

September 29, 2018

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,

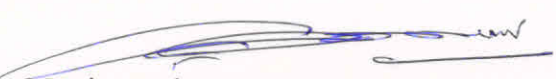
This is to inform that the 33<sup>rd</sup> Annual General Meeting of the Members of the Company was held on Saturday, 22<sup>nd</sup> September 2018 at 11.30 a.m., at Hotel Shree Annapoorna, R.S Puram, Coimbatore -641002 to transact the business mentioned in the notice of the Annual General Meeting.

Further in terms of Regulation 34(1) of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015, we are forwarding herewith our Annual Report for the financial year 2017-18. The soft copy of the Annual Report is also available on the website of the Company [www.salzergroup.net](http://www.salzergroup.net).

May kindly be acknowledged the receipt and disseminate the same.

Thanking you  
Yours faithfully

For Salzer Electronics Limited



S Baskarasubramainain  
Director (Corporate Affairs)  
& Company Secretary





# SALZER ELECTRONICS LIMITED

**CIN: L03210TZ1985PLC001535,**

Registered Office: Samichettipalayam, Coimbatore 641 047, Tamil Nadu, India

**Tel: 0422-4233600, Fax: 422-2692170,**

Email: baskarasubramanian@salzergroup.com & investor\_relations@salzergroup.com

Website: www.salzergroup.net

## **NOTICE FOR 33<sup>rd</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY**

**NOTICE** is hereby given that the **33<sup>rd</sup> ANNUAL GENERAL MEETING** of the Members of **SALZER ELECTRONICS LIMITED** will be held at **THE HOTEL SREE ANNAPOORNA, R.S. PURAM, COIMBATORE - 641 002** on **SATURDAY, THE 22<sup>nd</sup> DAY OF SEPTEMBER 2018 AT 11.30 AM** to transact the following businesses:

### **Ordinary Business:**

- 1. To consider and adopt the audited Financial statements of the Company for the Financial year ended March 31, 2018, comprising of Balance Sheet as at March 31, 2018, 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 Audited Financial Statement comprising of Balance Sheet as at March 31, 2018, 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 declare a dividend on Equity Shares for the financial year 2017-18.**

**"RESOLVED THAT** a dividend at the rate of 16% (Rs. 1.60/- one Rupee and Sixty Paise Only) per equity share of Rs. 10/- each (Rupees Ten Only) fully paid-up of the Company be and is hereby declared for the Financial year 2017 -18 and the same be paid as recommended by the Board of Directors of the Company, out of the Profit of the Company for the financial year ended March 31, 2018."

- 3. To appoint a Director in place of Dr. Thilagam Rajeshkumar (DIN: 00006783), who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment.**

**"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. Thilagam Rajeshkumar** (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."

**4. To ratify the appointment of Statutory Auditors for the financial year 2018-19**

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by Members at their 29<sup>th</sup> Annual General Meeting appointing M/s.Swamy & Ravi, Chartered Accountants (FRN:004317S) as Statutory Auditors of the Company to hold office for a term of five years from 2014-15, subject to ratification by the shareholders on annual basis during the tenure of the office, the Company do hereby ratify and confirm the appointment of M/s.Swamy & Ravi, Chartered Accountants, as Statutory Auditors of the Company for the financial year ending March 31, 2019 at such remuneration plus service tax as applicable and reimbursement of out-of-pocket expenses in connection with the audit as the Board of Directors may fix in this behalf. " . "

**Special Business:****5. To approve the re-appointment of Mr. P. Ramachandran, (DIN: 01043572) as a Whole time Director and in this regard, to consider and, if thought fit to pass the following resolutions with or without modification as a special resolution.**

**"RESOLVED THAT** subject to the provisions of Sections 196, 197, 198 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 on the recommendation of Nomination and Remuneration Committee, approval of the shareholders of the company, be and is hereby accorded to the re-appointment of **Mr. P. Ramachandran** (DIN: 01043572), as a Whole Time Director for a further term of five years with effect from 26.09.2018 upon the terms and conditions as detailed below:

**1) Remuneration**

Monthly Remuneration of Rs. 1,25,000/- per month with annual increase of Rs. 10,000/-

**2) Other emoluments****a. House Rent Allowance :**

House Rent Allowance will be considered to be paid, subject to the ceiling stipulated under sec 198, schedule V of the Companies Act, 2013 and other applicable provisions, if any, in future.

**b. Medical Allowance :**

Expenses incurred by him and his family subject to a ceiling of one month salary in a year or three months salary over a period of three years.

**c. Leave Travel concession :**

As per Company Rules from time to time.

**d. Personal Accident Insurance :**

Premium not to exceed Rs.5000.00 per annum

**e. Club Fees :**

Fees of clubs subject to maximum two clubs. This will not include admission and life membership.

Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure."

**“RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. P. Ramachandran, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under Schedule V of Part II - Section II of the Companies Act, 2013 or such other relevant provisions and limits as may be prescribed by the Government from time to time in this regard.”

- 6. To appoint a Director in place of Mr. Dhamodharaswamy (DIN: 00003230), 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 with or without modification(s) the following resolution as a Special Resolution:**

**“RESOLVED THAT** subject to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended on May 09, 2018), Mr. R. Dhamodharaswamy (DIN: 00003230), a Non-Executive Director, aged 87 years, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.”

- 7. To approve the payment of commission to Non Executive and Independent Directors of the Company and in this regard, to consider and, if thought fit to pass with or without modification(s) the following resolution as a Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (Act), as amended from time to time, provisions of Listing Regulations and in terms of Article 164(b)(ii) of the Articles of Association of the Company, a sum not exceeding one percent per annum of the net profits of the Company, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year, for a period of three years, commencing April 1, 2018 in additions to the sitting fees paid/payable for attending the meetings of the Board of Directors of the Company and its committee thereof.”

- 8. To approve the increase in borrowing Powers of the Board from Rs.125 Crs to Rs.200 Crs and in this regard, to consider and, if thought fit, to pass the following resolutions with or without modification as a special resolutions.**

**“RESOLVED THAT** in supersession of the earlier resolutions passed by the Members of the Company in this regard under section 180 (1) (c) of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment(s) thereto or re-enactment(s) thereof, for time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money by way of loans, notes, bonds or any other instruments including commercial papers in rupees or any foreign currency where the money to be borrowed, together with the money already borrowed by the Company, over and above aggregate of its paid up share capital and free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), provided that the total amount so borrowed in excess of the aggregate of the paid-up capital of the Company and its free reserves shall not, at any time, exceed Rs.200 Crs (Rupees Two Hundred Crores Only).”

**“RESOLVED FURTHER THAT** any Director or Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds or things and to take all such steps as may be necessary to give effect to the aforesaid resolution.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any duly constituted Committee of Directors or any one or more Directors of the Company to finalise, settle, and execute such documents deeds, writings, agreements as may be required and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, incidental, consequential, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**9. To approve Creation of charges on the movable and immovable properties of the Company, both present and future in respect of borrowings of the Company and in this regard, to consider and, if thought fit to pass the following resolutions with or without modification as a special resolution.**

**“RESOLVED THAT** in supersession of the earlier resolutions passed by the Members of the Company in this regard under section 180(1)(a) of the Companies Act, 2013, and the rules made thereunder (including any statutory amendment(s) thereto or re-enactment(s) thereof, for time being in force), the consent of the Company be and hereby accorded to the Board of Directors to create any charge, mortgage and/ or hypothecation in addition to the existing charges, mortgages, created/to be created by the Company on all or any of such terms as the Board may deem fit, together with power to take over whole or substantially the whole of the undertaking of the Company in certain events in favour of banks/financial institutions, other investing agencies and trustees for the holders of notes/other instruments to secure rupee/foreign currency loans and/or the issue of notes/other instruments (hereinafter collectively referred to as “Loans”) provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans for which the charge is to be created, shall not, at any time exceed Rs.200 crores (Rupees Two Hundred crores only) over and above the paid up share capital and free reserves of the Company.”

**“RESOLVED FURTHER THAT** any Director or Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds or things and to take all such steps as may be necessary to give effect to the aforesaid resolution.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any duly constituted Committee of Directors or any one or more Directors of the Company to finalize, settle, and execute such documents deeds, writings, agreements as may be required and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, incidental, consequential, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**10. To ratify the remuneration payable to CMA A.R. Ramasubramania Raja (M.No. 32458) appointed as Cost Auditors of the Company for FY 2018-19 and in this regard to consider and, if thought it, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.**

**“RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, CMA A. R. Ramasubramania Raja (M.No. 32458), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the FY 2018-19, be paid a remuneration of Rs.90,000/- (Rupees Ninety Thousand Only) plus applicable service tax and out-of-pocket expenses on actual basis.”

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

By Order of the Board  
**For Salzer Electronics Limited**

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

Date: 11.08.2018  
Place: Coimbatore

**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. 5 to 10 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, 5 and 6 of the Notice, are also annexed.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT hours before the commencement of the AGM.
3. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions/ authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed, by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
5. 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.
6. Members seeking any information with regard to the Financial Statements are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
7. The Register of Members and Share Transfer Books of the Company will be closed on **Saturday, September 15, 2018 to Saturday, September 22, 2018**, (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
8. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid within the stipulated time to those Members whose names stand registered on the Company's Register of Members:-
  - a) As Beneficial Owners as at the end of business hours on **September 14, 2018** as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in dematerialized form.
  - b) As Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before **September 14, 2018** and whose names appearing in the Register of Members as at **September 22, 2018** in respect of Members holding shares in physical form.
9. **Those Members who have so far not encashed their dividend warrants for the Financial year 2010-11, may approach Company / GNSA on or before 10th October 2018**, for making their claim without any further delay as the said unpaid dividends will get transferred to the Investor Education and Protection Fund of the Central Government before November 27, 2018 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.



10. Due dates for transfer of unclaimed / unpaid dividends for the financial year 2010-11 and thereafter to IEPF:

FY ended	Declaration Date	Due Date
2010-11 (31.03.2011)	24.09.2011	27.11.2018
2010-12 (31.03.2012)	11.08.2012	14.10.2019
2010-13 (31.03.2013)	10.08.2013	14.10.2020
2010-14 (31.03.2014)	09.08.2014	13.10.2021
2010-15 (31.03.2015)	08.08.2015	12.10.2022
2010-16 (31.03.2016)	13.08.2016	17.10.2023
2010-17 (31.03.2017)	09.09.2017	14.11.2024

11. Shareholders are requested to note that no claim shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government. However, Shareholders may claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Suspense Account as per the applicable provisions of Companies Act, 2013 and rules made thereunder.

12. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the details of shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date 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).

13. 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 web-page :<http://iepf.gov.in/IEPFA/refund.html> or contact our RTA / Company lodging claim for refund of shares and/or dividend from the IEPF Authority.

14. A sum of Rs. 1,12,395/- has been transferred to the Investor Education and Protection Fund in the year 2017 towards unclaimed/unpaid dividend declared during September 2010.

**15. SEBI has decided that securities of listed companies can be transferred only in dematerialised form, from December 05, 2018. 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.

16. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to GNSA and the company.

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 GNSA. Members holding shares in electronic form may submit the same to their respective depository participant.

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18. 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 advised to register the nomination in respect of their shareholding in the company. You can access the Nomination Form (SH-13) is on the Company's website [www.salzergroup.net/investors](http://www.salzergroup.net/investors)
  - c) are requested to register / update their e-mail address with the company / RTA for receiving all communications from the company electronically.
19. 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 advised to contact their DPs for registering the nomination.
  - c) are requested to register / update their e-mail address with their DPs for receiving all communications from the company electronically.
20. Non-Resident Indian members are requested to inform RTA / respective DPs / Company, 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.
21. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2017-18 will also be available on the Company's website viz. [www.salzergroup.net](http://www.salzergroup.net).
22. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / GNSA.
23. The route map showing directions to reach the venue of the thirty - third AGM is annexed.
24. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
25. The Board of Directors has appointed Mr. G.Vasudhevan, Practicing Company Secretary as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
26. 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.
27. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
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28. The voting period begins on **Monday, September 17, 2018 (9.00 a.m.) and ends on Friday, September 21, 2018 (5.00 p.m.)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, September 15, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**29. THE INSTRUCTIONS FOR E-VOTING ARE AS UNDER:**

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

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

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for SALZER ELECTRONICS LIMITED on which you choose to vote.

- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) **Note for Non Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) (i) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### 30. For members who wish to vote using ballot form:

For the benefit of Members who do not have access to e-voting facility, a Ballot Form is being sent along with the Notice of the AGM. The members may submit the same in a sealed envelope **to the Scrutinizer, Mr. G. Vasudevan, Practicing Company Secretary, C/o. Salzer Electronics Limited, Samichettipalayam, Coimbatore 641 047**, so as to reach by 5.00 p.m., on September 21, 2018. Detailed instructions on voting through post are given on the reverse of the Ballot Form

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

**31. Other Instructions**

- i. The e-voting period commences on Monday, September 17, 2018 (9.00 a.m.) and ends on Friday, September 21, 2018 (5.00 p.m.). During this period, Members holding shares either in physical form or in dematerialized form, as on September 15, 2018 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again.
- ii. In case of any query pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the Downloads section of [www.evotingindia.com](http://www.evotingindia.com).
- iii. Mr.G.Vasudevan, Practicing Company Secretary has been appointed as Scrutinizer for scrutinizing the e-voting process in a fair and transparent manner for Annual General Meeting (AGM).
- iv. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting thereafter 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.
- v. The Results shall be declared on or after the AGM of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.salzergroup.com](http://www.salzergroup.com) and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
- vi. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- vii. A Member can opt for only one mode of voting, i.e. either by post or through e-voting. In case of Member(s) who cast their votes by both modes, then voting done through a valid e-voting shall prevail and Postal Ballot of that Member shall be treated as invalid.
- Viii. If any member buys the shares of the company after August 17, 2018 they may either write to the company for call for notice or down load the notice from the website of the company to cast their vote as advised therein.
- ix. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

By the order of the Board of Directors

**S. Baskarasubramanian**

Director (Corporate Affairs) &

Company Secretary

DIN:000003152 & FCS :4605)

Date: 11.08.2018

Place: Coimbatore

**Explanatory Statement**

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 10 of the accompanying Notice:

**Item No.5**

The present term of Mr. P. Ramachandran, aged 70 years, who has been re-appointed as a Whole time Director with the approval of the shareholders at their meeting held on August 10, 2013 with a term of 5 Years effective September 26, 2013, which is getting expired on 25.09.2018. The Board of Directors at their meeting held on August 11, 2018, based on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. P. Ramachandran for an another term of Five years with a monthly remuneration of Rs.1,25,000/- with an annual increment of Rs.10,000/- per month during period of office and with such other emoluments as set out in the resolutions.

Currently Mr. P. Ramachandran is heading Wires and Cables Divisions, which witnessed a Compounded Annual Growth Rate (CAGR) of 20% in the last five years against 15% CAGR of the Company. Further, Cables Division's contribution to the overall business volumes has also increased gradually from 40% in 2013 to 50% in 2018. Considering the growth of Cables Divisions under his leadership in the last five years and the requirement of his contribution for the further growth of this Division in the years ahead, the Board thought fit to approve the re-appointment of Mr. P. Ramachandran for another term of five years subject to the approval of the shareholders at the scheduled Annual General Meeting.

Mr. P. Ramachandran fulfills all the conditions as set out in Part I of Schedule V to the Companies Act 2013 and also conditions set out under Section 196(3) of aforesaid Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of above Act.

The above may be treated as a written memorandum setting out the terms of the Re-appointment of Mr. P. Ramachandran under Section 190 of the Companies Act 2013.

Details of Mr.P.Ramachandran are provided in the "Annexure" to the Notice.

The Board recommends the special resolutions as set out at item 5 in compliance of first Proviso to Section 196(3)(a) of the Companies Act 2013.

The Term of the Office of Mr.P Ramachandran is subject to determination of retirement by rotation in terms of Section 152 of the Companies Act 2013 and in terms of the resolutions passed by the shareholders at their 30<sup>th</sup> Annual General meeting held on August 08, 2015.

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

**Item No.6**

In terms of recent amendment to Regulation 17 to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April 2019, No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Mr.Dhamodharaswamy (DIN: 00003230), aged 87 years, is a Non-Executive Non-Independent Director of the Company, who is liable to retire by rotation at this AGM as he has been the longest in office since his last re-appointment. His tenure on re-appointment as Non Executive Non Independent Director at this AGM continues beyond 1st April 2019.

Considering above facts, Nomination and remuneration Committee considered and reviewed his brief profile for the re-appointment on retirement by rotation, and the Committee evaluated his performance and also observed that

- He is one of the Promoters of the Company, holding Directorship since 1985;
- He played a major Role in the growth and Development of the Company in the last 33 years with his unique distinction in the area of development of the Electrical Products and
- His continuation in the Office would strengthen the Board's collective Decision power in the era of growth of the Company in the new horizon.

Mr.Dhamodharaswamy has declared that he is not disqualified under any of the Provisions of the Companies Act 2013

His brief profile has been given in Page No. 14 of this Notice.

Therefore Nomination and Remuneration Committee and Board considered that it will be prudent to appoint Mr. R Dhamodharaswamy as Non Executive Non Independent Director and recommended the proposal of his re-appointment to the shareholders by way of special resolutions.

Except Mr.Dhamodharaswamy and his brother Mr. R Doraiswamy, Managing Director, None of the Directors is concerned or interested in the Resolution.

#### **Item No.7**

The Non-Executive Directors and the Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas and has been contributing for the growth of the Company. Hence, the Board is of the view that it is necessary that adequate compensation be given to the Non-Executive Directors and the Independent Directors so as to compensate them for their time and efforts. Therefore, it has been proposed for the payment of commission on profits at a rate not exceeding 1 per cent of the net profits of the Company in any fiscal year plus taxes at an applicable rate for a period of three years, commencing April 1, 2018.

This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

As required under Article 164(b)(ii) of the Articles of the Association of the Company, requisite resolutions has been placed before the Members for approval on the payment of Profit Commission to the Non Executive and Independent Directors.

All the Directors of the Company, except Mr. R. Doraiswamy, Managing Director, Mr. D. Rajesh Kumar, Joint Managing Director and Chief Financial Officer, Mr. P. Ramachandran, Whole Time Director, Mr. R. Dhamodharaswamy, Non Executive Director who is an elder brother of Mr. R Doraiswamy and Dr. Thilagam Rajesh, Non-Executive Director, who is spouse of Mr. D. Rajesh Kumar, are concerned or interested in the Resolution at Item No. 7 of the Notice to the extent of the remuneration that may be received by each of them.

#### **Item No.8 & 9**

The Members of the Company had, vide their special resolution, passed at their 29<sup>th</sup> Annual General Meeting held on August 09, 2014, accorded consent to the Board of Directors for borrowing any sum or sums of money in excess of aggregate of the paid-up share capital and its free reserves, excluding temporary loans obtained from the Company's bankers in the ordinary course of business, not exceeding the sum of Rs. 125 crores (Rupees One Hundred and Twenty Five Crores only).

The Company continues to explore various organic opportunities for its growth. This would require sufficient resources to be available for various activities including capital expenditure, working capital, growth opportunities, expansion and general corporate purposes from time to time. It would, therefore, be prudent for the Company to have the requisite enabling approvals in place for meeting the fund requirements for its growth plans. The requirement of funds may be met by means of incurring debt, which may exceed the present approved limit of Rs. 125 crores.

Hence it is proposed to revise the overall borrowing limits of the Company, such that the money to be borrowed, together with the money already borrowed by the Company may exceed aggregate of its paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, up to a limit not exceeding in the aggregate Rs.200 crores (Rupees Two Hundred Crores only) over and above the paid-up capital and its free reserves.

The borrowings of the Company may, if necessary, be secured by way of charge/mortgage/pledge/ hypothecation on the Company's assets including in addition to existing charges comprising of the movable/ immovable, tangible/intangible properties of the Company, present or future in favour of the lender(s)/ from time to time, in such form and Manner. The documents relating to charge and/or mortgage and/or pledge and/or hypothecation in favour of the lenders may contain the provisions to take over the substantial assets of the Company in certain events with a power to take over the management of the business and concern of the Company, which may be regarded as disposal of the Company's undertaking(s) within the meaning of section 180(1)(a) of the Companies Act, 2013.

In terms of aforesaid Special resolution passed by the Members, the Members had accorded their consent to the Board of Directors for creation of mortgages, charges, etc. for securing the borrowings upto Rs.125 Crores in terms of section 180(1) (c) of the Companies Act, 2013, which was over and above the Paid up capital and free reserves.

In order to increase the earlier approved limit to Rs.200 crores, the Directors recommend passing of the resolution as special resolution for the creation of security to secure an amount upto Rs.200 crores over and above such paid up capital and free reserves, for approval of the Members.

The resolutions contained under Item No. 8 & 9 of the accompanying Notice; accordingly, seek shareholders' consent by way of Special Resolution for increasing the borrowing limits and creation of mortgages, charges, etc. thereon and for authorizing the Board of Directors (including committee thereof authorised for the purpose) of the Company to complete all the formalities in connection therewith.

None of the Directors and Key managerial personnel or their relatives, except to the extent of their shareholding, are in any way concerned or interested financially or otherwise in the proposed resolution(s) as set out in the Notice.

**Item No.10**

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records for the applicable products of the Company. On the recommendation of the Audit Committee at its meeting held on May 24, 2018, the Board considered and approved the appointment of CMA A.R. Ramasubramania Raja (M.No. 32458) as the cost auditor for the FY 2018-19 at a remuneration of Rs.90,000 plus applicable service tax and reimbursement of out-of-pocket expenses on actual basis. The Board of Directors recommend the Ordinary Resolution as set out in Item No. 10 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.

\*\*\*\*\*



THE 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. Perumal Reddiar Ramachandran	Mr. Rangaswamy Naidu Dhamodharaswamy		
DIN	00006783	01043572	00003230		
Category	Non Executive Director	Whole Time Director	Non Executive Director		
Date of Birth	03/12/1972	01/09/1948	24/08/1931		
Date of Appointment on the Board	30/03/2015	26/09/1998	17/12/1986		
Qualification	MBBS, DGO	B.A.,	B.A., (Hons)		
Brief profile and nature of their expertise in specific functional are as	Heading Multi Specialty Hospital & having vast administrative and Management experience	He 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	Having rich business acumen and outlook in corporate management and administrative matters. He is a member of Lion Clubs and actively engaged in corporate social welfare activities being the philanthropist		
Directorships held in other companies.	1. K R Health Care P Ltd, 2. SRVE Industries Ltd, 3. Quebec Information Services India Limited 4. Coimbatore Kalpana Chit Funds P Ltd 5. Sarojini Chit Funds Private Limited 6. Saradha Investments Ltd 7. Kalpana Medical Centre Private Limited	M/s. Salzer Securities Holdings Ltd	M/s. Micro Instruments Limited		
Memberships / Chairmanships of committees across all companies	NIL	NIL	NIL		
Shareholding in the Company	457255 Equity Shares-0.32%	NIL	42570 Share		
Inter se relationship, if any	Wife of Shri. Rajeshkumar Doraiswamy, Joint Managing Director and Chief Financial Officer and daughter in law of Shri. Rangaswamy naidu Doraiswamy, Managing Director	NIL	Elder brother of Mr. R Doraiswamy, Managing Director		

# Form No. MGT-11

## Proxy form

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

CIN L03210TZ1985PLC001535 Name of the member (s) .....

Name of the company **Salzer Electronics Limited** Registered address .....

Registered Office Samichettipalayam, Coimbatore 641 047 .....

E-mail id .....

Folio No. / Client Id. ....

DP Id .....

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

1. Name : ..... 2. Name : .....

Address : ..... Address : .....

E-mail id : ..... E-mail id : .....

Signature : ....., or failing him Signature : ....., or failing him

3. Name : ..... Address: .....

E-mail id : ..... Signature: ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Members of SALZER ELECTRONICS LIMITED will be held at **HOTEL SREE ANNAPOORNA**, R.S. PURAM, COIMBATORE - 641 002 on **SATURDAY, THE 22<sup>nd</sup> DAY OF SEPTEMBER 2018** and at any adjournment thereof in respect of such resolutions as are indicated below:

### Resolutions under Ordinary Business.

1. Adoption of Audited Financial Statements for the year ended March 31, 2018 along with the Directors' report and Auditor's Report thereon
2. Declaration of a dividend on equity shares for the year 2017-18.
3. Appointment of a Director in the place of Mrs. Rajesh Kumar Thilagam, who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment
4. Ratification of the appointment of statutory auditor for the financial year 2018-19.

### Resolutions under Special Business.

5. Appointment of Mr. P.Ramachandran as Whole Time Director for a term of five years effective September 26, 2018:
6. Appointment of a Director in place of Mr. Dhamodharaswamy, who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.
7. Payment of Profit Commission to the Non Executive and Independent Directors of the Company.
8. Increase the Borrowing Powers of the Board from Rs. 125 Cr to Rs. 200 cr.
9. Creation of Charges on movable and immovable properties of the company
10. Ratification of the remuneration payable to CMA A R Ramasubramania Raja, appointed Cost Auditor for the Financial year 2018-19.

Signed this ..... day of ..... 2018

Signature of Proxy holder(s) .....

Signature ..... of shareholder

On Re.1/-  
Revenue  
stamp to be  
affixed here

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

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**Form No. MGT-12****BALLOT PAPER**

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

Name of the company : **Salzer Electronics Limited** (CIN : L03210TZ1985PLC001535)

Registered Office : Samichettipalayam, Coimbatore 641 047

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

I hereby exercise my vote in respect of Ordinary/ Special resolutions as set out in Notice dt Aug 11,2018 for AGM, enumerated below by recording my assent or dissent to the said resolution in the following manner:

S. No.	Item No.	No of shares held by me	I assent to the resolution	I dissent from the resolution
<b>Resolutions under Special Business</b>				
1	Adoption of Audited Financial Statements for the year ended March 31, 2018 along with the Directors' report and Auditor's Report thereon.			
2	Declaration of a dividend on equity shares for the year 2017-18.			
3	Appointment of a Director in the place of Mrs.Rajesh Kumar Thilagam, who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.			
4	Ratification of the appointment of statutory auditor for the financial year 2018-19.			
<b>Resolutions under Special Business</b>				
5	Appointment of Mr. P. Ramachandran as a Whole Time Director for a term of five years effective September 26, 2018.			
6	Appointment of a Director in place of Mr. Dhamodharaswamy, who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.			
7	Payment of Profit Commission to the Non Executive and Independent Directors of the Company.			
8	Increase the Borrowing Powers of the Board from Rs.125 Cr to Rs.200 cr.			
9	Creation of Charges on Creation of Charges on movable and immovable properties of the company .			
10	Ratification of the remuneration payable to CMA A R Ramasubramania Raja, appointed Cost Auditor for the Financial year 2018-19.			

Place : .....(Signature of shareholder)

Date : 17



## **INSTRUCTIONS**

1. Members may fill up the Ballot Form and submit the same in a sealed envelope to the Scrutinizer, Mr. G.Vasudevan, Practicing Company Secretary, Unit: Salzer Electronics Limited, Samichettipalayam, Coimbatore 641 047 or to his email id vasudevanacs@gmail.com as to reach by 5.00 p.m. on or before September 21, 2018. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible, if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event a member casts his votes through both the processes, i.e., e-voting and Ballot Form, the votes in the electronic system will be considered and the Ballot Form will be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e., GNSA Infotech Limited). Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID/Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorised representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization / Board resolution to vote should accompany the Ballot Form.

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

# SALZER ELECTRONICS LIMITED

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

## ATTENDANCE SLIP

(33<sup>rd</sup> Annual General Meeting September 22, 2018)

Reg. Folio No./ DP & Client ID: \_\_\_\_\_

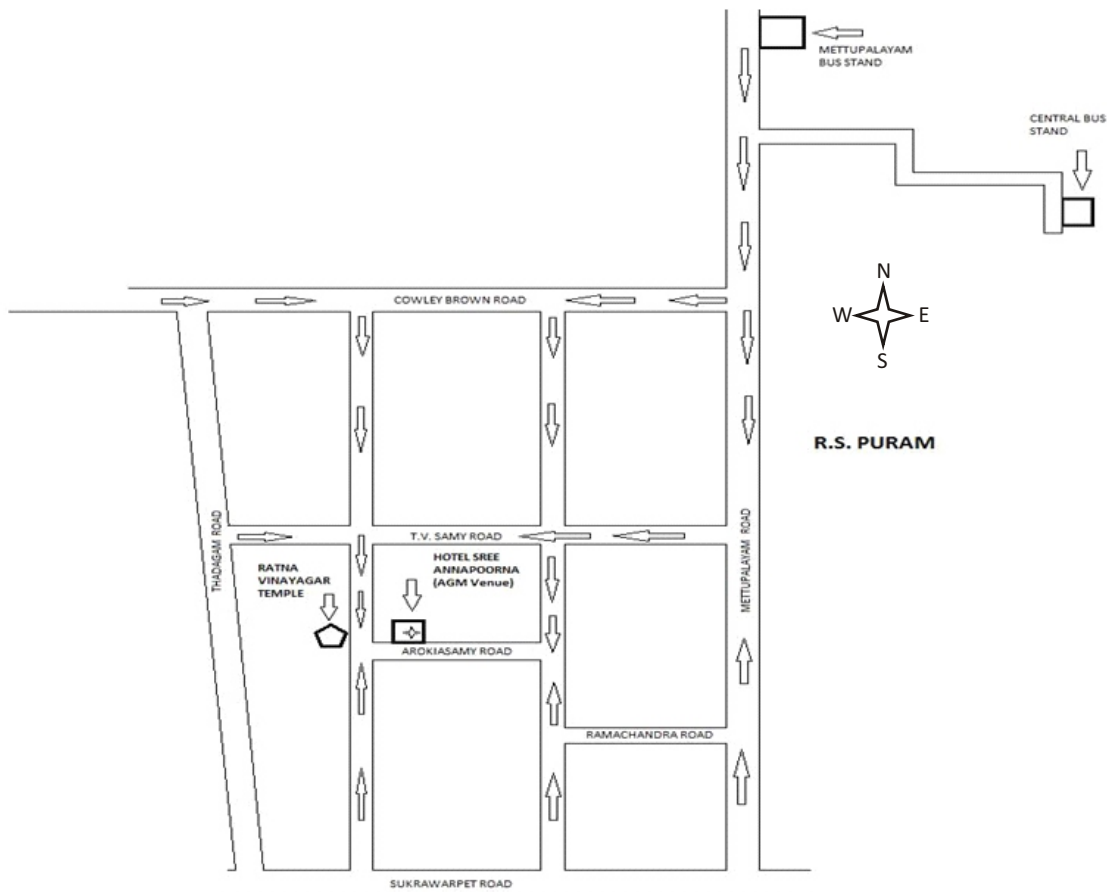
I certify that I am a registered Shareholder/Proxy for the Registered shareholder of the Company and I hereby record my presence at the 33<sup>rd</sup> Annual General Meeting of the Company held at Hotel Sree Annapoorna, R.S.Puram, Coimbatore 641 002, on SATURDAY, September 22, 2018, at 11.30 AM.

