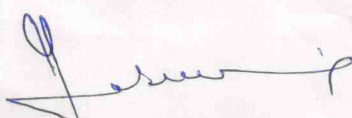
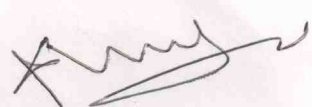
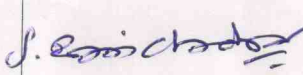
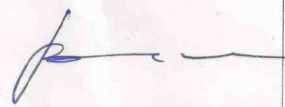



## FORM – A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

|    |  |  |
|----|--|--|
| 1. | Name of the company                            | SALZER ELECTRONICS LIMITED   |
| 2. | Annual financial statements for the year ended | 31 <sup>st</sup> March 2014  |
| 3. | Type of Audit observation                      | Un-qualified   |
| 4. | Frequency of observation                       | Nil  |
| 5. | Signed by :                                    |  |
|    | CEO / Managing Director                        | <br>R.DORAISWAMY<br>MANAGING DIRECTOR         |
|    | CFO / Joint Managing Director                  | <br>D.RAJESHKUMAR<br>JOINT MANAGING DIRECTOR |
|    | Auditor of the company                         | <br>S.RAVICHANDRAN<br>STATUTORY AUDITOR      |
|    |  | <br>B.JAYARAM<br>STATUTORY AUDITOR          |
|    | Audit Committee Chairman                       | <br>AUDIT COMMITTEE CHAIRMAN                 |



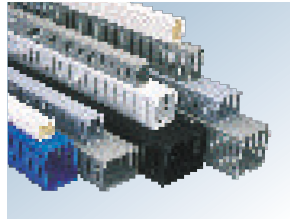
## Industrial products



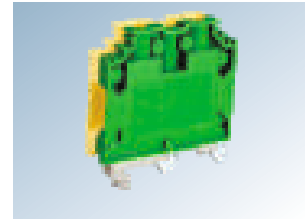
Rotary Switch



Load Break Switch



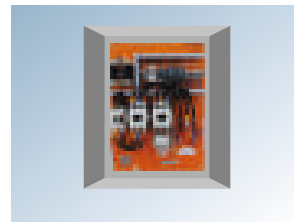
Wiring Ducts



Terminal Connectors



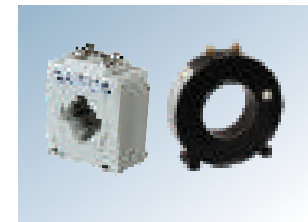
Relays



Panel Boards



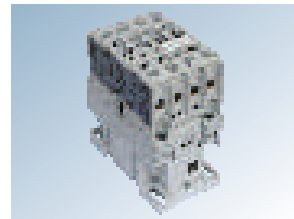
Toroidal Transformers



Current Transformers



MPCB



Contactors



Overload Relays

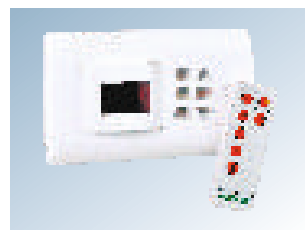


Limit / Foot Switch

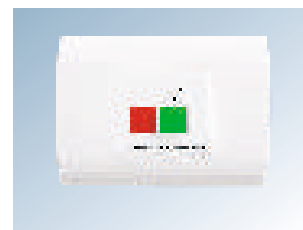
## Domestic products



Modular Switches



Speciality Products



Motors Starters



Source Changeovers

**BOARD OF DIRECTORS**

|   |  |
|---|--|
| Mr. Santhanakrishnan, P. S. (upto 23.12.2013) | Mr. Kantilal V Vakharia                |
| Mr. Rangachary. N, Chairman (from 01.03.2014) | Mr. Narayanaswamy. R (upto 22.09.2013) |
| Mr. Doraiswamy. R, Managing Director          | Mr. Nirmal Kumar M. Chandria           |
| Mr. Rajeshkumar. D, Joint Managing Director   | Mr. Ramakrishnan. P                    |
| Mr. Ramachandran. P, Director (Marketing)     | Mr. Sankaran. V                        |
| Mr. Damodharaswamy. R                         | Mr. Shah. PK                           |
| Mr. Howard M Gladstone                        | Mr. Swaminathan. S.R                   |
| Mr. Jayabal. N                                | Mr. Venkatapathy. L                    |

**DIRECTOR (CORPORATE AFFAIRS) & COMPANY SECRETARY**

Mr. Baskarasubramanian. S

**BANKERS****M/s. CANARA BANK**

Gudalur Branch,  
SRKV Post  
Coimbatore - 641 020.

**M/s. CANARA BANK**

Mid Corporate Branch  
16 & 18 East Arokiya swamy Road  
R.S.Puram, Coimbatore - 641002

**M/s. BANK OF INDIA**

Mid Corporate Banking Branch,  
8/732, Chamber Tower,  
Avinashi Road, Coimbatore - 641 018.

**M/s. CITI BANK**

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

**M/s. UNION BANK OF INDIA**

Coimbatore Main Branch  
235, Oppanakara Street,  
Coimbatore - 641 001

**AUDITORS****M/s. JDS Associates**

Chartered Accountants,  
Jewel Complex, 324, Raja Street,  
Coimbatore - 641 001.  
FRN No. 008735 S

**M/s. Swamy & Ravi**

Chartered Accountants,  
No.537, N.S.R.Road, Saibaba Colony,  
Coimbatore - 641 011.  
FRN : 004317 S

**REGISTRARS & SHARE TRANSFER AGENT  
(Physical & Demat)****M/s. GNSA Infotech Limited**

Nelson Chamber, 'F' Block, '4' Floor, # 115, Nelson Manicam Road,  
Aminthakarai, Chennai - 600 029. Tel: 044-42962025  
e-mail: sta@gnsaindia.com

**LISTING ARRANGEMENTS****BSE Limited (Bombay Stock Exchange)**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

**REGISTERED OFFICE**

Samichettipalayam (PO),

Jothipuram (Via), Coimbatore - 641 047.

Tel: 0422 - 4233600, 2692531 Fax: 0422 - 2692170

e-mail: [salzer@salzergroup.com](mailto:salzer@salzergroup.com) website: [www.salzergroup.net](http://www.salzergroup.net)

**PLANT LOCATIONS****Unit - I**

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

**Unit - II**

Chinnamaddampalayam,  
Coimbatore - 641 019.

**Unit - III**

# 2, Gudalur Village  
Samichettipalayam,  
Jothipuram via,  
Coimbatore - 641 047.

**Unit - IV**

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

**UNA**

Khasara No:2826, Una Nangal to Behdala Road,  
V.P.O Behdala, Tehsil & Distt-UNA,  
UNA (H.P) - 174306.



**29th ANNUAL GENERAL MEETING**

Day : Saturday  
 Date : 09<sup>th</sup> August, 2014  
 Time : 11.30 A.M.  
 Venue : Hotel Sree Annapoorna,  
 R.S. Puram, Coimbatore - 641 002.

**CONTENTS****Page No.**

|  |    |
|--|----|
| Electronic Voting User ID & Password   | 4  |
| Managing Director's Communique   | 5  |
| Fundamentals of Salzer   | 7  |
| Graphical Presentation on Financial Performance                                      | 8  |
| Financial Highlights   | 9  |
| Notice to the Shareholders   | 10 |
| Directors' Report and its Annexures  | 18 |
| Independent Auditors' Report   | 35 |
| Balance Sheet as at 31.03.2014   | 39 |
| Statement of Profit & Loss for the year ended 31.03.2014                             | 40 |
| Cash Flow Statement  | 41 |
| Significant Accounting Policies and Notes on Accounts to the<br>Financial Statements | 42 |
| ECS Form   | 63 |
| Form for Registration of E-mail ID   | 64 |
| Proxy Form (MGT 11)  | 65 |
| Ballot Paper (MGT 12)  | 67 |

# Electronic Voting Details

**EVEN No.**

**100488**

**User ID & Password**

**Please refer note no.14 in page no.13 of the notice for E-voting instruction**

## Message from Managing Director's Desk

It is my pleasure and delight to have this opportunity of interacting with you and share my thoughts in our march to achieve our goals and objectives with all your support and guidance in all these years and also the years to come to make your company with global identification for the products manufactured by your company and also its dream to have the continuous research and development activities to manufacture the most safest and qualitative products to provide complete solution for electrical power utilities in all its spears comparable with international quality standards.

You may also be aware that for the last few years both the international economy and Indian economy are reeling under severe stress and strain and impacted all sectors of development particularly the manufacturing and infrastructure sectors like power, coal, steel, etc., This is because of combination of various factors such as global economic recessionary and liquidity constraints, slow phase of policy reforms at the appropriate governments, which has also increased the inflationary conditions having all round impact.

Our Indian economy though could able to withstand the global recessionary pressures in the initial years, the last two years have passed through a very critical stage, which in turn affected the growth in manufacturing sector very severely and the electrical and electronic industry have suffered a lot and impacted the negative growth in the year 2012-13 & 2013-14 as the major projects in power and other infrastructure sectors did not take off during these years with resultant increase in finance cost, slow phase of reforms to revive the economy by the Government. Under this situation the Indian corporate could not post any positive growth due to the factors beyond their control inspite of the best strategy being adopted and are in a situation of wait and watch to encash the potential opportunities to post a growth in their respective sectors.

I am also glad to share with you that even under this situation, your company has spared no efforts to maintain not only its sustainability but also post a growth in whatever modest way and registered a modest growth of 9% in its turnover, which in turn resulted in 20% growth in the bottom line due to various strategic and cost effective measures like value engineering concept, sourcing of raw materials including copper at the competitive rates from overseas market, strategic provision of depreciation, etc., being adopted by your company during the financial year under review.

In spite of the strategic measures being adopted by the company, the performance of the Cables business is low due to the multiple competitions in the market both from MNCs, organized and un-organized sectors and imports. The other products viz., CAM operated Rotary switches, Toroidal Transformers, Load Break switches and Modular switches have done fairly well in the given market conditions.

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On the export front, your company has continuously been performing well in the highly competitive international markets during the year under review and exports worked out to 24% of the turn over and also growth of 18% as compared to the last year. You may also appreciate that the company's exports is registering continuous growth at a Compounded Annual Growth Rate (CAGR) of 40%. Further, the export turnover of the company has gone up from mere 8% in 2009-10 to 24% in the year 2013-14 under the prevailing global economic and market conditions and also in the context of marginal growth in overall business in these period. This shows Salzer's incredible potential to tap more export markets in the coming years.

