for warranty:

Provision for expected cost of warranty obligations are recognized based on management's best estimate of the expenditure required to settle the obligations which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidents.

### xxiii)Contingent liabilities and Contingent Assets:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in

extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognized but are disclosed when the inflow of economic benefits are probable.

### xxiv) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### xxv) Taxes on Income:

Tax expense comprises of current and deferred tax.

#### a. Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b. Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry

## NOTE 5 TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### xxvii) Cash and cash equivalents:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### xxviii. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO), who is the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

The Company is primarily engaged in manufacturing of wide range of electrical installation products including devices for energy efficiencies services which all fall under One segment by name Electrical Installation Products for any reporting requirements.

### Significant accounting Judgments, estimates and assumptions:

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**The following are the areas of estimation uncertainty and critical judgments that the management has made in the process of applying the Group's accounting policies**

#### a) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

#### b) Revenue recognition, contract costs:

The Group uses the percentage of completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred to the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

## NOTE S TO CONSOLIDATED IND AS FINANCIAL STATEMENTS (Contd.)

### c) Provision and contingent liability:

On an on-going basis, the Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements.

### d) Useful lives of depreciable assets:

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

### e) Evaluation of indicators for impairment of assets:

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

### f) Defined benefit obligation:

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

### g) Fair value measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

## Note No. 2 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

| Particulars                          | Freehold Land   | Building        | Plant & Equipment | Furniture & Fixtures | Electrical Machinery Solar | Vehicles     | Wind-mill    | Computers    | Office Equipments | Electrical Fittings | Total            |
|--------------------------------------|-----------------|-----------------|-------------------|----------------------|----------------------------|--------------|--------------|--------------|-------------------|---------------------|------------------|
| Deemed Cost                          |                 |                 |                   |                      |                            |              |              |              |                   |                     |                  |
| <b>As at March 31, 2019</b>          | <b>2,970.84</b> | <b>2,741.88</b> | <b>12,046.90</b>  | <b>299.85</b>        | <b>232.45</b>              | <b>69.02</b> | <b>78.96</b> | <b>52.52</b> | <b>28.98</b>      | <b>6.02</b>         | <b>18,527.42</b> |
| Additions during 31/03/2020          | 2.52            | 371.63          | 3,340.81          | 114.95               | -                          | 10.44        | 8.17         | 3.29         | 4.91              | -                   | 3,856.72         |
| Disposal during 31/03/2020           | -               | -               | 46.28             | -                    | -                          | -            | -            | 0.24         | -                 | -                   | 46.52            |
| <b>As at March 31, 2020</b>          | <b>2,973.36</b> | <b>3,113.51</b> | <b>15,341.43</b>  | <b>414.80</b>        | <b>232.45</b>              | <b>79.46</b> | <b>87.13</b> | <b>55.57</b> | <b>33.89</b>      | <b>6.02</b>         | <b>22,337.62</b> |
| Accumulated Depreciation             |                 |                 |                   |                      |                            |              |              |              |                   |                     |                  |
| <b>As at March 31, 2019</b>          | -               | <b>34.48</b>    | <b>263.23</b>     | <b>15.44</b>         | -                          | <b>3.49</b>  | -            | <b>46.63</b> | <b>25.90</b>      | <b>3.03</b>         | <b>392.20</b>    |
| Depreciation charged during the year | -               | 115.07          | 1,210.00          | 60.11                | 15.13                      | 12.77        | 7.80         | 4.60         | 1.57              | 0.57                | 1,427.62         |
| Disposals during 31/03/2019          | -               | -               | 2.27              | -                    | -                          | -            | -            | 0.24         | -                 | -                   | 2.51             |
| <b>As at March 31, 2020</b>          | -               | <b>149.55</b>   | <b>1,470.96</b>   | <b>75.55</b>         | <b>15.13</b>               | <b>16.26</b> | <b>7.80</b>  | <b>50.99</b> | <b>27.47</b>      | <b>3.60</b>         | <b>1,817.31</b>  |
| <b>Net Carrying amount</b>           |                 |                 |                   |                      |                            |              |              |              |                   |                     |                  |
| As at March 31, 2019                 | -               | -               | -                 | -                    | -                          | -            | -            | -            | -                 | -                   | -                |
| <b>As at March 31, 2020</b>          | <b>2,973.36</b> | <b>2,963.96</b> | <b>13,870.47</b>  | <b>339.25</b>        | <b>217.32</b>              | <b>63.20</b> | <b>79.33</b> | <b>4.58</b>  | <b>6.42</b>       | <b>2.42</b>         | <b>20,520.31</b> |

Details of properties pledged as security - Refer Note No. 20

## Note No. 3 CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

| Particulars              | As at March 31, 2020 |
|--------------------------|----------------------|
| Capital Work in Progress | 272.02               |
| <b>Total</b>             | <b>272.02</b>        |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
**Note No. 4 INVESTMENT PROPERTY**

(₹ in Lakhs)

| Particulars   | As at<br>March 31, 2020 |
|---------------|-------------------------|
| Freehold Land | 0.77                    |
| <b>Total</b>  | <b>0.77</b>             |

**Note No. 5 INTANGIBLE ASSETS**

(₹ in Lakhs)

| Particulars                                   | As at<br>March 31, 2020 |
|---|-------------------------|
| <b>Software</b>                               |                         |
| Opening Balance                               | 254.03                  |
| Add: Additions during the year                | 12.06                   |
| Less: Deductions/ Adjustments during the year | -                       |
| Less: Amortization for the year               | 58.32                   |
| Closing Balance                               | <b>207.77</b>           |
| <b>Goodwill</b>                               |                         |
| Opening Balance                               | 235.21                  |
| Add: Additions during the year                | 697.94                  |
| Less: Deductions/ Adjustments during the year | -                       |
| Less: Amortization for the year               | -                       |
| Closing Balance                               | <b>933.15</b>           |
| <b>Total</b>                                  | <b>1,140.92</b>         |

**Note No. 6 NON-CURRENT INVESTMENTS**

(₹ in Lakhs)

| Particulars   | As at<br>March 31, 2020 |               |
|---|-------------------------|---------------|
| <b>TRADE INVESTMENTS</b>                                  | <b>No.</b>              | <b>Amount</b> |
| Measured at Fair value through Other Comprehensive Income |                         |               |
| (i) Quoted equity shares, fully paid up.                  |                         |               |
| Bank of India, of ₹ 10/- each                             | 2300                    | 1.77          |
| Saraswath Bank Rs. 10/- each                              | 1,000                   | 0.10          |
| <b>Total (i)</b>  |                         | <b>1.87</b>   |
| (ii) Unquoted equity shares, fully paid up                |                         |               |
| Salzer Technologies, of ₹ 10/- each                       | 83,250                  | 8.33          |
| Salzer Spinners Ltd, of ₹ 10/- each                       | 18,65,500               | 55.97         |
| Jayachandar Windfarm Pvt Ltd                              | 6,430                   | 0.64          |
| Mythra Vayu (Manjira Pvt Ltd)                             | 1,83,500                | 18.35         |
| <b>Total (ii)</b>   |                         | <b>83.29</b>  |
| <b>GRAND TOTAL</b>  |                         | <b>85.16</b>  |