Member's/Proxy's  
Name in BLOCK Letters

Member's/Proxy's Signature

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

### AGM Venue - Route Map







salzer



# DRIVING SUSTAINABLE GROWTH

Salzer Electronics Limited | Annual Report 2017-18

# Reading across the report

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Please find our online version at  
[www.salzergroup.net/investors.html](http://www.salzergroup.net/investors.html)

Or simply scan to download



**Disclaimer:** This document contains statements about expected future events and financials of Salzer Electronics Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis Report of Salzer Electronics Limited's Annual Report for FY 2017-18.



## INVESTOR INFORMATION

BSE code : **517059**

NSE code : **SALZERELEC**

Bloomberg code : **SZE:Natl India**

Dividend for 2017-18 : **₹1.60 per share**

Market Capitalisation as on March 31, 2018 : **₹294 crores**

AGM date and time : **September 22, 2018 at 11.30 A.M**

Venue : **Hotel Shree Annapoorna, R S Puram, Coimbatore 641 002**

CIN : **L03210TZ1985PLC001535**



# Corporate Information >>>>>>

## 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.**  
**Mr. Jayabal N.**  
**Mr. Nirmal Kumar M. Chandria**  
**Mr. Sankaran V.**  
**Mr. Shah P.K.**  
**Mr. Venkatapathy L.**  
**Dr. Thilagam Rajeshkumar**  
**Dr. Otto Eggimann**

## DIRECTOR (CORPORATE AFFAIRS) & COMPANY SECRETARY

**Mr. S. Baskarasubramanian**

## BANKERS

### M/s. CANARA BANK

Gudalur Branch, SRKV Post  
Coimbatore 641 020

### M/s. CITI BANK

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

### M/s. HDFC BANK LIMITED

Senapati Bapat Marg House,  
Lower Parel (W), Mumbai 400 013

### M/s. CANARA BANK

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

### M/s. UNION BANK OF INDIA

Coimbatore Main Branch  
235, Oppanakara Street  
Coimbatore 641 001

### M/s. AXIS BANK LIMITED

Karamadai, Coimbatore 641 014

## AUDITORS

### Statutory Auditors

#### M/s Swamy & Ravi

Chartered Accountants  
No.90, Co-operative A Colony,  
K.K.Pudur, Coimbatore 641 038

### Internal Auditor

#### Covai Management Services

Coimbatore 641 011

## Secretarial Auditor

**CS G.Vasudevan** B.Com, LL.B, FCS  
Company Secretary in Practice  
No.60A, First Floor, School Road  
Krishnasamy Nagar, Ramanathapuram,  
Coimbatore 641 045

## 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 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

## 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

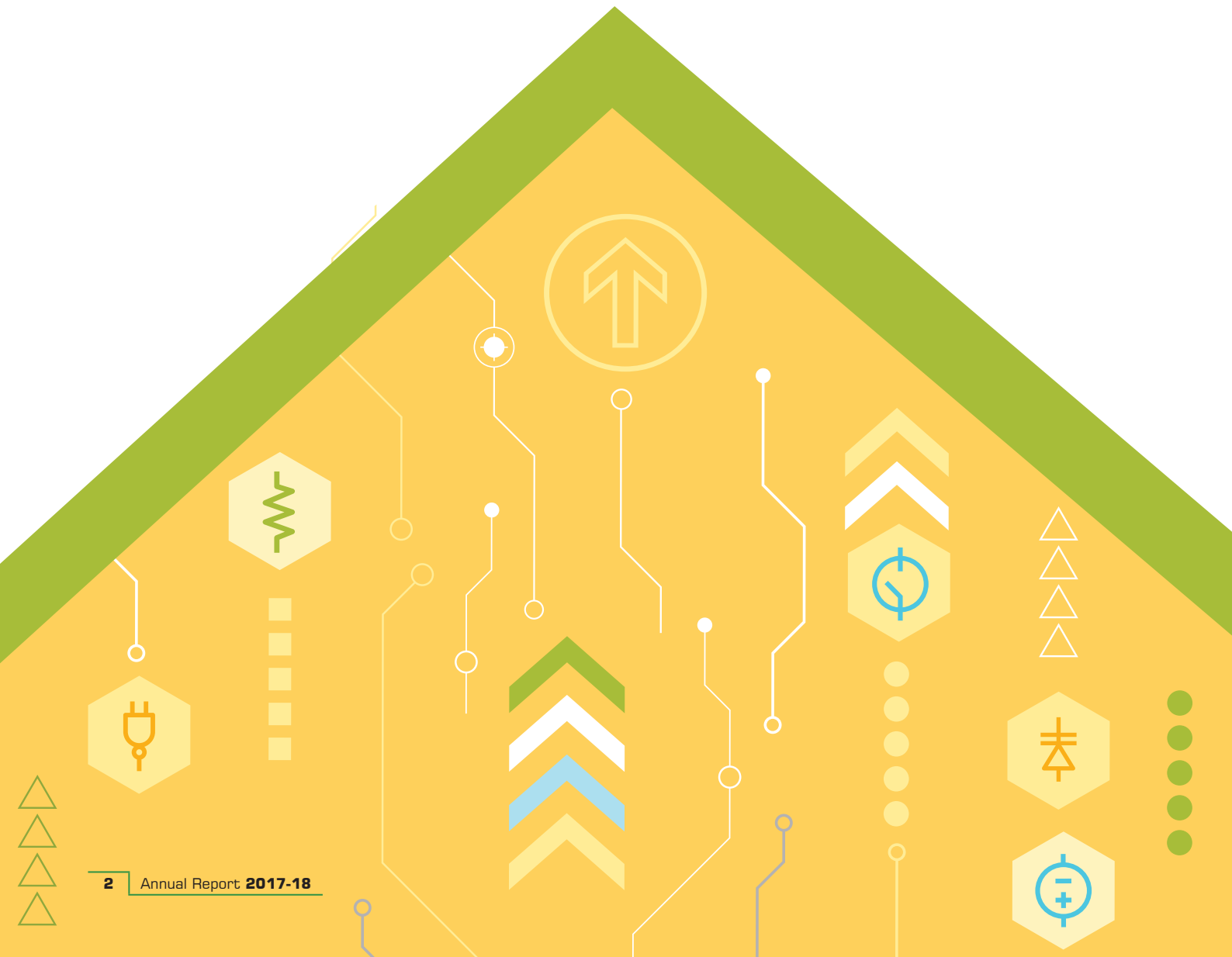
### Unit-IV

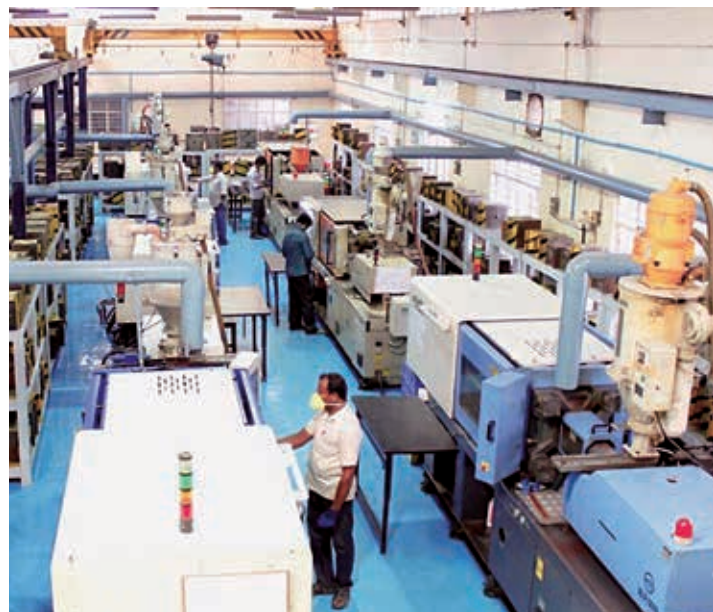
S F No.863, Coimbatore Main Road,  
Bettathapuram, Coimbatore 641 104

### Unit-V

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

The future is open to those who are willing to adapt to the changes with given environment and to innovate with passion and contemporary thoughts, while remaining true to creating long-term value.





At Salzer Electronics Limited, our business model always aims at creating an eco-system of building sustainable value-creation for our shareholders, customers and all other stakeholders.

This is validated through our industry-beating growth during 2017-18. We continued to explore niche and sustainable opportunities that helped us drive both, revenue and profitability during the year. While our switchgear business continued to deliver sustainable growth, we also ventured into the products like wire harness and three-phase dry type transformers. We also made further inroads into the USA and Europe. All these taken together has further strengthened our positioning in the industry, thus taking us closer to achieve our vision of becoming a global electric solutions company.

**₹442.8 crores**  
**15% YoY↑**

Revenues in 2017-18

**₹53.3 crores**  
**20.7% YoY↑**

EBITDA in 2017-18

**12%**  
**56 bps YoY↑**

EBITDA margin 2017-18

**₹20.0 crores**  
**15.4% YoY↑**

PAT in 2017-18

\*YoY: Year-on-Year growth

\*EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation

\*PAT: Profit After Tax



# We create value at the intersection of strategy and performance

Salzer Electronics Limited (also referred as 'Salzer' or 'the Company') was established in 1985 in collaboration with German, Salzer Schaltgerate GMBH to manufacture CAM operated rotary switches. Since then, the Company has evolved from a single product entity to a complete and customised electrical solution provider to our customers. Over the years, the Company has been at the forefront of technological development by getting into technical associations with the reputed companies across the world.

The Company operates across four different divisions, namely Industrial Switchgear, Wire & Cable, Buildings Electricals division and Energy Management division. The Company has five state-of-the-art manufacturing facilities located at Coimbatore. Besides, it also has an in-house R&D lab, which is recognised by the Government of India. This has allowed the Company to offer high quality products of international standards and gain leadership position.

## UNIT- 1



- **Rotary Switch**
- **Contactors & Relays**
- **Panel Assembly**
- **Lighting Energy Savers**
- **Automatic Meter Reading**

## UNIT- 2



- **Toroidal Transformers**
- **Isolators (Dis-connectors)**
- **Terminals**
- **Wiring Ducts**
- **MPCB**
- **Wire Harness/Flexible Busbars**



## 25% Share

of Rotary Switches and Cable  
Ducts in India

## 25+

Products Basket

### UNIT- 5



● Enameled Wires

### UNIT- 3



● Building Electricals

### UNIT- 4



● Wires & Cables

● Bunched Conductors

● Tinned Wires



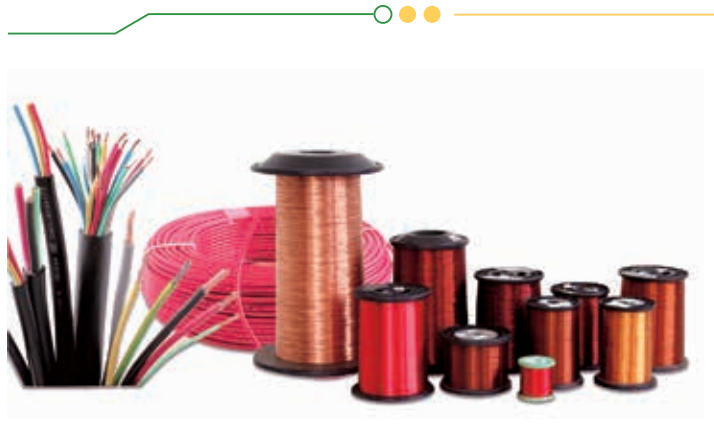
# Our diversified product portfolio

Segment	Product lines
<b>Industrial Switchgear</b> <ul style="list-style-type: none"> <li>Industrial Components</li> </ul>	<ul style="list-style-type: none"> <li>Cable Ducts</li> <li>Cam Operated Rotary Switches</li> <li>Changeover Switches</li> <li>General Purpose Relays</li> <li>Load Break &amp; Photo Voltaic Switches</li> <li>Limit &amp; Foot Switches</li> <li>Terminal Connectors</li> <li>Customised Control Panels</li> <li>Wire Harness</li> <li>Power-cords</li> </ul>
<ul style="list-style-type: none"> <li>Motor Control Products</li> </ul>	<ul style="list-style-type: none"> <li>Contactors &amp; Overload Relays</li> <li>Motor Protection Circuit Breaker (MPCB)</li> <li>Miniature Circuit Breakers (MCB)</li> </ul>
<ul style="list-style-type: none"> <li>Magnetics / Transformers</li> </ul>	<ul style="list-style-type: none"> <li>Toroidal Transformers, CTs &amp; Rogowski Coils</li> <li>Inductors &amp; Chokes</li> <li>Three-phase-lamination-transformers</li> </ul>
<b>Wires &amp; Cables Division</b>	<ul style="list-style-type: none"> <li>Enameled Copper Wire</li> <li>Flexible Busbars (Flexibus)</li> <li>Industrial Wires &amp; Cables</li> </ul>
<b>Building Electricals Division</b>	<ul style="list-style-type: none"> <li>Automatic Source Changeover With Current Limiter (ACCL)</li> <li>Distribution Boards</li> <li>MCBs</li> <li>Modular Switches &amp; Speciality</li> <li>Movement Sensors</li> <li>Remote Switches</li> <li>Single Phase Motor Starters</li> <li>House Wires</li> </ul>
<b>Energy Management Business</b>	<ul style="list-style-type: none"> <li>Energy Savers &amp; Panels</li> <li>Street Light Controllers</li> </ul>

## Industrial Switchgear



## Wires & Cables division



## Energy Management Business



## Building Electricals Division

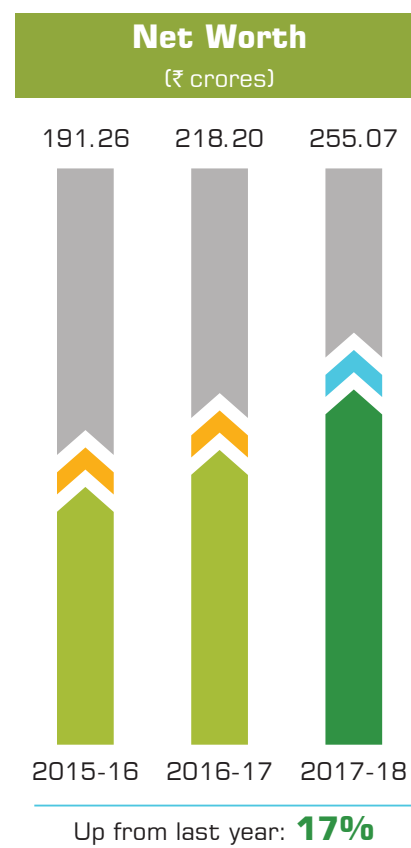


# Financial Summary

The Company reported strong performance owing to higher sale of products, especially from three-phase dry-type transformers and wire harnesses businesses. The operating profits on the other hand strengthened significantly owing to better product mix and increased sale of higher margin products.

\*EPS: Earnings Per Share

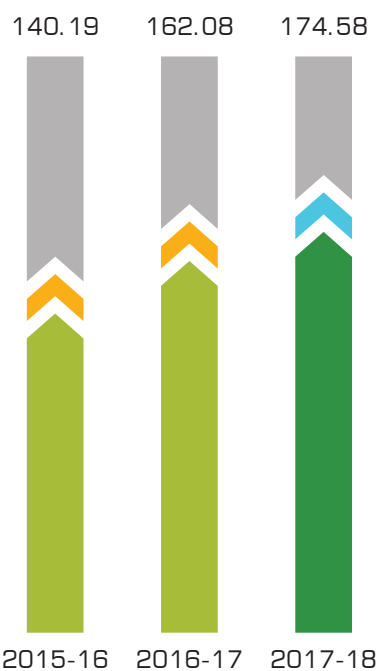
\*ROCE: Return on Capital Employed





## Book Value Per Share

[₹]

Up from last year: **8%**

## Division Wise Revenue Distribution

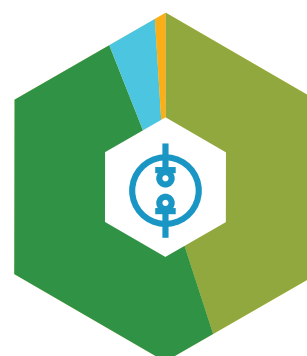
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2016-17



Industrial Switchgear **46%**  
 Wire & Cable **45%**  
 Building Segment **6%**  
 Energy Management **3%**

2017-18

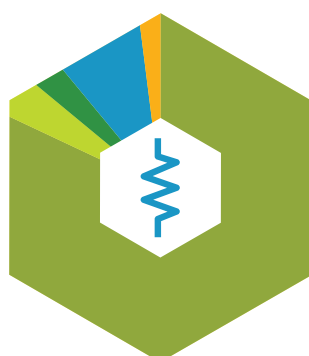


Industrial Switchgear **45%**  
 Wire & Cable **49%**  
 Building Segment **5%**  
 Energy Management **1%**

## Geography Wise Revenue Distribution

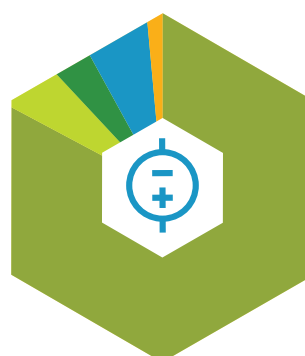
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2016-17



Domestic **82%**  
 International **18%**  
 (total)  
 Europe **4%**  
 U.S. **3%**  
 Asia **9%**  
 Middle East **2%**

2017-18



Domestic **82.79%**  
 International **17.21%**  
 (total)  
 Europe **5.26%**  
 U.S. **3.96%**  
 Asia **6.54%**  
 Middle East **1.45%**



# Comprehensive Financial Summary

₹ in crores

	2018	2017	2016	2015	2014	2013	2012
<b>RESULTS FROM OPERATIONS</b>							
<b>Gross Revenue</b>							
Domestic	373.25	366.76	334.46	243.28	215.59	201.91	206.41
Exports	73.41	72.77	71.27	64.86	52.04	43.96	33.87
Less: Duties and Taxes	10.56*	58.69	50.34	31.91	29.37	28.71	26.24
Revenue from Sale of Products	436.10	380.84	355.39	276.23	238.27	217.16	214.04
Sale of services (Energy Saver)	3.49	1.51	3.56	4.66	3.73	9.06	7.46
Other Operating Income	3.18	2.61	2.18	2.42	2.53	2.51	1.38
Other Income	3.10	5.44	2.80	1.00	0.93	1.39	0.91
Total revenue (Overall)	445.87	390.41	363.94	284.30	245.46	230.12	223.79
Operating Profit (EBITDA)	53.28	44.13	42.89	35.46	30.22	28.46	28.76
Depreciation and Amortisation	10.53	8.89	8.32	7.14	7.52	8.67	7.96
Finance Cost	14.91	14.59	13.14	12.34	11.94	11.77	11.59
Profit Before Tax	30.94	26.09	24.24	16.97	11.69	9.42	10.12
Profit After Tax	20.02	17.34	17.05	11.98	8.44	7.06	8.19
Dividend Payout (including tax)	3.08	2.76	2.65	2.44	1.80	1.44	1.43
<b>BALANCE SHEET</b>							
Share Capital	15.53**	14.35	13.64	10.28	10.28	10.28	10.28
Reserves & Surplus	255.07	218.21	177.62	96.79	86.42	79.78	74.16
Net Worth	270.60	232.56	191.26	107.07	96.70	90.07	84.45
Secured Borrowings	135.43	114.87	94.38	96.60	74.33	59.32	55.64
Net Fixed Assets	166.32	138.90	110.36	83.37	68.38	66.23	62.09
Investments (Current and Non Current)	3.08	4.67	17.52	5.66	6.10	5.83	5.70
Current Assets	327.59	271.24	239.39	185.98	156.60	148.50	144.48
Current Liabilities	236.56	191.19	157.61	144.34	124.66	121.32	117.24
Net Working Capital	91.03	80.05	81.78	41.64	31.94	27.18	27.24
<b>PERFORMANCE INDICATORS</b>							
Domestic Sales Growth	1.77%	9.66%	37.48%	12.84%	6.78%	-2.18%	20%
Exports Sales Growth	0.88%	2.10%	9.89%	24.62%	18.39%	29.79%	74%
Export Contribution to the Sales	17%	19%	20%	23%	22%	20%	16%
Overall Revenue Growth	14%	7%	28%	16%	7%	3%	23%
Operating Profit Margin	12%	11%	12%	13%	12%	12%	13%
Operating Profit Growth	20.74%	2.88%	20.97%	17.33%	6.16%	-1.03%	11%
Net Profit Margin	4.49%	4.44%	4.68%	4.21%	3.44%	3.07%	3.66%
Net Profit Growth	15.46%	1.72%	42.29%	41.90%	19.54%	-13.80%	-10%
Earnings Per Share - Basic (in ₹)	13.68	12.53	13.54	11.65	8.21	6.87	7.97
Diluted (in ₹)	13.31	12.11	12.87	10.79	8.21	6.87	7.97
Book Value Per Share (in ₹)	174.58	162.08	140.19	104.12	94.04	87.58	82.12
Dividend Per Share (in ₹)	1.6	1.6	1.6	1.5	1.5	1.2	1.2
Dividend Payout Ratio	15%	15%	16%	20%	21%	20%	17%
Market Cap (₹ in crores) as at March 31	293.79	267.23	287.59	240.43	63.71	55.94	59.39
Price Earning Ratio (Times)	14	15	14	20	8	8	7

Note:- \* Excise duty upto June 30,2017 | \*\* Equity and Convertible Preference Share Capital  
Financial numbers in respect of FY17 & FY18 are given under IND AS

# Timeline



## 1985

- Established to manufacture of CAM operated Rotary Switches



## 1991-95

- Unit I (Coimbatore) – started manufacturing contactors, relays, panels, Load Break Switches, Ducts and Terminals
- Starting of long term association with L&T
- Technical collaboration with Plitron for manufacture of Toroidal Transformers
- 1st Indian company to bring technology to India



## 2001-06

- Unit III - manufacture modular switches
- Started Wire & Cable manufacturing for L&T



## 2010-14

- Leading player offering total and customized electrical solutions including the products like Wire Harness, Bus Bars and MPCBs
- More than 15 different products
- 2,000 employees
- 5 manufacturing units
- Foray into tailor made products and branding for large customers
- Specialised panels for OEMs



## 2016-18

- Technical tie-up with Trafomodern Austria for manufacturing of Three Phase Lamination transformers
- Started commercial production of three lamination transformers
- Signed contract with GE transportation for supply of Contactors for locomotives for 10 years
- Ventured in Wire Harness business
- Acquired the business from Salzer Magnet Wires



# Our Presence



## Location of the 5 state-of-the-art manufacturing facilities in India



### 50+ Countries

Salzer products are exported

### Largest Exporter

of Rotary & Load Break  
Switches and Wire Ducts  
from India

# Managing Director's Communique



**We have always focused on getting into technologies, which are niche and of great value. Our determination and focus is to develop products based on latest technology and highest quality which has helped us to achieve the title of preferred partner with global giants.**

## Dear Shareholders,

The year 2017-18 was a significant year for Salzer. Our growth testifies the effectiveness of our strategy and above all, the passion, energy and extraordinary professionalism of the Salzer team. We are proud of these achievements, which are not a point of arrival but a stepping stone towards increasingly ambitious challenges to reach new heights. Our ability to look forward guides us in creating a sustainable growth path, more in general, towards creating value for all our stakeholders.

## MACRO OPPORTUNITIES

India's economy bounced back positively post growth hiccups owing to demonetisation and Goods and Service Tax (GST) implementation. The country gained back its status of 'the fastest growing global economy' with 6.7% annual growth in 2017-18.

The GST implementation has largely been positive for organised player like Salzer. Despite initial teething issues during the implementation, the Company remained largely insulated by the immediate major impact because of our product offerings to a wide variety of industries. The muted industry growth and sectoral slowdown further gave us the opportunity to invest in businesses, prioritising the need to be future ready as soon as the business conditions revive.

## PERFORMANCE REVIEW

During the year we restated our financial statements as per the IND-AS accounting guidelines. Our Revenue at ₹ 442.8 crores witnessed year on year growth of 15% and EBITDA at ₹ 53.3 crores saw the year on year growth of 20.7%. EBITDA margin reported 98 bps improvement.

The growth was largely driven by our key business verticals, industrial switchgear as well as wires and cables. We continued to receive good enquiries from large OEMs like BHEL, Schneider, Honeywell and GE for our Switchgear products. Besides, our newly introduced products – three-phase dry-type transformers and wire harnesses also witnessed good traction with the large OEMs. Going forward, we are confident of significant demand revival from this segment.

Within the wire and cable products, we continued to focus on brand labelling. We started with L&T initially and today we have many major brands as our customers and several other multinationals in India. Over the past three years, we have also started to focus on giving value-added products like elevator travelling cables,



hoist cables and UL approved wires to our various customers.

Our building product division is the only segment where we operate on a B2C basis. This segment has given us new opportunities in the real estate sector where we have got some annual rate contracts with major builders in the south. Although currently, the revenue contribution from this segment is quite minuscule, we expect to bring to around 10% level over the next 2-3 years.

Our energy management division offers complete energy saving solutions, streetlight controllers for corporations across the country. The vertical has given us the recognition of being an energy service companies (ESCOs) with the highest CRISIL rating. We have successfully commissioned one large project in Tamil Nadu and have also secured a letter of award from Energy Efficiency Services Limited (EESL) for designing, manufacturing and supplying of lighting controls in urban local bodies of Varanasi, Jalna and Jharkhand. With EESL coming into place we expect to do good business from this vertical in the coming years.

### TECHNOLOGY, INNOVATION AND R&D

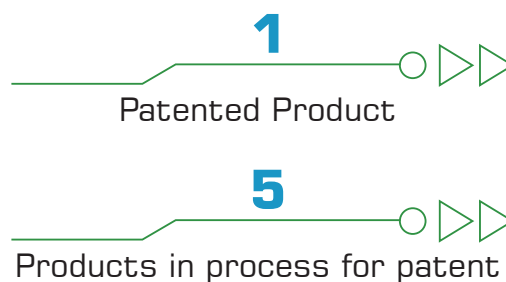
Our technical associations with reputed global companies has allowed us to bring in high quality products of international standards and gain a leadership position in a few of them. Be it our association with Larsen and Toubro from 1993 to market our products in India or the collaboration with Plitron from Canada in 1995 or to Trafomodern from Austria in 2016 for manufacturing of Dry Type transformers. We have always focused on getting into technologies which are niche and of high value. We have been able to get a preferred vendor status with global giants like General Electric and Schneider Electric. All of our products are internationally certified and we are exporting to more than 50 countries now.

Our strong team of engineers on board remain focused on constantly innovating products and processes at Government-recognised state-of-the art in-house R&D Centre. With an annual spend of over ₹ 10 crores in R&D department, we are successfully making inroads into new industry segments like solar, elevators and locomotives for our products like three phase transformers and wire harness, thus bringing the best to the world.

### SHAREHOLDER VALUE CREATION

We are tirelessly striving hard to capitalize every opportunity thereby adding value to the business as well as investments of our stakeholders in Salzer on a continuous basis. In this direction, we did a business acquisition in 2017-18 and in this fiscal, we are actively considering two overseas acquisitions.

Last year we acquired the total business from Salzer Magnet Wires Limited, a Company engaged in the business of manufacturing enamelled Coated copper wires for the motor windings and Automotive Electricals.



This acquisition has enlarged our Product Portfolios on one side and has brought additional revenue of ₹ 40 crores to ₹ 50 crores on other side.

Recently, our Board has consented to consider the acquisition of two overseas companies. The companies are involved in manufacturing of Automotive Wire Harnesses, RFID Tags & readers, Sensors and PCB Assemblies.

Since the above propositions are privy to our further negotiations, the required details of this deal would be divulged at appropriate point of time.

Besides strengthening the revenue drivers, improving ROCE and working capital cycle also form a part of our core strategy of shareholder value creation. Our focus remains on achieving profitable growth by adding newer products in all spheres, which are customised and value-added in nature and also exploring newer geographies, which can yield better margins. We are also working on system and process management to grasp a better visibility on orders based on which we can plan our inventory levels. The collaborative efforts taken internally, will lead us to improve efficiency, reduce working capital and inventory levels. These initiatives will improve our ROCE from the current levels of 12% to around levels of 18-20% within the next three years.

### LOOKING FORWARD

With a very competent team in place, we are confident of achieving the milestones we have set for ourselves. We are also constantly on the lookout for new opportunities for technical associations to strengthen the base of our product offerings.