In this context, I am also glad to share with you the fact that Salzer has bagged a prestigious order worth Rs.106 Crores from Government of Tamil Nadu under Integrated Urban Development Scheme (IUDM) for executing Energy Efficiency projects under Public Private Partnership Model in association with Schnell Energy Equipments Private Limited in the Mass lightings in Erode, Tiruppur and Vellore City Corporations, besides cluster of 16 municipalities under Tiruppur Region. Salzer has got this order following its successful commissioning of Energy Saver Projects in Coimbatore and Madurai Corporations. Salzer has already tied up with its bankers for funding facility for this project.

Looking ahead, Salzer is quite confident that the economic environment would improve expeditiously in the coming years because of the changes being taken place both at the Indian economy and global economy. Further Salzer is continuously striving hard to add value to the investment made by the Stakeholders on the faith that Salzer will deliver. So the Financial year 2014-15 will definitely be a sound year and take great "U" turn after many years of sluggishness.

Before conclusion, I wish to record my sincere thanks on behalf of the Board and all family members of Salzer to Mr. N Rangachary, an eminent Tax expert and an individual with highest degree of honour in our Country, for having joined Salzer's Board on our request as Non Executive Independent Director and designated as Chairman of the Company in the place of (late) P S Santhanakrishnan. The association of Mr.N.Rangachary is really a legacy to Salzer and its Board



**Salzer is continuously striving hard to add value to the investment made by the Stakeholders on the faith that Salzer will deliver.**



Members. I am in no doubt that his contribution will take Salzer to a greater height.

On conclusion, I am grateful to the Board of Directors for their whole-hearted support and guidance. I take this opportunity to express my whole hearted gratitude and sincere thanks and appreciation for all your un-stinted confidence and co-operation being extended by you all in the endeavours of Salzer and also all other stakeholders including our marketing associates M/s.Larsen and Tuobro Limited, Patent, Trade Mark & Design Registry Authorities and our Bankers, who stand with us for marching ahead and also our employees for their dedicated efforts in the endeavours of the company all these years.

May I take the privilege of looking forward to your continuous support and co-operation in the endeavours of Salzer to make it a Global Corporate in the years to come.

**"Change gives Progress  
Progress gives Prosperity  
Prosperity gives life"**

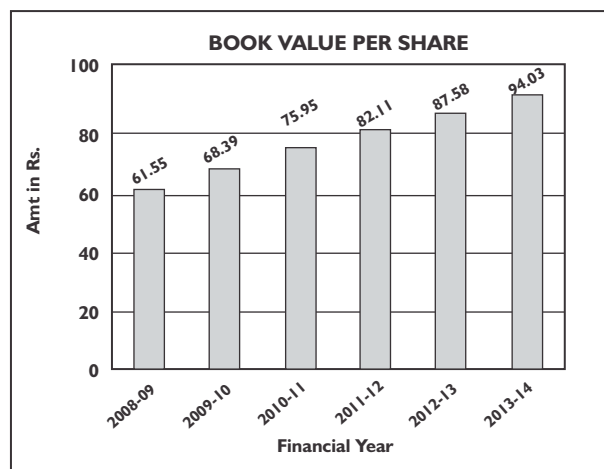
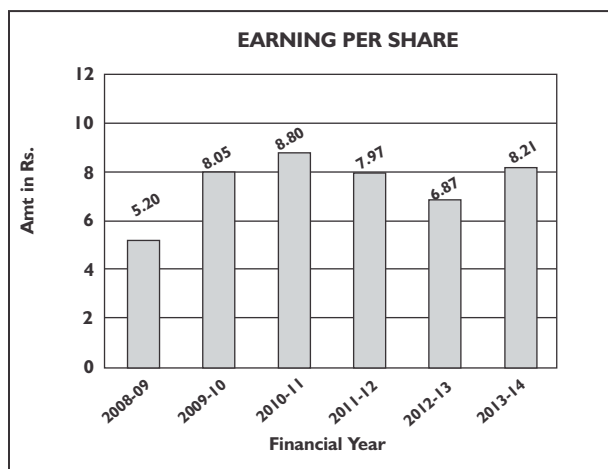
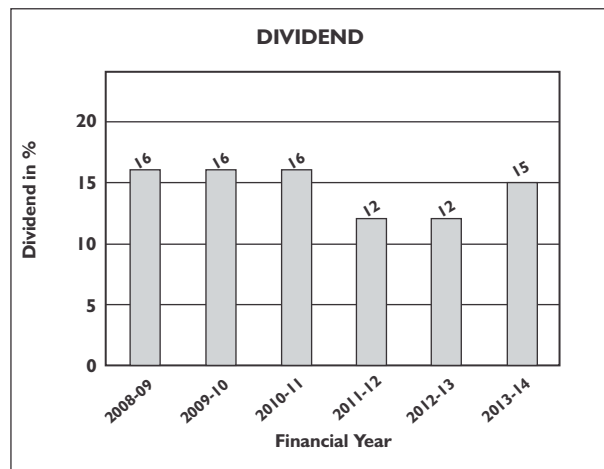
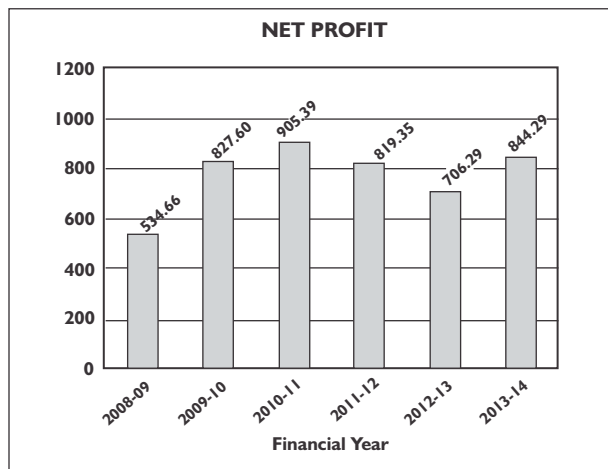
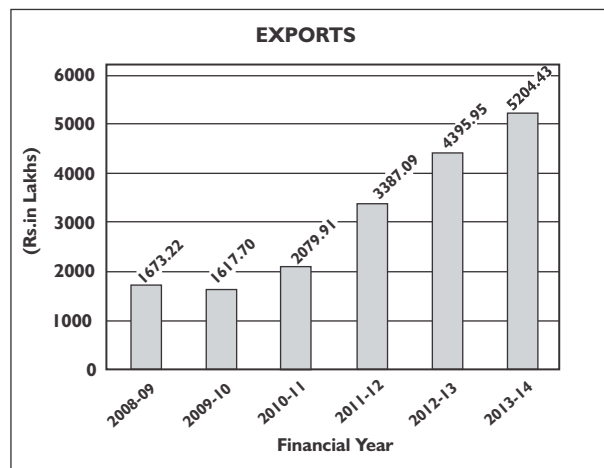
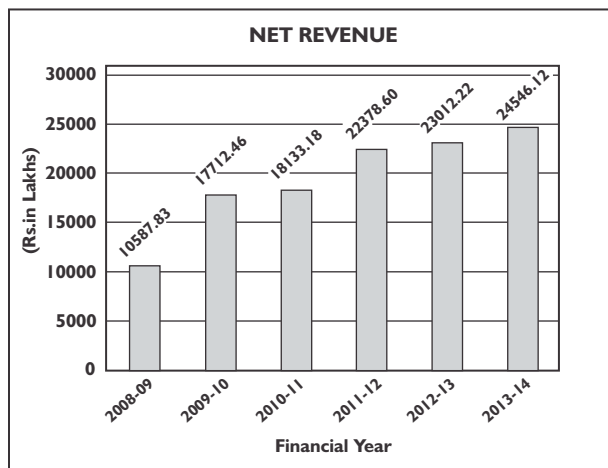
With kind regards

**R DORAISWAMY**  
MANAGING DIRECTOR

## FUNDAMENTALS OF SALZER

- ✦ Going concern since January, 1985 with 29 years of success.
- ✦ Quality and Systems certified company
  - ISO 9001 – 2008.
  - EMS Standards 14001.
  - OHSAS Management System 18001.
  - One of the first few companies in compliance of RoHS Directives for European markets.
  - IEC standard Certifying Body Testing Laboratory
- ✦ Having international quality standard certification - UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), Intertek Semko certification and CE (Conformite Europeenne) for its product profile.
- ✦ Market Leader – 40% market for Rotary Switch.
- ✦ Highly competitive international markets have been well penetrated and having presence in more than 50 countries globally with 20% of export turnover and also another 20% as deemed exports.
- ✦ ASIA's largest producer of Rotary Switches & Cable Ducts (Wiring Channels).
- ✦ Manufacturer of Toroidal Transformers in Collaboration with M/s. Plitron Manufacturing Inc., Toronto, Canada.
- ✦ Nuclear Power Corporation's only approved supplier from India for Rotary Switches.
- ✦ Largest Supplier to Indian Railways.
- ✦ Having marketing Tie-up with India's largest Engineering and Infrastructure major - M/s. L&T Ltd, to cater the Indian market through their market network across the length and breadth of India with more than 300-400 Stockists / Dealers as well as for international markets.
- ✦ Having self contained and fully equipped in-house Tool Room to meet the requirement of Dies and Tools both for the existing products and new products.
- ✦ Having full-fledged In-house R&D duly recognized by the Ministry of Science & Technology, Department of Scientific and Industrial Research, Govt. of India.
- ✦ Having Hi-tech Type-testing Laboratory for testing of product upto 400 amperes has been created in the factory.