(₹ in Lakhs)

| Particulars                             | As at<br>March 31, 2020 |
|---|-------------------------|
|   | <b>Amount</b>           |
| Aggregate value of quoted investments   | 1.77                    |
| Market value of quoted investments      | 0.10                    |
| Aggregate value of unquoted investments | 83.29                   |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Note No. 7 TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |
|--|-------------------------|
| Unsecured, considered good                                     | 732.55                  |
| Doubtful   | -                       |
| <b>Sub Total</b>   | <b>732.55</b>           |
| Less: Allowance for expected credit losses (Refer Note No. 46) | 19.04                   |
| <b>Total</b>   | <b>713.51</b>           |

### Note No. 8 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |
|--|-------------------------|
| <b>Financial Assets at amortized cost</b>                    |                         |
| Balance with Bank Held as fixed deposits                     | 1.70                    |
| Security Deposits  | 183.34                  |
| Unbilled Revenue*  | 1,594.89                |
| <b>Sub Total</b>   | <b>1,779.93</b>         |
| Less: Allowance for Expected credit Loss (Refer Note No. 46) | -                       |
| <b>Total</b>   | <b>1,779.93</b>         |

\* Unbilled revenue represents revenue from projects in respect of performance obligations completed in accordance with IndAS115 but customers are yet to be billed pending receipt of certification from independent agency.

### Note No. 9 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

| Particulars                                       | As at<br>March 31, 2020 |
|---|-------------------------|
| Advance for capital expenses                      | 257.19                  |
| Net Assets in Pakistan Unit (Considered Doubtful) | 8.76                    |
| Less: Provision for above                         | -8.76                   |
| Sundry Deposits                                   | 23.70                   |
| Sales Tax Receivable                              | 1.40                    |
| Income Tax Refund receivable                      | 15.47                   |
| MAT Credit Entitlement                            | 6.16                    |
| <b>Total</b>                                      | <b>303.92</b>           |

### Note No. 10 INVENTORIES

(₹ in Lakhs)

| Particulars                               | As at<br>March 31, 2020 |
|---|-------------------------|
| Raw Material (including goods in transit) | 4,989.39                |
| Packing Materials                         | 150.38                  |
| Trading Materials                         | 72.10                   |
| Work in progress                          | 8,004.27                |
| Finished Goods                            | 2,844.59                |
| <b>Total</b>                              | <b>16,060.73</b>        |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

**Note No. 11 CURRENT INVESTMENTS**

(₹ in Lakhs)

| Particulars   | As at<br>March 31, 2020 |               |
|---|-------------------------|---------------|
|   | No.                     | Amount        |
| <b>INVESTMENTS</b>                                    |                         |               |
| Measured at Fair value through OCI                    |                         |               |
| (i) In Mutual Funds, quoted                           |                         |               |
| State Bank of India - Infrastructure Fund             | 82,945                  | 17.74         |
| ICICI Prudential Discovery Fund                       | 1,21,939                | 19.53         |
| Sundaram BNP Paribas Select Mid Cap                   | 1,07,651                | 23.51         |
| Aditya Birla Sunlife Frontline Equity Fund            | 1,32,877                | 23.47         |
| HDFC Top 200 Fund                                     | 69,623                  | 20.27         |
| Canara Robeco Capital Protection Oriented Fund        | 2,50,000                | 27.56         |
| Canara Rebeco Emerging Equities - Regular Growth      | 14,002                  | 10.50         |
| ICICI Pru Real Estate Portfolio                       | -                       | 0.41          |
| Aditya Birla Sunlife Mutual Fund                      | 13,541                  | 9.70          |
| Kodak Select Focus Fund                               | 61,009                  | 10.38         |
| IDFC Sterling Equity Fund                             | 71,464                  | 7.76          |
| Union Large & Midcap Fund                             | 99,990                  | 18.90         |
| Nippon India Large Cap Fund                           | 87,373                  | 8.96          |
| Nippon India Multi Cap Fund                           | 97,767                  | 18.14         |
| Canara Rebeco Equity Hybrid Fund                      | 3,009                   | 4.30          |
| Canara Rebeco Equity Hybrid Fund - Folio - 1066591931 | 3,009                   | 4.30          |
| <b>Total</b>  |                         | <b>225.43</b> |

(₹ in Lakhs)

| Particulars                           | As at<br>March 31, 2020 |               |
|---------------------------------------|-------------------------|---------------|
|                                       | No.                     | Amount        |
| Aggregate value of quoted investments |                         | 225.43        |
| Market value of quoted investments    |                         | <b>225.43</b> |

**Note No. 12 TRADE RECEIVABLES**

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |                  |
|--|-------------------------|------------------|
|  | No.                     | Amount           |
| Unsecured, considered good                                     |                         | 15,305.70        |
| Doubtful   |                         | 64.45            |
| <b>Sub Total</b>   |                         | <b>15,370.15</b> |
| Less: Allowance for expected credit losses (Refer Note No. 46) |                         | 106.34           |
| Provision for Doubtful Debts                                   |                         | 53.91            |
| <b>Total</b>   |                         | <b>15,209.90</b> |

**Note No. 13 CASH AND CASH EQUIVALENTS**

(₹ in Lakhs)

| Particulars   | As at<br>March 31, 2020 |               |
|---|-------------------------|---------------|
|   | No.                     | Amount        |
| Balances with Banks                                   |                         |               |
| - In Current Accounts                                 |                         | 188.05        |
| Deposits (with original maturity of 3 months or less) |                         | 35.00         |
| Cash on hand  |                         | 11.83         |
| <b>Total</b>  |                         | <b>234.88</b> |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

## Note No. 14 OTHER BANK BALANCES

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |
|--|-------------------------|
| Balances with Banks                                      |                         |
| <b>Earmarked Balances</b>                                |                         |
| - In Unpaid / Unclaimed Dividend Accounts                | 34.11                   |
| - In Margin money and Bank Guarantee                     | 314.34                  |
| <b>Others</b>  |                         |
| - Deposit (with original maturity of more than 3 months) | 595.87                  |
| <b>Total</b>   | <b>944.32</b>           |