On behalf of the Board of Directors, I thank you for your investment in Salzer. We remain committed to do all we can to build long-term value creation for you and all those connected to our business. We are very optimistic about the prospects of our Company and much of this optimism comes from the vast potential of the products we manufacture in India and abroad which appears to be on the verge of significant take-off.

Best Wishes,

**Mr. R. Doraiswamy**  
Managing Director

# Corporate Social Responsibility

Salzer always seeks ways to imbibe long-term sustainability through inclusive growth and development not only within the adjoining community around the main operational locations but also with the society at large at regional level.



Since its inception, Salzer has been providing more than 60% employment to women who are leveraged to run their livelihood with their effective means



A block of a Government-aided school in Periyanaickenpalayam, Coimbatore, got renovated and received new look under Corporate Social Responsibility (CSR) spend of Salzer





## DIRECTORS' REPORT

To

Dear Shareholders,

We have pleasure in presenting the Thirty Third Annual Report, together with the audited financial statements of the Company for the Financial Year ended March 31, 2018

### 1. FINANCIAL SUMMARY OF THE COMPANY

		(₹ in Lakhs)	
Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations (Net off Excise Duty)	44,277.14	38,497.89
II	Other Income	310.24	544.35
III	Total Revenue (I + II)	44,587.38	39,042.24
IV	Expenses		
	Cost of Materials Consumed	35,717.26	29,795.87
	Purchase of Stock in Trade	140.77	290.74
	Changes in inventories of finished goods and work in progress	(3,512.29)	(2,118.37)
	Employee benefits expenses	1,985.69	1,874.80
	Finance Cost	1,491.25	1,459.29
	Depreciation and amortization expenses	1,053.61	889.74
	Other expenses	4,617.23	4,240.14
	Total Expenses	41,493.52	36,432.21
V	Profit before exceptional and extraordinary items and tax (III-IV)	3,093.86	2,610.03
VI	Exceptional Items	-	-
VII	Profit before tax (V-VI) & extraordinary items	3,093.86	2,610.03
VIII	Extraordinary items	-	-
IX	Profit before tax (VII-VIII)	3,093.86	2,610.03
X	Tax expense:	(1,092.21)	(875.81)
XI	Profit for the period - After Tax (IX-X)	2,001.65	1,734.22
XIII	Earnings per equity share:		
	(1) Basic (in ₹)	13.82	12.53
	(2) Diluted (in ₹)	13.45	12.11

### 2. ANALYSIS OF PERFORMANCE

In the FY 2017-18, the Company has witnessed the growth of 15% in its net revenue from the operations to ₹ 44,277.14 Lakhs. The Earnings before Interest Tax, Depreciation and Amortization (EBITDA) stood at ₹ 5,329.78 Lakhs in the year as against ₹ 4,410.11 Lakhs in FY17, YoY growth of 20.7%. Similarly, EBITDA margin improved considerably by over 56 bps to 12% as against 11.5% in the corresponding previous period in view of improvement in the operational efficiency in the productions. Further, the Profit after Tax was at ₹ 2,001.65 Lakhs in FY18 as against ₹ 1,734.22 Lakhs in FY17, recorded a year on year growth of 15.4%. In the fiscal 2017-18, Direct Exports contributed 17.2% to the total revenues.

Your Company has demonstrated good growth in its revenues. This growth was mainly driven by demand in switchgear business segment and also from products like wire harness and three phase dry type transformers. The increase in exports to USA and Europe has also been another factor contributing to the increased revenues.

Your Company continues to focus on adding new, niche and high margin products, enter new geographies and offer total and customized electrical solutions to its existing and new customers. To aid to this, your Company has constantly been on the lookout for any new opportunities for technical associations to strengthen the base for its product offerings.

## DIRECTORS' REPORT (Contd.)

### Industrial switch gear segment

The industrial switch gear segment is one the largest contributors to overall revenues of your Company. This segment comprises Cam Operated Rotary Switches; Toroidal Transformers, Relays, Load Break Switches, Wire Harness, Three Phase Dry Type Transformers etc. This division posted a growth of 16% on year on year and made 45% contribution to the total revenue of the Company. Your Company has increased its supply for these new products to the Original Equipment Manufacturers (OEMs). Going forward, the demand for the Products will significantly improve because of its high standards of quality. Good traction has been seen in the newly added product Three-Phase Dry Type Transformers with various large OEMs.

### Wire and cable segment

Wire and cable segment consisting of copper wires and cables, is the second major business of your Company. On a yearly basis, wire and cable business contributed 49% with a year on year robust growth of 27%. Within this segment, your Company's focus has been to do brand labelling for major brands. Initially, it has been started with branding for L&T, and today branding is being done for Crompton Greaves, Texmo, E-Fab and a couple of other brands. In the last two years, this division has started to focus giving value added products to various customers like elevator travelling cables; wire harnesses, hoist cables and other similar cables in the segment including UL approved wires.

In order to strengthen the revenues of this Segment, your Company has acquired the whole of the business undertaking from Salzer Magnet Wires Limited on slump- sale basis as a going concern in pursuance of the Business Transfer Agreement effective March 08, 2018 for a total value of ₹ 2,029.10 Lakhs for consideration other than cash. The acquired undertaking is engaged in the business of manufacturing of enameled Copper Wires which have its applications in Transformers, Motors, Alternators, Contactors, Relays and Auto electricals. It is being expected that the acquired undertaking would bring not less ₹ 75 Crores business volumes in the top line of this segment in the current year.

### Building Product Segment

This is the only segment where your Company has been operating on a B2C basis. The Portfolio under this Segment involves Distribution Boards, Modular Switches & Specialty Switches, Movement Sensors, Remote Switches, Single Phase Motors Switches, House Wires etc., The building segment product division contributed around 5% of our revenues in 2017-18. In the real estate Sector, this Segment secured some annual rate contracts with certain major builders in the south.

### Energy management segment

The fourth is the Energy Management Segment. This is a new technology oriented business which was developed by your Company's in-house R&D team. This product segment has given a benefit of being the largest ESCO, with highest CRISIL rating -Grade A in the country for your Company. Energy management division, during the full year FY 2018, generated revenues of nearly ₹ 500 Lakhs, which is only about 1% of total revenues as this an order book driven business. Your Company has already participated in a new tender with Energy Efficiency Services India Limited (EESL) in the last year and are expecting the results of this tender during the second quarter of current year. 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 May 24, 2018 recommended a Dividend at a rate of 16% (₹ 1.60 per share) for the financial year ended March 31, 2018 as that of the last year. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting.

Dividend (including dividend tax) as a percentage of net profit after tax is 15%, on the expanded capital. In order to strengthen the internal accruals of the Company, Your Board of Directors moderated the Dividend Payment out of available surplus for the financial year 2017-18 on the expanded capital.

## DIRECTORS' REPORT (Contd.)

### 4. SHARE CAPITAL AND OTHER RELATED SECURITIES

#### a. Amendment in Capital Clause in the Memorandum of Association

During the year under review, with the consent of the shareholders by means of requisite resolutions passed at their Extra Ordinary General Meeting held on December 16, 2017, the Capital Clause (Clause V) in the Memorandum of Association of the Company has been amended by Re-classification of the share Capital of 20,00,00,000 comprising of 2,00,00,000 equity shares of ₹ 10/- each in the following manner

- i. 1,90,00,000 Equity Shares having face value of ₹ 10/- each aggregating to ₹ 19,00,00,000
- ii. 10,00,000 Non-cumulative convertible preference shares having a face value of ₹ 10/- each aggregating to ₹ 1,00,00,000.

#### b. Insertion of New Article in the Articles of Association

The Shareholders at their Extra Ordinary General Meeting held on December 16, 2017 approved by means of Special resolutions the insertion of new Article 13(a) in the Articles of Association of the Company which provides for :-

"The Company shall have the power to issue Non-Voting Convertible Preference Shares which are eligible to be converted fully into equity shares of the Company as a part of its authorized share capital in the manner permissible under the Act and relevant SEBI Regulations and the "Directors" may, subject to the "Provisions" of the Act, exercise such powers in any manner as they may think fit and provide for the conversion of Non-Voting Convertible Preference Shares into Equity on such terms and conditions including payment of the Dividend and the right to convert at premium or otherwise as the Board may think fit."

#### c. Exercise of Stock Options

During the reporting period, your Company issued 1,48,500 equity shares of ₹ 10/- each to the employees who exercised their vested stock Options under "Salzer Electronics Limited Employees Stock Options Scheme 2012-13", with a lock in period of two years from the date of the allotment. As at March 31, 2018, the Company has 4,56,050 outstanding stock options, left unexercised by the Employees. Disclosures under Rule 12(9) of Companies

(Share Capital and Debentures) Rules 2014 read with Regulation 14 of SEBI (Share Based Employees Benefits) Regulations 2014 are given under Annexure 5.

#### d. Issue of securities on preferential basis

During the reporting period, your Company has acquired the whole of the business undertaking of Salzer Magnet Wires Limited ("**SMW**") as a going concern on a Slump Sale basis in terms of Business Transfer Agreement executed on March 08, 2018. In pursuance of the Business Transfer Agreement, SMW transferred all its Assets and Liabilities at the cost of ₹ 209.10 Lakhs as valued by an Independent Chartered Accountant, to the Books of your Company without any further obligations and in turn as a purchase consideration, SMW has been allotted 10,30,000 securities at an issue Price of ₹ 197/- per share in the following form for an aggregate amount of ₹ 2,029.10 Lakhs on March 16, 2018 on preferential basis based on the strength of the shareholders' approval dated December 16, 2017 as required under Chapter VII of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2009:-

- i. 5,00,000 Equity shares of ₹ 10/- each at an issue Price of ₹ 197 per share for total value of ₹ 985 Lakhs and
- ii. 5,30,000 Non-Cumulative 5% Convertible Preference Shares ("**NCCPS**") ₹ 10/- each at an issue Price of ₹ 197 per share for total value of ₹ 1,044.10 Lakhs with lock in period of three years and convertible into equity at any time over the period of two years from the date of allotment.

#### e. On the sum up of the above allotment of shares, the Company allotted 6,48,500 equity of ₹ 10/- each and 5,30,000 NCCPS during the reporting Period.

#### f. On date of this report,

- a) Aforementioned 5,30,000 NCCPS have also been converted into similar number of equity shares on May 24, 2018 and there was no pending conversion of NCCPS and
- b) Of 4,56,050 Outstanding Stock Options as at March 31, 2018, the employees have exercised 97,050 Stock Options under the Stock Options Scheme and got allotment of similar Number of equity shares on May 17, 2018 which resulting in only 3,59,000 left Un-exercised vested options by the Employees

## **DIRECTORS' REPORT (Contd.)**

### **5. CORPORATE GOVERNANCE**

As required under Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from the Managing Director and 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 ₹ 45 Lakhs to the General Reserve Account.

### **7. LIQUIDITY**

As at March 31, 2018, your Company had adequate cash and cash equivalents in its Books, taking care of all such current liabilities comfortably.

### **8. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

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

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

There are no significant material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2017-18 and the date of this report.

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

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

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

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

The Company has adopted accounting policies which are in line with the Indian Accounting Standards ("**IND-AS**") 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 revisited periodically in the light of changes in business, IT systems, regulations and internal policies. Corporate accounts function is involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of account.

The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account and dealt with appropriately. No Discrepancies were found during the year under review.

The Company, in preparing its financial statements makes Judgments, Recognitions, Measurements and Estimates based on requirements under Notified IND AS and uses external agencies to verify/ validate them as and when appropriate. The basis of such Judgments, Recognitions, Measurements and Estimates are also approved by the Audit Committee of the Board of Directors of the Company in consultation with the Statutory Auditors of the Company.

The Company has a Code of Conduct applicable to all its employees along with a Whistle Blower Policy which requires employees to update accounting information accurately and in a timely manner. The policy is also available at [www.salzergroup.net](http://www.salzergroup.net)

**DIRECTORS' REPORT (Contd.)****12. DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES**

Your Company does not have any Associate or subsidiary as defined under Sec.2(6) & 2(87) of the Companies Act, 2013, during the year under review.

**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 deposits as at March 31, 2018.

**14. STATUTORY AUDITORS**

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

In pursuance of above term, necessary resolution ratifying appointment of M/s. Swamy & Ravi, Chartered Accountants, Coimbatore as the statutory auditor for the financial year 2018-19 is being placed before members for their consideration in this Annual General Meeting.

M/s. Swamy& Ravi, declares and confirms in pursuance of Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 in their letter dated May 02, 2018 that

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

**15. 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.

**16. 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

**17. 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.

**18. 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/).

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.

Accordingly, the Company was required to spend ₹ 43 Lakhs towards CSR activities and against which, spent only ₹ 24.60 Lakhs in respect of the 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



## DIRECTORS' REPORT (Contd.)

### 19. DIRECTORS:

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

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

Mr. Otto Eggiman who was appointed as an additional director by the Board of Directors at their Board Meeting held on May 25, 2017 in the capacity of the Independent Director for a term of three years effective May 25, 2017 and whose appointment was approved by the shareholders at their 32nd Annual General Meeting held on September 09, 2017 in terms of Section 160 of the Companies Act 2013

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

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

#### C) Formal Annual Evaluation

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

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

#### Peer evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors,

excluding the director being evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate governance report.

#### D) Committees of the Board.

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

Considering the objectiveness and functions, the Shareholders / Investors Grievances Committee and the Share Transfer Committee have been amalgamated and named as Stakeholders Relationship Committee effective May 26, 2016.

### 20. LISTING REGULATIONS

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

### 21. 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.

### 22. VIGIL MECHANISM

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

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

**DIRECTORS' REPORT (Contd.)**

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

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

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

**23. PREVENTION OF SEXUAL HARASSMENT AT THE WORK PLACE**

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

**24. 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 [www.salzergroup.net](http://www.salzergroup.net)

**25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review,

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

**26. SALZER EMPLOYEES STOCK OPTIONS SCHEME 2012-13**

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

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



## DIRECTORS' REPORT (Contd.)

The aforesaid Committee, during the year under review, have allotted 148,500 Shares against equivalent amount of vested options exercised by the employees.

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

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

### 27. RELATED PARTY TRANSACTIONS

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

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on 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 or transactions vis-à-vis the Company.

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

### 28. 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)

### 29. 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 - 7.

### 30. 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 11th May, 2017 has appointed Mr. G Vasudevan, B.Com, LLB & FCS, a Practising Company Secretary (Certificate of

## DIRECTORS' REPORT (Contd.)

Practice No. 6522), as the Secretarial Auditor to conduct an audit of the secretarial records, for the financial year 2018-19.

The Company has received consent from aforesaid Secretarial Auditor to act as the auditor for conducting audit of the Secretarial records for the financial year ending 31st March, 2019 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, 2018 is set out in the Annexure- 8 to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### 31. 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.

### 32. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

### 33. 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, have appointed CMA A.R. Ramasubramania Raja, Practicing Cost and Management Accountant, as the Cost Auditor of the Company for the Financial Year 2018-19, on a remuneration of ₹ 90,000/-. The remuneration payable to the Cost Auditor is subject to ratification of shareholders at the ensuing Annual General Meeting.

### 34. POLICIES OF THE COMPANY

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

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

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

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

## DIRECTORS' REPORT (Contd.)

### 35. 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, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit and loss of the Company for that period;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that internal financial controls are being followed by the Company and that such internal financial controls are adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively

### 36. CREDIT RATINGS

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

Total Bank Loan	:	₹ 193.58 Crores
Facilities Rated	:	(Enhanced from ₹ 156.58 Crores)
Long Term Rating	:	CRISIL A-/Positive (Reaffirmed)
Short Term Rating	:	CRISIL A1 (Reaffirmed)

### 37. INDUSTRIAL RELATIONS

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

### 38. 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.

### 39. 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, Axis Bank, HDFC Bank, M/s. Larsen & Toubro Limited - Marketing Associates, CRISIL, M/s. GNSA Infotech Ltd, Share Transfer Agent for their continued support and co-operation. Your Directors also wish to record their appreciation for the dedicated services being rendered by the employees at all levels.

For and on behalf of the Board

Place : Coimbatore  
Date : May 24, 2018

**N. RANGACHARY**  
CHAIRMAN

# 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 Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 ("**LODR Regulations**") your Board has optimum combination of Executive and Non-Executive Directors. The Board is headed by a Non-Executive Chairman. 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, 2018

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

### PROFILE OF DIRECTORS

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

Shri.N.Rangachary, Chairman of the Company, aged 80 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.

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

#### 2. Shri.R.Doraiswamy, Managing Director

Shri.R.Doraiswamy, Managing Director of the Company, aged 75 years is basically a graduate in electrical engineering and a technocrat entrepreneur and a 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 47 years, is a graduate in Electrical Engineering with Post Graduation in Business Administration, a technocrat turned into an industrialist.

## ANNEXURE-1 (Contd.)

Mr.D.Rajeshkumar did his post graduation in Business Management in USA and has taken over as Managing Director of erstwhile Salzer Controls Limited and was at the helm of the Management of Salzer Controls Limited for over a period of 5 years. On merger of Salzer Controls Limited with Salzer Electronics Limited, he has occupied the position of Joint Managing Director in Salzer Electronics Limited. 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 46 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 75 bedded hospital with annual revenue of ₹ 5 Crores. She is spouse of Mr.D.Rajesh Kumar, Joint Managing Director of the Company, besides in medical Profession, 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 74, 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 70 years, who is a Graduate in Economics with wide experience in the field and good contacts both in domestic and international markets, have contributed to achieve the performance and corporate objectives of the Company all these years.

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

Shri.R.Dhamodharaswamy, aged 87 years, is a graduate and is a Non Executive Director on the Board of Directors of the Company for the last more than 30 years. He is a dynamic industrialist having wide exposure in business administration and Corporate Affairs and is well known in the society being an active member of social institutions like Lions Club etc., His acumen in business administration has helped the Company in its growth path all these years. He is also on the Board of M/s Micro Instruments Limited.

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

Shri.Nirmal Kumar M Chandria, aged 58 years, having graduation in Commerce and is an Industrialist and Promoter of a Company in Aluminium Sector and associated himself with leading industries. He is a Director of M/s. Nirmal Aluminium Industries Ltd, M/s. Motijay Investments Pvt Ltd, M/s. Jaymoti Investments Pvt Ltd, M/s. Nirmal Insulations P Ltd & M/s. Parsvir Alloys P Ltd.

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

Shri.P.K.Shah, aged 74 years, is a graduate and also basically a business man and financier for the last more than 3 decades in Bangalore. He is associated with Salzer Electronics Limited for the last 20 years and his business acumen and expertise in financial aspects contributed for the growth of the Company all these years. He is also a Partner of M/s. Suk Electronics and Proprietor of M/s. Jayashree Industrial Accessories.

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

Shri. L.Venkatapathy, aged 88 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 30 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.

**ANNEXURE-1 (Contd.)****11. Shri.V.Sankaran, Non-Executive Independent Director**

Shri.V.Sankaran, aged 75 years, is an Independent Director on the Board of Directors for the last 15 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.

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

Shri. S.Baskarasubramanian, aged 75 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.

**13. Shri.Otto Eggimann, Non-Executive Independent Director**

Shri.Otto Eggimann, aged 62 years is a European (Switzerland) citizen and holding directorship as Non-Executive and Independent Director on the Board. Currently, he is a Vice President Operations and BU Asia & Americas in LEGIC Identsystems Ltd. , CH-Wetzikon

**POSITION OF BOARD OF DIRECTORS**

Directors	Category	Attendance Particulars		No. of Membership in The Boards of Other Companies
		Board meeting	Last AGM (09.09.2017)	
N.Rangachary *,@	Chairman (Independent Chairman)	5	√	11
R.Doraiswamy #,@	Managing Director	5	√	5
D.Rajeshkumar #,@,%,©	Joint Managing Director & Chief Financial Officer	5	√	8
Dr.(Mrs.)Rajeshkumar Thilagam	Non-Executive Woman Director	5	√	5
N.Jayabal *,#,@	Independent Director	4	√	1
P.Ramachandran	Whole-time Director	4	√	1
R.Dhamodharaswamy @	Non-Executive Director	2	√	1
L.Venkatapathy *,#,\$,%,©	Independent Director	5	√	-
Nirmal Kumar K Chandria	Independent Director	5	√	3
P.K.Shah \$	Independent Director	5	√	2
V.Sankaran *,\$,%,©	Independent Director	5	√	1
Otto Eggimann	Independent Director	1	√	1
S.Baskarasubramanian *,#,\$,@,%,©	Director (Corporate Affairs) & Company Secretary	5	√	-

\* Members of Audit Committee

# Members of the Shareholders / Investors Grievance Committee

\$ Members of the Nomination and Remuneration Committee

@ Members of CSR Committee

% Members of Risk Management Committee

© Members of Employees Compensation Committee



## ANNEXURE-1 (Contd.)

### MEETING OF THE BOARD OF DIRECTORS

During the year under report, Five Board meetings were held on 25.05.2017, 09.09.2017, 17.11.2017, 09.02.2017, 16.03.2018.

### 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 and non mandatory committee viz., Employees Compensation 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:

In terms of Reg 18 of SEBI (LODR) Regulations, the Audit Committee has Four Independent Directors and One Executive Director. The Committee, during the year, met four times on 24.05.2017, 08.09.2018, 17.11.2017 & 08.02.2018 during the year under review, to consider the financial performance of the Company as well as compliance of IND AS, Companies Act, SEBI LODR Regulations etc., 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 Internal and external auditor fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - Δ Any changes in accounting policies and practices.
  - Δ Major accounting entries based on exercise of judgment by management.
  - Δ Qualifications in draft audit report.
  - Δ Significant adjustments arising out of audit.
  - Δ The going concern assumption.
  - Δ Compliance with stock exchange and legal requirements concerning financial statements.
  - Δ 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, and 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 review the timely repayment of the Loans and Payment of the Interest on the Loan Facilities availed from the Banks.
- To ensure the payment of all statutory dues in time.



**ANNEXURE-1 (Contd.)****Composition and attendance :**

Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2017-18 are given below:

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

**2. STAKEHOLDER (INVESTORS) RELATIONSHIP COMMITTEE:**

The Stakeholder's (Investors) Relationship Committee has been constituted by clubbing together the shareholders / Investors Grievance Committee and Share Transfer Committee with the approval of the Board at its meeting held on 26.05.2017 consisting the following members of the Board met four times on 30.06.2017, 30.09.2017, 31.12.2017 & 31.03.2018 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 31.03.2018.

**Terms of reference:**

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

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

**Composition and attendance :**

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

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

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	1
Non-Receipt of Dividend Warrants	10
Non-Receipt of Share Certificates	13
<b>TOTAL</b>	<b>24</b>

As on March 31, 2018, no complaints were outstanding.

## ANNEXURE-1 (Contd.)

### 3. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee, with the following members met on 24.05.2017 during the year under review,

#### Composition and attendance :

Sl. No	Committee Members	Designation in the Committee	Designation in the Board	No. of Meetings attended
1	Mr. V Sankaran	Chairman of the Committee	Non Executive Independent Director	1
2	Mr. L Venkatapathy	Member	Non Executive Independent Director	1
3	Mr. P K Shah	Member	Non Executive Independent Director	1

Mr.S.Baskarasubramanian, Director (Corporate Affairs) & Company Secretary is the Secretary to the Committee.

#### Terms of reference:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with laid down criteria,
- To recommend to the Board their appointment and removal,
- To carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and
- To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To formulate the policies so as to ensure that
  - 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;
  - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - Remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### 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

- 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
- 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.

- 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.
- The Company shall appoint or continue the employment of any person as Whole-time Director as per the relevant provisions of the Companies Act, 2013 read along with the relevant schedule and rules made thereunder.

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

##### Remuneration

The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board

## ANNEXURE-1 (Contd.)

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

### Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.

### Provisions for excess remuneration

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

## REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

**Sitting Fees** - The Non-executive and Independent Directors of the Company are being paid sitting fees within the limit as set out under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. 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 to the attend the meetings.

**Profit-linked Commission** - The profit-linked Commission shall be paid to the Executive 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, Promoters and the Independent Directors shall not be entitled to any stock option of the Company in terms of Salzer Electronics Employees Stock Options Scheme.

## REMUNERATION TO KMP AND SENIOR MANAGEMENT PERSONNEL

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

## EVALUATION

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

## 4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board at its meeting held on 10.05.2014, met on 24.05.2017 during the year under review.

### Terms of reference:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
2. Recommend the amount of expenditure to be incurred on authorized activities;
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."

## ANNEXURE-1 (Contd.)

### 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.R.Dhamodharaswamy	Member	Director	-
4	Mr.D.Rajeshkumar	Member	Joint Managing Director and Chief Financial Officer of the Company	1
5	Mr.N.Jayabal	Member	Director	-
6	Mr.S Baskarasubramanian	Member Secretary	Director (Corporate Affairs) & Company Secretary	1

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

1. Reviewed the CSR activities taken place during the year 2017-18.
2. Considered, approved and recommended to the Board the proposed social activities for the year 2017-18 and the amount to be spent.
3. Reviewed the CSR activities carried out under CSR policy and the actual expenditure incurred by the Company during the year under review, as per the relevant provisions of the Companies Act, 2013 read along with the Schedule VII of the Act and accordingly a report thereof has been annexed under the Directors Report.

## 5. RISK MANAGEMENT COMMITTEE:

The Company has Risk Management Committee which met on 30.03.2018 during the year and reviewed various risk management measures adopted by the Company. This Committee comprises Majority of Directors, and whose composition is as under

### Composition and attendance :

Sl. No	Name of the Member	Position in the Committee	Position in the Company	No. of Meetings attended
1	Mr. D Rajesh Kumar	Chairman	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	Member Secretary	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

### 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.

**ANNEXURE-1 (Contd.)**

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

**6. EMPLOYEES COMPENSATION COMMITTEE:**

The Employees Compensation Committee has been constituted by the Board at its meeting held on 03.02.2012 for administration of the issuance of the Stock Options to the employees under Salzer Electronics Employees Stock Options Scheme 2012-13.

**Terms of reference:**

1. determining the Eligible Employees to whom the Options are to be granted;
2. the time when the Options are to be granted;
3. the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche;
4. the quantum of Options to be granted at various points in time;
5. the terms and conditions subject to which the Options vested in Eligible Employee may lapse in case of termination of employment for misconduct;
6. the criteria for determining the number of Options to be granted to the Eligible Employees;
7. the terms and conditions subject to which the Options granted would vest in the Eligible Employee;
8. the vesting schedule and the date of vesting of the Options granted;
9. the terms and conditions subject to which the Options vested would be exercised by the Eligible Employee;
10. the date by which the Options have to be exercised by the Eligible Employee, including extension of such date subject to the approval of ECC and that option would lapse on failure to exercise the option within the exercise period;
11. the specified time period within which the Eligible Employee shall exercise the vested Options in the event of his / her termination or resignation;
12. the number of Options to be apportioned / allocated for various grades of Eligible Employees;
13. the assignment of weights to length of service, grade and performance rating;
14. the right of an Eligible Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
15. the Grant, Vest and Exercise of Options in the case of Eligible Employees who are on long leave;
16. the procedure for cashless Exercise of Options, if any;
17. the number of Options reserved, if any, for granting to new employees who would join the services of the Company; and

## ANNEXURE-1 (Contd.)

18. the procedure for making adjustments in relation to the Options in case of corporate actions such as rights issues, bonus issues, sub-division of shares, merger, acquisition, sale of division etc.
19. the recommendations, if any, to be made to the Company / other entity, as the case may be, from time to time on implementation of any or all the above matters;

### Composition and attendance :

The Employee Compensation Committee consisting of the following Directors met on 06.07.2017, during the year under review;

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

The Committee reviewed the status of exercising vested Options by the employees, granted under the Salzer ESOS 2012-13, and the details of the same has been provided in the Directors Report.

During the year under the review, the Committee met on July 06, 2017 and allotted 1,48,500 equity shares to the employees who exercised similar number of granted Options.

## 7. GENERAL BODY MEETINGS

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

Location	Nature of Meeting	Day	Date	Time	Special resolution passed
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	29th AGM	Saturday	09/08/2014	11.30 am	Approval of the proposal of delegation of powers and authority to the Board of Directors of the Company to borrow money(ies) for the purpose of the business of the Company. Approval of the proposal of delegation of authority to the Board of Directors of the Company to deal with the transactions including material transaction, if any, from time to time, with the Related Parties pursuant to the provisions of Sec.188 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules 2014 *
Registered office of the Company at Samichettipalayam, Coimbatore-47	EGM	Wednesday	13/05/2015	11.30 am	Approval of Issue of Securities under QIP to QIBs. Approval of issue of share warrants on preferential basis. Increase in Authorized Share Capital and consequent amendment to the capital clause of MoA & AoA.
Registered office of the Company at Samichettipalayam, Coimbatore-47	EGM	Friday	10/07/2015	11.30 am	As per SEBI instructions, revised approval obtained for :- Issue of Securities under QIP to QIBs. Approval of issue of share warrants on preferential basis.

**ANNEXURE-1 (Contd.)**

Location	Nature of Meeting	Day	Date	Time	Special resolution passed
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	30th AGM	Saturday	08/08/2015	11.30 am	Adoption of new Articles of Association of the Company. Approval of the office of Mr.D.Rajeshkumar, JMD & CFO subject to determination by retirement of Director by rotation. Approval of the office of whole time director Mr.P.Ramachandran subject to determination by retirement of Director by rotation. Approval of the office of whole time director Mr.S.Baskarasubramanian subject to determination by retirement of Director by rotation.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	31st AGM	Saturday	13/08/2016	11.30 am	Re-appointment of Mr.R.Doraiswamy as Managing Director for a further term of 5 years. Re-appointment of Mr.D.Rajesh kumar as Joint Managing Director for a further term of 5 years.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	32nd AGM	Saturday	09/09/2017	11.30 am	Increase the Managarial remuneration payable to Mr.P.Ramachandran, Whole Time Director. Approve the Material Related Party Transactions for the financial year 2017-18.
Registered office of the Company at Samichettipalayam, Coimbatore-47	EGM	Saturday	17/12/2017	11.30 am	Reclassification of Authorised Share Capital of the Company. Amendment to the Memorandum of Association of the Company. Amendment to the Articles of Association of the Company. Acquisition of whole of the business undertaking from Salzer Magnet Wires Ltd (Related Party) as a going concern on a Slump Sale basis Issue and allotment of 5,00,000 equity shares to Salzer Magnet Wires Ltd. Issue and allotment of 5,30,000 Non-Cumulative 5% Convertible Preference shares to Salzer Magnet Wires Ltd.