## GRAPHICAL PRESENTATION OF FINANCIAL PERFORMANCE



## FINANCIAL HIGHLIGHTS

| Particulars   | Rs. in Lakhs    |          |          |          |          |          |
|---|-----------------|----------|----------|----------|----------|----------|
|   | 2013-14         | 2012-13  | 2011-12  | 2010-11  | 2009-10  | 2008-09  |
| <b>Net Revenue</b>  | <b>24546.12</b> | 23012.22 | 22378.60 | 18133.18 | 17712.46 | 10587.83 |
| <b>Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)</b> | <b>3115.09</b>  | 2985.60  | 2966.96  | 2648.44  | 2416.51  | 1707.93  |
| <b>EBITDA in %</b>  | <b>12.69</b>    | 12.97    | 13.26    | 14.61    | 13.64    | 16.13    |
| <b>Interest &amp; Depreciation</b>  | <b>1945.91</b>  | 2043.28  | 1955.13  | 1580.05  | 1290.66  | 1095.92  |
| <b>Profit Before Tax (PBT)</b>  | <b>1169.18</b>  | 942.31   | 1011.83  | 1068.39  | 1125.85  | 612.01   |
| <b>Provisions for Taxation</b>  | <b>324.89</b>   | 236.02   | 192.49   | 163.00   | 298.25   | 77.35    |
| <b>Profit After Taxation (PAT)</b>  | <b>844.29</b>   | 706.29   | 819.34   | 905.39   | 827.60   | 534.66   |
| <b>Profit After Tax (PAT) in %</b>  | <b>3.44</b>     | 3.07     | 3.66     | 4.99     | 4.67     | 5.04     |
| <b>Earning Per share (Rs.)</b>  | <b>8.21</b>     | 6.87     | 7.97     | 8.80     | 8.05     | 5.20     |
| <b>Equity Dividend %</b>  | <b>15</b>       | 12       | 12       | 16       | 16       | 16       |
| <b>Dividend Payout</b>  | <b>180.47</b>   | 144.38   | 143.42   | 191.87   | 191.87   | 192.50   |
| <b>Equity Share capital</b>   | <b>1028.37</b>  | 1028.37  | 1028.37  | 1028.37  | 1028.37  | 1028.37  |
| <b>Reserves and Surplus</b>   | <b>8642.03</b>  | 7978.22  | 7416.31  | 6714.14  | 6004.89  | 5300.78  |
| <b>Net worth</b>  | <b>9670.41</b>  | 9006.59  | 8444.68  | 7742.51  | 7033.26  | 6329.15  |
| <b>Return on Net worth %</b>  | <b>8.73</b>     | 7.84     | 9.70     | 11.69    | 11.77    | 8.45     |
| <b>Book Value Per share (Rs.)</b>   | <b>94.03</b>    | 87.58    | 82.11    | 75.29    | 68.39    | 61.55    |
| <b>Debt Equity Ratio</b>  | <b>0.14</b>     | 0.13     | 0.16     | 0.14     | 0.19     | 0.23     |

## NOTICE OF THE 29th ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 29<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on Saturday, the 9<sup>th</sup> day of August 2014 at 11.30 AM at Hotel Sree Annapoorna, R.S. Puram, Coimbatore - 641 002 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at March 31, 2014 and the Auditor's Report thereon.
2. To declare a dividend on equity shares for the year 2013-2014.

### SPECIAL BUSINESS

3. **To appoint Auditors and fix their remuneration 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** M/s.Swamy & Ravi, Chartered Accountants (FRN:004317S) Coimbatore, be and are hereby re-appointed as Statutory Auditors of the Company for a term of office of five years from 2014-15, subject to ratification by the shareholders on annual basis during the tenure of office, on such remuneration as shall be fixed by the Board of Directors of the company.”

4. **To appoint Shri N.Rangachary (DIN: 00054437) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Shri N.Rangachary (DIN: 00054437)**, who was appointed as an Additional Director pursuant to the provisions of Section 161(I) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

5. **To appoint Shri. Nirmal Kumar Chandria (DIN: 00003134) as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Shri. Nirmal Kumar Chandria (DIN: 00003134)**, who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

6. **To appoint Shri P.K. Shah (DIN: 00003106) as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement **Shri P.K.Shah (DIN: 00003106)**, who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

- 7. To appoint Shri V.Sankaran (DIN: 00003141) as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement **Shri V.Sankaran (DIN: 00003141)**, who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

- 8. To appoint Shri N.Jayabal (DIN: 00003111) as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement **Shri Narayanaswamy Jayabal (DIN: 00003111)**, who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

- 9. To approve 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 and in this regard to**

**consider and if thought fit, to pass the following Resolutions with or without modifications, as a special resolution.**

**“RESOLVED THAT** in supersession of the earlier resolution passed by the Members at the 24<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> December 2009 in terms of provisions of Section 293(1)(d) of the Companies Act, 1956, consent of the Company be and is hereby accorded pursuant to provisions of Section 180 of the Companies Act, 2013 and any other applicable provisions thereof (including any statutory modification(s) or re-enactment(s) thereof from time to time, read with the rules – The Companies (Meetings of the Boards and its powers) Rules 2014, and further amendments / revisions / modifications thereunder, if any, from time to time, and for the time being in force, to the Board of Directors of the Company and / or a Committee thereof for borrowing money(ies) on behalf of the Company from time to time for the purposes of the business of the Company either in foreign currency and / or in rupee currency, as may be deemed necessary, upto an aggregate amount (apart from temporary loans being obtained from the Company's Bankers in the ordinary course of business) not exceeding Rs.125 Crores (Rupees One Hundred Twenty Five Crores Only) at any point of time, over and above the paid up capital and free reserves of the Company and also authorize to do or cause to be done all such acts, matters, deeds and other things relating thereto, and / or incidental thereto, including provision / creation of securities on the assets of the Company both movable and immovable including collaterals, if any, by whatever manner as may be expedient and warranted / required in the ordinary course of business as may be deemed, for giving effect to the aforesaid resolution.”

- 10. To approve 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 and in this regard to consider and if thought fit, to pass the following Resolutions with or without modifications, as a special resolution.**

**“RESOLVED THAT** in pursuance of Section 188 of the Companies Act 2013 read with the Companies (Meeting of the Board and its Powers) Rules 2014, the consent of the Company be and is hereby accorded for entering into related party transaction with parties effective from 01<sup>st</sup> April 2014 upto the maximum as specified hereunder.

| Maximum Value of Contract / Transaction (Per Annum) with effect from 01 <sup>st</sup> April 2014 |  |  |  |   |  |
|--|--|--|--|---|--|
|  | Transactions defined U/s. 188(1) of the Companies Act 2013                           |  |  |   | Others   |
|  | Sale, Purchase or supply of any goods, materials                                     | Selling or otherwise disposing of or buying property of any kind                     | Leasing of property of any kind  | Availing or rendering of any services: Appointment of any agent for purchase or sale of goods, materials, services or property  | Donations (for CSR-Corporate Social Responsibility initiatives of the Company) |
| All Directors' interested Firm and their relatives   | On actual basis whether material or not.   | On actual basis, not exceeding Rs.10 Crores per Annum Per Party.                     | On actual basis, not exceeding Rs.1 Crore per Annum Per Party.                       | On actual basis, not exceeding Rs.10 Crore per Annum Per Party in respect of rendering / availing of services and for Appointment of any agent for purchase or sale of goods, materials, services or property, not exceeding Rs.10 Lacs per Annum Per Party |  |
| Larsen & Toubro Limited  | Exempted : transactions in the ordinary course of business and on arm's length basis | Exempted : transactions in the ordinary course of business and on arm's length basis | Exempted : transactions in the ordinary course of business and on arm's length basis | Exempted : the transactions in the ordinary course of business and on arm's length basis  |  |
| Salzer Magnet Wires Limited  |  |  |  |   |  |
| Salzer Spinners Limited  |  |  |  |   |  |
| Salzer Exports Limited   |  |  |  |   |  |
| Salzer Securities Holdings Limited   |  |  |  |   |  |
| K R Health Care Pvt Limited  |  |  |  |   |  |
| Salzer Technologies Limited  |  |  |  |   |  |
| Micro Instruments Limited  |  |  |  |   |  |
| <b>Foreign Entity</b>  |  |  |  |   |  |
| Salzer Global Services LLB   |  |  |  |   |  |
| Plitron Global Corporations  |  |  |  |   |  |
| <b>Firm</b>  |  |  |  |   |  |
| K R Rangaswamy Naidu and Sons  |  |  |  |   |  |
| <b>Trust</b>   |  |  |  |   |  |
| Salzer Educational Medical Research  |  |  |  |   | Rs. 20 lakhs   |

**“RESOVLED FURTHER THAT** to give effect to this Resolution the Board of Directors and / or Committee thereof be and are hereby authorized to settle any questions, difficulty or doubt that may arise with regard to giving effect to the above resolution and to dl all acts, deeds, things as may be necessary in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings related thereto”

**NOTE :**

1. A member, who is entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and a proxy

need not be a member of the Company. Proxy forms must reach the Company's registered office not less than 48 hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 1<sup>st</sup> August 2014 to 9<sup>th</sup> August 2014 (both the days inclusive).
3. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
4. In case of joint holders attending the meeting together, only whose name appearing first will be entitled to vote.



5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
  6. Members are requested to send the Nomination Form in Form 2B to the Company and / or to the Registrar and Share Transfer Agent - **M/s. GNSA Infotech Ltd, Nelson Chambers, 'F' Block, 4<sup>th</sup> Floor, #115, Nelson Manickam Road, Aminthakarai, Chennai – 600 029 Tel: 044-42962025** in duplicate.
  7. Members are requested to kindly notify the change in address immediately to the Company and / or to its Registrar and Share Transfer Agent **M/s. GNSA Infotech Limited, Nelson Chambers, 'F' Block, 4<sup>th</sup> Floor, # 115, Nelson Manickam Road, Aminthakarai, Chennai – 600 029.**
  8. The Shares of your Company are admitted for dematerialization in Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) under **ISIN No.: INE457F01013**. The shareholders have the option to hold their shares either in physical form or in dematerialized form.
  9. The Company has, pursuant to Section 205 of the Companies Act, 1956 corresponding to Sec 125 of the Companies Act, 2013, to transfer the dividend amount, lying unclaimed for 7 years from the date of declaration, to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed the Dividend Warrants for the years 2006–07, 2007–08, 2008–09, 2009–10, 2010–11, 2011–12 & 2012–13 are requested to make their claim to the Company and / or to the Registrar and share Transfer Agent of the Company. No claims can be made by the shareholders thereafter.
  10. SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated 21.03.2013 has advised all the Listed Companies to make the cash payment including the Dividend to the Investors through electronic mode of payment such as ECS, RTGS, NEFT, etc.,. **In this regard, the investors holding securities in demat mode are requested to update their correct bank account particulars with their Depository Participants and to the Company and / or to the Registrar and share Transfer Agent and the Investors holding securities in physical mode are requested to furnish the details in the Form appended herewith to the Company and / or to Share Transfer Agent at the earliest.**
  11. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (“PAN”) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN card numbers/copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts and to the Company and / or to the Registrar and share Transfer Agent. **Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents, M/s. GNSA Infotech Limited.**
  12. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, the **members are requested to send their valid e-mail address to the Company for receiving all such notices/Annual Reports/ other communiqué by Electronic Mode** by filling up form annexed at the end of this report and register your e-mail address with your Folio number at investor\_relations@salzergroup.com / sta@gnsaindia.com. Besides, the members holding shares in electronic mode are also requested to update their e-mail address in their Demat Account with concerned Depository Participant and to the company.
  13. The information pertaining to the Directors being appointed / re-appointed are briefly given in the Statement forming part of this Notice.
- #### 14. VOTING THROUGH ELECTRONIC MEANS:
- In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by National Securities Depository Limited (NSDL):
- The instructions for e-voting are as under:**
- A. Members whose shareholding is in the dematerialized form / Holding in Physical Form and whose Email Addresses are registered with the Company/ Depository Participant(s)**
    1. Will receive an email from NSDL informing the User-ID and Password.
    2. Open email and open PDF file viz.; “Salzer e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password in the PDF file is an initial password.
    3. Members who are already registered with NSDL for e-voting can use their existing User ID and password/ PIN for casting their votes.
    4. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
    5. Click on Shareholder – Login.
    6. Put user ID and password as initial password noted in step (i) above. Click Login.
    7. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