## Note No. 15 LOANS

(₹ in Lakhs)

| Particulars   | As at<br>March 31, 2020 |
|---|-------------------------|
| <b>Unsecured, considered good</b>                         |                         |
| Loans and Advances to related parties (Refer Note No. 48) | 324.23                  |
| Loans and Advances to employees                           | 215.35                  |
| Loans-Others  | 1,868.65                |
| <b>Total</b>  | <b>2,408.23</b>         |

## Note No. 16 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

| Particulars                               | As at<br>March 31, 2020 |
|---|-------------------------|
| <b>Financial Assets at amortized cost</b> |                         |
| Energy Saver Income receivable            | -                       |
| Windmill Income receivable                | -                       |
| Energy Saver Deposit Receivable           | 50.49                   |
| <b>Total</b>                              | <b>50.49</b>            |

## Note No. 17 OTHER CURRENT ASSETS

(₹ in Lakhs)

| Particulars                                     | As at<br>March 31, 2020 |
|---|-------------------------|
| <b>Unsecured, considered good</b>               |                         |
| <b>(a) Advances other than capital advances</b> |                         |
| Advances to Suppliers                           | 446.11                  |
| Advances to Employees                           | 0.14                    |
| <b>(b) Others</b>                               |                         |
| Prepaid expenses                                | 85.91                   |
| Balances with statutory/government authorities  | 779.84                  |
| Other Receivables - Statutory                   | 403.29                  |
| Accrued Interest on Fixed Deposits              | 2.54                    |
| <b>Total</b>                                    | <b>1,717.83</b>         |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

## Note No. 18 EQUITY SHARE CAPITAL

### Authorized Share Capital

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |                |
|--|-------------------------|----------------|
|  | No. of<br>Shares        | Amount         |
| 1,90,00,000 equity shares of ₹ 10/- each                                 |                         | 1900.00        |
| 10,00,000 non-cumulative convertible<br>preference shares of ₹ 10/- each |                         | 100.00         |
| <b>Total</b>   |                         | <b>2000.00</b> |
| <b>Issued and Subscribed Capital</b>                                     |                         |                |
| Equity Share Capital   | 1,59,82,737             | 1598.27        |
| <b>Total</b>   | <b>1,59,82,737</b>      | <b>1598.27</b> |

### a. Reconciliation of shares outstanding at the beginning and at the end of the period

(₹ in Lakhs)

| Particulars                                 | As at<br>March 31, 2020 |                 |
|---|-------------------------|-----------------|
|   | No. of<br>Shares        | Amount          |
| Shares at the beginning of relevant date    | 1,59,82,737             | 1,598.27        |
| Add: Shares issued during the period        | -                       | -               |
| Less: Buy Back during the period            | -                       | -               |
| <b>Outstanding at the end of the period</b> | <b>1,59,82,737</b>      | <b>1,598.27</b> |

### b. Terms/Rights attached to the Equity Shares

- The Parent Company has two class of Shares having par value of ₹ 10/- per share namely Equity Shares and Non Cumulative 5% Convertible Preference Shares. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays Dividend in Indian Rupees and
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

### c. Shares held by Holding Company or Ultimate Holding Company - **NIL**

### d. Shareholders holding more than 5% shares

| Particulars               | As at<br>March 31, 2020 |                  |
|---------------------------|-------------------------|------------------|
|                           | No. of<br>Shares        | No. of<br>Shares |
| Sundaram Mutual Fund      | 8,98,736                | 5.62%            |
| Salzer Magnetic Wires Ltd | 10,30,000               | 6.44%            |
| HMG Globetrotter          | 9,63,024                | 6.03%            |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Note No. 19 OTHER EQUITY

(₹ in Lakhs)

| Particulars                | As at<br>March 31, 2020 |
|----------------------------|-------------------------|
| Capital Reserve            | 80.67                   |
| Securities Premium         | 12,630.14               |
| General Reserve            | 1,958.46                |
| Retained Earnings          | 14,740.75               |
| Other Comprehensive Income | -4.58                   |
| <b>Total</b>               | <b>29,405.44</b>        |

### Note No. 20 BORROWINGS (NON-CURRENT)

(₹ in Lakhs)

| Particulars                    | Effective<br>Interest<br>Rate | As at<br>March 31, 2020 |
|--------------------------------|-------------------------------|-------------------------|
| Term Loans                     |                               |                         |
| Secured from Bank              |                               |                         |
| <b>i) HDFC Bank</b>            |                               |                         |
| Phase 2 Term Loan *            | 9.20                          | 600.00                  |
| <b>ii) Union Bank of India</b> |                               |                         |
| Phase 2 Term Loan **           | 10.95                         | 1,177.61                |
| <b>Total</b>                   |                               | <b>1,777.61</b>         |

#### Notes

\* Security: Assets purchased under Term Loans, Extension of equitable mortgage of Land and Building of the Parent Company (Unit-III) and guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.

Terms of Repayment: Plant & Machinery Term Loan Repayable within 40 EMI of Rs. 15,00,000/-

\*\* Building, Plant & Machinery Term Loan

Secured by first charge as Land & Building, Plant & Machinery of Unit IV and guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director & CFO.

Rs. 15,89,97,758/- is availed against sanctioned limit of Rs. 18,37,00,000/- during the year.

Terms of Repayment: Plant & Machinery Term Loan Repayable within 54 EMI of Rs.23,55,128/- and 1 EMI of Rs.29,33,333/-

### Note No. 21 PROVISIONS

(₹ in Lakhs)

| Particulars                                | As at<br>March 31, 2020 |
|--|-------------------------|
| Provision for Employee Benefits - Gratuity | 59.05                   |
| Leave Encashment                           | 23.71                   |
| <b>Total</b>                               | <b>82.76</b>            |

### Note No. 21a OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

| Particulars                    | As at<br>March 31, 2020 |
|--------------------------------|-------------------------|
| Deposits                       |                         |
| Dealer, Distributor & Stockist | 23.84                   |
| <b>Total</b>                   | <b>23.84</b>            |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
**Note No. 22 DEFERRED TAX LIABILITIES (NET)**

(₹ in Lakhs)

| Particulars                                | As at<br>March 31, 2020 |
|--|-------------------------|
| <b>Deferred tax liability</b>              |                         |
| - On Fixed Assets                          | 1,586.18                |
| - On Research and Development Expenses     | 785.36                  |
| - On Revenue Recognition / ECL             | 38.97                   |
| - On Employee Benefit Expenses             | 28.61                   |
| <b>Less: Deferred tax Asset</b>            |                         |
| - On Employee Benefit Expenses             | 35.69                   |
| - On Fixed Assets                          | 548.22                  |
| On Provision for doubtful debts and others | 20.42                   |
| <b>Total</b>                               | <b>1,834.79</b>         |