- ◇ 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 EGM & AGM.
- ◇ Similarly, the following special resolution are being proposed to be approved through the postal ballot as well as e-voting for the ensuing Annual General Meeting.
- 1 Re-appointment of Mr. P. Ramachandran, as a Whole time Director for a further term of Five years
  - 2 Increase in borrowing Powers of the Board from ₹ 125 Crs to ₹ 200 Crs
  - 3 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.)

### INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 30.03.2018, 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;
- 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 its duties.

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

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

### 8. DISCLOSURES

- **Disclosures on materially significant related party transactions that may have potential conflict with the interest of company at large.**

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

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. No. 51(ii) 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 2017-18 have been in the ordinary course of business of the Company and at arms length basis without prejudices and detrimental to the interest of the Company.

- **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.**

Nil

- **Equity shares in suspense account**

The Company does not have any of its securities lying in suspense account arising out of public / bonus / right issues as at 31.03.2018. Hence, the provisions of particulars relating to aggregate number of shareholders viz-a-vis outstanding securities in suspense account and other related matters thereof does not arise.

- **Whistle Blower Policy**

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

- **Prevention of Sexual Harassment at workplace**

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

#### COMPLIANCES:

- Pursuant to the provisions of the Companies Act, 2013, the annual accounts for the period under review have been prepared as per the requirements of Indian Accounting Standards effective 01.04.2017.
- 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, 2018 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;

**ANNEXURE-1 (Contd.)**

- 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.**

- Inter-se relationships between Directors of the Company.

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

**NON –MANDATORY REQUIREMENTS**

- **Chairman's Office**

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

- **Audit Qualifications**

There are no qualifications in the Auditors' Report to the Members on the Financial Accounts for the year ended 31.03.2018.

- **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 corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre of BSE and Connect2nse of NSE.

## ANNEXURE-1 (Contd.)

### • 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.

### • 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.

### SHARE CAPITAL RECONCILIATION AUDIT

A qualified practicing Company Secretary - M/s. R Sridharan & Associates, Chennai- 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.

### SECRETARIAL AUDIT

As per the provisions of the Companies Act, 2013, the Secretarial Audit for the year 2017-18 have also been carried out by Mr. G. Vasudevan, Practicing Company Secretary and accordingly his report is appended to Directors' Report. (See Annexure-8)

### MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Financial Results are published in leading Newspapers besides notifying to the Stock Exchanges where the Company's shares are listed as well as posted in the Company's website for the benefit of all stakeholders. The Quarterly, Half yearly and Annual Financial Results of the Company are also available in the BSE website [www.bseindia.com](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	22nd September 2018, Saturday
Time	11.30 AM
Venue	Hotel Sree Annapoorna, R.S.Puram, Coimbatore-02
Financial year	April 1, 2017 to March 31, 2018
Date of Book Closure	15.09.2018 to 22.09.2018 (both days inclusive)
Record Date	14.09.2018
Dividend Payment Date	Within the stipulated time
Listing on Stock Exchanges	BSE Limited & National Stock Exchange of India Ltd (NSE)
STOCK / SCRIP CODE	517059 (BSE) & SALZERELEC (NSE)
Audited Financial Results Announced	24.05.2018
Announcement of Quarterly Results	09.09.2017, 17.11.2017, 09.02.2018 & 24.05.2018
Posting of Notice calling AGM and Annual Reports	All communications required to be sent to the shareholders are being either sent through the registered e-mail addresses of the shareholders as well as by post as required by the shareholders. Accordingly, the Notice along with the audited annual accounts would be sent either through e-mail or by post as the case may be.
Despatch of physical report	Within the stipulated time
Last date of receipt of Proxy forms	20.09.2018
Period of e-voting	17.09.2018 to 21.09.2018
Last date of receipt of Ballot paper	21.09.2018
CIN No.	L03210TZ1975PLC001535

**ANNEXURE-1 (Contd.)****b) MARKET PRICE DAT****SHARE TRADING DETAILS IN BSE LIMITED****For the period: April 1, 2017 to March 31, 2017****BSE Ltd**

Month	Open	High	Date	Low	Date	Closing
April '17	185.05	224.00	20.04.2017	185.00	03.04.2017	211.70
May '17	210.00	219.90	15.05.2017	188.55	30.05.2017	191.45
June '17	192.95	221.85	21.06.2017	183.75	12.06.2017	199.00
July '17	202.70	213.35	11.07.2017	196.15	31.07.2017	197.40
August '17	195.30	199.75	03.08.2017	175.00	11.08.2017	191.00
September '17	193.05	195.40	08.09.2017	167.60	29.09.2017	171.50
October '17	172.20	215.50	30.10.2017	168.00	03.10.2017	209.35
November '17	209.55	224.40	29.11.2017	183.60	15.11.2017	214.85
December '17	217.00	245.00	12.12.2017	210.05	07.12.2017	232.70
January '18	232.50	248.90	12.01.2018	206.10	31.01.2018	208.65
February '18	210.75	224.10	15.02.2018	185.00	06.02.2018	211.80
March '18	214.90	216.80	01.03.2018	191.00	22.03.2018	198.85

**NSE LTD**

Month	Open	High	Date	Low	Date	Closing
April '17	186.00	224.00	20.04.2017	191.20	01304.2017	209.75
May '17	211.70	214.20	05.05.2017	188.10	30.05.2017	191.30
June '17	194.60	221.70	21.06.2017	188.20	13.06.2017	199.30
July '17	200.00	214.00	11.07.2017	189.40	31.07.2017	196.90
August '17	197.75	199.50	03.08.2017	182.20	22.08.2017	191.70
September '17	190.00	196.70	08.09.2017	166.85	28.09.2017	171.35
October '17	171.50	215.45	30.10.2017	167.50	05.10.2017	207.25
November '17	208.90	223.90	29.11.2017	187.50	13.11.2017	213.55
December '17	214.00	245.90	12.12.2017	210.25	06.12.2017	233.10
January '18	233.55	244.50	11.01.2018	207.20	31.01.2018	208.35
February '18	209.20	224.35	15.02.2018	184.25	06.02.2018	212.95
March '18	212.95	217.00	01.03.2018	192.10	23.03.2018	200.55

**TRADING VOLUME**

Month	BSE			NSE		
	Open	High	Trading volume	Open	High	Trading volume
April '17	185.05	224.00	8581	186.00	230.55	1611671
May '17	210.00	219.90	3958	213.30	219.00	1096459
June '17	192.95	221.85	5934	193.00	230.00	1343405
July '17	202.70	213.35	3789	226.30	255.00	981178
August '17	195.30	199.75	1840	254.00	267.00	456653
September '17	193.05	195.40	4536	205.30	226.00	897869
October '17	172.20	215.50	11690	211.15	243.85	1991893
November '17	209.55	224.40	11694	222.85	225.00	2624962
December '17	217.00	245.00	12859	181.10	187.00	3100680
January '18	232.50	248.90	8414	171.30	208.70	2141646
February '18	210.75	224.10	5582	201.75	205.00	1244413
March '18	214.90	216.80	3461	191.25	193.85	1133668

## ANNEXURE-1 (Contd.)

### MARKET CAPITALIZATION

As on March 31, 2018, the market capitalization of the Company stood at ₹ 298.21 Crores as per BSE and at ₹ 300.76 Crores as per NSE.

#### Share Price performance in Comparison to Broad based indices - BSE & NSE as on 31.03.2018

	BSE			NSE		
	SALZER	BSE Small Cap	Sensex	SALZER	Nifty Small Cap	NIFTY
FY 2016-17	5%	16%	11%	8%	14%	10%
Previous 2 Years	2%	59%	30%	8%	58%	31%
Previous 3 years	(25%)	56%	18%	-	-	-
Previous 5 years	253%	182%	89%	-	-	-

Trading of shares at NSE Commenced only from Dec 02,2015.

It could be observed that the Share Price Performance of Salzer are well comparable with the broadbased market growth.

#### c) SHARE TRANSFER / DEMAT AGENTS

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

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

#### d) SHARE TRANSFER SYSTEM

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

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

To consider share transfers, the committee meets at least once in 15 days.

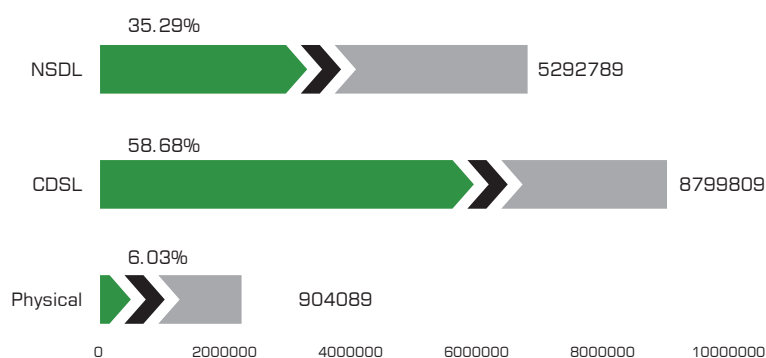
The Shares held in the demat form are electronically traded in the depositories and the Share Transfer Agents of the Company periodically receive from the depositories the beneficiary holdings, to enable them to update their records.

#### e) DISTRIBUTION SCHEDULE (As on 31.03.2018)

Range	No. of Folios	No. of shares	% of holding
Up to – 5000	20982	2009168	13.40
5001 – 10000	1027	851504	5.68
10001 – 20000	497	779368	5.20
20001 – 30000	191	488140	3.25
30001 – 40000	59	208590	1.39
40001 – 50000	70	335718	2.24
50001 – 100000	96	762726	5.09
100001 & above	127	9561473	63.76
<b>TOTAL</b>	<b>23049</b>	<b>14996687</b>	<b>100%</b>

**ANNEXURE-1 (Contd.)****f) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2018**

Category		No. of Shares held	Percentage of Share Holding
<b>A</b>	<b>Promoter's holding</b>		
1	Promoters		
	Indian Promoters	47,98,608	32.00%
	Foreign Promoters	-	-
2	Persons acting in concert	-	-
	<b>Sub-Total</b>	<b>47,98,608</b>	<b>32.00%</b>
<b>B</b>	<b>Non-Promoters Holding</b>		
3	Institutional Investors		
a	Mutual Funds	8,91,077	5.94%
b	Foreign Institutional investors /Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions)	7,91,722	5.28%
	<b>Sub-Total</b>	<b>16,82,799</b>	<b>11.22%</b>
4	Others		
	Private Corporate Bodies	11,81,454	7.88%
	Indian Public	69,08,319	46.07%
	NRIs / OCBs	4,22,396	2.81%
	Any other (Foreign Collaborator/National)	3,111	0.02%
	<b>Sub-Total</b>	<b>85,15,280</b>	<b>56.78%</b>
	<b>Grand Total</b>	<b>1,49,96,687</b>	<b>100.00%</b>

**g) DEMAT INFORMATION (AS ON 31.03.2018)****DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2018**NRIs / OCBs **2.88%**Any other (Foreign Collaborator / national) **0.02%**Promoters' holding **32.00%**Mutual Funds **5.94%**Foreign institutionas / bank **5.28%**Private Corporate bodies **7.88%**Indian Public **46.07%**



**ANNEXURE-1 (Contd.)****h) NOMINATION FACILITY**

As provided in the provisions of Companies Act, 2013, nomination facility is available for the shares held in a Company. The nomination form (SH-13) along with instruction shall be provided to the members on request.

**i) PLANT LOCATION**

Unit - I : Samichettipalayam, Coimbatore - 641 047

Unit - II : Chinnamaddampalayam, Coimbatore – 641 019.

Unit - III : # 2, Gudalur Village Samichettipalayam, Coimbatore - 641 047

Unit - IV : No.863, Coimbatore Main Road, Bettathapuram, Coimbatore – 641 104

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

**j) 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 Profit & Loss account is 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.

The above report has been placed before the Board at its meeting held on 24.05.2018 and the same was approved.

**Declaration**

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

For and on behalf of the Board

Place : Coimbatore

Date : May 24, 2018

(Sd/-) **N. RANGACHARY**

CHAIRMAN

## 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 2018 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
  - significant changes in internal control during the year, if any.
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
  - no instances of significant fraud of which 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.

For and on behalf of the Board

Place : Coimbatore  
Date : May 24, 2018

(Sd/-) **R. DORAISWAMY**  
MANAGING DIRECTOR

## **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 31.03.2018 as stipulated in Regulation 27 of SEBI (LODR) Regulations 2015.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that no investors' grievances are pending for a period exceeding one month, as on 31st March 2018 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.

For and on behalf of the Board

For **Swamy & Ravi**

Chartered Accountants

FRN :004317S

**S ALAMELU**

Partner

Membership No.223555

Place : Coimbatore

Date : May 24, 2018

## ANNEXURE-2

### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

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

#### I. REGISTRATION AND OTHER DETAILS

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

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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	49%

#### 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
-	-	-	-	-	-

**ANNEXURE-2 (Contd.)**
**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**i) Category Wise Shareholding as at March 31, 2018**

S. no.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoters</b>									
<b>-1</b>	<b>Indian</b>									
(a)	Individuals/ HUF	1702686	-	1702686	11.87	1702736	-	1702736	11.35	(0.51)
(b)	Central/State Govt. (s)									
(c)	Bodies corporate	2309880	-	2309880	16.10	2993380	-	2993380	19.96	3.86
(d)	FI/ Banks									
(e)	Any other (Relative)	102792	-	102792	0.72	102492	-	102492	0.68	(0.03)
	<b>Sub-total (A)(1)</b>	<b>4115358</b>	<b>-</b>	<b>4115358</b>	<b>28.68</b>	<b>4798608</b>	<b>-</b>	<b>4798608</b>	<b>32.00</b>	<b>3.32</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>4115358</b>	<b>-</b>	<b>4115358</b>	<b>28.68</b>	<b>4798608</b>	<b>-</b>	<b>4798608</b>	<b>32.00</b>	<b>3.32</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>-1</b>	<b>Institutions</b>									
(a)	Mutual funds/UTI	1151986	-	1151986	8.03	891077	-	891077	5.94	(2.09)
(b)	FI/Banks	33081	-	33081	0.23	32933	-	32933	0.22	(0.01)
(c)	Central/ State Govt. (s)	-	-	-	-	-	-	-	-	-
(d)	Venture capital funds	-	-	-	-	-	-	-	-	-
(e)	Insurance companies	-	-	-	-	-	-	-	-	-
(f)	FII	346546	-	346546	2.42	-	-	-	-	(2.42)
(g)	Foreign venture capital	-	-	-	-	-	-	-	-	-
(i)	Any other	-	-	-	-	-	-	-	-	-
	(i) Financial Institutions	-	-	-	-	-	-	-	-	-
	(i) Port Folio Investor	-	-	-	-	516789	-	516789	3.45	3.45
	<b>Sub-Total (B)(1)</b>	<b>1531613</b>	<b>-</b>	<b>1531613</b>	<b>10.67</b>	<b>1440799</b>	<b>-</b>	<b>1440799</b>	<b>9.61</b>	<b>(1.07)</b>
<b>-2</b>	<b>Non-institutions</b>									
(a)	Bodies corporate	1153482	36346	1189828	8.29	1446316	35546	1481862	9.88	1.59
(b)	Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lacs	3904460	960896	4865356	33.91	4215991	709067	4925058	32.84	(1.07)
	Individuals - ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lacs	2144806	40263	2185069	15.23	1847590	77263	1924853	12.84	(2.39)
(d)	Any other	-	-	-	-	-	-	-	-	-
(d) i)	(Non Resident Indian)	328750	50500	379250	2.64	340183	500	340683	2.27	(0.37)
(d) ii)	Foreign Company	-	81713	81713	0.57	-	81713	81713	0.54	(0.02)
(d) ii)	Foreign National	-	-	-	-	3111	-	3111	0.02	0.02
	<b>Sub-total (B)(2)</b>	<b>7531498</b>	<b>1169718</b>	<b>8701216</b>	<b>60.64</b>	<b>7853191</b>	<b>904089</b>	<b>8757280</b>	<b>58.39</b>	<b>(2.25)</b>
	<b>Total public shareholding (B) = (B)(1) + (B)(2)</b>	<b>9063111</b>	<b>1169718</b>	<b>10232829</b>	<b>71.32</b>	<b>9293990</b>	<b>904089</b>	<b>10198079</b>	<b>68.00</b>	<b>(3.32)</b>
	<b>Total (A) + (B)</b>	<b>13178469</b>	<b>1169718</b>	<b>14348187</b>	<b>100.00</b>	<b>14092598</b>	<b>904089</b>	<b>14996687</b>	<b>100.00</b>	<b>-</b>

**ANNEXURE-2 (Contd.)****ii) Shareholding of promoters as on March 31, 2018**

Sl. no.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year				% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged/encumbered to total share	No. of Shares	% of total shares of the company	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Doraiswamy R	313428	2.18	-	313428	2.09	2.09	-	(0.09)
2	Rajesh Kumar D	239216	1.67	-	239266	1.60	1.60	-	(0.07)
3	Vishnu Rangaswamy D	692787	4.83	-	692787	4.62	4.62	-	(0.21)
4	Thilagam R	457255	3.19	-	457255	3.05	3.05	-	(0.14)
5	Damodarawamy R	42870	0.30	-	42570	0.28	0.28	-	(0.01)
6	Pappammal R	59922	0.42	-	59922	0.40	0.40	-	(0.02)
7	SRVE Industries Ltd	487105	3.39	-	533855	3.56	3.56	-	0.16
8	Quebec Information Services I Ltd	529892	3.69	-	575142	3.84	3.84	-	0.14
9	Salzer Exports Limited	345725	2.41	-	345725	2.31	2.31	-	(0.10)
10	Salzer Securities Holdings Limited	101007	0.70	-	101007	0.67	0.67	-	(0.03)
11	K R Health Care P Limited	223683	1.56	-	269683	1.80	1.80	-	0.24
12	Saradha Investment Limited	622468	4.34	-	667968	4.45	4.45	-	0.12
13	Salzer Magnet Wires Ltd	-	-	-	500000	3.33	3.33	-	3.33
	<b>TOTAL</b>	<b>4115358</b>	<b>28.68</b>		<b>4798608</b>	<b>32.00</b>	<b>32.00</b>		<b>3.32</b>

\*\* Percentage of Shareholding at the beginning of the year was calculated on the total paid up shares : 1,43,48,187 shares as on April 01, 2017 and Percentage of Shareholding at the end of the year was calculated on the total paid up shares : 1,49,96,687 shares as on March 31, 2018 after taking into account further allotment of 6,48,500 shares during the year



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

Sl. no.	Changes in Promoters Holdings, date & reason of change	Shareholding at the beginning of the year (01.04.2017)		Cumulative shareholding during the year	
		No of shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>DORAISWAMY R</b>				
	At the beginning of the year	313428	2.18	313428	2.18
	At the end of the year			313428	2.09
<b>2</b>	<b>RAJESH KUMAR D</b>				
	At the beginning of the year	239216	1.67	239216	1.67
	Purchased during the year	50	-	239266	1.67
	At the end of the year			239266	1.60
<b>3</b>	<b>VISHNU RANGASWAMY D</b>				
	At the beginning of the year	692787	4.83	692787	4.83
	At the end of the year			692787	4.62
<b>4</b>	<b>THILAGAM R</b>				
	At the beginning of the year	457255	3.19	457255	3.19
	At the end of the year			457255	3.05
<b>5</b>	<b>R DAMODARASWAMY</b>				
	At the beginning of the year	42870	0.30	42870	0.30
	Sold during the year	200	-	42670	0.30
	Sold during the year	100	-	42570	0.30
	At the end of the year			42570	0.30
<b>6</b>	<b>R PAPPAMMAL</b>				
	At the beginning of the year	59922	0.42	59922	0.42
	At the end of the year			59922	0.40
<b>7</b>	<b>SRVE INDUSTRIES LTD</b>				
	At the beginning of the year	487105	3.39	487105	3.39
	Purchased during the year	46750	0.32	533855	3.68
	At the end of the year			533855	3.56
<b>8</b>	<b>QUEBEC INFORMATION SERVICES I LTD</b>				
	At the beginning of the year	529892	3.69	529892	3.69
	Purchased during the year	45250	0.31	575142	3.97
	At the end of the year			575142	3.84
<b>9</b>	<b>SALZER EXPORTS LIMITED</b>				
	At the beginning of the year	345725	2.41	345725	2.41
	At the end of the year			345725	2.31
<b>10</b>	<b>SALZER SECURITIES HOLDINGS LIMITED</b>				
	At the beginning of the year	101007	0.70	101007	0.70
	At the end of the year			101007	0.67
<b>11</b>	<b>K R HEALTH CARE P LIMITED</b>				
	At the beginning of the year	223683	1.56	223683	1.56
	Purchased during the year	46000	0.32	269683	1.86
	At the end of the year			269683	1.80
<b>12</b>	<b>SARADHA INVESTMENT LIMITED</b>				
	At the beginning of the year	622468	4.34	622468	4.34
	Purchased during the year	45500	0.31	667968	4.61
	At the end of the year			667968	4.45
<b>13</b>	<b>SALZER MAGNET WIRES LTD</b>				
	At the beginning of the year	-	-	-	-
	Shares allotted on 16/03/2018	500000	3.48	500000	3.48
	At the end of the year			500000	3.33

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

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

Sl No	For each of the top 10 shareholders name, date & reason of change	Shareholding at the beginning of the year (01.04.2017)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>WALLFORT FINANCIAL SERVICES LTD</b>				
	As on 01-04-2017	-	-	-	-
	Market Purchase - 14/04/17	60000	0.42	60000	0.42
	Market Purchase - 21/04/17	40000	0.28	100000	0.70
	Market Sales - 05/05/17	44000	0.31	56000	0.39
	Market Sales - 12/05/17	56000	0.39	-	-
	Market Purchase - 03/11/17	100000	0.70	100000	0.70
	Market Purchase - 24/11/17	50000	0.35	150000	1.05
	Market Purchase - 01/12/17	50000	0.35	200000	1.39
	Market Purchase - 08/12/17	75000	0.52	275000	1.92
	Market Sales - 19/01/18	55000	0.38	220000	1.53
	Market Sales - 25/01/18	15000	0.10	205000	1.43
	Market Purchase - 16/02/18	25000	0.17	230000	1.60
	Market Purchase - 02/03/18	12000	0.08	242000	1.69
	at the End of the year 31-03-2018			242000	1.61
<b>2</b>	<b>ELARA INDIA OPPORTUNITIES FUND LIMITED</b>				
	As on 01-04-2017	343546	2.39	343546	2.39
	Market Sales - 15/12/17	27587	0.19	315959	2.20
	Market Sales - 22/12/17	55000	0.38	260959	1.82
	Market Sales - 29/12/17	21269	0.15	239690	1.67
	at the End of the year 31-03-2018			239690	1.60
<b>3</b>	<b>SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES VI</b>				
	As on 01-04-2017	221263	1.54	221263	1.54
	at the End of the year 31-03-2018			221263	1.48
<b>4</b>	<b>TARUN KANTILAL VAKHARIA</b>				
	As on 01-04-2017	115000	0.80	115000	0.80
	at the End of the year 31-03-2018			219128	1.46
<b>5</b>	<b>ALGOT HOLDING APS</b>				
	As on 01-04-2017	-	-	-	-
	Market Purchase - 27/10/17	28586	0.20	28586	0.20
	Market Purchase - 17/11/17	68771	0.48	97357	0.68
	Market Purchase - 24/11/17	8500	0.06	105857	0.74
	Market Purchase - 09/02/18	9520	0.07	115377	0.80
	Market Purchase - 16/02/18	12604	0.09	127981	0.89
	Market Purchase - 23/03/18	9500	0.07	137481	0.96
	Market Purchase - 30/03/18	29519	0.21	167000	1.16
	at the End of the year 31-03-2018			167000	1.11

SI No	For each of the top 10 shareholders name, date & reason of change	Shareholding at the beginning of the year (01.04.2017)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>6</b>	<b>SHARMIN NASSER</b>				
	As on 01-04-2017	70000	0.49	70000	0.49
	Market Sales - 15/09/17	20000	0.14	50000	0.35
	Market Sales - 22/09/17	50000	0.35	-	-
	Market Purchase - 27/10/17	59820	0.42	59820	0.42
	Market Purchase - 03/11/17	20180	0.14	80000	0.56
	Market Purchase - 24/11/17	30000	0.21	110000	0.77
	Market Purchase - 09/02/18	15000	0.10	125000	0.87
	Market Purchase - 16/02/18	10000	0.07	135000	0.94
	Market Purchase - 23/02/18	20000	0.14	155000	1.08
	Market Purchase - 02/03/18	10000	0.07	165000	1.15
	at the End of the year 31-03-2018			165000	1.10
<b>7</b>	<b>SIDHARTH R AJWANI</b>				
	As on 01-04-2017	-	-	-	-
	Market Purchase - 24/11/17	48000	0.33	48000	0.33
	Market Purchase - 01/12/17	44000	0.31	92000	0.64
	Market Purchase - 12/01/18	86000	0.60	178000	1.24
	Market Sales - 16/02/18	17119	0.12	160881	1.12
	Market Sales - 02/03/18	1670	0.01	159211	1.11
	Market Sales - 09/03/18	8294	0.06	150917	1.05
	at the End of the year 31-03-2018			150917	1.01
<b>8</b>	<b>DIPAK KANAYALAL SHAH</b>				
	As on 01-04-2017	138000	0.96	138000	0.96
	Market Purchase - 29/09/17	500	0.00	138500	0.97
	Market Purchase - 13/10/17	2000	0.01	140500	0.98
	Market Purchase - 24/11/17	4500	0.03	145000	1.01
	Market Purchase - 23/02/18	1000	0.01	146000	1.02
	at the End of the year 31-03-2018			146000	0.97
<b>9</b>	<b>SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES VII</b>				
	As on 01-04-2017	118106	0.82	118106	0.82
	at the End of the year 31-03-2018			118106	0.79
<b>10</b>	<b>LILJEBORG INVEST 2 APS</b>				
	As on 01-04-2017	-	-	-	-
	Market Purchase - 17/11/17	71021	0.49	71021	0.49
	Market Purchase - 09/02/18	13025	0.09	84046	0.59
	Market Purchase - 22/03/18	9282	0.06	93328	0.65
	Market Purchase - 30/03/18	16771	0.12	110099	0.77
	at the End of the year 31-03-2018			110099	0.73

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

**ANNEXURE-2 (Contd.)****v) a. Shareholding of Key Managerial Personnel**

Sl No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
		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	313428	2.18		-
	At the end of the year			313428	2.09
<b>2</b>	<b>RAJESH KUMAR D</b>				
	At the beginning of the year	239216	1.67	239216	1.67
	Purchase during the year	50	-	239266	1.67
	At the end of the year			239266	1.60
<b>3</b>	<b>BASKARASUBRAMANIAN.S</b>				
	Director (Corporate Affairs)& Company Secretary				
	At the beginning of the year	11223	0.08	11223	0.08
	Purchase during the year	5000	0.03	16223	0.11
	At the end of the year			16223	0.11

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

**b) Directors of the Company**

Sl No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
		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				
	At the beginning of the year	457255	3.19		-
	At the end of the year			457255	3.05
<b>2</b>	<b>R DAMODHARASWAMY</b>				
	- Non Executive & Non Independent				
	At the beginning of the year	42870	0.30	42870	0.30
	Sale during the year	(301)	-	42570	0.28
	At the end of the year			42570	0.28
<b>4</b>	<b>NIRMAL KUMAR CHANDRIA</b>				
	-Independent Director				
	At the beginning of the year	16875	0.12	16875	0.12
	Sale during the year	(425)	-	16450	0.11
	At the end of the year			16450	0.11
<b>5</b>	<b>NARAYANASWAMY JAYABAL</b>				
	-Independent Director				
	At the beginning of the year	665	-	665	-
	At the end of the year			665	-
<b>6</b>	<b>L VENKATAPATHY</b>				
	-Independent Director				
	At the beginning of the year	300	-	300	-
	At the end of the year		-	300	-

**ANNEXURE-2 (Contd.)**

Sl No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>7</b>	<b>V SANKARAN</b>				
	-Independent Director				
	At the beginning of the year	-	-	-	-
	At the end of the year		-	-	-
<b>8</b>	<b>N RANGACHARY</b>				
	- Chairman - Independent Director				
	At the beginning of the year	-	-	-	-
	At the end of the year		-	-	-
<b>9</b>	<b>P K SHAH</b>				
	-Independent Director				
	At the beginning of the year	30,000	0.21	30,000	0.21
	At the end of the year			30,000	0.20

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

**V) INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,250.54	2,000.00	-	4,250.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2,250.54</b>	<b>2,000.00</b>	<b>-</b>	<b>4,250.54</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	602.81	-	-	602.81
Reduction	1,068.05	-	-	1,068.05
<b>Net Change</b>	<b>(465.24)</b>	<b>-</b>	<b>-</b>	<b>(465.24)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,785.3	2,000.00		3,785.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,785.3</b>	<b>2,000.00</b>		<b>3,785.30</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>Total</b>
	<b>Managing Director</b>	<b>Joint Managing Director &amp; Chief Financial Officer</b>	<b>Whole Time Director</b>	
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39.12	37.5	10.45	87.07
(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	25.01	25.01		50.02
(g) Others, specify...				
PF Contribution	0.22	0.22	0.22	0.66
Bonus	0.15	0.15	0.15	0.45
<b>Total (A)</b>	<b>64.50</b>	<b>62.88</b>	<b>10.82</b>	<b>138.2</b>
Ceiling as per the Act	₹ 239.76 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	2.20	-	-	2.20
2	MR. V.SANKARAN	2.35	-	-	2.35
3	MR. L.VENKATAPATHY	2.35	-	-	2.35
4	MR. NIRMAL KUMAR M CHANDRIA	1.10	-	-	1.10
5	MR. N.JAYABAL	0.90	-	-	0.90
6	MR. P.K.SHAH	1.25	-	-	1.25
7	Mr. Otto Eggimann	-	-	-	-
	<b>Total</b>	<b>10.15</b>			<b>10.15</b>

**ii) Other Non-Executive Directors and Nominees 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	1.10	-	-	1.10
2	MR. R.DHAMODRASWAMY	0.50	-	-	0.50
	<b>Total</b>	<b>1.60</b>	-	-	<b>1.60</b>



**ANNEXURE-2 (Contd.)**
**c) Remuneration to other Key Managerial Personnel (Other than Managing Director & Whole Time Director)**

(₹ in Lakhs)

	<b>S BASKARASUBRAMANIAN Director (Corporate Affairs) &amp; Company Secretary</b>
Gross salary	
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.47
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.20
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Stock Option	-
Sweat Equity	-
Commission	-
- as % of profit	
- Others, specify...	
PF Contribution	0.22
Bonus	0.15
<b>Total</b>	<b>17.04</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<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

## ANNEXURE-3

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

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

#### A. CONSERVATION OF ENERGY

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

#### B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

##### Research & Development:

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

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

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

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

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

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

#### Major products developed by R&D and its significant benefits

##### 1. Energy Saver products

Energy Saver products developed by the Company has got good response in the market. Corporations across the country are showing interest to adopt these products in their street lightings in order to save the energy and cut power cost considerably.