8. If you desire to change the password, after changing you need to login again with the new password. Home page of e-voting will open. Click on e-voting: Active Voting Cycles.
9. Select "EVEN" (E Voting Event Number) of Salzer Electronics Limited.
10. Now you are ready for e-voting as Cast Vote page opens.
11. On voting page, the Resolution Description and the options "assent/dissent/reset" will appear.
12. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
13. Upon confirmation, the message "Vote cast successfully" will be displayed.
14. You can similarly vote in respect of all other resolutions forming part of the Notice of the Annual General Meeting. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
15. If you wish to log out after voting on a few resolutions and continue voting for the balance resolutions later, you may click on "RESET" for those resolutions for which you have not yet cast the vote.
16. Once you have voted on the resolution, you will not be allowed to modify your vote.
17. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the e-mail id of Scrutinizer (vasudevanacs@gmail.com), RTA (krishnakumar@gnsaindia.com) and Company Secretary (baskarasubramanian@salzergroup.com) with a copy marked to evoting@nsdl.co.in.

**B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company / Depositories), please refer your user ID & password given in page no. 4 & follow all steps from Sr. No. 4 to Sr. No. 16 of (A) above, to cast vote.**

**C. 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 Annual General Meeting. 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 6.00 p.m., on 05.08.2014. Detailed instructions on voting through post are given on the reverse of the Ballot Form.

**D. General Instructions:**

1. The e-voting period commences on 3rd August, 2014 (9.00 a.m) and ends on 5th August, 2014 (6.00 p.m). During this period, members holding shares in either physical or dematerialized form

as on the Cut-Off Date of 30th June, 2014, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

2. 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 <https://www.evoting.nsdl.com>.
3. Mr. G.Vasudevan, Practicing Company Secretary has been appointed as Scrutinizer for scrutinizing the e-voting process in a fair and transparent manner for Twenty Ninth annual report 2013-2014.
4. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
5. 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 where the Company is listed, viz. BSE Ltd. and National Stock Exchange of India Ltd.
6. 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.
7. 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 physical ballot form shall prevail and e-voting of that Member shall be treated as invalid.

**STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT 2013**

The following statement sets out all materials fact relating the special business mentioned in the accompanying Notice:

**Item No.3**

Pursuant to the provisions of the Companies Act, 2013 and read with the Companies (Audit & Auditors) Rules 2014 which have come into effect from 01.04.2014, M/s.JDS Associates, Chartered Accountants, (FRN:008735 S) Coimbatore has conveyed to the company their intension not to seek for re-appointment on their retirement at this Annual General Meeting. Accordingly, M/s.Swamy & Ravi, Chartered Accountants, (FRN:004317 S) Coimbatore, who have been appointed as a Statutory Auditors of M/s.Salzer Electronics Ltd with effect from 30.12.2009 and accordingly, they have been functioning as Auditor of the company for the last 5 years and they are eligible for re-appointment for another term of five consecutive years from the financial year 2014-15 subject to the ratification by the shareholders of the company at the every Annual General Meeting during the tenure.

Your Board of Directors are thought it prudent to re-appoint M/s.Swamy & Ravi, Chartered Accountants for another term of five years from the financial years 2014-15 and placed necessary resolutions duly recommended for your consideration and approval at this meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.3 of the Notice

#### Item No.4

Shri Rangachary Nambi Iyengar was appointed as an Additional Director of the Company with effect from 01<sup>st</sup> March 2014 in pursuance of Provisions of Section 161(1) of the Companies Act 2013 and designate him as the Chairman of the Company in the casual vacancy caused by demise of Shri P S Santhanakrishnan, Independent and Non Executive Chairman of the Company. In terms of Provisions of Section 161(1) of the Act Shri Rangachary Nambi Iyengar would hold office upto date of the ensuing Annual General Meeting of the Company.

The Company has received a Notice in writing from a Member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Rangachary Nambi Iyengar for the office of the Independent Director in terms of Section 149 of the Companies Act 2013. In this regard, the Company has received necessary declaration from Shri Rangachary Nambi Iyengar to the effect that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Shri Rangachary Nambi Iyengar possesses appropriate skills, integrity, experience, and knowledge, inter alia, in the field of Insurance and Taxation. In the Opinion of the Board Shri Rangachary Nambi Iyengar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

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

Keeping in view his vast expertise and knowledge and in the best interest of the Company that Shri Rangachary Nambi Iyengar is being appointed as an Independent Director for Consecutive 5 years term.

Save and except Shri Rangachary Nambi Iyengar and to the extent of his shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

#### Item No.5,6,7 & 8

Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal have been the Independent Directors of the Company for more than five years.

The Securities and Exchange Board of India (SEBI) vide its Circular dated 17<sup>th</sup> April 2014 amended the Clause 49 of the Listing Agreement, coming into effect from 01<sup>st</sup> October 2014. Such amendment, inter alia, stipulates that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Keeping the above Provisions in consideration and in accordance with Section 149 of the Companies Act 2013, Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal have been proposed to be appointed as the Independent Directors of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal for the office of Directors of the Company.

The Company has also received declarations from Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal are independent of the management and not liable to retire by Rotation.

**Shri Motichand Chandra Nirmal Kumar**, aged 54 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.

**Shri Prafulchandra Kanthilal Shah**, aged 70 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.

**Shri Veeraraghavan Sankaran**, aged 71 years, is an Independent and Non Executive Director on the Board of Directors for the last 10 years and holds a Master's Degree in Commerce and is an Associate Member of both the Institute of Cost & Works Accountants of India and the Institute of Company Secretaries of India. He also holds a Postgraduate Diploma in Management Accounting from Jamnalal Bajaj Institute of Management Studies, Bombay (University of Bombay). He is well known in the Financial Services Industry. He has over 35 years of experience in reputed companies in various areas of Finance and General Management. Mr.Sankaran is a Director of Smile Electronics Limited.

**Shri Narayanaswamy Jayabal**, aged 70, 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.

Shri Motichand Chandra Nirmal Kumar, Shri Prafulchandra Kanthilal Shah, Shri Veeraraghavan Sankaran and Shri Narayanaswamy Jayabal are interested in the resolutions set out respectively at Item No.5,6,7&8 of the Notice with regard to their respective appointments. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos.5,6,7 and 8 of the Notice for approval by the shareholders.

### Item No: 9

The shareholders at their meeting held on 30.12.2009 have delegated the authority and fixed the borrowing powers to the Board of Directors of the company by passing a special resolution to borrow money for the purpose of the business (apart from term loans being obtained from the company's bankers in the ordinary course of business) in excess of the aggregate of paid-up capital and free-reserves of the company i.e., to say reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs.75 crores over and above the paid-up capital and free-reserves of the company. On notification of the new Companies Act, 2013 by Government of India on 30.08.2013, the provisions of Sec.180 of the Companies Act, 2013 have been notified effective from 12.09.2013.

Based on the representations received by the Government of India on the validity and legality of the resolutions passed by the Members of the Corporate Bodies under Section 293 of the Companies Act 1956, on the notification of Section 180 of the Companies Act 2013, the

Government of India clarified vide its circular No.04/2014 dated 25.03.2014 that resolutions passed by the shareholders of the Corporate under the Provisions of Section 293 of the Companies Act 1956 on the borrowing powers of the Company and / or creation of securities on the assets of the Company thereof will be regarded as sufficient compliance for a period of one year from the date notification of corresponding new section 180 of the Companies Act 2013 i.e 12.09.2013.

Accordingly, the present authority already delegated to the Board of Directors expires on 11.09.2014 and the shareholders' approval for the borrowing powers of the Board of Directors of the Company under Sec.180 of the Companies Act, 2013 is to be considered and approved.

Therefore necessary resolutions is placed before the shareholders for their consideration and approval on the delegation of authority for the borrowing powers of the Board of Directors of the company in the ordinary course of business to borrow money(ies) for the purpose of business duly recommended by the Board of Directors of the company.

Your Board of Directors thought it prudent to have such delegation of authorities duly approved by the shareholders to ensure the smooth functioning and request you to consider and approve the same.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolution set out at Item Nos.9 of the Notice for approval by the shareholders.

### Item No: 10

Pursuant to the provisions of the Sec.188 of the Companies Act 2013, read with the Companies (Meetings of Board and its Powers) Rules 2014 and also read with the SEBI Regulations thereof vide their circular dt.17.04.2014, the transactions with the related parties requires shareholders approval, if such transactions are material i.e., exceeds 5% of the turnover of the company (or) 20% of the networth of the company as the case may be. The Provisions, the Rules and Regulations thereof defines the related party to a company as under.

- (i) A director of the Company or his relative;
- (ii) A key managerial personnel or his relative;
- (iii) A firm, in which a director, manager or his relative is a partner;
- (iv) A private company in which a director or manager is a member or director;
- (v) A public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) Any body corporate, whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) The Company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary; such other person as may be prescribed;

**The provisions of the said section of the Act also define the related party transaction as under:**

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchase or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company; its subsidiary company or associate company; and related party transactions;
7. Underwriting the subscription of any securities or derivatives thereof, of the company;

Further, the Securities Exchange Board of India vide its circular dated 17.04.2014 have also notified the regulations to be complied with respect to related party transactions by the listed companies. The SEBI's regulations will be effective from 01.10.2014.