**Note No. 23 BORROWINGS (CURRENT)**

(₹ in Lakhs)

| Particulars  | Interest<br>Rate | As at<br>March 31, 2020 |
|--|------------------|-------------------------|
| <b>Secured Loan From Banks</b>                                     |                  |                         |
| <b>i) Canara Bank</b>  |                  |                         |
| Cash Credit  | 9.85             | 1,727.71                |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-I  |                  |                         |
| <b>ii) Citi Bank</b>   |                  |                         |
| Cash Credit  | 10.25            | 501.57                  |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |                  |                         |
| Byer's Credit  | L+ 1.75          | -                       |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |                  |                         |
| Pre-shipment Loan  | L+ 1.75          | 2,756.50                |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |                  |                         |
| Post-shipment Loan   |                  | 368.55                  |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |                  |                         |
| <b>iii) ICICI Bank</b>   |                  |                         |
| Cash Credit  | 9.75             | 2,833.08                |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |                  |                         |
| Pre-shipment Loan  |                  | 459.61                  |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-II |                  |                         |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Note No. 23 BORROWINGS (CURRENT) (Contd.)

(₹ in Lakhs)

| Particulars  | Interest Rate | As at March 31, 2020 |
|--|---------------|----------------------|
| <b>iv) Union Bank of India</b>   |               |                      |
| Cash Credit  | 9.40          | 2,606.45             |
| Secured by: Hypothecation of Inventories and Book Debts of Unit-IV   |               |                      |
| Buyer's Credit   | L+1.00        | 312.17               |
| Secured by: hypothecation of Inventories and Book Debts of Unit-IV   |               |                      |
| <b>v. HDFC Bank</b>  |               |                      |
| Cash Credit  | 9.40          | 1,002.09             |
| Secured by hypothecation of Inventories and Book Debts of Unit-II  |               |                      |
| <b>vi. Axis Bank</b>   |               |                      |
| Cash Credit  | 9.35          | 1,023.02             |
| Secured by hypothecation of Inventories and Book Debts of Unit-V   |               |                      |
| <b>vii.The Saraswat Co-op Bank Ltd</b>   |               |                      |
| Working Capital Loan- Secured by: Hyp of Raw materials, Finished Goods, Semi Finished Goods and Book debts, block of assets of the Company including Factory Land and Building at Ambernath) |               | 35.01                |
| <b>Sub Total</b>   |               | <b>13,625.76</b>     |
| <b>(B) Unsecured</b>   |               |                      |
| From Banks   |               |                      |
| Loans repayable on demand (HDFC )  | 8.10          | 2,000.00             |
| <b>Total</b>   |               | <b>15,625.76</b>     |

### Note No. 24 TRADE PAYABLS

(₹ in Lakhs)

| Particulars  | As at March 31, 2020 |
|--|----------------------|
|  | <b>Current</b>       |
| Trade payable - Micro and small enterprises            | 63.58                |
| Trade payable - Other than Micro and small enterprises | 5,345.54             |
| <b>Total</b>   | <b>5,409.12</b>      |

There are no interest amounts paid / payable to Micro, Small and Medium Enterprises. The information in relation to dues to Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors

### Note No. 25 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars                           | As at March 31, 2020 |
|---------------------------------------|----------------------|
| Current maturities of long- term debt | 471.09               |
| Unclaimed dividends                   | 29.70                |
| <b>Total</b>                          | <b>500.79</b>        |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

**Note No. 26 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

| Particulars                 | As at<br>March 31, 2020 |
|-----------------------------|-------------------------|
| Statutory Dues              | 253.39                  |
| Advance from Customers      | 13.97                   |
| Creditors for capital goods | 380.89                  |
| Creditors for expenses      | 4,212.60                |
| Unclaimed Dividends         | 4.41                    |
| <b>Total</b>                | <b>4,865.26</b>         |

**Note No. 27 PROVISIONS**

(₹ in Lakhs)

| Particulars  | As at<br>March 31, 2020 |
|--|-------------------------|
| Provision for Employee Benefits - Gratuity (Refer Note No. 39) | 30.08                   |
| Provision for Warranty   | 100.83                  |
| Provision for Inventory & Receivables                          | 19.46                   |
| Leave Encashment   | 4.87                    |
| Gratuity   | 6.22                    |
| <b>Total</b>   | <b>161.46</b>           |

The Parent Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision for warranty claims represents the present value of the Management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under sale of goods legislations. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality

**Note No. 28 CURRENT TAX LIABILITY**

(₹ in Lakhs)

| Particulars                                     | As at<br>March 31, 2020 |
|---|-------------------------|
| Current tax Liability - [Net of Advance Tax IT] | -6.70                   |
| <b>Total</b>                                    | <b>-6.70</b>            |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 29 REVENUE FROM OPERATIONS

(₹ in Lakhs)

| Particulars   | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|
| <b>(a) Sale of products (including excise duty and excluding GST)</b> |                                      |
| Sales - Domestic  | 50,706.98                            |
| Sales - Exports   | 7,105.51                             |
| <b>Sub Total</b>  | <b>57,812.49</b>                     |
| <b>(b) Sale of Services</b>   |                                      |
| Technical Services  | 0.47                                 |
| <b>Sub Total</b>  | <b>0.47</b>                          |
| <b>Gross Revenue from Sale of Products and Services</b>               | <b>57,812.96</b>                     |
| <b>(c) Other operating revenue</b>                                    |                                      |
| Conversion Charges Received   | 122.25                               |
| Income by Power Generation  | 68.73                                |
| Duty Drawback Income  | 96.12                                |
| MEIS License Sales  | 174.17                               |
| Sale of Dies & Tools  | -                                    |
| Interest Received against Non-current Receivables - PPP               | 161.11                               |
| <b>Sub Total</b>  | <b>622.38</b>                        |
| <b>TOTAL</b>  | <b>58,435.34</b>                     |

## Note No. 30 OTHER INCOME

(₹ in Lakhs)

| Particulars                                      | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|
| Interest from Bank Deposits                      | 63.03                                |
| Foreign Exchange Rate Differences                | 11.93                                |
| Dividend received against short term investments | 18.31                                |
| Profit on Sale of Assets                         | 0.45                                 |
| Income from Derivatives                          | -15.00                               |
| Rental Income Received                           | 3.82                                 |
| Discount Received                                | 1.00                                 |
| Provision written back                           | 26.51                                |
| Other Non-operating income (net of expenses)     | 18.77                                |
| <b>TOTAL</b>                                     | <b>128.82</b>                        |



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
**Note No. 31 COST OF MATERIAL CONSUMED**