##### Benefits

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

##### 2. Automated Meter Reading

##### Benefits.

- All consumer lines (Energy Meters) are connected with AMR modules

### ANNEXURE-3 (Contd.)

- All the AMR modules will communicate to a single IP, i.e. all the readings shall terminate at the central station
- Unpaid consumer accounts can be disconnected & re-connected from the central station itself
- Any tampering / fault occurrence of the meter can be found from the central station itself Hardware can be retrofitted to existing static energy meters
- Real-time data configurable for a frequency as less than 15/30 minutes is available in the Control Station
- Low implementation costs & Low Maintenance / Operating Cost
- AMR System becomes inherently expandable, i.e. addition of a new service at any point in the power line becomes plug n play
- Real-time data available

**3. Other Products** – Train Warning System, Energy saving Fan regulator, Ceiling Mount movement sensor, Touch cum remote switch, GE Earth Terminal, Bimetallic Overload Relay, Different Type of Sensors, Contactors and Overloaded relays upto 105 A, Motor protection circuit breakers, DC isolators for PV applications, Tinned Copper Wires etc., are developed by your R&D and are in different stage of testing and approval which will give considerable benefits on its usage.

#### Technology Absorption, Adaptation & Innovation

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

- 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.

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

- Your Company acquired entire business undertaking of Salzer Magnet Wires Limited, engaged in the business of manufacturing of enamelled Copper Wires for various applications particularly for Motor Windings and Auto Electrical . As the result of acquisition, the product portfolio of your Company has got strengthened with additions of enamelled Copper Wires
- 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.

#### 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.,	- ₹ 903.68 Lakhs
• New Products and Process development	- ₹ 110.06 Lakhs
• Salary and other expenses for R&D personnel	- ₹ 97.50 Lakhs

#### 4. Details of Imported Technology:

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

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

a) Foreign Exchange earned during the year (Direct export ₹ 5,215.52 lakhs, Merchant Export ₹ 2,126.17 lakhs & ₹ 91.40 Lakhs for technical services)	₹ 5,306.92 Lakhs
b) Foreign Exchange outgo	₹ 7609.38 Lakhs

For and on behalf of the Board

Place : Coimbatore  
Date : May 24, 2018

**N. RANGACHARY**  
CHAIRMAN

# ANNEXURE-4

## ANNUAL REPORT ON CSR ACTIVITES

### 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 spent such amount for the social and economic upliftment of the society in and around the Corporate concerned and also society at large, in order to upliftment of literary level of the people by way of extending educational assistance, development of infrastructure facilities of the educational institutions, society in and around the Corporate, Health care programmes to the needy

people, skill development through sponsorship of nationally recognised sports activities etc.

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

#### Objectives of the CSR Activities

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

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

### 2. THE COMPOSITION OF THE CSR COMMITTEE.

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

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

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

	<b>2016-17</b> ₹ In Lacs	<b>2015-16</b> ₹ In Lacs	<b>2014-15</b> ₹ In Lacs
Net profit under Section 198 of the Companies Act 2013	₹ 2,327.92	₹ 2,399.48	₹ 1,695.12

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

	₹ In Lacs
<b>Last three years average profit</b>	2,140.84
CSR Spending -2%	42.82
Rounded Off	43.00

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

a.	Total amount to be spent for the financial year 2017-18	₹ 43.00 Lacs
b.	Amount spent for the financial year 2017-18	₹ 24.60 Lacs
c.	Amount unspent, if any;	₹18.40 Lacs

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

S. No	CSR Project/ activity Identified	Sector in which the Project is covered	Location	Amount outlay	Amount spent on projects	Cumulative expenditure upto reporting period	Direct or through implementing agency
1	2	3	4	5	6	7	8
				₹ in Lacs	₹ in Lacs	₹ in Lacs	
1	Education related activities	Education	Coimbatore, Tamil Nadu	30.00	20.19	20.19	By Both
2	Health related Activities	Health	Coimbatore, Tamil Nadu	6.00	0.36	0.36	
3	Promotions of sports related activities	Sports	Coimbatore, Tamil Nadu	2.00	1.58	1.58	
4	Eradication of Hunger and Poverty	Poverty eradications	Coimbatore, Tamil Nadu	3.00	2.22	2.22	
5	Cultural Protection	Cultural Protection	Coimbatore, Tamil Nadu	2.00	0.25	0.25	
				<b>43.00</b>	<b>24.60</b>	<b>24.60</b>	

**6. REASON FOR NOT SPENDING THE AMOUNT EARMARKED FOR CSR ACTIVITIES IN THE FINANCIAL YEAR 2017-18**

Non availability of the suitable projects in the Local Rural and Semi-Urban Regions in which the Company is Operating, falling under Schedule VII of the Companies Act 2013.

**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 :000003131

**N. RANGACHARY**

Chairman of CSR Committee  
DIN :00054437

Place : Coimbatore  
Date : May 24, 2018

## ANNEXURE-5

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

#### DETAILS OF THE SCHEME

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

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

#### SOME SALIENT FEATURES OF THE SCHEME

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

5) The scheme shall not apply to :-

- an employee, who is a promoter or belongs to the Promoter Group,.
- Director, who either by himself or through his relative(s) or through any Body Corporate(s), directly or indirectly holds more than 10% of the outstanding equity shares of the Company.
- Nominee Director and
- Independent Directors

#### STATUS OF THE SCHEME.

- 1) In accordance with the Scheme, 10,28,000 options granted on November 19, 2013 to eligible employees at a grant price of ₹ 40/- against closing price of ₹ 48.60/- prevailed on November 18, 2013, with a discount of ₹ 8.60 per share constituting 22% of the grant price.
- 2) The vesting period of options is one year from the date of grant and exercise period is five years from the date of vesting.
- 3) The shares so allotted upon exercise of stock options by the employees shall be locked in for a period of two years from the date of allotment.
- 4) The exercise period of Five years from the date of vesting commenced on November 18, 2014 and getting ended on November 17, 2019
- 5) As on the date of this report, 6,69,000 vested Stock Options exercised by the Employees over the period of years since the date of vesting and against which, similar number of equity shares allotted to them.



## ANNEXURE-5 (Contd.)

### INFORMATION UNDER RULE 12(9) OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES 2014

1	Scheme Name	:	Salzer Employees Stock option Scheme 2012-13
2	options granted	:	10,28,000 Options @ grant price of ₹ 40/- per Options
3	options vested	:	10,28,000 Options on November 19, 2014
4	options exercised (from the date of vesting to March 31, 2018)	:	5,71,950 Options
5	Options exercised during the reporting year	:	1,48,500 Options
6	the total number of shares arising as a result of exercise of option from the date of vesting to March 31, 2018)	:	5,71,950 Equity shares of ₹ 10/- each
7	the total number of shares arising as a result of exercise of option during the reporting year	:	1,48,500 Equity shares of ₹ 10/- each
8	options lapsed	:	NIL
9	the exercise price	:	₹ 40/- per share
11	variation of terms of options	:	NIL
12	money realized by exercise of options (5,71,950 Options)	:	₹ 2,28,78,000/-
13	money realized by exercise of options (1,48,500 Options exercised during the year)	:	₹ 59,40,000/-
14	total number of options in force	:	4,56,050 options as at March 31, 2018
15	Employee wise details of options granted to	:	

- key managerial personnel as at March 31, 2018

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

- any other employee who receives a grant of options in any one year amounting to five percent or more of options granted during that year : **NA**
  - identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : **NA**
12. Diluted Earnings per share (EPS) pursuant to the issue of shares on the exercise of options calculated in accordance with Indian Accounting Standard (Ind AS) 33 " Earning per share" : ₹ **13.82 per share in FY 2017-18 against ₹ 12.53 per share in FY 2016-17.**

For and on behalf of the Board

**N. RANGACHARY**  
CHAIRMAN

Place : Coimbatore  
Date : May 24, 2018

## ANNEXURE-6

### FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 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	:	Salzer Magnet Wires Limited, a related party within the meaning of Section 2 (76)(v) of the Companies Act, 2013
b	Nature of contracts/arrangements/ transactions	:	Sale and Purchase of Materials etc., in the normal course of business and at arm length basis
c	Duration of the contracts / arrangements/transactions	:	Regular
d	Salient terms of the contracts or arrangements or transactions including the value, if any	:	In 2017-18, the Company had total transaction value of ₹ 7198.42 Lakhs with Salzer Magnet Wires Limited, representing 16.25% of the turnover of the Company.
e	Date(s) of approval by the Board, if any or such other approvals	:	The Company is effecting the Transactions with Salzer Magnet Wires Limited upon the approval of the shareholders at their 32nd AGM held on Sept 09, 2017
f	Amount paid as advances, if any:	:	NIL

For and on behalf of the Board

Place : Coimbatore  
Date : May 24, 2018

**N. RANGACHARY**  
CHAIRMAN

## ANNEXURE-7

### Details Pursuant to The Provisions of Section 197(12) of The Companies Act, 2013 Read With Rule 5(1) of The Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014

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

S. No	Name of the Director	Position	Total Remuneration ₹ In Lakhs 2017-18	Ratio of Remuneration of the Director to the median Remuneration
1	Mr. N Rangachary	Non-Executive & Independent Chairman	2.20	0.81
2	Mr. R Doraiswamy	Managing Director	64.50	23.88
3	Mr. D Rajesh Kumar	Joint Managing Director and Chief Financial Officer	62.88	23.28
4	Mr. P Ramachandran	Whole Time Director (Marketing)	10.82	4.01
5	Mr. R Damodharaswamy	Non executive Director	0.50	0.19
6	Dr. Thilagam Rajesh	Non executive Director	1.10	0.41
7	Mr. N Jayabal	Independent Director	0.90	0.33
8	Mr. Nirmal Kumar Chandria	Independent Director	1.10	0.41
9	Mr. V Sankaran	Independent Director	2.35	0.87
10	Mr. P K Shah	Independent Director	1.25	0.46
11	Mr. L Venkatapathy	Independent Director	2.35	0.87
12	Mr. Otto Eggimann	Independent Director	-	-
13	Mr. Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	17.04	6.31

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

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

S. No	Name of the Director	Position	Remuneration		Increase %
			2017-18	2016-17	
1	Mr. N Rangachary	Non-Executive & Independent Chairman	2.20	1.60	38%
2	Mr. R Doraiswamy	Managing Director	64.50	55.46	16%
3	Mr. D Rajesh Kumar	Joint Managing Director and Chief Financial Officer	62.88	51.21	23%
4	Mr. P Ramachandran	Whole Time Director (Marketing)	10.82	3.97	173%
5	Mr. R Damodharaswamy@	Non executive Director	0.50	0.80	(38%)
6	Dr. Thilagam Rajesh	Non executive Director	1.10	0.80	38%
7	Mr. N Jayabal	Independent Director	0.90	0.80	13%
8	Mr. Nirmal Kumar Chandria	Independent Director	1.10	0.60	83%
9	Mr. V Sankaran	Independent Director	2.35	1.75	34%
10	Mr. P K Shah	Independent Director	1.25	0.80	56%
11	Mr. L Venkatapathy	Independent Director	2.35	1.75	34%
12	Mr. Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	17.04	18.99	(10%)

**ANNEXURE-7 (Contd.)**

- (iii) The percentage increase in the median remuneration of employees in the financial year : 8%
- (iv) The number of permanent employees on the rolls of company as at March 31, 2017 : 482
- (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 :10%

The average Increase granted to managerial personnel is 20%

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Place : Coimbatore  
Date : May 24, 2018

**N. RANGACHARY**  
CHAIRMAN

**ANNEXURE-8****SECRETARIAL AUDIT REPORT**

To

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

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

For G.V and Associates

**G. VASUDEVAN**

FCS No.:6699

C P No.:6522

Place : Coimbatore  
Date : May 24, 2018

## ANNEXURE-8

### FORM NO. MR-3 Secretarial Audit Report

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To

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

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

Based on my verification of the Salzer Electronics Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place (with respect to statutory provisions listed hereunder) to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2018 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) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

- (i) Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015.

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



**ANNEXURE-8 (Contd.)**

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with laws, rules, regulations and guidelines mentioned herein above.

I further report that during the audit period 2017-18, the Company has

- a. Allotted 1,48,500 equity shares under Salzer Electronics Limited Employees Stock Options Scheme 2012-13.  
Entered into a Business Transfer Agreement with Salzer Magnet Wires Limited on acquisition of the whole of business undertaking as a going concern on slump sales basis on a consideration of ₹ 20.29 Crores being payable by way of other than cash.
- b. Accordingly the Company has allotted 10,30,000 equity shares of ₹ 10/- each at an issue price of ₹ 197/- per share through electronic mode (DeMat) with due compliance of relevant regulations there of as under:
- c. Allotted 5,00,000 equity shares under the Business Transfer Agreement to Salzer Magnet Wires Limited.
- d. Allotted 5,30,000 Non-Cumulative 5% Convertible Preference Shares under the Business Transfer Agreement to Salzer Magnet Wires Limited.
- e. The Company has also filed necessary applications with the Stock Exchanges viz. BSE Ltd. and National Stock Exchange of India Ltd. For listing 5,00,000 equity shares and got the listing and trading approval during April/May 2018.

For G.V and Associates

**G. VASUDEVAN**

FCS No.:6699

C P No.:6522

Place : Coimbatore  
Date : May 24, 2018

## ANNEXURE-9

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Forward looking statement -

*Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.*

*The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the Act) and 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.*

*The following discussions on our financial condition and result of operations should be read together with our audited 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 subsidiaries and associates.*

#### ECONOMIC OVERVIEW

Growing transmission and distribution network and rural electrification program coupled with infrastructure development are the key factors driving the switchgear market in India. Government schemes and initiatives such as UDAY and DDUGJY are expected to further fuel the growth of switchgear market in the forecast period.

According to research, India switchgear market is projected to reach \$3.7 Billion by 2022. According to Niti Ayog, the government of India is planning to reach a renewable energy capacity of 175 GW by 2022. Further, government initiatives to increase the penetration of clean energy in the forecast period is also a major source of growth for the switchgear market in India. Low voltage switchgear dominated the overall India Switchgear market and also reflects the highest growth due to rapidly growing commercial and residential sectors. In medium voltage, AIS holds the major revenue share, however, gas insulated switchgear is expected to increase its market share in the forecast period.

The Northern region accounted for the largest revenue share in the country followed by the Western region. Uttar Pradesh, Tamil Nadu and Haryana states dominated the market with around 50% market share in terms of power sector investments. During 2016-22, the Northern and Southern region are anticipated to witness highest growth rate. (Source - [http://www.6wresearch.com/market-reports/india-switchgear-market-2017-2022-by\\_voltage-indoor-outdoor-by\\_insulation-verticals-regions\\_northern+southern+eastern+western.html](http://www.6wresearch.com/market-reports/india-switchgear-market-2017-2022-by_voltage-indoor-outdoor-by_insulation-verticals-regions_northern+southern+eastern+western.html))

#### OTHER MAJOR SEGMENTS – TRANSMISSION AND DISTRIBUTION MACHINERY

- As per the latest data available during FY15–22, the size of transformers industry is expected to expand at a CAGR of 30.7 per cent to USD11.1 billion
- Domestic transformer industry has the capability to manufacture the whole range of power & distribution transformers, including transformers used for HVDC transmission up to 500 KV
- During FY15–22, the size of switch & control gears industry is expected to expand at a CAGR of 19.2 per cent to USD8.2 billion
- The switch gear industry in India manufactures the entire voltage range from 240 KV to 800 KV
- Significant advances have been made in control gears due to major developments in the field of technology
- Domestic electronic component manufacturers to invest USD 148.74 million in next few years in the Electronics Manufacturing

(Source – IBEF, Industry Reports)

## ANNEXURE-9 (Contd.)

### GOVERNMENT INITIATIVES IN ENGINEERING/ MANUFACTURING SECTOR

#### “MAKE IN INDIA” CAMPAIGN:

A key national initiative, the “Make in India” campaign is focused on making India a global manufacturing hub. The goal of this mega programme is to ensure that the manufacturing sector which contributes to about 16 per cent of India’s GDP increases to around 25 per cent in 2022. The major focus of this initiative is heavy industries and public enterprises. The increase in investment in the manufacturing sector would generate significant employment and empower secondary and tertiary industries as well.

#### SPECIAL ECONOMIC ZONES:

- Currently, India has over 37 SEZs spread across the country in the engineering sector. More than 20 additional SEZs have been formally approved by the Government of India, and are all set to be established in the next couple of years. The Delhi-Mumbai Industrial Corridor, being developed across seven major states is expected to further strengthen the growth of the Indian engineering sector.

#### SMART CITIES INITIATIVE:

- In order to accelerate the ‘Smart Cities Initiative’, the Ministry of Urban Development announced partnership with Bloomberg Philanthropies in June 2015, to facilitate creation of quality urban infrastructure. This partnership is expected to improve the quality of urban life and further drive engineering growth in India.

#### KEY GROWTH DRIVERS

- Growth of the engineering sector is linked to investments in the sectors of power, infrastructure, automobile, auto components etc.
- India’s power sector is the single largest revenue generator for engineering companies. This sector’s performance is driven primarily by the augmentation of capacity and restructuring of state electricity boards.
- The growth in capital goods sector is also directly related to the overall engineering sector. Industry competition, rising infrastructure demand, export incentives and conducive policy environment are expected to facilitate growth in this industry.
- Government projects such as the World Bank-funded Golden Quadrilateral Project and the

North-South and East-West corridors, which are focus areas for infrastructure development, have fuelled growth in the construction industry as well as in the overall industrial sector.

- The government has launched the ‘Make in India’ campaign, combined with detailed process and policy re-engineering to make India a Global Manufacturing Hub. The campaign is set to boost job creation in the manufacturing sector for the large young demographic of the country. The government also plans to reduce corporate tax from 30 per cent to 25 per cent over the next 4 years, which is expected to lead to higher levels of investment in Indian industry.
- By the end of 2020, India is expected to have 590 million middle class, which will drive demand in the auto sector, consumer goods, infrastructure etc. Engineering firms need to ensure they address the requirements of this segment with products of adequate quality. This opens a large avenue for both domestic and international investment in this sector, especially in the large manufacturing & infrastructure projects. This is estimated to be over and above the mid-and innumerable small engineering projects expected to be announced in the next couple of years.

(Source – IBEF, Industry Reports)

### GLOBAL POWER & ELECTRICAL EQUIPMENT INDUSTRY

#### Global Electricity Market

- The demand for electricity worldwide is projected to grow at an annual rate of 2.4% for the period 2009–2035, driven by economic and population growth. Over 80% of the growth between 2009 and 2035 is expected to be in non-OECD countries.

#### Global Trade in Electrical Equipment

- Switchgears and rotating machines together cover around 34% of the trade market. China is the leading exporter in rotating machines as well as transformers with more than 16% share, while India has less than 2% share in global trade of these products. The US is the largest importer of rotating machines as well as transformers.

#### Transmission & Distribution Equipment

- India’s electrical equipment industry has witnessed significant growth in the last few years.

## ANNEXURE-9 (Contd.)

- There is significant capacity in India's T&D equipment segment, which is operating broadly at 70% capacity utilization. The domestic T&D segment is geared to cater to the expected growth in the demand for T&D equipment.
- India has come a long way in electrical equipment manufacturing. Today, the country manufactures a large variety of electrical equipment. In the T&D segment, it makes and exports a wide array of equipment from transformers to cables. New technologies that are being introduced have been brought into the domestic manufacturing domain by foreign players. These players have come into India either independently and set up their own manufacturing facilities or through the JV route.

### ABOUT SALZER

Salzer is a Leading player offering Total and Customized Electrical Solutions in Switchgears, Wires & Cables and Energy Management business. It 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.

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, 2018, is as follows:

Total Net Revenue from operations at ₹ 442.8 crore for the year ended March 31, 2018, as against ₹ 385.0 crore for the corresponding previous period, an increase of 15.0%, mainly on account of increase in revenues across all businesses of Industrial Switchgears, Wires & Cables and Building Segment.

The raw materials consumed for the financial year ended March 31, 2018 were ₹ 323.5 crore as against ₹ 276.68 crore for the corresponding previous period, an increase of 16%.

The staff expenses for the financial year ended March 31, 2018 were ₹ 19.9 crore as against ₹ 18.7 crore

for the corresponding previous period, an increase of 5.9%.

The other expenses for the financial year ended March 31, 2018 were ₹ 46.2 crore as against ₹ 42.40 crore for the corresponding previous period, an increase of 9%.

The EBITDA (earnings before interest, depreciation and tax) was ₹ 53.3 crore for the year ended March 31, 2018, as against ₹ 44.1 crore for the corresponding previous period, an increase of 20.7%

The depreciation for the financial year ended March 31, 2018 was ₹ 10.5 crore, as against ₹ 8.9 crore for the corresponding previous period, an increase of 18.4%.

The EBIT (earnings before interest and tax) were ₹ 45.9 crore for the year ended March 31, 2018, as against ₹ 40.7 crore for the corresponding previous period, an increase of 12.7%

The interest for the financial year ended March 31, 2018 was ₹ 14.9 crore as against ₹ 14.6 crore for the corresponding previous period, an increase of 2.2%

The profit after tax for the financial year ended March 31, 2018 was at ₹ 20.0 crore as against ₹ 17.3 crores for the corresponding previous period, an increase of 15.4%.

The EPS (Earning per Share) for the financial year ended March 31, 2018 was ₹ 13.82 for a face value of ₹ 10 per share, as against ₹ 12.53 for the corresponding previous period.

### RESOURCES AND LIQUIDITY

As on March 31, 2018, the consolidated net worth stood at ₹ 272.8 crore and total debt was at ₹ 114.8 crore.

The net debt to equity ratio of the Company stood at 0.60 as on March 31, 2018.

### BUSINESS PERFORMANCE

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

#### Industrial Switchgear

This business segment occupies the first place in contribution to the total business of the Company. This segment includes transformers, terminal blocks, rotary switches, isolators, general purpose relays, wiring ducts, MPCBs, contactors, control panels, and

## ANNEXURE-9 (Contd.)

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 are having international certification like UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), Intertek Semko certification and CE (Conformite Europeenne).

During the year, this segment posted revenue of ₹ 204.03 Crs against ₹ 175.77 Crs record in FY17, with the growth of around 16.01% and contributed 45.01% to the top-line.

### Copper business

The copper business comes second in contribution to the business. In the segment, Larsen and Toubro plays a major role in the off take. This vertical commenced some 15 years back and focusing more on domestic market. After few years of flat performance, the segment witnessed robust recovery and during the year, the segment reported business revenue of ₹ 223.06 Crs as against ₹ 174.98 Crs with year on year growth of around 27%.

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

### Building Segment

Salzer has a wide range of products under this segment including modular switches, wires and cables, 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 AC
- Silver nickel contacts for enhanced electrical life
- Manufactured using high-grade engineering plastics
- Safety features: anti-spark shield and finger-protected switch terminals
- Specialty 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 4.71% 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.

## 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 segment 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 requirements has differentiated the Company from its competitors. 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.

## ANNEXURE-9 (Contd.)

### 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.

### 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 values and as the result, any volatility in the forex market does not have a significant material impact on the business.

### OPPORTUNITIES

- Domestic demand to sustain the envisaged annual GDP growth rate of around 8-9% over the next 20 years, it has been estimated that India will require to increase its electricity generation capacity by around five times by 2032
- Rapid growth in metros, airports and other infrastructure projects is expected to generate huge demand for matching BTG and T&D equipment
- External demand: Currently, share of India's exports in the global market is less than 1 per cent. With the electricity sector being a sunrise sector across the entire developing world, there exists a significant export potential for the domestic industry

### 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.

### Way Ahead

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

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

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## INDEPENDENT AUDITOR'S REPORT

"To

The Members of **Salzer Electronics Limited**"

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone IND AS financial statements of SALZER ELECTRONICS Limited ("**the Company**"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "standalone IND AS financial statements")

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

### AUDITOR'S RESPONSIBILITY

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

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

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

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

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



## 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 aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, its cash flows and the changes in equity for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable .
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Standalone 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 Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) specified under section 133 of the Act, read with the relevant Rules issued there under.
  - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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, a separate Report has been given in "Annexure B", and
  - 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 Company has disclosed the impact of pending litigations in its financial position in its Standalone IND AS financial statements – Refer note no.31.1.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**FOR SWAMY & RAVI**

Chartered Accountants  
(Firm's Registration No. 004317S)

**S. ALAMELU**

PARTNER

M No. 223555

Date: May 24, 2018

Place: Coimbatore

## ANNEXURE 'A'

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SALZER ELECTRONICS LIMITED

### (REFERRED TO IN PARAGRAPH 1, OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS)

The Annexure referred to in Independent Auditors Report to the members of the Company on the Standalone IND AS Financial Statements for the year ended March 31, 2018.

According to the information and explanations sought by us and given by the Company and the books and records examined by us during the course of our Audit and to the best of our knowledge and belief we report the following:

- (i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The 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. No material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties of the Company shown under the Fixed Assets schedule are held in the name of the Company.
- (ii) 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 book 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 or made investments or given guarantees and securities during the year and hence compliance with section 185 and 186 are not applicable.

(v) The Company has not accepted any deposits 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 section 148(1) of the Act. 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. In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' 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, 2018 for a period of more than six months from the date of being payable.
- b) 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, 2018 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 lakh was paid under protest)	CESTAT - APPEAL

viii. The Company has not borrowed loans from any financial institutions and has not issued any debentures till date.

- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, clause 3(ix) of the order is not applicable.
- 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 of the 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 in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements etc, as required by the applicable accounting standards.
- xiv. The Company has made allotment of 10,30,000 shares on preferential basis, in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 during the year under the review for a total value of ₹ 20.29 Crs as consideration other than cash, to Salzer Magnet Wires Limited upon acquisition of whole of its business undertaking.
- xv. The Company has not entered into 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 45-1A of the Reserve Bank of India Act 1934.

**FOR SWAMY & RAVI**

Chartered Accountants  
(Firm's Registration No. 004317S)

**S. ALAMELU**

PARTNER

M No. 223555

Date: May 24, 2018

Place: Coimbatore

## **ANNEXURE 'B'**

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SALZER ELECTRONICS LIMITED

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of SALZER ELECTRONICS LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statement 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 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 the reasonable assurance whether adequate internal financial controls over financial reporting was established and maintained and if such controls were operated effectively in all material respects.