**The circular issued by the SEBI also stipulates the following:**

1. The company shall formulate a policy on **materiality** of related party transactions and also on dealing with Related Party Transactions.
2. A transaction with a related party shall be considered **material** if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds five percent of the annual turnover or twenty percent of the net worth** of the company as per the last audited financial statements of the company, **whichever is higher**.
3. All Related Party Transactions shall require prior approval of the Audit Committee.
4. All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions irrespective of the fact that there is an arm's length pricing on the transactions being done in the ordinary course of business.

*Section 2(57) – Net worth means aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;*

Accordingly, your company in the ordinary course of business and also at arm's length price deals with the transactions with the following related parties (not exhaustive), which may be coming under the purview of the provisions of Related Parties / Related Parties transactions, also at arm's length pricing i.e., on par with the market price, if such transactions are being carried out from outside sources in the market, and the provisions of the above sections will not attract the subject transactions in the normal course either by way of being Director / Promoter / shareholdings by himself and / or along with relative(s) as the case may be.

1. All directors of the Company and their relatives (Relatives as defined in the Act – Father including step-father, Mother including step-mother, Son including step-son, Daughter, Son's wife, Daughter's Husband, Brother including step-Brother and Sister including step-Sister).
2. M/s. Salzer Spinners Limited
3. M/s. Salzer Global Services LLB
4. M/s. Salzer Magnet Wires Limited
5. M/s. Salzer Securities Holdings Limited
6. M/s. K R Health Care P Ltd.,
7. M/s. Salzer Technologies Limited
8. M/s. K R Rangaswamy Naidu and Sons
9. M/s. Plitron Manufacturing Inc / M/s. Plitron Global Corporation
10. M/s. Micro Instruments Limited
11. M/s. Larsen & Toubro Ltd

It could also be observed that as per the SEBI Regulations the transactions which may attract the provisions though it is in the normal course of business and at arm's length pricing.

It is therefore thought it prudent and judicious to get the shareholders' approval for delegating proper authority to the Board of Directors of the company to transact businesses with the related parties both by way of normal and material transactions, if any, and at arm's length pricing and / or otherwise at a price depending upon the market exigencies, as the case may be on actual basis for such transactions with related parties, during a financial year, which will facilitate the smooth operations of the company and meet the compliance requirements of the provisions of the Act as well as SEBI Regulations and request you to consider the proposal and approve the same.

The Board commends the Special Resolutions set out at Item Nos. 10 of the Notice for approval by the shareholders.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

**For and On behalf of the Board**

Place: Coimbatore  
Date : 10.05.2014

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

**DIRECTORS' REPORT**

Your Directors, with great pleasure, are presenting this report on the performance of the Company together with the Audited Annual Financial Statements comprising of the Balance Sheet as at 31.03.2014 and Statement of Profit & Loss for the year ended on that date.

**PERFORMANCE**

The Financial year 2013-14 was considered to be a year, where Indian Economy at large faced several challenges for growth, due to market constraints both in domestic and international markets, which has impacted the industrial growth during the year under review.

Under these circumstances, the performance of your company for the year under review has not only sustained but also registered a modest growth of 9%. The gross turnover is Rs.26763.84 lakhs during the year under report as against Rs.24587.28 lakhs during the corresponding

period last year. In the last five years, your Company has grown at a Compounded Annual Growth Rate (CAGR) of 20% in terms of turnover inspite of the severe volatility in the economic and market conditions due to its strong fundamentals and strategic cost competitiveness in all fronts. Similarly, the profitability of your company has also registered a growth of 24% in PBT - Rs.1169.17 lakhs during the year under review as against Rs.942.31 lakhs during last year and the Profit After Tax (PAT) has registered a growth of 20% - 844.29 lakhs as against the Rs.706.29 lakhs during the corresponding period last year. Further, the EBITDA worked out to around 13.6%, PBT around 5% and PAT around 3.5% on the net revenue of the company during the year under review. The financial highlights for the year under review vis-a-viz the corresponding period last year are as under:

**FINANCIAL HIGHLIGHTS:**
**Rs. In lakhs**

| PARTICULARS  | 31/03/2014 |                 | 31/03/2013 |                 |
|--|------------|-----------------|------------|-----------------|
|  | Rs.        | Rs.             | Rs.        | Rs.             |
| <b>I Revenue from operations:</b>                                | 24452.89   |                 | 22873.04   |                 |
| <b>II Other Income</b>   | 93.23      |                 | 139.18     |                 |
| <b>III Total Revenue (I + II)</b>                                |            | <b>24546.12</b> |            | <b>23012.22</b> |
| <b>IV (Less)Operating Expenses</b>                               |            |                 |            |                 |
| a) Cost of Materials Consumed                                    | 17409.14   |                 | 16059.15   |                 |
| b) Changes in inventories of finished goods and work in progress | (584.53)   |                 | (318.45)   |                 |
| c) Employee benefits expenses                                    | 1313.15    |                 | 1228.22    |                 |
| d) Other expenses  | 3293.28    | <b>21431.04</b> | 3057.70    | 20026.62        |
| <b>V Operating Profit (III-IV)</b>                               |            | <b>3115.08</b>  |            | <b>2985.60</b>  |
| a) (Less)Finance Costs   | 1194.13    |                 | 1176.59    |                 |
| b) (Less)Depreciation and amortization expenses                  | 751.78     |                 | 866.70     |                 |
|  |            | 1945.91         |            | 2043.29         |
| <b>VI Profit before tax</b>                                      |            | <b>1169.17</b>  |            | <b>942.31</b>   |
| <b>VII Less :Tax expense:</b>                                    |            |                 |            |                 |
| a) Current tax   | 301.09     |                 | 239.35     |                 |
| b) Deferred tax  | 23.80      | 324.89          | (3.33)     | 236.02          |
| <b>VIII Profit After Tax</b>                                     |            | <b>844.28</b>   |            | <b>706.29</b>   |
| <b>IX Earnings per equity share:</b>                             |            |                 |            |                 |
| a) Basic (in Rs.)  |            | 8.21            |            | 6.87            |
| b) Diluted (in. Rs.)   |            | 8.21            |            | 6.87            |



## DIVIDEND

Your Company is sparing no efforts to recognize the value and interest of the shareholders both in good and bad times and also consistently paying dividend since 1991-92. Accordingly, taking into account performance of the company during the year under review as well as the future business exigencies such as growth potentials, foreseeable risk and sustainability of the investor interest to ensure them appropriate return on their investments, the company has been maintaining payment of dividend at 12% for the last two years. Similarly, for the financial year 2013-14 also your Board of Directors thought it prudent to judicially recommend a dividend at a rate of 15% (Rs.1.50 per share) on the paid up capital of the company Rs.1028.37 lakhs as at 31.03.2014. The dividend at the above rate will work out to dividend payment of Rs.154.26 lakhs and also a dividend tax of Rs.26.22 lakhs - in aggregate the total dividend payout will be Rs.180.47 lakhs. Once dividend is declared by the shareholders, the same will be paid to all the eligible shareholders, whose name appear in the register of members as on 09.08.2014 i.e., date of AGM.

## FOREIGN INVESTMENT

Aiming to globalize the trading of the products of your Company efficiently, your Company formed M/s.Salzer Global Services, LLC, USA (SGS) with 40% controlling interest in United States. This venture since formation has been facilitating your Company to identify the market opportunities in United States and serving them without any loss of time besides establishing proximity of contacts with the customers in this market as was evident in steady growth of export sales. As part of diversification, M/s. Salzer Global Services, LLC acquired 100% controlling interest in a IT and ITES Corporation viz., M/s.Global Technical Talent, Inc, USA, a leading outsourcing firm providing services in the areas of human resources for the IT and ITES companies in USA and Canada. In the face of gradual recovery of United States economy after several depressions, Global Technical Talent, Inc posted healthy results by having recorded revenue growth of 36% during the calendar period ending 31/12/2013 and projected revenue growth of 34% in 2014. Hence your Directors are confident that your company's strategic investment in M/s.Salzer Global Services LLC, USA will provide suitable returns in the long run.

## MANAGEMENT DISCUSSION AND ANALYSIS OF THE RISKS

### Overview

During the year under review the Indian Economy has struggled for growth due to poor growth in the manufacturing sector – core sectors like coal, power generation, refinery products, fertilizers, steel and cement – 2.6% from 6.5% in 2013-14 as per the data notified by the Ministry of Commerce and Industry. The growth in power generation was 5.6% during the fiscal. During the year under review the inflationary conditions continued to be under severe stress and strain and impacted considerably with resultant high finance cost resulting in threats to manufacturing sector. India being the third largest economy after United States and China, in purchasing power and growth GDP worked out to 4.9% during 2013-14 as against 4.5% in the last year i.e., 2012-13.

## Business environment review

The financial year 2013-14 has been a mixed year for industry and posed a great stress on them to achieve the targeted growth especially the manufacturing sectors have been continuously under severe strain and stress due to high finance cost coupled with cross-border competitions and raising input cost. Moreover, lack of reforms and policy directions from Government, the projects particularly in the infrastructure projects like power generation, mining, refinery sectors, etc., have been impacted severely.

## Sectoral performance

The Electrical and Electronics Industry is dependent on overall of growth of Infrastructure sector in the Country. The Government's spending under economic reforms plays an important role for such growth of the infrastructure. In the last five years, Country's Infrastructure has been facing several bottlenecks like lack of cash flows, ballooning debts, poor revenue stream from the commenced projects, poor investments, poor depreciation etc., these persistent problems are deteriorating their ability to seek for any growth.

The growth in the Indian electrical equipment industry as per the information available in the domain – IEEMA, the switch gear industry has seen a negative growth of 1.4% with negative growth of 1.7% in LV and negative growth of 0.9% in HV. The IEEMA data also indicates the cumulative overall growth performance of the segment works out to 4.03% for nine months period as compared to the same period last year, which was down when compared to 6% growth in the first half of 2013-14.