(₹ in Lakhs)

| Particulars                          | For the year ended<br>March 31, 2020 |
|--------------------------------------|--------------------------------------|
| <b>Raw Materials Consumption</b>     |                                      |
| Opening Stock                        | 4,490.19                             |
| Add: Purchases                       | 41,734.98                            |
| Less: Closing Stock                  | 4,989.39                             |
| <b>Sub Total</b>                     | <b>41,235.78</b>                     |
| <b>Trading Materials Consumption</b> |                                      |
| Opening Stock                        | 76.27                                |
| Add: Purchases                       | 1,484.56                             |
| Less: Closing Stock                  | 72.10                                |
| <b>Sub Total</b>                     | <b>1,488.73</b>                      |
| <b>Packing Materials Consumption</b> |                                      |
| Opening Stock                        | 78.38                                |
| Add: Purchases                       | 1,038.93                             |
| Less: Closing Stock                  | 150.38                               |
| <b>Sub Total</b>                     | <b>966.93</b>                        |
| <b>TOTAL</b>                         | <b>43,691.44</b>                     |

**Note No. 32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in Lakhs)

| Particulars                                 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|
| <b>Opening Stock</b>                        |                                      |
| Work-in-progress                            | 6,941.19                             |
| Finished Goods                              | 2,985.68                             |
| <b>Sub Total</b>                            | <b>9,926.87</b>                      |
| <b>Less: Closing Stock</b>                  |                                      |
| Work-in-progress                            | 8,004.27                             |
| Finished Goods                              | 2,844.59                             |
| <b>Sub Total</b>                            | <b>10,848.86</b>                     |
| <b>Net (increase)/decrease in inventory</b> | <b>-921.99</b>                       |

**Note No. 33 EMPLOYEE BENEFIT EXPENSES**

(₹ in Lakhs)

| Particulars                               | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|
| Salaries and Wages including Bonus        | 2,601.22                             |
| Contribution to Provident and other funds | 141.78                               |
| Workmen and Staff Welfare Expenses        | 196.19                               |
| Gratuity                                  | 45.34                                |
| <b>TOTAL</b>                              | <b>2,984.54</b>                      |

**Note No. 34 FINANCE COSTS**

(₹ in Lakhs)

| Particulars              | For the year ended<br>March 31, 2020 |
|--------------------------|--------------------------------------|
| (a) Interest Expenses    | 1,734.67                             |
| (b) Other Borrowing cost | 387.47                               |
| <b>TOTAL</b>             | <b>2,122.14</b>                      |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Note No. 35 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

| Particulars                                       | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|
| (a) Depreciation on Property, Plant and Equipment | 1,420.24                             |
| (b) Amortisation on Other Intangible Assets       | 55.27                                |
| <b>TOTAL</b>                                      | <b>1,475.51</b>                      |

### Note No. 36 OTHER EXPENSES

(₹ in Lakhs)

| Particulars                                  | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|
| Consumptions of Store and Spares             | 318.98                               |
| Freight and Forwarding Charges               | 763.81                               |
| Power and Fuel                               | 804.68                               |
| Repairs -                                    |                                      |
| Buildings                                    | 30.49                                |
| Machinery                                    | 296.51                               |
| Others                                       | 115.02                               |
| Subcontracting Expenses                      | 1,625.47                             |
| Contract Labour Expenses                     | 460.50                               |
| Advertisement Expenses                       | 10.04                                |
| Audit Fees (Refer Note No.36.1)              | 23.05                                |
| Director's Sitting Fees                      | 15.30                                |
| Donation                                     | 6.44                                 |
| RMU Project Expenses                         | -                                    |
| General Expenses                             | 93.38                                |
| Insurance                                    | 47.35                                |
| Foreign Exchange Realisation Difference      | -                                    |
| Management system Expenses (ISO9000 & OSHAS) | 4.68                                 |
| Postage, Telephone & Telegram                | 32.64                                |
| Printing & Stationery                        | 46.07                                |
| Rates and Taxes                              | 63.44                                |
| Rent   | 13.06                                |
| Research & Development Expenses              | 167.36                               |
| Warranty Expenses                            | 28.04                                |
| Sales Promotional Expenses                   | 401.06                               |
| Subscription & Periodicals                   | 30.48                                |
| Technical/Professional Fee                   | 310.60                               |
| Travelling and Conveyance                    | 116.27                               |
| EESL Project Expenses                        | -                                    |
| CSR Expenses (Refer Note No.44)              | 14.40                                |
| Expected Credit Loss                         | 33.08                                |
| Royalty                                      | 3.95                                 |
| loss on sale of Assets / Investments         | 2.03                                 |
| Provision for doubtful debts                 | 6.08                                 |
| Bad Debts                                    | 119.02                               |
| <b>Total Other Expenses</b>                  | <b>6,003.28</b>                      |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

## Note No. 36 1. AUDITOR REMUNERATION

(₹ in Lakhs)

| Particulars             | For the year ended<br>March 31, 2020 |
|-------------------------|--------------------------------------|
| (a) For Statutory Audit | 11.50                                |
| (b) For Tax Audit       | 2.50                                 |
| (c) For Other Services  | 9.05                                 |
| <b>TOTAL</b>            | <b>23.05</b>                         |

## Note No. 37 TAX EXPENSES

(₹ in Lakhs)

| Particulars   | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|
| <b>A. Current Tax</b>   |                                      |
| Current tax on profit for the year  | 627.50                               |
| Change/ (Credit) in respect of current tax for earlier years                | -49.91                               |
| <b>TOTAL (A)</b>  | <b>577.59</b>                        |
| <b>B. Deferred Tax</b>  |                                      |
| Origination and reversal of temporary differences                           | -129.13                              |
| Charge in respect of deferred tax for earlier years                         | -                                    |
| <b>TOTAL (B)</b>  | <b>-129.13</b>                       |
| <b>Tax expense recognized in Statement of Profit and Loss TOTAL (A)+(B)</b> | <b>448.46</b>                        |
| Tax expense recognized in Other Comprehensive Income                        | 34.91                                |
| <b>Total Tax Expenses</b>   | <b>483.37</b>                        |

The Parent Company has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance,2019 from the Current Financial year. Accordingly, the Provision for Income Tax and deferred tax balances have been recorded / re-measured using the new tax rate and the resultant impact is recognized in the Current Period Statement of Profit and Loss. Pursuant to the Selection of this Option, the Company has reversed deferred tax liabilities amounting to Rs.4.97 Crores due to reduction in the Corporate Tax Rates