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

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

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

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

#### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR SWAMY & RAVI**

Chartered Accountants  
(Firm's Registration No. 004317S)

**S. ALAMELU**

PARTNER  
M No. 223555

Date: May 24, 2018  
Place: Coimbatore

# BALANCE SHEET

AS AT MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>I ASSETS</b>				
<b>1 Non-current Assets</b>				
(a) Property, Plant and Equipment	2	16,173.61	13,663.70	11,847.37
(b) Capital Work in progress	3	643.30	906.79	811.23
(c) Investment Property	4	0.77	0.77	0.77
(d) Intangible Assets	5	458.67	226.50	130.32
(e) Financial Assets				
i. Investments	6	86.55	78.75	545.82
ii. Trade Receivables	7	2,190.46	2,168.52	1,926.68
iii. Others	8	1,201.36	984.69	819.74
(f) Other Non-Current Assets	9	208.79	237.95	509.57
<b>Total Non-Current Assets (1)</b>		<b>20,963.51</b>	<b>18,267.67</b>	<b>16,591.50</b>
<b>2 Current Assets</b>				
(a) Inventories	10	13,854.10	9,337.50	6,882.76
(b) Financial Assets				
i. Investments	11	222.44	386.59	1,204.43
ii. Trade Receivables	12	11,731.25	11,702.29	9,582.82
iii. Cash and Cash equivalents	13	199.47	566.65	580.60
iv. Other Bank balances	14	800.27	672.79	672.78
v. Loans	15	3,950.63	2,957.11	2,265.78
vi. Others	16	261.28	80.17	62.50
(c) Other Current Assets	17	1,740.23	1,420.73	1,273.02
<b>Total Current Assets (2)</b>		<b>32,759.67</b>	<b>27,123.83</b>	<b>22,524.69</b>
<b>TOTAL ASSETS (1+2)</b>		<b>53,723.18</b>	<b>45,391.50</b>	<b>39,116.19</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1. EQUITY</b>				
(a) Equity Share Capital	18	1,499.67	1,434.82	1,364.32
(b) Instruments entirely equity in nature – Non Cumulative 5% Convertible Preference Shares		53.00	-	-
(c) Other Equity	19	25,507.42	21,820.54	19,285.46
<b>Total Equity (1)</b>		<b>27,060.09</b>	<b>23,255.36</b>	<b>20,649.78</b>
<b>2. LIABILITIES</b>				
<b>(1) Non-current Liabilities</b>				
(a) Financial Liabilities				
i. Borrowings	20	765.22	1,182.49	1,767.94
(b) Provisions	21	65.86	24.22	50.63
(c) Deferred tax liabilities (net)	22	2,176.33	1,810.52	1,561.75
<b>Total Non-current Liabilities (2)</b>		<b>3,007.41</b>	<b>3,017.23</b>	<b>3,380.32</b>
<b>(2) Current Liabilities</b>				
(a) Financial Liabilities				
i. Borrowings	23	12,777.78	10,304.78	8,133.15
ii. Trade Payables	24	3,630.94	2,841.70	2,968.75
iii. Others	25	1,051.57	1,095.95	1,064.56
(b) Other Current Liabilities	26	6,053.42	4,676.68	2,808.74
(c) Provisions	27	44.40	21.98	-
(d) Current Tax Liabilities (Net)	28	97.57	177.82	110.89
<b>Total Current Liabilities (3)</b>		<b>23,655.68</b>	<b>19,118.91</b>	<b>15,086.09</b>
<b>TOTAL EQUITY AND LIABILITIES (1+2+3)</b>		<b>53,723.18</b>	<b>45,391.50</b>	<b>39,116.19</b>

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)

**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)

For **Swamy & Ravi**

Chartered Accountants

FRN :004317S

**S ALAMELU**

Partner

Membership No.223555

Coimbatore - 47.

May 24, 2018

## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I INCOME</b>			
Revenue From Operations	29	45,333.17	44,366.41
Other Income	30	310.24	544.35
<b>Total Income</b>		<b>45,643.41</b>	<b>44,910.76</b>
<b>II EXPENSES</b>			
Cost of materials consumed	31	35,717.26	29,795.87
Purchase of stock in trade		140.77	290.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(3,512.29)	(2,118.37)
Excise duty		1,056.03	5,868.52
Employee benefit expenses	33	1,985.69	1,874.80
Finance Cost	34	1,491.25	1,459.29
Depreciation and amortization expense	35	1,053.61	889.74
Other expenses	36	4,617.23	4,240.14
<b>TOTAL EXPENSES</b>		<b>42,549.55</b>	<b>42,300.73</b>
<b>III PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>3,093.86</b>	<b>2,610.03</b>
Exceptional items		-	-
<b>IV PROFIT BEFORE TAX</b>		<b>3,093.86</b>	<b>2,610.03</b>
Tax Expense	37	1,092.21	875.81
<b>V PROFIT AFTER TAX</b>		<b>2,001.65</b>	<b>1,734.22</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		(75.14)	(9.70)
b. Change in fair value of FVOCI equity instruments		5.23	0.97
c. Net gain/ (loss) on sale of investments designated through OCI		-	154.22
d. Income Tax expenses on above		24.84	3.36
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>(45.07)</b>	<b>148.85</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,956.58</b>	<b>1,883.07</b>
<b>EARNINGS PER SHARE</b>	38		
- Basic after exceptional items (in ₹)		13.82	12.53
- Diluted after exceptional items (in ₹)		13.45	12.11

Significant accounting Policies - Note :1

The accompanying Notes are an integral part of the financial statements  
In terms of our report attached

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Coimbatore - 47.  
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For **Swamy & Ravi**  
Chartered Accountants  
FRN :004317S

**S ALAMELU**

Partner

Membership No.223555



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2018

		(₹ in Lakhs)
PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) after tax	1,956.58	1,883.07
Adjustments for:		
Tax expenses	1,092.21	872.45
Depreciation and Amortisation	1,053.61	889.74
Interest Income	(80.44)	(69.39)
Finance Costs	1,491.25	1,459.29
(Gain)/Loss on Foreign Exchange Fluctuations (Net)	(194.22)	(393.38)
Dividend Income	(18.21)	(33.74)
Profit on Sale of Investments	(2.90)	(165.83)
(Profit)/Loss on Sale of Assets (Net)	7.23	37.27
Fair Valuation of Investments	(5.23)	(18.69)
Other Non-operating Income	(14.47)	(15.53)
<b>Operating Profit before working capital changes</b>	<b>5,285.41</b>	<b>4,445.24</b>
<b>Adjusted for working capital changes</b>		
Inventories	(4,516.60)	(2,454.73)
Trade and Other receivables	(1,732.54)	(3,111.29)
Trade and Other Payables	2,185.67	1,767.81
Cash Generated from Operations	1,221.93	647.02
Direct Taxes Paid	(806.65)	(556.75)
<b>Net Cash Flow from Operating Activities</b>	<b>415.29</b>	<b>90.27</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,805.51)	(2,906.69)
Increase in Capital Work in Progress	263.49	(95.56)
Non-operating Income	14.47	15.53
Profit on Sale of Investments	2.90	165.83
Investment in Mutual Funds and Equities	161.58	1,303.58
Proceeds from Sale of Fixed Assets	9.81	104.43
Loss on Sale of Assets	(7.23)	(37.27)
Dividend Income	18.21	33.74
Interest Income	80.44	69.39
<b>Net Cash Used in Investing Activities</b>	<b>(3,261.84)</b>	<b>(1,347.02)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short Term Borrowings	2,473.00	2,171.65
Share Application/Allotment Money Received	2,127.32	987.19
Long term Borrowings	29.51	75.10
Repayment of Long Term Borrowings	(446.78)	(660.54)
Interest and Finance Charges	(1,491.25)	(1,459.29)
(Gain)/Loss on Foreign Exchange Fluctuations (Net)	194.22	393.38
Dividend and Dividend Tax Paid	(279.17)	(264.68)
<b>Net Cash Generated from Financing Activities</b>	<b>2,606.85</b>	<b>1,242.81</b>
Net Increase in Cash and Cash Equivalents	(239.70)	(13.94)
Cash and Bank balances at the Beginning of the Year	1,239.44	1,253.38
Less: Bank Balances not considered as Cash and Cash equivalents	800.27	672.79
<b>Cash and Cash equivalents at the end of the year (Note.13)</b>	<b>199.47</b>	<b>566.65</b>

The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.

The accompanying Notes are an integral part of the financial statements  
In terms of our report attached

**N. RANGACHARY**  
Chairman  
(DIN :00054437)

**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)

For **Swamy & Ravi**  
Chartered Accountants  
FRN :0043175

**S ALAMELU**  
Partner

Membership No.223555

Coimbatore - 47.  
May 24, 2018

## STATEMENT OF CHANGE IN EQUITY

### FOR THE YEAR ENDED MARCH 31, 2018

#### A) EQUITY SHARE CAPITAL

Particulars	(₹ in Lakhs)
Issued and Subscribed:	
<b>Balance as at the beginning of the year</b>	<b>1434.82</b>
Add: Allotment of shares by ESOP Trust to Employees	14.85
Add: Issue under conversion of warrants	-
Add: Allotment of shares on Preferential basis for consideration other than Cash	50.00
<b>Balance as at the end of the year</b>	<b>1499.67</b>

#### B) OTHER EQUITY

For the year ended 31/03/2017

Particulars	Money received against share warrants	Share application money pending allotment	Reserves and Surplus				Other items of other comprehensive income	Total Other Equity
			Capital Reserve	Securities Premium Reserve	General Reserve	Employee Stock option outstanding	Retained Earnings	
Balance as at 01/04/2016	411.75	10.60	80.67	9,120.89	1,778.46	62.74	7,818.49	19,285.47
- Profit for the year ended 31-03-2017	-	-	-	-	-	-	1,734.22	1,734.22
- Other Comprehensive income: Transfer to other reserves (if any)	-	-	-	-	45.00	-	(45.00)	-
Appropriations (if any)	-	-	-	-	-	-	-	-
Shares issued	(411.75)	(10.60)	-	1,349.79	-	-	-	927.44
Options exercised	-	-	-	-	-	(10.75)	-	(10.75)
Dividend paid	-	-	-	-	-	-	(264.68)	(264.68)
<b>Balance as at 31/03/2017</b>	<b>-</b>	<b>-</b>	<b>80.67</b>	<b>10,470.68</b>	<b>1,823.46</b>	<b>51.99</b>	<b>9,243.03</b>	<b>21,820.55</b>

# STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

For the year ended 31/03/2018

Particulars	Share application money pending allotment	Reserves and Surplus				Other items of other comprehensive income
		Capital Reserve	Securities Premium Reserve	General Reserve	Employee Stock option outstanding	Retained Earnings
Balance as at 31/03/2017	-	80.67	10,470.68	1,823.46	51.99	150.72
- Profit for the year ended 31-03-2018	-	-	-	-	-	2,001.65
- Other Comprehensive income:	-	-	-	-	-	(45.08)
Transfer to other reserves (if any)	-	-	-	45.00	-	-
Appropriations (if any)	-	-	-	-	-	-
Options exercised, pending allotment of shares	38.82	-	-	-	-	38.82
Premium against allotment of shares	-	-	1,983.42	-	(12.77)	1,970.65
Dividend paid	-	-	-	-	-	(279.17)
<b>Balance as at 31/03/2018</b>	<b>38.82</b>	<b>80.67</b>	<b>12,454.10</b>	<b>1,868.46</b>	<b>39.22</b>	<b>105.64</b>
						<b>25,507.42</b>

The accompanying Notes are an integral part of the financial statements  
In terms of our report attached

**N. RANGACHARY**  
Chairman  
(DIN : 00054437)

**R. DORAISWAMY**  
Managing Director  
(DIN : 00003131)

For **Swamy & Ravi**  
Chartered Accountants  
FRN : 004317S

**D. RAJESHKUMAR**  
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Chief Financial Officer  
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**S. BASKARA SUBRAMANIAN**  
Director (Corporate Affairs) & Company  
Secretary  
(DIN : 00003152& FCS No. 4605)

**S ALAMELU**  
Partner  
Membership No. 223555

Coimbatore - 47.  
May 24, 2018

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2018

### 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 BSE Limited and National Stock Exchange Limited

#### II. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IND AS:

The 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 March 31, 2018 are the first financial statements that the Company has prepared in accordance with Ind AS. For all the periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, with the date of transition to Ind AS being April 01, 2016. For the purpose of comparatives, financial statements for the year ended March 31, 2017 and opening balance sheet as at April 01, 2016 are also prepared as per Ind AS. The financial statements for the year ended March 31, 2018 were authorized and approved for issue by the Board of Directors on 24.05.2018. Refer Note 48 for optional exemptions and mandatory exceptions availed on First time adoption of Ind-AS.

#### 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 & 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.

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, except for Accounting for Leases that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use under Ind AS 36. 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 are 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

### 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 realized 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 realized 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****VII. 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.

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 relate to an item of PPE is capitalized if it meets the recognition criteria.

On the date of transition to Ind AS, the items of Property, Plant and Equipment have been measured at their carrying value, except for certain class of assets which are measured at fair value as '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 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:

<b>Class of Assets</b>	<b>Useful Lives</b>
Building	30Years
Plant and equipment	15 Years
Windmill	22Years
Electrical Machinery solar	30 years
Furniture and Fixtures	10 Years
Vehicles	8 Years

**De-recognition:**

An item of PPE is derecognized 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.

**VIII. 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 recognized in profit or loss as incurred.

**IX. INTANGIBLE ASSETS AND AMORTIZATION:**

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

Intangible assets are recognized 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 capitalized on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalized and amortized along with the related fixed asset.

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

<b>Class of Assets</b>	<b>Useful Lives</b>
Computer software	3Years

**Internally generated intangible assets. Refer discussed paper**



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

### X. 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.

### XI. 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 asset belongs 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.

### XII. 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 labour 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.

### XIII. 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.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**

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 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 Subsidiaries, Associates and Joint venture are accounted for at cost as per Ind AS 27.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

### 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 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.

## XIV. 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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**

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.

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

**XVI. 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 recognized 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), sales tax 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 recognized when the services are rendered.

**b. Revenue from Projects**

Revenue from contracts which involves supply of material and services over the contract period is measured using the proportionate completion method. Under the percentage of completion method, revenue is recognized in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. The amount recognized is net of goods and service tax (GST), sales tax, service tax and other amounts collected from the customer in the capacity of an agent, as applicable. In cases where the total project

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

cost is estimated to exceed the total estimated revenue from a project, the loss is recognized 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:

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.

### d. Interest Income:

Interest income, including income arising from other financial instruments, is recognized 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.

## XVII.LEASES:

### a. Company as a Lessor

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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### b. Company as a Lessee

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.

## XVIII.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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**

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.

**XIX. 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 equity-settled share based payments transactions are set out in the Note No. 40.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**XX. 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.

**XXI. 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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

### 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.

### XXII.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.

### XXIII.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.

### XXIV.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.

#### c. Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**

benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. The carrying amount of MAT is reviewed at each reporting date and asset will be written down to the extent the Company's right of adjustment would lapse.

Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**XXV. 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.

**XXVI. STANDARDS ISSUED OR MODIFIED BUT NOT YET EFFECTIVE****IND AS 115**

The Ministry of Corporate Affairs, on 28.3.2018 notified Ind AS 115 – Revenue from contracts with customers as part of Company's (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective from accounting periods beginning on or after 1.4.2018.

The new standard replaces existing revenue recognition standards Ind AS 11,

Construction Contracts and Ind AS 18, Revenue and revised guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Real Estate Transactions for Ind AS entities issued in 2016.

The core principle of the new standard is that revenue should be recognized when an entity transfers control of goods or services to customer at the amount to which the entity expects to be entitled to. Ind AS-115 requires perceiving revenue from customer point of view – whether the customer has received a standalone benefit from the goods or services it has received.

The other fundamental change is that an entity recognizes the revenue when controls of the underlined goods or services are transferred to the customer. This is different from the current

"risk and reward model" under Ind AS 18, where revenue is recognized on transfer of risk and reward to the customer.

The new model is expected to bring about significant changes in the way the company recognize, present and disclose their revenue.

The standard permits two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is evaluating the requirement of the amendment and the impact on the financial statements. In light of the introduction of Ind AS 115, the company would have to evaluate its revenue recognition policy and more specifically on the PPP project in line with the revised standard.

**IND AS 21**

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1st April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

**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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

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 Period. As at March 31, 2017 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

## Note No. 2 PROPERTY, PLANT AND EQUIPMENT

## Property, Plant and Equipment (PPE)

Particulars	Freehold Land	Building	Plant & Equipment	Furniture & Fixtures	Electrical Machinery Solar	Vehicles	Windmill	TOTAL
Deemed Cost								
<b>As at April 1, 2016</b>	<b>2,871.73</b>	<b>1,502.92</b>	<b>6,880.49</b>	<b>193.96</b>	<b>245.17</b>	<b>55.30</b>	<b>97.80</b>	<b>11,847.37</b>
Additions during 2016-17	2.43	233.22	2,487.25	55.70	-	11.52	3.48	2,793.60
Disposals during 2016-17	-	-	(93.05)	(5.66)	-	(5.73)	-	(104.44)
<b>As at March 31, 2017</b>	<b>2,874.16</b>	<b>1,736.14</b>	<b>9,274.69</b>	<b>244.00</b>	<b>245.17</b>	<b>61.09</b>	<b>101.28</b>	<b>14,536.53</b>
<b>Additions during 2017-18</b>	<b>114.44</b>	<b>921.30</b>	<b>2,368.48</b>	<b>88.86</b>	<b>24.78</b>	<b>26.87</b>	<b>0.81</b>	<b>3,545.54</b>
<b>Disposal during 2017-18</b>	<b>-</b>	<b>-</b>	<b>21.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.80</b>
<b>As at March 31, 2018</b>	<b>2,988.60</b>	<b>2,657.44</b>	<b>11,621.37</b>	<b>332.86</b>	<b>269.95</b>	<b>87.96</b>	<b>102.09</b>	<b>18,060.27</b>
Accumulated Depreciation								
As at April 1, 2016								
Depreciation charged during the year	-	64.09	733.29	45.65	8.38	13.82	7.60	872.83
Disposals during 2016-17	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>64.09</b>	<b>733.29</b>	<b>45.65</b>	<b>8.38</b>	<b>13.82</b>	<b>7.60</b>	<b>872.83</b>
Depreciation charged during the year	-	75.99	874.29	44.43	14.03	9.34	7.75	1,025.83
<b>Disposals during 2017-18</b>	<b>-</b>	<b>-</b>	<b>12.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.00</b>
<b>As at March 31, 2018</b>	<b>-</b>	<b>140.08</b>	<b>1,595.58</b>	<b>90.08</b>	<b>22.41</b>	<b>23.16</b>	<b>15.35</b>	<b>1,886.66</b>
Net Carrying amount								
<b>As at April 1, 2016</b>	<b>2,871.73</b>	<b>1,502.92</b>	<b>6,880.49</b>	<b>193.96</b>	<b>245.17</b>	<b>55.30</b>	<b>97.80</b>	<b>11,847.37</b>
<b>As at March 31, 2017</b>	<b>2,874.16</b>	<b>1,672.05</b>	<b>8,541.40</b>	<b>198.35</b>	<b>236.79</b>	<b>47.27</b>	<b>93.68</b>	<b>13,663.70</b>
<b>As at March 31, 2018</b>	<b>2,988.60</b>	<b>2,517.36</b>	<b>10,025.79</b>	<b>242.78</b>	<b>247.54</b>	<b>64.80</b>	<b>86.74</b>	<b>16,173.61</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Details of properties pledged as security - Refer Note No. 20**

- The Company has elected to measure items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition at its carrying value, except for certain class of assets which are measured at fair value as deemed cost.

**The Reconciliation of Carrying value as per previous GAAP with Deemed cost as per Ind AS:**

	<b>Gross Block (At Cost)</b>	<b>Accumulated Depreciation</b>	<b>Net Block as per Previous GAAP (As at April 1, 2016)</b>	<b>Ind AS adjustment</b>	<b>Gross block as per Ind AS</b>
Property, Plant and Equipment:					
Freehold Land	252.62	-	252.62	2,619.11	2,871.73
Building	1,935.30	432.38	1,502.92		1,502.92
Plant & Equipment	13,397.00	5,650.50	7,746.50	(866.02)	6,880.48
Furniture & Fixtures	568.54	374.58	193.96		193.96
Electrical Machinery Solar	253.52	8.35	245.17		245.17
Vehicles	124.30	68.99	55.31		55.31
Windmill	604.48	506.68	97.80		97.80
<b>Total</b>	<b>17,135.76</b>	<b>7,041.48</b>	<b>10,094.28</b>	<b>1,753.09</b>	<b>11,847.37</b>

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

(₹ in Lakhs)

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at April 01, 2016</b>
Capital Work in Progress	643.30	906.79	811.23
<b>Total</b>	<b>643.30</b>	<b>906.79</b>	<b>811.23</b>

**Note No. 4 INVESTMENT PROPERTY**

(₹ in Lakhs)

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at April 01, 2016</b>
Freehold Land	0.77	0.77	0.77
<b>Total</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>

Fair value of the investment property ₹ 65,45,000/-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 5 INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Software</b>			
Opening Balance	226.50	130.32	130.32
Add: Additions during the year	24.76	113.09	-
Less: Deductions/ Adjustments during the year	-	-	-
Less: Amortization for the year	27.80	16.91	-
Closing Balance	223.46	226.50	130.32
<b>Goodwill</b>			
Opening Balance	-	-	-
Add: Additions during the year	235.21	-	-
Less: Deductions/ Adjustments during the year	-	-	-
Less: Amortization for the year	-	-	-
Closing Balance	235.21	-	-
<b>Total</b>	<b>458.67</b>	<b>226.50</b>	<b>130.32</b>

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its intangible assets as recognized in the financial statements as at the date of transition to Ind AS(s), measured as per previous GAAP and use that as its deemed cost as at the date of transition.

The Reconciliation of Carrying value as per previous GAAP with Deemed cost as per Ind AS:

(₹ in Lakhs)

Particulars	Gross Block (At Cost)	Accumulated Amortization	Net Block as per Previous GAAP (As at April 01, 2016)	Ind AS adjustment	Gross block as per Ind AS
<b>Intangible assets:</b>					
Computer Software	146.55	16.23	130.32	-	130.32
<b>Total</b>	<b>146.55</b>	<b>16.23</b>	<b>130.32</b>	<b>-</b>	<b>130.32</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No.	Amount	No.	Amount	No.	Amount
<b>TRADE INVESTMENTS</b>						
Measured at Fair value through Other Comprehensive Income						
(i) Quoted equity shares, fully paid up.						
a) Bank of India, of ₹10/- each (31.03.2018 - 104.81, 31.03.2017 - ₹ 139.25/-, 01.04.2016 - ₹ 97.05/-)	2300	2.40	2300	3.20	2,300	2.23
b) Himadri Chemicals and Industries Ltd of ₹1/- each (01.04.2016 - ₹ 15.75/-)	-	-	-	-	1243059	195.78
<b>Total (i)</b>		<b>2.40</b>		<b>3.20</b>		<b>198.01</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No.	Amount	No.	Amount	No.	Amount
(ii) Unquoted equity shares, fully paid up.						
a) Salzer Technologies, of ₹ 10/- each (31.03.2018 - ₹ 10/-, 31.03.2017 - ₹ 10/-, 01.04.2016 - ₹ 10/-)	83250	8.33	83250	8.33	83250	8.33
b) Salzer Spinners Ltd, of ₹ 10/- each (31.03.2018 - ₹ 3/-, 31.03.2017 - ₹ 3/-, 01.04.2016 - ₹ 3/-)	1865500	55.97	1865500	55.97	1865500	55.97
c) Salzer Global Services Llc, of ₹ 100/- each (01.04.2016 - ₹ 104.62/-)	-	-	-	-	271000	283.51
d) Kamatchi Sponge and Power Corporation Ltd, of ₹ 10/-each 1.03.2018 - ₹ 10/-, 31.03.2017 - ₹ 10/-)	165500	16.55	112500	11.25	-	-
e) NSL Power Company (Phoolwadi) Pvt. Ltd (Equity Shares of ₹ 10/- each bought at cost of ₹ 10 per share)	33000	3.30	-	-	-	-
<b>Total (ii)</b>		<b>84.15</b>		<b>75.55</b>		<b>347.81</b>
<b>GRAND TOTAL</b>		<b>86.55</b>		<b>78.75</b>		<b>545.82</b>

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Aggregate value of quoted investments	2.40	3.20	198.01
Market value of quoted investments	2.40	3.20	198.01
Aggregate value of unquoted investments	84.15	75.55	347.81
Aggregate value of impairment in the value of investments	-	-	-

**Note No. 7 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good	2,190.46	2,168.52	1,926.68
Less: Allowance for expected credit losses (Refer Note No. 46)	-	-	-
<b>Total</b>	<b>2,190.46</b>	<b>2,168.52</b>	<b>1,926.68</b>

**Note No. 8 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unbilled Revenue*	1034.62	877.75	726.74
<b>Financial Assets at amortized cost</b>			
Security Deposits	166.74	106.94	93.00
<b>Total</b>	<b>1201.36</b>	<b>984.69</b>	<b>819.74</b>

\* Unbilled revenue represents revenue from projects recognized under the percentage of completion method. Revenue is recognized in proportion that the contract costs incurred for work performed up to the reporting date bears to the estimated total contract costs.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 9 OTHER NON- CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance for capital expenses	208.79	237.95	509.57
<b>Total</b>	<b>208.79</b>	<b>237.95</b>	<b>509.57</b>

**Note No. 10 INVENTORIES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw Material (including goods in transit)	4,057.60	3,069.81	2,736.10
Work in progress	7,055.99	4,617.52	3,304.71
Finished Goods	2,653.01	1,579.20	773.64
Packing Materials	87.50	70.97	68.31
<b>Total</b>	<b>13,854.10</b>	<b>9,337.50</b>	<b>6,882.76</b>

**Note:-**

1. For method of valuation of inventories, refer Note. 1. XII
2. Inventories with the above mentioned carrying amount have been hypothecated as security against certain bank.
3. Cost of inventory recognized as expenses:
  - a. Amount of inventory charged off to Statement of Profit and Loss

(₹ in Lakhs)

Particulars	2017-18	2016-17
Raw materials	4,145.10	3,140.78
Others	9709.00	6,196.72
<b>Total</b>	<b>13,854.10</b>	<b>9,337.50</b>

- b. Amount of inventories stated at fair value less cost to sell and
- c. Value of inventory written down

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 11 CURRENT INVESTMENTS**

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No.	Amount	No.	Amount	No.	Amount
<b>INVESTMENTS</b>						
Measured at Fair value through Profit and Loss						
In Mutual Funds, quoted						
State Bank of India - Infrastructure Fund	43,619	14.11	25,927	8.27	5,569	1.52
Reliance Equity Dividend	56,675	16.02	38,320	11.28	17,835	4.82
ICICI Prudential Discovery Fund	76,641	22.06	58,075	18.04	38,942	11.03
Sundaram BNP Paribas Select Mid Cap	71,182	27.06	56,803	21.99	39,579	11.88
Birla Sun Life Frontline Equity Fund	86,256	22.70	64,513	17.02	40,749	9.62
HDFC TOP 200 Fund	46,027	21.83	34,899	17.45	22,363	9.41
Canara Robeco Mutual Fund	3,08,695	37.32	2,48,671	49.91	2,37,643	47.92
ICICI Pru Real Estate Portfolio -AMC		2.83		2.92		1.53
Canara Rebaco		-		-	8,91,794	210.37
ICICI Prudential Liquid Fund		-		-	1,77,047	177.22
Birla Sun Life Cash Plus	1,868.41	1.89	2,39,243	239.71	6,19,654	620.86
Union KBC Dynamite Bond Fund	4,99,990	50.90			8,22,701	98.25
Reliance Top 200 Fund	12,096	1.89		-		-
Kodak Select Focus Fund	8,485	1.93		-		-
IDFC Steling Equity Fund	8,874	1.90		-		-
<b>Total</b>		<b>222.44</b>		<b>386.59</b>		<b>1,204.43</b>

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No.	Amount	No.	Amount	No.	Amount
Aggregate value of quoted investments		222.44		386.59		1,204.43
Market value of quoted investments		222.44		386.59		1,204.43



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 12 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	<b>Current</b>	<b>Current</b>	<b>Current</b>
Unsecured, considered good	11,815.50	11,762.54	9,687.82
Less: Allowance for expected credit losses (Refer Note No. 46)	(84.25)	(60.25)	(105.00)
<b>Total</b>	<b>11,731.25</b>	<b>11,702.29</b>	<b>9,582.82</b>

**Note No. 13 CASH AND CASH EQUIVALENTS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with Banks			
- In Current Accounts	149.49	495.67	483.79
Deposits (with original maturity of 3 months or less)	41.61	60.00	75.00
Cash on hand	8.37	10.98	21.81
<b>Total</b>	<b>199.47</b>	<b>566.65</b>	<b>580.60</b>

**Note No. 14 OTHER BANK BALANCES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with Banks			
Earmarked Balances			
- In Unpaid Dividend Accounts	31.49	27.90	28.04
- In Margin money and Bank Guarantee	535.26	507.84	617.64
Others			
- Deposit with original maturity of more than 3 months	233.52	137.05	27.10
<b>Total</b>	<b>800.27</b>	<b>672.79</b>	<b>672.78</b>

**Note No. 15 LOANS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Loans and Advances to related parties (Refer Note No. 51)	1,552.35	978.57	119.05
Loans and Advances to employees	281.46	216.69	197.46
Loans-Others	2,116.82	1,761.85	1,949.27
<b>Total</b>	<b>3,950.63</b>	<b>2,957.11</b>	<b>2,265.78</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 16 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial Assets at amortized cost			
Security Deposits	-	-	-
Energy Saver Income receivable	29.82	29.68	5.16
Windmill Income receivable	1.33	1.23	0.87
Energy Saver Deposit Receivable	44.18	-	50.37
Other Receivables	185.95	49.26	6.10
<b>Total</b>	<b>261.28</b>	<b>80.17</b>	<b>62.50</b>

**Note No. 17 OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
(a)Advances other than capital advances			
Advances to Suppliers	478.09	373.05	322.28
(b)Others			
Prepaid expenses	104.39	35.79	44.05
Balances with statutory/government authorities	1,157.75	1,011.89	906.69
<b>Total</b>	<b>1,740.23</b>	<b>1,420.73</b>	<b>1,273.02</b>

**Note No. 18 EQUITY SHARE CAPITAL**
**18a. Authorized Share Capital**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1,90,00,000 equity shares of ₹10/- each	1,900.00	2,000.00	2,000.00
10,00,000 non cumulative convertible preference shares of ₹ 10/- each	100.00	-	-
<b>Total</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>

During the year 2017-18, the authorized share capital of the Company ₹ 20,00,00,000 Comprising of 2,00,00,000 equity shares of ₹ 10/- has been re-classified as under

- ₹ 19,00,00,000 comprising of 1,90,00,000 Equity Shares of ₹ 10/- each
- ₹ 1,00,00,000 Comprising of 10,00,000 Non Cumulative Convertible Preference Shares of ₹ 10/- each

**18b. Issued and Subscribed Capital**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
14996700 Equity shares of ₹ 10/- each (31-03-2017-14348187 equity shares of ₹ 10 fully paid up; 01-04-2016-13643187 equity shares of ₹ 10 fully paid up)	1,499.67	1,434.82	1,364.32

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****18c. Reconciliation of shares outstanding at the beginning and at the end of the period**

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Shares at the beginning of the period	143.48	1434.81	136.43	1364.32	102.84	1028.37
Add: Shares issued during the period						
a. Under Employee Stock Option	1.48	14.85	1.25	12.50	2.98	29.85
b. Preferential allotment of shares	5.00	50.00	-	-	-	-
c. Shares arising out of Conversion of Share Warrants	-	-	5.80	58.00	4.20	42.00
d. Qualified Institutional Placements					26.41	264.10
<b>Outstanding at the end of the period</b>	<b>149.96</b>	<b>1499.66</b>	<b>143.48</b>	<b>1434.82</b>	<b>136.43</b>	<b>1364.32</b>

- a) The following allotment of shares made to Salzer Magnet Wires Limited on March 16, 2018 as a consideration for other than cash as per the terms of business transfer agreement (BTA) towards acquisition of the whole of the business undertaking as a going concern on slump sale basis:-
- 5,00,000 Equity Shares of ₹ 10/- each credited as fully paid-up for a total value of ₹ 9.85 Crs
  - 5,30,000 Non Cumulative 5% Convertible Preference Shares (NCCPS) of ₹ 10/- each credited as fully paid-up for a total value of ₹ 10.44 Crs
- b) NCCPS are convertible into equity shares of ₹10/- each credited as fully paid-up over the period of two years from the allotment;
- c) Holder of NCCPS are not entitled for any voting rights till its conversion
- d) The Company has two class of Shares having par value of ₹ 10/- per share namely Equity Shares and NCCPS. Each holder of Equity Shares is entitled to one vote per share.
- e) The Company declares and pays Dividend in Indian Rupees.
- f) 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
- g) Shares held by Holding Company or Ultimate Holding Company – NIL
- h) Shareholders holding more than 5% shares (equity)

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Sundaram Mutual Fund	891077	5.94%	917805	6.40%	917805	6.73%

**19 OTHER EQUITY**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Reserve	80.67	80.67	80.67
Securities Premium	12,454.10	10,470.68	9,120.89
General Reserve	1,868.46	1,823.46	1,778.46
Retained Earnings	10,920.51	9,243.03	7,818.49
Other Comprehensive Income	105.64	150.71	1.87
Money received against share warrants	-	-	411.75
Share application money pending allotment	38.82	0.00	10.60
Employee Stock option outstanding	39.22	51.99	62.73
<b>TOTAL</b>	<b>25,507.42</b>	<b>21,820.54</b>	<b>19,285.46</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 20 BORROWINGS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	Effective Interest Rate	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Term Loans				
Secured				
a. From Banks				
i) Canara Bank				
Term Loan -1*	11.9	-	64.66	190.46
Term Loan -2**	11.45	616.72	613.17	937.79
ii) Citibank NA #				
Citibank NA -Phase I	6.25	27.87	69.67	111.47
Citibank NA -Phase II	6.25	13.25	29.15	45.05
Citibank NA -Phase III	6.25	16.50	34.50	52.50
Citibank NA -Phase IV	6.25	16.00	32.00	48.00
Citibank NA -Phase V	6.25	13.33	25.63	37.93
Citibank NA -Phase VI	6.25	7.00	12.60	18.20
Citi Bank - Term Loan 1 ##	12.00	-	-	16.56
Citi Bank - Term Loan -2 ###	12.00	-	-	14.69
IV) Union Bank of India @	10.95	14.27	226.02	295.29
v) HDFC Bank - Term Loan -1 \$	9.15	-	6.25	-
vi) HDFC Bank - Term Loan -2 \$\$	9.20	29.51	68.84	-
viii) VOLKS WAGEN FINANCE PRIVATE LTD	9.08	10.77		
<b>TOTAL</b>		<b>765.22</b>	<b>1,182.49</b>	<b>1,767.94</b>

**Securities Particulars**

\*Security: Assets purchased under Term Loan, Extension of equitable mortgage of Land and Building of the Company (Unit-I) Availment: ₹ 4,70,58,642/- is availed against sanctioned limit of ₹ 5,00,00,000/-.