## Competitions and Challenges

The market for electrical products remains competitive and challenging due to multiple growth of the competitors both from organized and un-organized sectors, multi-nationals not only having their manufacturing facilities in India but also their acquisition activities of similar industries in the country, more imports from the developed Country like China and other cross-border competitions. Under these circumstances, the Company is bound to concentrate more on its Research and Development activities for continuous innovation in the new products and also higher variants of the existing products to ensure the value addition products to its product profile to meet the customers' preferences and choices and also challenges being prevailed in the industry. The Company has to strategically plan sourcing of semi-skilled and skilled manpower, which is scarce to augment its output without any interruption.

## Risk Profile

The Company continuously drives strength from its leading market position in the domestic rotary switches market, marketing tie-up with Larsen & Toubro Ltd, its sustained focus on research and development which facilitates product improvement and resource optimization. CRISIL, on the Bank Loan Ratings, re-affirmed that the Company has adequate financial risk profile marked by adequate capital structure and debt protection metrics. The Company has also been taking strategic actions to combat the continued competition from un-organized sectors as well as cross-border competitions besides the competition being posed by the manufacturing facilities of MNC companies, who have already in the Indian market.

The Company is continuously taking all efforts to ensure comfortable scale of production with cost competitiveness and continuous R & D efforts to improve its performance and market share under the prevailing conditions.

### **Leadership**

The Company has continuously been securing its leadership position in the following segment:

- ✦ Market Leader in Rotary Switches business with 40% market share, and largest producer in Asia.
- ✦ Largest producer of Cable Ducts (Wiring Channels) in Asia.
- ✦ Largest Exporter of Load break switches from India.
- ✦ Approved supplier for Nuclear Power Corporation for Rotary Switches.
- ✦ Largest Supplier to Indian Railways.
- ✦ Selected as a preferred vendor for GE – Energy.

### **Risk Mitigation Measures**

In a bid to combat any slowdown or likely negative growth in the given market conditions, the Company has already taken various strategic measures in association with marketing associates to face the situation. The Company has been continuously taking stock of the situation and swiftly taking such steps for moving towards projected target. The Company has undertaken stringent cost effective measures to improve the profitability under the prevailing environment. Since the Company is having both export and import more or less at the same level and the foreign exchange fluctuation will not have any significant impact on the profitability of the Company. Moreover, the Company has already initiated the following significant efforts to strengthen its sustainability, productivity and profitability as under:

1. More focus on the Research and Development to add more dimensions to the existing products as well as develop new products catering to the needs of the end user,
2. Adoption of Value Engineering Concept to bring out cost effective measures in manufacturing of products wherever feasible, in order to have substantial savings in the production process expenses,
3. No capital expenditure would be made other than the planned new developments,
4. More thrust on improvement of the productivity of the employees and minimization/ elimination of scrap and wastages in the production processes and
5. More emphasis on the exploration of new markets

### **CAUTIONARY STATEMENT**

Some of the statements in this report, describing the Company's objectives and expectations expressed in good faith, may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those, in the event of changes in the assumptions / market conditions.

### **RESEARCH & DEVELOPMENT**

In-house Research and Development department, duly recognized by the Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, fully equipped with qualified people, continues with its efforts on improvement of process specifications to ensure cost reduction and the rejection levels consistently in addition to development of new products with innovative design and utility to meet the market preferences with power efficient and high-tech products. This continuous effort of the Research and Development Department will definitely not only add the new product profile but also to ensure the continuous growth of the company.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO - UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956**

Your Company being a modest power intensive one continues to ensure measures for conservation of energy wherever possible. Your Company is having Four Wind Mills to generate power to the extent of 1.2 MW through renewable resources – wind and generated 19.19 lakhs units of power and earned an income of Rs.97.94 lakhs. Details are furnished in Annexure – I for your information pursuant to the provisions of Sec.217(1)(e) of the Companies Act, 1956.

Your company's operations aim –

- ✦ to ensure the continued existence and success of our Company by establishing and maintaining a safe working environment that promotes the health and performance of our employees as well as taking active measures to protect the environment.
- ✦ to actively use global work safety management systems for continuous improvement.
- ✦ to pay special emphasis on ergonomic design.
- ✦ to observe all legislation and specifications regarding work safety.
- ✦ to take comprehensive measures to protect our employees against health hazards.
- ✦ to ensure Comprehensive and effective emergency measures are in place at all locations to ensure that our employees and visitors receive proper care in the event of any emergency.
- ✦ to continue to maintain quality standard certifications viz., ISO 9001–2008, Environmental Management System (EMS) -14001, OHSAS (Occupational Health and Safety) Management System 18001.

### **INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES 1999.**

The provisions of Section 217 (2A) of the Companies Act, 1956 and rules made thereof are not applicable, as no employee was in receipt of remuneration to the extent laid down therein.

**DIRECTORS**

During the year under review Mr.Nirmal Kumar M Chandria, Mr.P.K.Shah, Mr.V.Sankaran and Mr.N.Jayabal, Directors of the Company are retiring by rotation and being eligible offer themselves for re-appointment.

In compliance with the requirement of Clause-49 of the Listing Agreement the details pertaining to the Directors seeking for appointment are given in the Note forming part of Notice calling the meeting.

**CORPORATE GOVERNANCE:**

Pursuant to the provisions of Clause-49 of the Listing Agreement, your Board of Directors is pleased to place their report on the Corporate Governance duly certified by the Auditors of the Company, for information of shareholders as an annexure to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- (i) that all applicable accounting standards have been followed in preparation of Annual Accounts and that there are no material deviation;
- (ii) that 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, 2014 and of the Profit & Loss of the Company for the year ended on that date;
- (iii) that 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;
- (iv) that the annual accounts have been prepared on a going concern basis;
- (v) that the Company is having appropriate systems to ensure the compliance of all laws applicable to the Company;
- (vi) that the Company is having appropriate system to ensure payment of statutory dues in time without any delay.

**Employees Stock Option Scheme (ESOS)**

As a part of recognition of the contributions made by the employees all these years and influencing their inherent potentialities for the further growth of your Company, a stock option scheme - Salzer Electronics Limited Employees Stock Options Scheme 2012-13 - has been instituted with necessary sanctions granted by the Members at their 27<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> August 2012 for the purpose of issuance of stock options to the Eligible Employees of your Company.

The Employees Compensation Committee, constituted by the Board in accordance with SEBI Guidelines for administration of the Scheme,

granted 10,28,000 Stock Options with one year vesting period to the identified employees on 19<sup>th</sup> November 2013 at a price of Rs.40/- per option as against the previous day closing market price of Rs.48.60 at Bombay Stock Exchange, resulting in a discount 17.70%.

**The information furnished under SEBI (ESOS & ESPS) Guidelines, 1999**

Title of the Scheme : Salzer Electronics Limited Employees Stock Option Scheme 2012-13

Options granted : 10,28,000 options at issue of Rs.40 per option

The pricing formula : The latest available closing price on Bombay Stock Exchange on 18.11.2013, preceding the date of grant on 19.11.2013 Rs.48.60 per share.

Employees Compensation Committee has approved the exercise price of Rs.40/- per equity share at its meeting held on 19.11.2013

Options vested : Yet to take place, since the vesting commences only on 19.11.2014.

Options exercised : Yet to take place. The exercise period commences only on 19.11.2014 and ends on 18.11.2019

the total number of shares arising as a result of exercise of option : As at 31.03.2014 no employees have opted vesting their right on the options granted to them. The exercise period commences on 19.11.2014 & ends on 18.11.2019.

options lapsed : NIL

variation of terms of options : NIL

money realized by exercise of options : NIL

total number of options in force : 10,28,000 Options (Unvested)

employee wise details of options granted to :

Senior managerial personnel : NIL

Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year : NIL

Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital



(excluding outstanding warrants and conversions) of the company at the time of grant

: NIL

Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with

: Rs.8.21

During the year under review, since no employee has opted their right to vest the options granted to them, computation of diluted earnings per share will not arise.

Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company disclosed.

Weighted-average exercise prices and weighted-average fair values of options disclosed separately

: ---

for options whose exercise price either equals or exceeds or is less than the market price of the stock

A description of the method and significant assumptions used during the year to estimate the

: ---

fair values of options, including the following weighted-average information:

- (i) risk-free interest rate,
- (ii) expected life,
- (iii) expected volatility,
- (iv) expected dividends, and
- (v) the price of the underlying share in market at the time of option grant.]

: ---

## AUDITORS

M/s.JDS Associates, Chartered Accountants, Coimbatore, the retiring Auditors have conveyed to the company their intension not to get re-appointed pursuant to the provisions of Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014.

Accordingly, M/s.Swamy & Ravi, Chartered Accountants, Coimbatore, Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for the re-appointment for a term of five years.

## AUDITORS' REPORT

The observations made in Independent Auditors' Report read together with notes thereon are self explanatory and hence do not call for any further comments under section 217 of the Companies Act, 1956.

## FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act 1956 and the rules made there under during the year under review and did not have any fixed deposit as at 31.03.2014.

## INDUSTRIAL RELATIONS

The Industrial relations during the year under review remained very cordial.

## BANK LOAN RATING

M/s. CRISIL Limited who have rated the Bank Loan facilities has rated the Company as under:

Loan Term Rating : CRISIL A-/Stable (Reaffirmed)  
Short Term Rating : CRISIL A2+ (Reaffirmed)

## LISTING ARRANGEMENTS

The Company's shares are listed in BSE Limited, which has got the National Wide Trading Terminals to enable the investors to trade in the shares of the Company.

## DEMATERIALISATION OF YOUR COMPANY'S SHARES

The shares of your Company are admitted for dematerialization on Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) under ISIN No. INE457F01013. The shareholders have the option of holding their shares either in physical form or in dematerialized form.

## ACKNOWLEDGEMENT

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

**For and on behalf of the Board**

Place : Coimbatore  
Date : 10.05.2014

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

## ANNEXURE - I TO DIRECTORS' REPORT

### INFORMATION REQUIRED TO BE FURNISHED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956, REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

#### 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:

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 31.03.2017.

#### 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:

As already reported in our earlier Annual Reports, the efforts of our R&D have continuously contributing to the growth in the turnover of the Company on year to year basis and also has resulted in rejection levels and wastages due to improved process specifications and balancing facilities, Automation of processes, etc.,

The Energy Saver equipment developed by our R&D and implemented in Madurai and Coimbatore Municipal Corporations have already proved the saving in the consumption of electricity not less than 30% in the areas of mass / street lighting management system. Your company is marketing this Energy Saving Devices either on BOOT model or as a Product. This system is not only on go-green concept but also helps to reduce the emission of Carbon, which is also contributing to reduce the warming up of earth and facilitates to avail Carbon Credit facilities being extended on go-green projects.