**The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:**

(₹ in Lakhs)

| Particulars  | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|
| <b>Current Tax</b>   |                                      |
| Taxable profit for the year  | 3,192.19                             |
| Applicable income tax rate   | 25.29%                               |
| Expected income tax  | 807.32                               |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: | -                                    |
| Income exempt from tax   | -213.04                              |
| Expenses disallowed in determining the tax profit  | 84.68                                |
| Investment allowances  | -                                    |
| Unrecognized deferred tax assets   | -                                    |
| Others   | -230.50                              |
| <b>Tax expense recognised in Statement of Profit and Loss A/c</b>                                  | <b>448.46</b>                        |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Note No. 38 EARNINGS PER SHARE

(₹ in Lakhs)

| Particulars  | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|
| Profit/(Loss) after tax and exceptional items                                      | 2,711.33                             |
| Less: Notional Preference Dividend   |                                      |
| Profit/(Loss) after tax and exceptional items attributable to equity share holders | 2,711.33                             |
| Add: Exceptional items (net of tax)  |                                      |
| Profit after tax but before exceptional items attributable to equity share holders | 2,711.33                             |
| Add: Exceptional items (net of tax)  |                                      |
| No. of Equity shares outstanding   |                                      |
| Add: Shares to be issued pursuant to merger  |                                      |
| Weighted Average no. of equity shares outstanding during the year for Basic EPS    | 159.82                               |
| Add: Shares to be issued pursuant to Employee Stock Option Scheme                  |                                      |
| Weighted Average no. of equity shares outstanding during the year for Dilutive EPS | 159.82                               |
| Basic Earnings/(Loss) per share after tax and exceptional items (in ₹)             | 16.96                                |
| Diluted Earnings/(Loss) per share after tax and exceptional items (in ₹)           | 16.96                                |

### Note No. 39 GRATUITY

The details of various employee benefits provided to employees are as under:

#### A. Defined Contribution and other plans

(₹ in Lakhs)

| Particulars                                    | March 31, 2020 |
|--|----------------|
| Employer's Contribution to PF                  | 127.68         |
| Employer's Contribution to ESIC                | 14.10          |
| Employer's Contribution to Superannuation fund | 3.15           |
| <b>TOTAL</b>                                   | <b>141.78</b>  |

#### B. Defined Benefit plans

In accordance with the Payment of Gratuity Act, 1972, the Group provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation using the projected unit credit method as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

**Investment Risk:** The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Longevity risk:** The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

| (₹ in Lakhs)              |                |
|---------------------------|----------------|
| Particulars               | March 31, 2020 |
| Discount Rate             | 6.86%/6.66%    |
| Expected Return on Assets | 6.86%/6.66%    |
| Salary Escalation         | 6.50%          |
| Attrition Rate            | 5.00%          |

### Amount recognized in Profit and Loss for the year

| (₹ in Lakhs)  |                |
|---|----------------|
| Particulars   | March 31, 2020 |
| Current Service Cost                                    | 43.67          |
| Net Interest on Defined Benefit Obligations             | 1.67           |
| Expenses recognized in the statement of profit and loss | 45.34          |

### Recognized in Other Comprehensive Income for the year

| (₹ in Lakhs)   |                |
|--|----------------|
| Particulars  | March 31, 2020 |
| Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO       | 3.47           |
| Return on plan assets (excluding amounts included in net interest expense) | -              |
| Actuarial gains/losses arising from changes in financial assumptions       | 36.43          |
| Actuarial gains/losses arising from experience adjustments                 | -10.98         |
| Amount recognized in OCI for the current period                            | 28.92          |

### Change in present value of defined benefit obligation

| (₹ in Lakhs)   |                |
|--|----------------|
| Particulars  | March 31, 2020 |
| Present value of obligations as at the beginning of the year | 671.81         |
| Current Service Cost   | 43.66          |
| Interest on Defined Benefit Obligations                      | 50.39          |
| Actuarial (gain)/loss on plan obligation                     | 28.92          |
| Benefits paid  | -21.73         |
| Present value of obligations as at the end of the year       | 773.05         |

### Change in fair value of plan assets

| (₹ in Lakhs)  |                |
|---|----------------|
| Particulars   | March 31, 2020 |
| Fair value of plan assets as at the beginning of the period | 608.89         |
| Return on plan assets                                       | 48.71          |
| Contributions   | 80.95          |
| Benefits paid   | -21.73         |
| Actuarial gain/(loss) on plan assets                        | -              |
| Fair value of plan assets as at the end of the period       | 716.82         |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)****Net Asset/ Liability recognized in Balance Sheet**

(₹ in Lakhs)

| <b>Particulars</b>           | <b>March 31, 2020</b> |
|------------------------------|-----------------------|
| Present value of obligations | 773.05                |
| Fair Value of Plan Assets    | 716.82                |
| Amount recognized            | 56.23                 |

The Statement of actuarial valuation by the LIC of India with whom the plan assets are maintained was not Provided to the Parent Company by LIC of India till the finalisation of accounts and adoption by the Board and the amounts recognised in P&L a/c., OCI and Balance sheet were based on past experience, Indicators and the present contribution to the plan.

**Sensitivity Analysis**

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

(₹ in Lakhs)

| <b>Particulars</b>           | <b>March 31, 2020</b> |                 |
|------------------------------|-----------------------|-----------------|
|                              | <b>Increase</b>       | <b>Decrease</b> |
| Discount rate by 1%          | 51.73                 | 58.49           |
| Salary Escalation rate by 1% | 56.08                 | 51.00           |
| Attrition rate by 1%         | 2.28                  | 2.53            |
| Mortality rate by 10%        | 0.03                  | -               |

**NOTE No. 40 EMPLOYEES STOCK OPTION SCHEME 2012-13**

The option under the Scheme were exercised during the FY.2018/19 and there were no options unexercised or expired at the opening of FY.2019/20.

**Note No. 41 DIVIDENDS MADE**

(₹ in Lakhs)

| <b>Particulars</b>                                 | <b>March 31, 2020</b> |
|--|-----------------------|
| Cash dividends on equity shares declared and paid: |                       |
| Final Dividend for the financial year              | 255.72                |
| Dividend distribution tax                          | 52.56                 |
| Dividend on Equity Shares Proposed                 | 308.28                |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Note No. 42 COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in Lakhs)

| Particulars   | March 31, 2020 |
|---|----------------|
| Towards Import Obligations under EPGC                     | 2,797.30       |
| Letter of Credit for import and purchase of Raw Materials | 2,165.98       |
| Obligation towards Bank Guarantee                         | 513.98         |
| Excise Protest Fund Liability                             | 85.68          |

### Note No. 43 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

| Particulars  | March 31, 2020 |
|--|----------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | -              |

The disclosure in respect of the amounts payable to Micro, Small and Medium enterprises as at 31 March 2020 has been made in the financial statements based on information received and available with the Company. Also, the Company has not received any claim for interest from any supplier as at the balance sheet date.