\*\*Security: Assets purchased under Term Loans, Extension of equitable mortgage of Land and Building of the Company (Unit-I) and guaranteed by Mr. D. Rajeshkumar, Joint Managing Director. Availment: ₹ 18,49,78,591/- is availed against sanctioned limit of ₹ 29,00,00,000/-. Terms of Repayment: Term Loan Repayable in 12 EMI of ₹ 50,00,000 and 1 EMI of ₹ 16,72,000/-

# For Citibank Phase I: Terms of Repayment: Plant & Machinery Term Loan Repayable in 7 EMI of ₹ 3,48,333/- and 1 EMI of ₹ 3,48,670/-

# For Citibank Phase II: Terms of Repayment: Plant & Machinery Term Loan Repayable in 10 EMI of ₹ 1,32,500/-

# For Citibank Phase III: Terms of Repayment: Plant & Machinery Term Loan Repayable in 11 EMI of ₹ 1,50,000/-

# For Citibank Phase IV: Terms of Repayment: Plant & Machinery Term Loan Repayable in 11 EMI of ₹ 1,33,333/- and 1 EMI of ₹ 1,33,337

# For Citibank Phase V: Terms of Repayment: Plant & Machinery Term Loan Repayable in 12 EMI of ₹ 99,000 and 1 EMI of ₹ 1,45,000/-

# For Citibank Phase VI: Terms of Repayment: Plant & Machinery Term Loan Repayable in 14 EMI of ₹ 46,667/- and 1 EMI ₹ 46,662/-

## Security: Assets purchased under Term Loans, Extension of equitable mortgage of Land and Building of the Company (Unit-III) and guaranteed by Mr. D. Rajeshkumar, Joint Managing Director. Terms of Repayment: Plant & Machinery Term Loan Repayable within 27 EMI of ₹ 1,10,417/-

### Security: Assets purchased under Term Loans, Extension of equitable mortgage of Land and Building of the Company (Unit-III) and guaranteed by Mr. D. Rajeshkumar, Joint Managing Director. Terms of Repayment: Plant & Machinery Term Loan Repayable within 27 EMI of ₹ 97,917/-

\$ Plant & Machinery Term Loan

\$\$ Plant & Machinery Term Loan Repayable in 9 EMI of ₹3,28,000

@ Security: First charge on Land & Building and Plant and Machinery of Unit IV and Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director. Availment: ₹ 3,46,99,917/- is availed against sanctioned limit of ₹ 9,00,00,000/- Terms of repayment: Plant & Machinery Term Loan Repayable in 1 EMI of ₹ 14,27,000

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

## Note No. 21 PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits - Gratuity (Refer Note No. 39)	65.86	24.22	50.63
<b>Total</b>	<b>65.86</b>	<b>24.22</b>	<b>50.63</b>

## Note No. 22 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred tax liability			
- On Fixed Assets	1,569.91	1,298.05	1,123.98
- On Research and Development Expenses	312.76	262.88	210.96
- On Revenue Recognition - PPP Project	308.06	250.76	224.62
- On Employee Benefit Expenses	11.60	-	2.19
Deferred tax Asset			
- On Employee Benefit Expenses	26.00	1.17	-
<b>Total (Net)</b>	<b>2,176.33</b>	<b>1,810.52</b>	<b>1,561.75</b>

## Significant components of deferred tax assets / liabilities and their movements

(₹ in Lakhs)

Particulars	Deferred tax liabilities/ (assets) as at 01-04-2016	Charge/ (credit) to Profit/Loss	Charge/ (credit) to OCI	Deferred tax liabilities/ (assets) as at 31-03-2017
Deferred tax liability				
- On Fixed Assets	1,123.98	174.07	-	1,298.05
- On Research and Development Expenses	210.96	51.92	-	262.88
- On Revenue Recognition - PPP Project	224.62	26.14	-	250.76
- On Employee Benefit Expenses	2.19	-	(3.36)	(1.17)
<b>Total</b>	<b>1,561.75</b>	<b>252.13</b>	<b>(3.36)</b>	<b>1,810.52</b>

(₹ in Lakhs)

Particulars	Deferred tax liabilities/ (assets) as at 01-04-2017	Charge/ (credit) to Profit/Loss	Charge/ (credit) to OCI	Deferred tax liabilities/ (assets) as at 31-03-2018
Deferred tax liability				
- On Fixed Assets	1,298.05	271.86	-	1,569.91
- On Research and Development Expenses	262.88	49.88	-	312.76
- On Revenue Recognition - PPP Project	250.76	57.30	-	308.06
- On Employee Benefit Expenses	(1.17)	11.60	(24.83)	(14.40)
<b>Total</b>	<b>1,810.52</b>	<b>390.64</b>	<b>(24.83)</b>	<b>2,176.33</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 23 BORROWINGS (CURRENT)**

(₹ in Lakhs)

Particulars	Interest Rate	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Secured</b>				
<b>a. From Banks</b>				
i) Canara Bank				
Cash Credit	9.6	1,676.72	1,669.76	1,022.59
Secured by: Hypothecation of Inventories and Book Debts of Unit-I				
Pre-shipment Loan	L+2	30.59	31.29	83.77
Secured by: Hypothecation of Inventories of Unit-I				
ii) Citi Bank				
Cash Credit	9	1,581.84	1,037.95	428.40
Secured by: Hypothecation of Inventories and Book Debts of Unit-III				
Buyer's Credit Loan		-	-	71.76
Secured by: Hypothecation of Inventories of Unit-II				
Pre-shipment Loan	L+1.5	2,440.02	2,618.59	2,866.86
Secured by: Hypothecation of Inventories of Unit-II				
Post-shipment Loan	L+1.5	-	165.54	-
Secured by: Hypothecation of Inventories of Unit-II				
iii) Union Bank of India				
Cash Credit	9.4	2,023.87	1,312.93	1,295.28
Secured by: Hypothecation of Inventories and Book Debts of Unit-IV				-
Buyer's Credit	L+2	818.44	1,046.76	864.49
Secured by: hypothecation of Inventories and Book Debts of Unit-IV				
iv. HDFC Bank				
Cash Credit	9.4	452.69	421.96	-
Secured by hypothecation of Inventories and Book Debts of Unit-III				
v. Axis Bank				
Cash Credit	9.35	1,159.66	-	-
Secured by hypothecation of Inventories and Book Debts of Unit-V				
Buyer's Credit	L+2	593.95	-	-
Secured by hypothecation of Inventories and Book Debts of Unit-V				
		10,777.78	8,304.78	6,633.15
<b>(B) Unsecured</b>				
From Banks				
Loans repayable on demand (HDFC )	8.1	2,000.00	2,000.00	1,500.00
<b>Total</b>		<b>12,777.78</b>	<b>10,304.78</b>	<b>8,133.15</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 24 TRADE PAYABLES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	<b>Current</b>	<b>Current</b>	<b>Current</b>
Trade payable - Micro and small enterprises	-	-	-
Trade payable - Other than Micro and small enterprises	3,630.94	2,841.70	2968.75
<b>Total</b>	<b>3,630.94</b>	<b>2,841.70</b>	<b>2968.75</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. (Refer Note No. 33)

**Note No. 25 OTHER FINANCIAL LIABILITIES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturities of long- term debt	1,020.08	1,068.05	1,036.52
Unclaimed dividends	31.49	27.90	28.04
<b>Total</b>	<b>1,051.57</b>	<b>1,095.95</b>	<b>1,064.56</b>

**Note No. 26 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Statutory Dues	349.21	234.55	269.78
Advance from Customers	55.30	62.50	46.46
Creditors for capital goods	486.30	279.71	275.89
Creditors for expenses	5,162.61	4,099.92	2,216.61
<b>Total</b>	<b>6,053.42</b>	<b>4,676.68</b>	<b>2,808.74</b>

**Note No. 27 PROVISIONS**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits - Gratuity (Refer Note No. 39)	-	-	-
Provision for Warranty	44.40	21.98	-
<b>Total</b>	<b>44.40</b>	<b>21.98</b>	<b>-</b>

**Note No. 28 CURRENT TAX LIABILITY**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current tax Liability	97.57	177.82	110.89
<b>Total</b>	<b>97.57</b>	<b>177.82</b>	<b>110.89</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 29 REVENUE FROM OPERATIONS**

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>(a) Sale of products (including excise duty and excluding GST)</b>		
Sales - Domestic	37,324.83	36,676.20
Sales - Exports	7,341.69	7,277.50
<b>Sub Total</b>	<b>44,666.52</b>	<b>43,953.70</b>
<b>(b) Sale of Services</b>		
Income by Energy Saver	148.74	49.37
Income by Street Light Maintenance	16.63	58.69
Technical Services	95.88	43.39
Income by EESL Project	3.04	0.00
RMU Project Income	84.59	0.00
<b>Sub Total</b>	<b>348.88</b>	<b>151.45</b>
<b>Gross Revenue from Sale of Products and Services</b>	<b>45,015.40</b>	<b>44,105.15</b>
<b>(c) Other operating revenue</b>		
Conversion Charges Received	41.76	80.78
Income by Power Generation	89.95	97.40
Duty Drawback Income	172.72	83.08
Sale of Dies & Tools	13.34	0.00
<b>Sub Total</b>	<b>317.77</b>	<b>261.26</b>
<b>TOTAL</b>	<b>45,333.17</b>	<b>44,366.41</b>

**Note No. 30 OTHER INCOME**

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest from Bank Deposits	80.44	69.39
Foreign Exchange Rate Differences	194.22	393.38
Dividend received against short term investments	18.21	33.74
Fair valuation of investments through Profit and Loss	-	17.72
Net gain/loss on sale of investment	2.90	11.62
Insurance Claim Received	5.53	1.47
Other Non-operating income (net of expenses)	8.94	14.07
Discount received	-	2.96
<b>TOTAL</b>	<b>310.24</b>	<b>544.35</b>

**Note No. 31 COST OF MATERIAL CONSUMED**

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw Materials Consumption		
Opening Stock	3,069.81	2,736.10
Add: Purchases	35,792.58	29,360.13
Less: Closing Stock	4,057.60	3,069.81
<b>Sub Total</b>	<b>34,804.79</b>	<b>29,026.42</b>
Packing Materials Consumption		
Opening Stock	70.97	68.31
Add: Purchases	929.00	772.11
Less: Closing Stock	87.50	70.97
<b>Sub Total</b>	<b>912.47</b>	<b>769.45</b>
<b>TOTAL</b>	<b>35,717.26</b>	<b>29,795.87</b>

**Note:** Raw Material Consumption consists of Raw Materials and Components

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock		
Work-in-progress	4,617.52	3,304.71
Finished Goods	1,579.20	773.64
<b>Sub Total</b>	<b>6,196.72</b>	<b>4,078.35</b>
Less: Closing Stock		
Work-in-progress	7,055.99	4,617.52
Finished Goods	2,653.02	1,579.20
<b>Sub Total</b>	<b>9,709.01</b>	<b>6,196.72</b>
<b>Net (increase)/decrease in inventory</b>	<b>(3,512.29)</b>	<b>(2118.37)</b>

**Note No. 33 EMPLOYEE BENEFIT EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and Wages including Bonus	1,742.44	1,616.13
Contribution to Provident and other funds	98.97	95.76
Workmen and Staff Welfare Expenses	113.70	130.00
Gratuity	30.58	32.91
<b>TOTAL</b>	<b>1,985.69</b>	<b>1,874.80</b>

**Note No. 34 FINANCE COSTS**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest Expenses	752.21	807.03
(b) Other Borrowing cost	739.04	652.26
<b>TOTAL</b>	<b>1,491.25</b>	<b>1459.29</b>

**Note No. 35 DEPRECIATION AND AMORTIZATION EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Depreciation on Property, Plant and Equipment	1,025.82	872.83
(b) Amortization on Other Intangible Assets	27.79	16.91
<b>TOTAL</b>	<b>1,053.61</b>	<b>889.74</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 36 OTHER EXPENSES**

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumptions of Store and Spares	158.31	157.60
Freight and Forwarding Charges	735.04	579.65
Power and Fuel	608.23	591.96
Repairs -		
Buildings	31.36	28.67
Machinery	210.86	179.00
Others	79.41	72.12
Subcontracting Expenses	1,484.96	1,326.37
Advertisement Expenses	5.49	7.25
Audit Fees (Refer Note No.36. 1)	16.71	15.36
Director's Sitting Fees	11.75	8.90
Donation	9.93	3.35
Energy saver Expenses	219.32	101.58
General Expenses	65.34	71.44
Insurance	27.81	27.24
Loss on Sale of Asset	7.23	37.27
Management system Expenses (ISO9000 &OSHASExps.)	6.08	1.66
Postage, Telephone & Telegram	37.91	31.65
Printing & Stationery	34.24	39.35
Rates and Taxes	83.90	64.86
Rent	3.11	4.81
Research & Development Expenses	110.06	177.02
Warranty Expenses	22.42	21.98
Sales Promotional Expenses	346.76	407.73
Subscription & Periodicals	8.32	12.69
Technical/Professional Fee	109.42	84.18
Travelling and Conveyance	114.31	173.71
EESL Project Expenses	17.19	0.00
CSR Expenses (Refer Note No.44)	24.60	12.74
Expected Credit Loss	24.00	-
Change in Fair Value of Investments	3.16	-
<b>Total Other Expenses</b>	<b>4,617.23</b>	<b>4,240.14</b>

**36.1. Auditor Remuneration**

(₹ in Lakhs)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) For Statutory Audit	7.50	7.00
(b) For Tax Audit	1.50	1.50
(c) For Other Services	6.00	5.50
(d) For Service Tax/ GST	1.71	1.36
<b>Total</b>	<b>16.71</b>	<b>15.36</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

## Note No. 37 TAX EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Current Tax</b>		
Current tax on profit for the year	701.57	623.68
Change/ (Credit) in respect of current tax for earlier years		
<b>TOTAL (A)</b>	<b>701.57</b>	<b>623.68</b>
<b>B. Deferred Tax</b>		
Origination and reversal of temporary differences	390.64	252.13
Charge in respect of deferred tax for earlier years		
<b>TOTAL (B)</b>	<b>390.64</b>	<b>252.13</b>
<b>Tax expense recognized in Statement of Profit and Loss TOTAL (A) + (B)</b>	<b>1,092.21</b>	<b>875.81</b>
Tax expense recognized in Other Comprehensive Income (c)	-	(3.36)
Total Tax Expense	1,092.21	872.45
Effective income tax rate	35.82%	31.66%

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 March 31, 2018	For the year ended March 31, 2017
Profit before tax	3,048.79	2,755.52
Applicable income tax rate	34.61%	34.61%
Expected income tax	1,055.19	953.69
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	(312.76)	(51.92)
Expenses disallowed in determining the tax profit	43.19	35.57
Investment allowances	-	-
Unrecognized deferred tax assets	-	-
Others	306.59	(61.53)
<b>Total tax expense</b>	<b>1,092.21</b>	<b>875.81</b>

## Note No. 38 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/(Loss) after tax and exceptional items	2,001.65	1,734.22
Less: Notional Preference Dividend		
Profit/(Loss) after tax and exceptional items attributable to equity share holders	2,001.65	1,734.22
Add: Exceptional items (net of tax)		
Profit after tax but before exceptional items attributable to equity share holders	2,001.65	1,734.22
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	144.79	138.46
Add: Shares to be issued pursuant to Employee Stock Option Scheme		
Weighted Average no. of equity shares outstanding during the year for Diluted EPS	148.78	143.24
Basic Earnings/(Loss) per share after tax and exceptional items (in ₹)	13.82	12.53
Diluted Earnings/(Loss) per share after tax and exceptional items (in ₹)	13.45	12.11

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**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, 2018	March 31, 2017
Employer's Contribution to PF	76.67	77.54
Employer's Contribution to ESIC	21.06	9.11
Employer's Contribution to Superannuation fund	3.15	3.40
<b>TOTAL</b>	<b>100.88</b>	<b>90.05</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.

**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, 2018	March 31, 2017
Discount Rate	7.70% / 7.59%	7.34% / 7.31%
Expected Return on Assets	7.70% / 7.59%	7.34% / 7.31%
Salary Escalation	0.06	0.06
Attrition Rate	0.05	0.05

- **Mortality :** Indian Assured Lives Mortality (2006-08)

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

(₹ in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
Current Service Cost	31.18	31.73
Net Interest on Defined Benefit Obligations	(0.60)	1.18
Expenses recognized in the statement of profit and loss	30.58	32.91

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 39 GRATUITY (CONTD.)****Recognized in Other Comprehensive Income for the year**

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Return on plan assets (excluding amounts included in net interest expense)	0.05	(4.25)
Actuarial gains/losses arising from changes in financial assumptions	(16.61)	27.90
Actuarial gains/losses arising from experience adjustments	91.70	(13.95)
Amount recognized in OCI for the current period	75.14	9.70

**Change in present value of defined benefit obligation**

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Present value of obligations as at the beginning of the year	447.88	418.46
Current Service Cost	31.18	31.73
Interest on Defined Benefit Obligations	34.08	29.05
Actuarial (gain)/loss on plan obligation	75.09	13.94
Benefits paid	(10.34)	(45.30)
Present value of obligations as at the end of the year	577.89	447.88

**Change in fair value of plan assets**

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Fair value of plan assets as at the beginning of the period	423.66	367.82
Return on plan assets	34.68	27.87
Contributions	64.09	69.02
Benefits paid	(10.34)	(45.30)
Actuarial gain/(loss) on plan assets	(0.05)	4.25
Fair value of plan assets as at the end of the period	512.04	423.66

**Net Asset/ Liability recognized in Balance Sheet**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present value of obligations	577.89	447.88	418.46
Fair Value of Plan Assets	512.04	423.66	367.82
Amount recognized	65.85	24.22	50.64

**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, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate by 1%	535.57	626.02	406.57	495.06
Salary Escalation rate by 1%	623.48	536.85	488.43	410.98
Attrition rate by 1%	579.75	575.90	449.62	446.02
Mortality rate by 10%	578.06	-	448.06	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 40 EMPLOYEES STOCK OPTION SCHEME 2012-13**

- Pursuant to the decision of the shareholders, at their meeting held on 11.08.2012, the Company had established an "Employees' Stock Option Scheme 2012-13" (ESOS 2012-13 or the Scheme) being administered by the Employees' Compensation Committee (ECC) of the Board of Directors.
- Under the Scheme, option not exceeding 10,28,000 have been reserved to be issued to the eligible employees. The option granted under the scheme vest not less than 1 year from the date of grant of option. The option granted to the employees would be capable of being exercised within a period of 5 years from the date of vesting.
- Accordingly, 10,28,000 options were granted to the employees on November 19, 2013 with vesting period of one year at a grant price ₹ 40/- against the closing market price of ₹ 48.60/- on November 18, 2013 resulting in an employee compensation cost of ₹ 88,40,800/- which has duly been written off during the vesting period.
- All the granted options vested on November 19, 2014 with the exercise period of five years therefrom. During the year, the Company has allotted 148500 shares upon exercise of stock options by the employees and an amount of ₹ 38.82 Lakhs received from the Employees on exercise of options and against which, allotment is pending as at March 31, 2018.
- Ind AS 101 encourages, but does not require, first time adopters to apply Ind AS 102 Share based Payment to equity instruments that were vested before the date of transition to Ind AS. The Company has elected not to apply Ind AS 102 to options that vested prior to April 1, 2016.
- Accordingly, the Employees' Compensation Cost as determined under Intrinsic Value Method, had been written off over the vesting period and credited to Reserve & surplus Account under the head "Employees Compensation Cost." As and when the shares are being allotted against exercise of options, the relevant amount is transferred from this head and credited to Share Premium Account.
- There were no modifications to the Scheme during the year ended March 31, 2018 and March 31, 2017. As at the end of the financial year, details and movements of the outstanding options are as follows:

(₹ in Lakhs)				
Particulars	March 31, 2018		March 31, 2017	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	6,04,550	40	7,29,550	40
Options granted during the year	-	40	-	40
Options lapsed during the year	-	40	-	40
Options exercised during the year	1,48,500	40	1,25,000	40
Options expired during the year	-	40	-	40
Options outstanding at the end of the year	4,56,050	40	6,04,550	40
Options exercisable at the end of the year	4,56,050	40	6,04,550	40

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

(₹ in Lakhs)		
Particulars	2017-2018	2016-2017
Cash dividends on equity shares declared and paid:	-	-
Final Dividend for the financial year	231.94	219.92
Interim Dividend	-	-
Dividend distribution tax	47.22	44.76

Cash dividends on equity shares proposed - ₹ 308.28 Lakhs



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 42 COMMITMENTS AND CONTINGENT LIABILITIES**

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Towards Import Obligations under EPGC	1,671.97	1,373.12
Letter of Credit for import and purchase of Raw Materials	847.30	551.83
Obligation towards Bank Guarantee	734.48	412.55
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**

(₹ in Lakhs)

Particulars	March 31, 2018	March 31, 2018	April 01, 2016
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 March 31, 2018 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	2017-2018	2016-2017
Gross amount required to be spent by the Company during the year	43.00	34.92
Amount spent during the year	24.60	12.74

(₹ in Lakhs)

Particulars	Incurred	Yet to be incurred	Total
a) Construction / acquisition of any asset	-	-	-
b) On other purpose other than (a) above	24.60	18.40	43.00

**Note No. 45 FAIR VALUE MEASUREMENTS****i. Financial instruments by category**

The carrying value of financial instruments by categories as at March 31, 2018 were as follows:

Particulars	Note	Amortised cost	FVTOCI	FVTPL	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6, 11	-	86.55	222.44	308.99	308.99
Trade Receivables	7, 12	13,921.71			13,921.71	13,921.71
Cash and Cash equivalents	13	199.47			158.02	158.02
Other bank balances	14	800.27			841.88	841.88
Loans	15	3,950.63			3,950.63	3,950.63
Other financial assets	8, 16	1,462.64			1,462.64	1,462.64
					-	-
<b>Financial Liabilities</b>						
Borrowings	20, 23	13,543.00			13,543.00	13,543.00
Trade payables	24	3,630.94			3,630.94	3,630.94
Other financial liabilities	25	1,051.73			1,051.73	1,051.73

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 45 FAIR VALUE MEASUREMENTS (CONTD.)**

The carrying value of financial instruments by categories as at March 31, 2017 were as follows:

Particulars	Note	Amortised cost	FVTOCI	FVTPL	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6, 11		78.75	386.59	465.34	465.34
Trade Receivables	7, 12	13,870.81			13,870.81	13,870.81
Cash and Cash equivalents	13	566.65			566.65	566.65
Other bank balances	14	672.79			672.79	672.79
Loans	15	2,957.11			2,957.11	2,957.11
Other financial assets	8, 16	1,064.85			1,064.85	1,064.85

**Financial Liabilities**

Borrowings		20, 23	11487.27	11487.27	11487.27
Trade payables		24	2841.70	2841.70	2841.70
Other financial liabilities		25	1095.95	1095.95	1095.95

The carrying value of financial instruments by categories as at April 01, 2016 were as follows:

Particulars	Note	Amortised cost	FVTOCI	FVTPL	Total Carrying value	Total Fair value
<b>Financial Assets</b>						
Investments	6, 11		545.82	1204.43	1,750.25	1,750.25
Trade Receivables	7, 12	11,509.50			11,509.50	11,509.50
Cash and Cash equivalents	13	580.60			580.60	580.60
Other bank balances	14	672.78			672.78	672.78
Loans	15	2,265.75			2,265.75	2,265.75
Other financial assets	8, 16	876.14			876.14	876.14

**Financial Liabilities**

Borrowings		20, 23	9,901.09	9,901.09	9,901.09
Trade payables		24	2,968.78	2,968.78	2,968.78
Other financial liabilities		25	1,064.56	1,064.56	1,064.56

**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)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 45 FAIR VALUE MEASUREMENTS (CONTD.)****Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018**

Particulars	Note	Level 1	Level 2	Level 3	Carrying Values
<b>Financial Assets</b>					
At fair value through Other Comprehensive Income					
Investments					
Investments - Non - current - Quoted	6	2.41	-	-	2.41
Investments - Non - current - Unquoted	6	-	-	84.14	84.14
<b>At fair value through Profit and Loss</b>					
Investments	11	222.44	-	-	222.44
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	20, 23		13,543	-	13,543

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2017**

Particulars	Note	Level 1	Level 2	Level 3	Carrying Values
<b>Financial Assets</b>					
At fair value through Other Comprehensive Income					
Investments - Non - current - Quoted	6	3.20	-	-	3.20
Investments - Non - current - Unquoted	6	-	-	75.55	75.55
<b>At fair value through Profit and Loss</b>					
Investments - Current	11	386.59	-	-	386.59
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	20, 23	-	11,487.27	-	11,487.27

**Fair value hierarchy of financial assets and liabilities measured at fair value as at April 1, 2016**

Particulars	Note	Level 1	Level 2	Level 3	Carrying Values
<b>Financial Assets</b>					
At fair value through Other Comprehensive Income					
Investments - Non - current - Quoted	6	198.01	-	-	198.01
Investments - Non - current - Unquoted	6	-	-	347.81	347.81
<b>At fair value through Profit and Loss</b>					
Investments - Current	11	1,204.43	-	-	1,204.43
<b>Financial Liabilities</b>					
At amortised costs					
Borrowings	20, 23	-	9,901.09	-	9,901.09

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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

### 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, 2018 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	Recognized financial assets and liabilities not denominated in functional currency	Cash flow forecasting, Sensitivity analysis

#### 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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 46 FINANCIAL RISK MANAGEMENT (CONTD.)**