Your Company is also contemplating to popularize this product in other Corporations/ Municipalities in Tamil Nadu under projects being evolved by Tamil Nadu Energy Development Authority (TEDA) to combat the power crisis being prevailed in the State. In this context, your company has been successfully awarded the Tender to implement the Energy Saving Projects under Public Private Participation (PPP) in Vellore, Erode, Tirupur and Tirupur Regions (comprising of 16 Municipalities) for total Tender value of Rs.106 Crores. Your company has already completed the Investment Grade Audit and submitted to the Corporation. Awarding of work contracts are under process and on receipt and completion of Work Order documentation, your company will implement the project in phased manner during the financial year 2014-15. Besides your Company is also contemplating to participate in the Tenders being called for in other parts of the Country.

The products –Contactors and Overloaded relays upto 105 A, Motor protection circuit breakers, DC isolators for PV applications, Tinned

Copper Wires, which are developed by your R&D Department, would be added in the manufacturing profile of the company during the current fiscal, which will contribute to the growth of Turnover and Profitability of your company in the coming years.

### TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

The technical know-how obtained for the manufacture of CAM Operated Rotary Switches is continuously developed and improved through in-house R&D activities for enlarging its applications, in design and process technology, cost competitiveness, etc. The Collaboration agreement with M/s. Plitron Global Services, Inc, an affiliate of M/s. Plitron Manufacturing Inc, Canada, for technical know-how for manufacture of improved and higher capacity of Toroidal Transformers to meet the customers' requirements continues to work with good speed. The above technologies have been continuously developed and improved through in house R & D efforts.

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

The Company is consistently improving its design compatibility, process development and capabilities and utility of its Switches and other switchgear products and thereby consistently improving its market share both in domestic and international markets.

#### 3. 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., - Rs.435.26 Lakhs
- ✦ New Products and Process development - Rs.80.35 Lakhs
- ✦ Salary and other expenses for R&D personnel - Rs.52.47 Lakhs

#### 4. Details of Imported Technology:

- ✦ Technology Imported : For the manufacture of
  - (i) CAM Operated Rotary Switches
  - (ii) Toroidal Transformers
- ✦ Year of Import : (i) 1985 (ii) 1995 / 2005
- ✦ Has the technology : Yes, Fully absorbed.  
been fully absorbed

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Foreign Exchange earned during the year } Rs..4121.95 Lakhs  
(Direct export Rs.4097.89 lakhs, Merchant Export Rs.1106.54 lakhs & Rs.24.06 lakhs for technical services)
- b) Foreign Exchange outgo } Rs. 3734.79 Lakhs

Place : Coimbatore  
Date : 10.05.2014

For and on behalf of the Board  
(Sd/-) **N.RANGACHARY**  
**CHAIRMAN**

## ANNEXURE - II TO DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

(As Required under Clause 49 of the Listing agreement entered into with the Stock Exchange)

### 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.

### BOARD OF DIRECTORS

The Board headed by the Non-Executive Chairman, comprises 15 Directors from varied disciplines like Engineering, Finance, Banking, Capital Market, Management, Administration sectors. In terms of Clause 49 of the Listing Agreement with the Stock Exchange, your Board has optimum combination of Executive and Non-Executive Directors. Executive Directors includes Managing Director also. The composition of Board of Directors is as under.

| DIRECTORS                                  | CATEGORY   | ATTENDANCE PARTICULARS |                       | No. OF MEMBERSHIP IN BOARDS AND COMMITTEES OF OTHER COMPANIES |
|--|--|------------------------|-----------------------|---|
|  |  | Board meeting          | Last AGM (10.08.2013) |   |
| P. S. Santhanakrishnan @                   | Non-Executive Independent Chairman               | 2                      | ✓                     | -   |
| R. Doraiswamy **                           | Managing Director                                | 4                      | ✓                     | 5   |
| D. Rajeshkumar **                          | Joint Managing Director                          | 4                      | ✓                     | 6   |
| N. Jayabal * & **                          | Non-Executive Independent Director               | 3                      | ✗                     | 1   |
| P. Ramachandran                            | Whole-time Director (Marketing)                  | 4                      | ✓                     | 1   |
| R. Narayanaswamy @                         | Non-Executive Director                           | 2                      | ✓                     | -   |
| R. Dhamodharaswamy                         | Non-Executive Director                           | 4                      | ✓                     | 3   |
| L. Venkatapathy *, ** & ***                | Non-Executive Independent Director               | 4                      | ✓                     | -   |
| Nirmal Kumar M. Chandria                   | Non-Executive Independent Director               | 2                      | ✓                     | 5   |
| P. K. Shah ***                             | Non-Executive Independent Director               | 4                      | ✓                     | 2   |
| Kantilal V Vakharia                        | Non-Executive Independent Director               | 3                      | ✓                     | 2   |
| Howard M Gladstone                         | Non-Executive Independent Director               | -                      | ✗                     | 1   |
| V. Sankaran * & ***                        | Non-Executive Independent Director               | 4                      | ✓                     | 1   |
| S. R. Swaminathan                          | Non-Executive Nominee Director                   | 3                      | ✗                     | 1   |
| P. Ramakrishnan                            | Non-Executive Nominee Director                   | 3                      | ✓                     | 6   |
| S. Baskarasubramanian *, ** & ***          | Director (Corporate Affairs) & Company Secretary | 4                      | ✓                     | -   |
| N. Rangachary<br>(Appointed on 01.03.2014) | Non-Executive Independent Chairman               | -                      | NA                    | 12  |

\* Members of Audit Committee.

\*\* Members of the Shareholders / Investors Grievance Committee.

\*\*\* Members of the Remuneration Committee.

@ Mr. P. S. Santhanakrishnan, Chairman demised on 23.12.2013 and Mr. R. Narayanaswamy, Non-Executive Director demised on 22.09.2013.

**MEETING OF THE BOARD OF DIRECTORS**

During the year under report, Four Board meetings were held on 29.05.2013, 10.08.2013, 11.11.2013, & 07.02.2014.

**COMMITTEE OF DIRECTORS:****I. REMUNERATION COMMITTEE:**

The Company had a Remuneration Committee of the Board with the following members:

| S.No | Committee Members      | Designation in the Committee | Designation in the Board                         |
|------|------------------------|------------------------------|--|
| 1.   | P. S. Santhanakrishnan | Chairman                     | Non-Executive Independent Chairman (demised)     |
| 2.   | L. Venkatapathy        | Member                       | Non-Executive Independent Director               |
| 3.   | V. Sankaran            | Member                       | Non-Executive Independent Director               |
| 4.   | S. Baskarasubramanian  | Secretary to the committee   | Director (Corporate Affairs) & Company Secretary |

On demise of Mr. P. S. Santhanakrishnan, the Remuneration Committee stands re-constituted with the following members effective from 07.02.2014.

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

**2. AUDIT COMMITTEE:**

The Audit Committee consisting of the following independent Directors met four times on 25.05.2013, 06.08.2013, 06.11.2013 & 01.02.2014 during the year under review, to consider the financial performance of the Company as well as compliance of Accounting Standards, Company Law/ Stock Exchange provisions, adequacy of Internal Control system, etc, and found satisfactory.

| S.No | NAME  | DESIGNATION      | CATEGORY   | NO. OF AUDIT COMMITTEE MEETING ATTENDED |
|------|---|------------------|--|---|
| 1    | P. S. Santhanakrishnan<br>(demised on 23.12.2013) | Chairman         | Non-Executive Independent Chairman               | 2                                       |
| 2    | L. Venkatapathy                                   | Member           | Non-Executive Independent Director               | 4                                       |
| 3    | N. Jayabal  | Member           | Non-Executive Independent Director               | 3                                       |
| 4    | S. Baskarasubramanian                             | Member Secretary | Director (Corporate Affairs) & Company Secretary | 4                                       |

On demise of Mr. P. S. Santhanakrishnan, the Audit Committee stands re-constituted with the following members effective from 07.02.2014.

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

### 3. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders' / Investors' Grievance Committee consisting the following Directors met four times on 25.05.2013, 09.08.2013, 09.11.2013 & 05.02.2014 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 31.03.2014.

| S.No. | NAME                  | DESIGNATION      | CATEGORY   | NO. OF COMMITTEE MEETING ATTENDED |
|-------|-----------------------|------------------|--|-----------------------------------|
| 1     | L. Venkatapathy       | Chairman         | Non-Executive Independent Chairman               | 4                                 |
| 2     | R. Doraiswamy         | Member           | Managing Director                                | 4                                 |
| 3     | D. Rajeshkumar        | Member           | Joint Managing Director                          | 4                                 |
| 4     | N. Jayabal            | Member           | Non-Executive Independent Director               | 4                                 |
| 5     | S. Baskarasubramanian | Member Secretary | Director (Corporate Affairs) & Company Secretary | 4                                 |

### 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 Annapoorana, R.S. Puram, Coimbatore- 02 | 26 <sup>th</sup> AGM | Saturday | 24/09/11 | 11.30 am | Re-appointment of Mr. R. Doraiswamy as Managing Director for a further term of 5 years.<br>Re-appointment of Mr. D. Rajesh kumar as Joint Managing Director for a further term of 5 years.   |
| Hotel Sree Annapoorana, R.S.Puram, Coimbatore- 02  | 27 <sup>th</sup> AGM | Saturday | 11/08/12 | 11.30 am | Approval of the ESOS Scheme by the Shareholder, Approval of the shares under Stock Options to the Employees of Subsidiary Company / Holding Company and Allotment of the Options more than 1% of the issued capital to the identified employees during any one year. |
| Hotel Sree Annapoorana, R.S. Puram, Coimbatore- 02 | 28 <sup>th</sup> AGM | Saturday | 10/08/13 | 11.30 am | Re-appointment of Mr. P. Ramachandran as a Whole Time Director for a further term of 5 years.  |

- ✦ No special resolution was passed last year through postal ballot. Similarly, no special resolution is being proposed to be conducted through the postal ballot for the ensuing Annual General Meeting.