### Note No. 44 CSR EXPENDITURE

(₹ in Lakhs)

| Particulars  | March 31, 2019 |
|--|----------------|
| Gross amount required to be spent by the company during the year | 58.59          |
| Amount spent during the year                                     | 14.40          |

### NOTE No. 45 FAIR VALUE MEASUREMENTS

#### i. Financial instruments by category

The carrying value of financial instruments by categories as at 31 March 2020 were as follows:

(₹ in Lakhs)

| Particulars                  | Note   | Amortised cost | FVTOCI | FVTPL | Total Carrying value | Total Fair value |
|------------------------------|--------|----------------|--------|-------|----------------------|------------------|
| <b>Financial Assets</b>      |        |                |        |       |                      |                  |
| Investments                  | 6, 11  | -              | 310.59 | -     | 310.59               | 310.59           |
| Trade Receivables            | 7, 12  | 15,923.41      |        |       | 15,923.41            | 15,923.41        |
| Cash and Cash equivalents    | 13     | 234.88         |        |       | 199.88               | 199.88           |
| Other bank balances          | 14     | 944.32         |        |       | 979.32               | 979.32           |
| Loans                        | 15     | 2,408.23       |        |       | 2,408.23             | 2,408.23         |
| Other financial assets       | 8, 16  | 1,830.42       |        |       | 1,830.42             | 1,830.42         |
| <b>Financial Liabilities</b> |        |                |        |       |                      |                  |
| Borrowings                   | 20, 23 | 17,403.37      |        |       | 17,403.37            | 17,403.37        |
| Trade payables               | 24     | 5,409.12       |        |       | 5,409.12             | 5,409.12         |
| Other financial liabilities  | 25     | 500.79         |        |       | 500.79               | 500.79           |

#### ii. Fair Value Hierarchy

The Group has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

(₹ in Lakhs)

| Particulars                                      | Note   | Level 1 | Level 2   | Level 3 | Carrying value |
|--|--------|---------|-----------|---------|----------------|
| <b>Financial Assets</b>                          |        |         |           |         |                |
| At fair value through Other Comprehensive Income | 11     | 225.43  | -         | -       | 225.43         |
| <b>Investments</b>                               |        |         |           |         |                |
| Investments - Non - current - Quoted             | 6      | -       | 1.87      | -       | 1.87           |
| Investments - Non - current - Unquoted           | 6      | -       | -         | 83.29   | 83.29          |
| At fair value through Profit and Loss            |        |         |           |         |                |
| Investments                                      | 11     | -       | -         | -       | -              |
| <b>Financial Liabilities</b>                     |        |         |           |         |                |
| At amortised costs                               |        | -       | -         | -       | -              |
| Borrowings                                       | 20, 23 | -       | 17,403.37 | -       | 17,403.37      |

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

### iii. Valuation technique used to determine fair value

- The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values.
- The investment included in Level 3 hierarchy have been valued at cost approach to arrive at the fair values. The cost of unquoted investment approximate the fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range.
- The estimated fair value amounts as at March 31, 2019 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.
- There were no transfers between Level 1, Level 2 and Level 3 during the year.

## NOTE No. 46 FINANCIAL RISK MANAGEMENT

The Company's businesses are subject to several risks and uncertainties including financial risks.

The Company's activities expose it to credit risk, liquidity risk, market risk - interest rate risk and foreign currency risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk                           | Exposure arising from  | Measurement                                 |
|--------------------------------|--|---|
| Credit risk                    | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing analysis, Credit ratings             |
| Liquidity risk                 | Borrowings and other liabilities   | Rolling cash flow forecasts                 |
| Market risk Interest rate risk | Long-term borrowings at variable rates   | Cash flow forecasting, Sensitivity analysis |
| Foreign Currency risk          | Recognised financial assets and liabilities not denominated in functional currency         | Cash flow forecasting, Sensitivity analysis |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The company's credit risk generally arises from Cash and cash equivalents, trade receivables, and other financial assets.

### Credit Risk Management

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

| Assets Group         | Description of category  | Particulars  | Provision for expected credit loss *  |
|----------------------|--|--|---|
| Low credit risk      | Assets where the counterparty has strong capacity to meet the obligations and where the risk of default is negligible or nil           | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss/life time expected credit loss                    |
| Moderate credit risk | Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong | Nil  | 12 month expected credit loss/life time expected credit loss                    |
| High credit risk     | Assets where there is a high probability of default.   | Nil  | 12 month expected credit loss/life time expected credit loss/fully provided for |

\* Life time expected credit loss is provided for trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

### Classification of Financial assets among risk categories:

(₹ in Lakhs)

| Credit rating        | Particulars  | March 31, 2020 |
|----------------------|--|----------------|
| Low credit risk      | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 21,651.86      |
| Moderate credit risk | Nil  | -              |
| High credit risk     | Nil  | -              |

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the business, the Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)

### Maturities of Financial Liabilities as at 31 Mar 2020 are as follows:

| Particulars                 | Less than 1 year | 1-5 year | More than 5 year | Total     |
|-----------------------------|------------------|----------|------------------|-----------|
| Borrowings                  | 15,625.76        | 1,777.61 | -                | 17,403.37 |
| Trade Payables              | 5,409.12         | -        | -                | 5,409.12  |
| Other financial Liabilities | 471.09           | 21.81    | 7.89             | 500.79    |

### Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates etc. could affect the Company's income or the value of its holdings of financial instruments including cash flow. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

### Interest rate Risks

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The borrowings are fixed rate borrowings and are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Interest rate risk exposure

The following table provide the break-up of the co. fixed and floating rate borrowing

(₹ in Lakhs)

| Particulars             | March 31, 2020   |
|-------------------------|------------------|
| Fixed Rate Borrowings   | -                |
| Floating Rate           | 17,874.46        |
| <b>Total Borrowings</b> | <b>17,874.46</b> |

### Interest Rate Sensitivity analysis:

The Sensitivity Analysis below have been determined based on the exposure to interest rate for Floating Rate Liabilities, assuming the amount of the liability outstanding at the year end was outstanding for the whole year.

If interest rate had been 100 basis points higher/lower and all other variable were held constant, the company's profit for the year ended 31.03.2020 would decrease/increase by ₹ 178.40 Lacs. This is mainly attributable to the Company's exposure to interest rate on its variable rate borrowings.

### Foreign Currency Risk

The Company's exposure to currency risk relates primarily to the Company's operating activities including anticipated sales & purchase and borrowings where the transactions are denominated in a currency other than the Company's functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows.