Assets Group	Description of category	Particulars	Provision for expected credit loss *
Low credit risk	Assets where the counter-party 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, 2018	March 31, 2017	April 01, 2016
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	20,643.87	19,597.56	17,655.02
Moderate credit risk	-	-	-	-
High credit risk	-	-	-	-

**The loss allowance for trade receivables using expected credit losses for different ageing periods as at March 31, 2018 are as follows:**

Particulars	Not Due	Less than 6 months past due	More than 6 months past due	Total
Gross Carrying Amount	7,899.09	2,782.80	3,324.06	1,4005.96
Loss allowance provision	-	-	(84.25)	(84.25)
Net	7,899.09	2,782.80	3,239.81	13,921.71
High credit risk	-	-	-	-

**The loss allowance for trade receivables using expected credit losses for different ageing periods as at March 31, 2017 are as follows:**

Particulars	Not Due	Less than 6 months past due	More than 6 months past due	Total
Gross Carrying Amount	7,959.42	3,854.98	2,116.65	13,931.05
Loss allowance provision	-	-	(60.25)	(60.25)
Net	7,959.42	3,854.98	2,056.40	13,870.80
High credit risk	-	-	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 46 FINANCIAL RISK MANAGEMENT (CONTD.)**

The loss allowance for trade receivables using expected credit losses for different ageing periods as at April 01, 2016 are as follows:

Particulars	Not Due	Less than 6 months past due	More than 6 months past due	Total
Gross Carrying Amount	6,566.46	4,753.36	294.68	11,614.50
Loss allowance provision	-	-	(105)	(105.00)
Net	6,566.46	4,753.36	189.68	11,509.50

As per simplified approach, the Company makes provision of expected credit losses on trade receivables based on past experiences to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

**Reconciliation of loss allowance for trade receivables**

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the year	60.25	105.00
Additions during the year	24.00	-
Amounts written off during the year	-	(44.75)
Amounts recovered during the year	-	-
Balance at the end of the year	84.25	60.25

**Exposure to customers having more than 5% of outstanding in respect of Trade Receivables.**

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
AMERICAN POWER CONVERSION	-	-	711.96
LARESEN & TOUBRO	2,052.61	1,469.80	1,944.47
SALZER MAGNET WIRES LTD	-	2,101.56	770.29
S.H INDUSTRIES	-	736.81	-
TIRUPUR & VELLORE CORPORATION	2,029.89	2,074.50	-
<b>Total</b>	<b>4,082.50</b>	<b>6,382.67</b>	<b>3,426.72</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 March 31, 2018 are as follows:**

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	12,777.78	765.22	-	13,543.00
Trade Payables	3,630.94	-	-	3,630.94
Other financial Liabilities	1,025.14	21.02	5.57	1,051.73

**Maturities of Financial Liabilities as at March 31, 2017 are as follows:**

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	10,304.78	1,182.49	-	11,487.27
Trade Payables	2,841.70	-	-	2,841.70
Other financial Liabilities	1,073.51	21.32	1.12	1,095.95

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 46 FINANCIAL RISK MANAGEMENT (CONTD.)**

**Maturities of Financial Liabilities as at April 1, 2016 are as follows:**

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	8,133.15	1,767.94	-	9,901.09
Trade Payables	2,968.78	-	-	2,968.78
Other financial Liabilities	1,040.99	18.20	5.37	1,064.56

**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 and / or Variable rate borrowings and are carried at amortized cost. The Fixed Rate borrowings 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, 2018	March 31, 2017	April 01, 2016
Fixed Rate Borrowings	-	-	-
Floating Rate	14,563.08	12,555.32	10,937.61
<b>Total Borrowings</b>	<b>14,563.08</b>	<b>12,555.32</b>	<b>10,937.61</b>

**Interest rate sensitivity analysis:**

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities, assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2018 would decrease / increase by ₹ 145.63 Lakhs (for the year ended 31 March 2017: decrease / increase by ₹ 125.55 Lakhs). This is mainly attributable to the Company's exposure to interest rates 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 31.03.2018 are as In equivalent INR**

Particulars	US\$	GPB	EURO
Financial Assets	2,033.13	1.12	11.35
Financial Liabilities	4,717.91	-	46.50
Net exposure	(2684.78)	1.12	(35.15)

**The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 31.03.2017 are as in equivalent INR**

Particulars	US\$	GPB	EURO
Financial Assets	1,850.36	289.31	32.06
Financial Liabilities	4,535.59	-	67.84
Net exposure	(2,685.23)	289.31	(35.78)



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at 01.04.2016 are as in equivalent INR

Particulars	US\$	GPB	EURO
Financial Assets	1,359.92	184.77	19.91
Financial Liabilities	4,705.48	-	1.64
Net exposure	(3,345.56)	184.77	18.27

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, 2018		March 31, 2017	
	0.5%	(0.5%)	0.5%	(0.5%)
USD	(13.42)	13.42	(13.43)	13.43
GBP	0.01	(0.01)	1.45	(1.45)
EURO	(0.18)	0.18	(0.18)	0.18

**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, 2018	March 31, 2017	April 01, 2016
Non-Current Borrowings (Refer Note : 20)	765.22	1,182.49	1,767.94
Current Borrowings (Refer Note : 23)	12,777.78	10,304.78	8,133.15
Current Maturities of Long term Debt (Refer Note : 25)	1,020.08	1,068.05	1,036.52
Total Borrowings (a)	14,563.08	12,555.32	10,937.61
Cash and Cash equivalents (Refer Note : 13)	199.47	566.65	580.60
Other Bank Balances (Refer Note : 14)	800.27	672.79	672.78
Current Investments (Refer Note : 11)	222.44	386.59	1,204.43
Total Cash (b)	1,222.18	1,626.03	2,457.81
Net Debt (c) = (a)-(b)	13,340.90	10,929.29	8,479.80
Equity (Refer Note : 18)	1,552.67	1,434.82	1,364.32
Other Equity (Refer Note : 19)	25,507.42	21,820.54	19,285.46
Total Equity (d)	27,060.09	23,255.36	20,649.78
Total Capital (e) = (c)+(d)	40,400.99	34,184.65	29,129.59
Gearing Ratio = (c)/(e)	0.33	0.32	0.29

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 48 FIRST TIME ADOPTION OF IND AS**

The Company has adopted Ind AS with effect from April 01, 2017 with comparatives being restated. Accordingly, the impact of transition has been provided in the Opening Reserves as at April 01, 2016. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**IND AS – Optional Exemptions**

- i. Fair valuation as deemed cost for certain items of Property, Plant and Equipment,  
The Company has elected to measure the items of property, plant and equipment and intangible assets at its carrying value at the date of transition except for certain class of assets which are measured at fair value as deemed cost.
- ii. Designation of previously recognized financial instruments  
Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has designated certain investments in equity share as held at FVTOCI on the basis of the facts and circumstances that existed at the transition.
- iii. Share based payments  
Ind AS 101 encourages, but does not require, first time adopters to apply Ind AS 102 Share based Payment to equity instruments that were vested before the date of transition to Ind AS. The Company has elected not to apply Ind AS 102 to options that vested prior to April 1, 2016.

**IND AS – Mandatory Exceptions****i. Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investments in equity instruments carried at FVOCI
- Other investments carried at FVTPL or FVOCI; and
- Impairment of financial assets based on expected credit loss model.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 49 RECONCILIATION ON FIRST TIME ADOPTION OF IND AS**
**Reconciliation as on 01.04.2016**

(₹ in Lakhs)

Particulars		Notes	Previous GAAP as at April 01, 2016	Re-classification	Other Accounting Adjustment	Ind AS as at April 01, 2016
<b>I</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
	(a) Property, plant and equipment	4, 7	10,094.27	(0.77)	1,753.87	11,847.37
	(b) Capital work-in-progress		811.23	-	-	811.23
	(c) Investment property	7	-	0.77	-	0.77
	(d) Intangible assets		130.32	-	-	130.32
	(e) Financial Assets					-
	i) Investments	2	548.08	-	(2.26)	545.82
	ii) Trade receivables	1	1,926.68	-	-	1,926.68
	iii) Loans	7	93.00	(93.00)	-	-
	iv) Others	7	-	93.00	726.74	819.74
	(f) Other Non-Current Assets			509.57		509.57
			<b>13,603.58</b>	<b>509.57</b>	<b>2,478.35</b>	<b>16,591.50</b>
<b>2</b>	<b>Current Assets</b>					
	(a) Inventories	1	6,672.68	-	210.08	6,882.76
	(b) Financial Assets					
	i) Investments	2	1,204.34	-	0.09	1,204.43
	ii) Trade receivables	1	9,975.60	-	(392.78)	9,582.82
	iii) Cash and cash equivalents	7	1,253.38	(672.78)	-	580.60
	iv) Bank balances other than (iii) above	7	-	672.78	-	672.78
	v) Loans		2,577.54	-	(311.76)	2,265.78
	vi) Others	7	970.76	(914.36)	-	56.40
	(c) Other current assets	7	1,284.70	(5.58)	-	1,279.12
			<b>23,939.00</b>	<b>(919.94)</b>	<b>(494.37)</b>	<b>22,524.69</b>
<b>Total Assets</b>			<b>37,542.58</b>	<b>(410.37)</b>	<b>1983.98</b>	<b>39,116.19</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Equity</b>					
	(a) Share capital		1,364.32	-	-	1,364.32
	(b) Other equity	6, 7	18,184.04	-	1,101.42	19,285.46
			<b>19,548.36</b>	<b>-</b>	<b>1,101.42</b>	<b>20,649.78</b>
	<b>LIABILITIES</b>					
<b>1</b>	<b>Non-Current Liabilities</b>					
	(a) Financial liabilities					
	i) Borrowings		1,767.94	-	-	1,767.94
	(b) Provisions	3	73.39	-	(29.30)	44.09
	(c) Deferred tax liabilities (Net)	5	391.80	-	1,169.95	1,561.75
			<b>2,233.13</b>	<b>-</b>	<b>1,140.65</b>	<b>3,373.78</b>
<b>2</b>	<b>Current liabilities</b>					
	(a) Financial liabilities					
	i) Borrowings		8,133.15	-	-	8,133.12
	ii) Trade payables	7	3,291.12	(322.37)	-	2,968.75
	iii) Other financial liabilities	7	-	1,064.56	-	1,064.56
	(b) Other current liabilities	7	3,550.94	(742.20)	-	2,808.74
	(c) Provisions	3, 7	785.88	(521.22)	(258.12)	6.54
	(d) Current tax liabilities(Net)	7	-	110.89	-	110.89
			<b>15,761.09</b>	<b>(410.34)</b>	<b>(258.12)</b>	<b>15,092.63</b>
<b>Total Equity and Liabilities</b>			<b>37,542.58</b>	<b>(410.34)</b>	<b>1,983.95</b>	<b>39,116.19</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

## Note No. 49 RECONCILIATION ON FIRST TIME ADOPTION OF IND AS (CONTD.)

## Reconciliation of Balance Sheet as on 31.03.2017

(₹ in Lakhs)

Particulars	Notes	Previous GAAP as at March 31, 2017	Re-classification	Other Accounting Adjustment	Ind AS as at March 31, 2017
<b>I ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Property, plant and equipment	4, 7	11,819.88	(0.77)	1,844.59	13,663.70
(b) Capital work-in-progress		906.79	-	-	906.79
(c) Investment property	7	-	0.77	-	0.77
(d) Intangible assets		226.50	-	-	226.50
(e) Financial Assets					-
i) Investments	2	76.58	-	2.17	78.75
ii) Trade receivables	1	2,168.52	-	-	2,168.52
iii) Loans	7	106.94	(106.94)	-	-
iv) Others	7	-	106.94	877.75	984.69
			237.95	-	237.95
		<b>15,305.21</b>	<b>237.95</b>	<b>2,724.51</b>	<b>18,267.67</b>
<b>2 Current Assets</b>					
(a) Inventories	1	9,086.27	-	251.23	9,337.50
(b) Financial Assets					-
i) Investments	2	369.81	-	16.78	386.59
ii) Trade receivables	1	12,106.68	-	(404.39)	11,702.29
iii) Cash and cash equivalents	7	1,239.44	(672.79)	-	566.65
iv) Bank balances other than (iii) above	7	-	672.79	-	672.79
v) Loans		3,268.90	-	(311.79)	2,957.11
vi) Others	7	1,110.78	(1,030.61)	-	80.17
(c) Other current assets	7	1,073.92	346.81	-	1,420.73
		<b>28,255.80</b>	<b>(683.80)</b>	<b>(448.17)</b>	<b>27,123.83</b>
<b>Total Assets</b>		<b>43,561.01</b>	<b>(445.85)</b>	<b>2276.34</b>	<b>45,391.50</b>
<b>II EQUITY AND LIABILITIES</b>					
<b>1 Equity</b>					
(a) Share capital		1,434.82	-	-	1,434.82
(b) Other equity	6, 7	20,765.41	-	1,055.13	21,820.54
		<b>22,200.23</b>	-	<b>1,055.13</b>	<b>23,255.36</b>
<b>LIABILITIES</b>					
<b>1 Non-Current Liabilities</b>					
(a) Financial liabilities					
i) Borrowings		1,182.49	-	-	1,182.49
(b) Provisions	3	49.10	-	(24.88)	24.22
(c) Deferred tax liabilities (Net)	5	586.39	-	1,224.13	1,810.52
		<b>1,817.98</b>	-	<b>1,199.25</b>	<b>3,017.23</b>
<b>2 Current liabilities</b>					
(a) Financial liabilities					
i) Borrowings		10,304.78	-	-	10,304.78
ii) Trade payables	7	3,183.93	(342.23)	-	2,841.70
iii) Other financial liabilities	7	-	1095.95	-	1095.95
(b) Other current liabilities	7	5,430.41	(753.73)	-	4,676.68
(c) Provisions	3, 7	623.68	(623.68)	21.98	21.98
(d) Current tax liabilities (Net)	7	-	177.82	-	177.82
		<b>19,542.80</b>	<b>(445.87)</b>	<b>21.98</b>	<b>19,118.91</b>
<b>Total Equity and Liabilities</b>		<b>43,561.01</b>	<b>(445.87)</b>	<b>2,276.36</b>	<b>45,391.50</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 49 RECONCILIATION ON FIRST TIME ADOPTION OF IND AS (CONTD.)**
**Reconciliation of Statement of Profit & Loss for the year ended March 31, 2017**

(₹ in Lakhs)

Particulars	Notes	Previous GAAP as at March 31, 2017	Reclassification	Other Accounting Adjustment	Ind AS as at March 31, 2017
<b>I INCOME</b>					
Revenue from operations	1, 7	38,406.21	5,868.52	91.68	44,366.41
Other income	2, 6	675.43	-	(131.08)	544.35
<b>TOTAL INCOME</b>		<b>39,081.64</b>	<b>5,868.52</b>	<b>(39.40)</b>	<b>44,910.76</b>
<b>II EXPENSES</b>					
Cost of materials consumed		29,795.87			29,795.87
Purchase of stock in trade		290.74			290.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade	1	(2,077.22)	-	(41.15)	(2,118.37)
Excise duty	7		5868.52		5,868.52
Employee benefit expenses	6	1,886.63		(11.83)	1,874.80
Finance Cost		1,459.29			1,459.29
Depreciation and amortization expense	4	980.48	-	(90.74)	889.74
Other expenses	3	4,218.16	-	21.98	4,240.14
<b>TOTAL EXPENSES</b>		<b>36,553.95</b>	<b>5,868.52</b>	<b>(121.74)</b>	<b>42,300.73</b>
<b>III PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		2,527.69	-	82.34	2,610.03
Exceptional items			-	-	
<b>IV PROFIT BEFORE TAX</b>		2,527.69	-	82.34	2,610.03
Tax expenses		818.26	-	57.55	875.81
<b>V PROFIT AFTER TAX</b>		1,709.43	-	24.79	1,734.22
<b>VI OTHER COMPREHENSIVE INCOME</b>					
Items that will not be reclassified to profit or loss					
Re-measurement of post- employment benefit obligations	6	-	-	(9.70)	(9.70)
Change in fair value of FVOCI equity instruments	2	-	-	0.97	0.97
Net gain/ (loss) on sale of investments designated through OCI	2, 6	-	-	154.22	154.22
Income Tax Expenses on above				3.36	3.36
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		-	-	148.85	148.85
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		1,709.43	-	173.64	1,883.07

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 49 RECONCILIATION ON FIRST TIME ADOPTION OF IND AS (CONTD.)****Reconciliation of Equity**

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>As per previous GAAP</b>			
1,43,48,187 (01.04.2016 - 1,36,43,187) Equity Shares of ₹ 10/- each fully paid-up.		1,434.82	1,364.32
Capital Reserve		10,600.56	9,250.77
General Reserve		1,823.46	1,778.46
Retained Earnings		8,229.15	6,564.72
Contingent Reserve		60.25	105.00
Employee Stock options Outstanding		51.99	62.74
Money received against share warrants		-	411.75
Share application money pending allotment		-	10.60
<b>Total Equity as per previous GAAP - A</b>		<b>22,200.23</b>	<b>19,548.36</b>
(Add)/Less: Ind AS adjustments			
- Dividend reversal	3	264.68	264.68
- Dividend paid	3	(264.68)	
- Revenue Recognition	1	513.22	420.74
- Deferred tax	5	(1,242.85)	(1,242.85)
- Re-measurement of Actuarial gains/ losses	6	26.06	24.25
- Fair valuation of investments	2	16.5	(2.19)
- Net gain/loss on sale of investments	2, 6	2.45	-
- Provision for ECL	3	(39.4)	-105
- Provision for Warranty	3	(21.98)	
- Revaluation of plant and machinery	4	(566.31)	(566.31)
- Depreciation impact on revaluation of Plant and machinery	4	59.34	-
- Revaluation of land	4	2,619.89	2,619.89
- Other Current Assets		(311.79)	(311.79)
<b>Total adjustments under Ind AS - B</b>		<b>1,055.13</b>	<b>1,101.42</b>
<b>Total equity as per Ind AS - (A+B)</b>		<b>23,255.36</b>	<b>20,649.78</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 49 RECONCILIATION ON FIRST TIME ADOPTION OF IND AS (CONTD.)**
**Reconciliation of total comprehensive income for the year ended 31-03-2017**

Particulars		Notes	2016-17
Net Profit after tax as per previous GAAP (A)			1709.43
IND AS Adjustments :			
	- Revenue Recognition	1	88.80
	- Fair valuation of investments	2	17.72
	- Net gain/loss on sale of investments	2, 6	(151.76)
	- Provision for warranty	3	(21.98)
	- Remeasurement of Actuarial gains/ losses	6	11.83
	- Depreciation impact on revaluation of Plant and machinery (net of tax)	4	59.34
	- Deferred tax impact on ECL	3	20.85
Total Ind AS adjustments			24.79
Profit after tax as per Ind AS (B)			1,734.22
Other Comprehensive Income			
	- Remeasurement of Actuarial gains/ losses	6	(6.34)
	- Net gain/loss on sale of investments	2, 6	154.22
	- Fair valuation of investments	2	0.97
Total Other Comprehensive income for the year (C)			148.85
Total Comprehensive income for the year (B)+(C)			1,883.07

**Reconciliation of Cash Flow Statement for the year 2016-17**

Particulars	Notes	Previous GAAP	IND AS Adjustment	As per IND AS
Net cash (outflow)/inflow from operating activities	1, 2, 3, 4, 5	(19.54)	109.81	90.27
Net cash outflow from investing activities		(1,347.02)	-	(1,347.02)
Net cash inflow from financing activities		1,242.81	-	1,242.81
Net Increase/(Decrease) in cash and cash equivalents		(123.75)	109.81	(13.94)
Cash and bank balances as at the beginning of the year		1,198.24	55.14	1,253.38
Bank Balances not considered as Cash and Cash equivalents		164.95	507.84	672.79
Cash and cash equivalents as at the end of the year		1,074.49	(507.84)	566.65

**Notes to reconciliation**
**1. Revenue from Projects**

Under the previous GAAP, revenue from Public-Private-Partnership Contracts, which involve supply of materials and services over the contract period, were recognized after successful installation. Where the contract involves a deferred consideration payable contingent on a future performance obligation, revenue was recognized only after successful fulfilment of such future obligation. As per Appendix A of IND AS -11 read with IND AS 18, the revenue from such contracts shall be recognized based on percentage of completion method. The amount receivable shall be recognized as a financial asset and valued at amortized cost.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****Note No. 49 RECONCILIATION ON FIRST TIME ADOPTION OF IND AS (CONTD.)****2. Fair Valuation of Investments**

Under the previous GAAP, the non-current investments were valued at cost less any permanent diminution in the value of investments. Current investments were valued at lower of cost and fair value. IND AS 109 requires Financial Assets to be designated as Fair Value through Profit and Loss/ Fair value through Other Comprehensive Income/Amortized Cost. The Value of Investments have been measured at fair value.

**3. Provisions****a. For Proposed Dividend**

Prior to 1.4.2016, dividend proposed by the Board of Directors, but before the approval of the financial statements were considered as adjusting events, under previous GAAP. However under IND AS, such dividend are recognised when the same is approved by the shareholders at Annual General Meeting (AGM). Accordingly, the liability for proposed dividend recognised as on transition date has been reversed with corresponding adjustment to opening retained earnings and recognised in the year of approval in the AGM.

**b. For warranty**

Under the previous GAAP, provisions were not recognized for constructive obligations. Under IND AS, provisions are measured for present obligations (both legal and constructive) as a result of past events, where it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made out of the obligation.

**c. For Expected Credit Loss**

IND AS 109 requires a provision to be made for Expected Credit Losses on an unbiased basis, considering the time value of money, and with reasonable and supportable information and forecasts, and the economic conditions as on the reporting date. The provision shall be reviewed as at each reporting period, with respect to its sufficiency and appropriateness.

**4. Revaluation of Property, Plant and Equipment**

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Accordingly, the Company has elected to use the fair value of certain items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition.

**5. Deferred Tax**

The previous GAAP permits accounting of Deferred taxes under the Income Approach as well as the Balance sheet Approach. Hence, the Company had followed the Income Approach. However, IND AS 12 requires the tax consequences to be recognized as a difference between the carrying amount of assets and liabilities and their tax base.

**6. Other Comprehensive Income**

Under previous GAAP, deferred tax was accounted using the income statement approach on timing difference between taxable profit and accounting profit. Under IND AS, deferred tax is recognised following Balance sheet approach on temporary differences between the carrying amount of asset or liability and its tax base.

**7. Reclassification under IND AS**

Assets and Liabilities have been regrouped/reclassified where ever required to conform to the requirements of Ind ASs.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)**
**Note No. 50 BUSINESS COMBINATION WITH SALZER MAGNET WIRES LIMITED**

During the year, Salzer Electronics Limited ("Buyer") has acquired the whole of the business undertaking of Salzer Magnet Wires Limited ("Seller") as a going concern on a Slump Sale basis in terms of Business Transfer Agreement executed by the Buyer and Seller on March 08, 2018. In pursuance of the Business Transfer Agreement the seller paid a consideration of ₹ 20.29 Crores, as valued by an independent chartered accountant and the buyer paid the consideration by other than cash by allotment of 5,00,000/- Equity shares of ₹ 10/- each at an issue price of ₹ 197/- per share credited as fully paid-up and also 5,30,000/- Non cumulative 5% convertible Preference share of ₹ 10/- each at an issue price of ₹ 197/- per share, convertible over a period of 2 years, and credited as fully paid, on preferential basis. Accordingly, all the assets and liabilities of the Seller have duly been duly combined/dealt in the books of Accounts of the Buyer effective March 08, 2018 which is reflecting state of affairs of business undertaking acquired from Seller for a period of 24 days in the reporting Financial year under Report.

The following details are to be given with respect to the business combination with Salzer Magnet Wires:

1	Name and Description of Acquiree	<b>Salzer Magnet Wires Limited</b> having its registered at 882/3, Bettathapuram, Coimbatore Main Road, Coimbatore -641104
2	Date of acquisition	March 08,2018
3	Reason for the Business Combination	Strengthening the Products Portfolio and Scale up the Operations to achieve certain cost benefits
4	Fair Value of the Consideration	₹ 20.29 Crs
5	Fair value of each class of consideration	Except Land and Buildings, all other assets taken over on the basis of its Book Cost at the Date of acquisition and such book cost has been treated as the Fair value of each class of Assets
6	Amounts recognized for each major class of assets acquired and liabilities resumed	(₹ in Lakhs)
a	Assets – Sundry Debtors, Inventory, Fixed Assets etc.,	6,030.47
b	Liabilities as per Books including Bank Loan and Current Liabilities	4,236.58
c	Net Value (a-b)	1,793.89
d	<b>Add :Good Will</b>	<b>235.21</b>
e	Total Consideration (c+d)	2,029.10

**Note No. 51 RELATED PARTY DISCLOSURES**
**A. Key Management Personnel**

S. No	Particulars	Designation	Nature Of Transaction	Amount (in Lakhs)
1	R. Doraiswamy	Managing Director	Remuneration	64.50
2	D. Rajeshkumar	Joint Managing Director & Chief Financial Officer	Remuneration	62.88
3	P. Ramachandran	Whole Time Director	Remuneration	10.82
4	S. Baskarasubramanian	Director (Corporate Affairs) & Company Secretary	Salary	17.04

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)****B. Other Related Parties**

## i. Board Members relative to Key Management Personnel

S. No	Particulars	Designation
1	R. Dhamodharaswamy	Non Executive Director
2	Dr. Mrs. Rajeshkumar Thilagam	Non Executive Director

## ii. Enterprise owned or significantly influenced by key management personnel or their relatives along with transactions during the year

(₹ in Lakhs)

S. No	Party Name	Nature Of Transaction	March 31, 2018	March 31, 2017
1	Salzer Exports Limited	Sale of Materials	1,933.08	1,201.79
		Material Purchased	(529.48)	(315.23)
		Labour Charges	(45.93)	6.65
		Labour Charges Received	7.45	-
		Service Related	2.04	2.00
		<b>Total</b>	<b>1367.16</b>	<b>895.21</b>
2	Salzer Magnetic Wires Limited	Sale of Materials	5,358.24	5,007.86
		Labour Charges Received	1.40	14.89
		Labour Charges Paid	-	-
		Purchase of Material	(1,825.28)	(939.41)
		Solar Power	6.68	10.16
		Lease Rent Paid	(0.98)	(1.20)
		Diesel	5.84	-
		<b>Total</b>	<b>3,545.90</b>	<b>4,092.30</b>
3	Salzer Spinners Limited	Sale of Materials	0.45	21.04
4	SRVE Industries Limited	Sale of Materials	0.67	-
		Purchase of Material	(0.68)	(0.63)
		Labour Charges	-	-
		<b>Total</b>	<b>(0.01)</b>	<b>(0.63)</b>
5	K R Health Care Private Limited	Medical Care Services	(4.69)	(3.72)
6	Micro Instruments Limited	Sale of Materials	6.90	1.45
		Labour Charges	(23.25)	(14.15)
		Purchase of Material	(18.51)	(41.12)
		<b>Total</b>	<b>(34.86)</b>	<b>(53.82)</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

### ii. Amount outstanding as at the Balance Sheet Date

(₹ in Lakhs)

S. No	Party Name	March 31, 2018	March 31, 2017
1	Salzer Exports Limited	983.01	350.31
2	Salzer Magnetic Wires Limited	278.57	490.85
3	Salzer Spinners Limited	134.85	105.25
4	SRVE Industries Limited	143.02	30.62
5	K R Health Care Private Limited	(3.85)	1.53
6	Micro Instruments Limited	16.75	-

### Note No. 52 SEGMENT INFORMATION

The Company is engaged in manufacture of Electrical Installation 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. 53** Previous year figures have also been reclassified, regrouped, recast to conform to current year classification.

The accompanying Notes are an integral part of the financial statements  
In terms of our report attached

#### N. RANGACHARY

Chairman  
(DIN :00054437)

#### D. RAJESHKUMAR

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

Coimbatore - 47.  
May 24, 2018

#### R. DORAISWAMY

Managing Director  
(DIN :00003131)

#### S. BASKARA SUBRAMANIAN

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

For **Swamy & Ravi**  
Chartered Accountants  
FRN :004317S

#### S ALAMELU

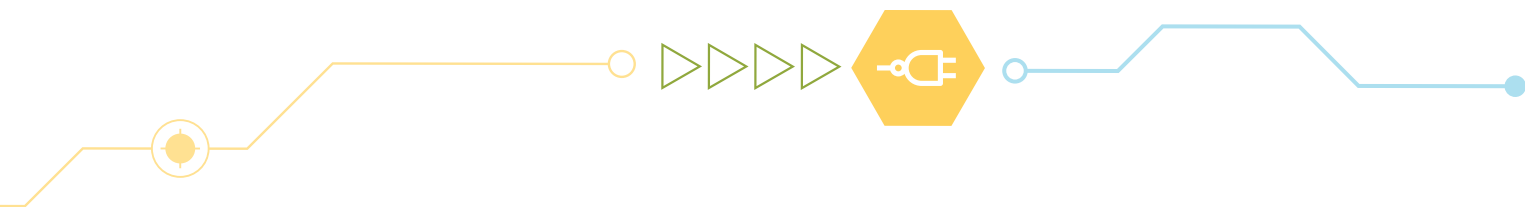
Partner

Membership No.223555

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## NOTES

This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings visible.







The logo features the word "salzer" in a green, stylized, lowercase font. It is centered within a white circle, which is surrounded by a thick blue ring. This central element is further enclosed by a larger, light gray ring. The entire design is set against a green background with a circuit-like pattern of lines and various electronic symbols such as resistors, capacitors, and diodes. Several upward-pointing arrows are also visible, some in yellow and some in green.

# salzer

## **Salzer Electronics Limited**

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& [investor.relations@salzergroup.com](mailto:investor.relations@salzergroup.com)

CIN: L03210TZ1985PLC001535