### The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 31.03.2020 are as follows:

| Particulars           | US\$         | GPB           | EURO       |
|-----------------------|--------------|---------------|------------|
| Financial Assets      | 32,54,851.73 | 5,15,869.73   | -          |
| Financial Liabilities | 35,45,965.69 | 15,52,836.00  | 32,895.00  |
| Net exposure          | -2,91,113.96 | -10,36,966.27 | -32,895.00 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant.

| Particulars | Impact on profit before tax |      |
|-------------|-----------------------------|------|
|             | March 31, 2020              |      |
|             | %                           | %    |
| USD         | -0.01                       | 0.01 |
| GBP         | -0.05                       | 0.05 |
| EURO        | -                           | -    |

### NOTE No. 47 CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt).

Net debt are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital of the Company:

(₹ in Lakhs)

| Particulars  | March 31, 2020 |
|--|----------------|
| Non-Current Borrowings (Refer Note : 20)               | 1,777.61       |
| Current Borrowings (Refer Note : 23)                   | 15,625.76      |
| Current Maturities of Long term Debt (Refer Note : 25) | 471.09         |
| Total Borrowings (a)                                   | 17,874.46      |
| Cash and Cash equivalents (Refer Note : 13)            | 199.88         |
| Other Bank Balances (Refer Note : 14)                  | 979.32         |
| Current Investments (Refer Note : 11)                  | 225.43         |
| Total Cash (b)   | 1,404.64       |
| Net Debt (c) = (a)-(b)                                 | 16,469.82      |
| Equity (Refer Note : 18)                               | 1,598.27       |
| Other Equity (Refer Note : 19)                         | 29,405.44      |
| Total Equity (d)                                       | 31,003.71      |
| Total Capital (e) = (c)+(d)                            | 47,473.53      |
| Gearing Ratio = (c)/(e)                                | 0.35           |

### NOTE No. 48 RELATED PARTY DISCLOSURES

#### A. Key Management Personnel

- Mr. R. Doraiswamy - Managing Director
- Mr. D. Rajeshkumar - Joint Managing Director & Chief Financial Officer
- Mr. P. Ramachandran - Whole Time Director and
- Mr. S. Baskarasubramanian - Director (Corporate Affairs) & Company Secretary

#### B. Board Members relative to Key Management Personnel

- Dr. (Mrs.) Thilagam Rajeshkumar - Non Executive & Non Independent Director - Spouse of Mr. D. Rajesh Kumar, Jt MD and CFO and
- Mr. Vishnu Rangaswamy - Non Executive & Non Independent Director - Son of R. Doraiswamy - Managing Director

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020 (Contd.)****D. Other Related Parties**

- a. Salzer Exports Limited
- b. Salzer Spinners Limited
- c. SRVE Industries Limited
- d. K R Health Care Private Limited
- e. S R V E Industries Limited
- f. K R Pharmacy

**D. Trust under Common Control**

- a. Salzer Educational Medical Research Trust

**Related Party Transactions**

(₹ in Lakhs)

| Particulars                  | Other Related Parties | Key Management Personnel |
|------------------------------|-----------------------|--------------------------|
|                              | March 31,2020         |                          |
| Purchase of goods            | 8.97                  | -                        |
| Staff & Labour Welfare Exps. | 1.08                  | -                        |
| Sale of goods                | 2,203.71              | -                        |
| Purchase of Fixed Assets     | 70.80                 | -                        |
| Rendering of Services        | 500.03                | -                        |
| Receiving of Services        | 23.84                 | -                        |
| CSR spent through Trust      | 6,878.00              | -                        |
| Voluntary Contribution to    | 6,085.00              | -                        |
| Managerial remuneration      | -                     | 160.34                   |
| Outstanding Receivables      | 324.23                | -                        |
| Director Sitting Fees        | 1.20                  | -                        |

**NOTE No. 49 SEGMENT INFORMATION**

The Group is engaged in manufacture of Electrical Insatllation Products which is considered to be the only reportable business segment as per Ind AS 108, 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment. The Company has widespread customer base and hence the Company does not have any concentration risk.

**NOTE No. 50** In the opinion of the management of the Company Current Assets, Loans & Advances have a value on realization in the Ordinary course of Business at least equal to the amount at which they are stated in accounts and all current liabilities have been provided for...

**NOTE No. 51** Sundry debtors and creditors are subject to confirmation and reconciliation, if any..

In terms of our report attached

**N. RANGACHARY**

Chairman  
(DIN :00054437)  
Chennai

**R. DORAISWAMY**

Managing Director  
(DIN :00003131)

For: **JDS ASSOCIATES**

Chartered Accountants  
FRN: 008735S

**D. RAJESHKUMAR**

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

**S. BASKARA SUBRAMANIAN**

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

**B. JAYARAM**

Partner  
Memb.No. 028346

Coimbatore – 47  
June 18, 2020

## The growing range...

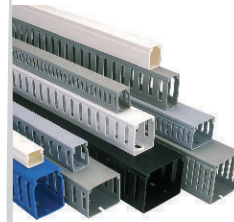
Rotary Switches



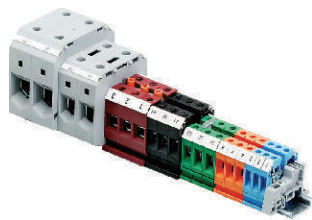
Load Break Switches



Cable Ducts



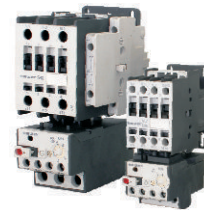
Terminal Connectors



Photovoltaic Isolator



Contactors & OLRs



MPCB's



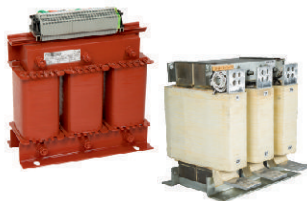
Relays & Relay Module



Limit /Foot Switches



Transformers & Chokes/  
Inductors/Reactors



Toroidal transformers  
& CT's



Plug & Sockets



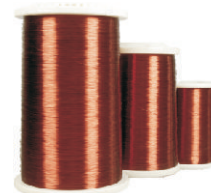
Wires & Cables



Wire Harness



Magnet Wires



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Aminthakarai, Chennai - 600 029.  
Tel: 044 - 42962025

**salzer**

ELECTRONICS LIMITED

CIN : L03210TZ1985PLC001535

Registered & Corporate Office: Samichettipalayam, Coimbatore - 641 047, India.

Phone: +91 - 422 - 4233600 Fax: +91 - 422 - 2692170

e-mail: [salzer@salzergroup.com](mailto:salzer@salzergroup.com) / [investors\\_relations@salzergroup.com](mailto:investors_relations@salzergroup.com)