### Special Business / Resolutions proposed to be transacted at the AGM scheduled on 09.08.2014 :

- ✦ Re-appointment of retiring Statutory Auditors and are eligible for re-appointment and fix their remunerations for the financial year 2013-14 by passing ordinary resolution.
- ✦ Appointment of Mr. N. Rangachary as a Director on the Board of Directors of the company and designate him as a Chairman by passing ordinary resolution.
- ✦ Appointment of Mr. Nirmal Kumar M. Chandria as an independent Director for a term of consecutive period of five years.
- ✦ Appointment of Mr. P. K. Shah as an independent Director for a term of consecutive period of five years.
- ✦ Appointment of Mr. V. Sankaran as an independent Director for a term of consecutive period of five years.
- ✦ Appointment of Mr. N. Jayapal as an independent Director for a term of consecutive period of five years
- ✦ 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 from time to time, by passing special resolution.
- ✦ 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 by passing special resolution.

**DISCLOSURES**

✦ **Information Under Clause 49(Vi)(A) Of Listing Agreement in Respect of Directors Being Appointed / Re-Appointed:**

The following Independent Directors have been proposed for appointment for a term of consecutive period of five years as per Provisions of Companies Act 2013 and SEBI regulations in this general body meeting, whose profiles are given in the Notice calling the Annual General Body meeting.

1. Mr. NIRMAL KUMAR M CHANDRIA
2. Mr. P. K. SHAH
3. Mr. V. SANKARAN &
4. Mr. N. JAYABAL

✦ **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 the 31.03.2014. Hence, the particulars relating to aggregate number of shareholders viz-a-vis outstanding securities in suspense account and other related matters thereof may be taken as Nil.

✦ **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.

**COMPLIANCES:**

- ✦ Pursuant to the provisions of the revised Schedule VI of the Companies Act, 1956, the annual accounts for the period under review have been prepared as per the requirements of the said revised Schedule-VI as clarified by Ministry of Corporate Governance vide its circular 8/2014 dt. 04.04.2014.
- ✦ 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, 2014 and of the Statement of Profit & Loss of the Company for the year ended on that date.
- ✦ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ✦ The annual accounts have been prepared on a going concern basis.
- ✦ Pursuant to the provisions of Sec.233(b) of the Companies Act, 1956, read along with other relevant provisions thereof and also the Companies (Cost Audit) Rules, 2011 vide notification dt.03.06.2011 issued by the Ministry of Corporate Affairs, Government of India, which is applicable to the company effective from 29.05.2013, the Board of Directors of the company at their meeting held on 29.05.2013 appointed a Cost Accountant in practice as the Cost Auditor of the company for the year 2013-14 and the Cost Audit is under progress for the year 2013-14 and the Cost Audit Report thereof will be submitted in due course for the approval of the Board and also submission to the Government of India within the stipulated period.
- ✦ 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 Clause 49 of the Listing Agreement 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. R. Dhamodharaswamy, Director and father of Mr. D. Rajeshkumar, Joint Managing Director |
| 2       | D. Rajeshkumar     | Joint Managing Director | Son of Mr. R. Doraiswamy, Managing Director   |
| 3       | R. Dhamodharaswamy | Director                | Brother 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 31.03.2014.

### ✦ **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. The Quarterly / Half yearly and Annual Financial Results are also available in the Company's web-site. The Audited Annual Report is also sent to every shareholders of the Company.

### ✦ **Other Non Mandatory Requirements**

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

## **SECRETARIAL AUDIT**

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

## **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.

**SHAREHOLDERS INFORMATION****a) ANNUAL GENERAL MEETING**

|  |   |
|--|---|
| <b>Day &amp; Date</b>                            | <b>9th August 2014, Saturday</b>  |
| Time   | 11.30 AM  |
| Venue  | Hotel Sree Annapoorna, R.S. Puram, Coimbatore-02  |
| Audited Financial Results Announced              | 10.05.2014  |
| Posting of Notice calling AGM and Annual Reports | Pursuant to the policy guidelines on go-green concept the company has adopted such practices by notifying the information of interest to the shareholders of the company in its websites. Besides, 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.<br><br>Despatch of physical report – 16.07.2014 |
| Last date of receipt of Proxy forms              | 06.08.2014  |
| Announcement of Quarterly Results                | 29.05.2013, 10.08.2013, 11.11.2013 & 07.02.2014   |
| Date of Book Closure                             | 01.08.2014 to 09.08.2014  |
| Listing on Stock Exchanges                       | BSE Limited   |
| SCRIP CODE                                       | 517059  |
| Period of e-voting                               | 03.08.2014 to 05.08.2014  |
| Last date of receipt of Ballot paper             | 05.08.2014  |
| e-voting Event No.                               | 100488  |

**b) MARKET PRICE DATA****SHARE TRADING DETAILS IN BSE LIMITED****For the period: 1-Apr-2013 to 31-Mar-2014**

(Amt in Rs.)

| Month         | Open  | High  | Date       | Low   | Date       | Closing |
|---------------|-------|-------|------------|-------|------------|---------|
| April '13     | 56.50 | 57.90 | 16.04.2013 | 41.55 | 10.04.2013 | 52.00   |
| May '13       | 44.25 | 54.00 | 06.05.2013 | 39.20 | 25.05.2013 | 50.05   |
| June '13      | 50.10 | 52.00 | 07.06.2013 | 47.45 | 05.06.2013 | 48.00   |
| July '13      | 48.00 | 50.50 | 12.07.2013 | 46.10 | 17.07.2013 | 48.30   |
| August '13    | 49.45 | 59.05 | 26.08.2013 | 43.30 | 07.08.2013 | 57.10   |
| September '13 | 56.00 | 60.00 | 16.09.2013 | 49.45 | 10.09.2013 | 51.20   |
| October '13   | 49.00 | 54.95 | 10.10.2013 | 48.15 | 07.10.2013 | 51.50   |
| November '13  | 52.50 | 56.15 | 21.11.2013 | 48.60 | 18.11.2013 | 53.50   |
| December '13  | 53.10 | 58.00 | 31.12.2013 | 51.00 | 17.12.2013 | 56.05   |
| January '14   | 55.70 | 60.00 | 08.01.2014 | 51.50 | 27.01.2014 | 53.10   |
| February '14  | 53.40 | 64.70 | 12.02.2014 | 52.30 | 04.02.2014 | 58.85   |
| March '14     | 58.00 | 69.80 | 19.03.2014 | 54.60 | 18.03.2014 | 61.95   |



## MARKET CAPITALIZATION

As on 31st March 2014, the market capitalization of the company stood at Rs.63.71 Crores as at 31.03.2014.

As already reported in our last report Salzer Electronics Ltd's scrip 517059, which was placed under the Periodic Call Auction Mechanism to the ill-liquid scrip with effect from 08.04.2013 and the company has taken up the matter with the BSE Ltd and SEBI to ease the trading constraints being encountered by the shareholders / investors and followed up the matter closely. Based on the company's and similar representations from the market, SEBI / BSE Ltd has since notified vide its circular No. CIR/MRD/DP/38/2013 dt.19.12.2013, has stipulated certain criteria such as payment dividend atleast for last two years, market capitalization not less than Rs.10 Crs and book value is more than three time of the face value of the shares concerned, to remove the scrip from the call auction mechanism and place it under normal trading mechanism. Based on these criteria, your company's scrip by full-filling all the said criteria, is now under normal trading mechanism.

## c) REGISTRAR & SHARE TRANSFER / DEMAT AGENTS

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

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

## d) SHARE TRANSFER SYSTEM

### SHARE TRANSFER COMMITTEE:

The Share transfer committee consisting of the following members:

| S.No | Name                  | Designation | Category   |
|------|-----------------------|-------------|--|
| 1.   | D. Rajeshkumar        | Chairman    | Joint Managing Director                          |
| 2.   | N. Jayabal            | Member      | Non-Executive Independent Director               |
| 3.   | S. Baskarasubramanian | Member      | Director (Corporate Affairs) & Company Secretary |

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 Registrar / 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.

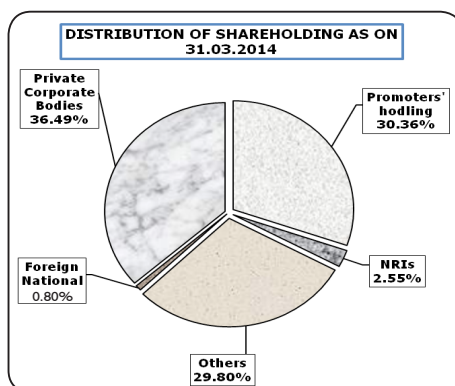
The Shares held in the demat form are electronically traded in the depositories and the Registrar and Transfer Agents of the Company periodically receive from the depositories the beneficiary holdings to enable them to update their records.

## e) DISTRIBUTION SCHEDULE (As on 31.03.2014)

| Range (Nominal value in Rs.) | No. of Folios | No. of shares   | % of holding  |
|------------------------------|---------------|-----------------|---------------|
| Upto – 5000                  | 11535         | 806147          | 7.84          |
| 5001 – 10000                 | 271           | 220632          | 2.15          |
| 10001 – 20000                | 139           | 220514          | 2.14          |
| 20001 – 30000                | 54            | 135259          | 1.32          |
| 30001 – 40000                | 18            | 64912           | 0.63          |
| 40001 – 50000                | 17            | 81293           | 0.79          |
| 50001 – 100000               | 42            | 322271          | 3.13          |
| 100001 & above               | 92            | 8432709         | 82.00         |
| <b>TOTAL</b>                 | <b>12168</b>  | <b>10283737</b> | <b>100.00</b> |

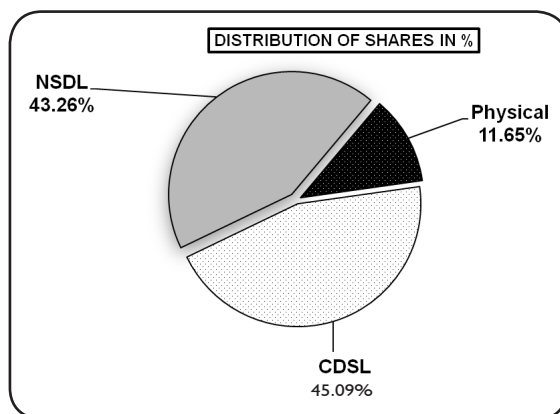
## f) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014

| Category                   |   | No. of Shares held | Percentage of Share Holding |
|----------------------------|---|--------------------|-----------------------------|
| A                          | <b>Promoter's holding</b>   |                    |                             |
| I                          | Promoters   |                    |                             |
|                            | Indian Promoters  | 3122523            | 30.36%                      |
|                            | Foreign Promoters   | -                  | -                           |
| 2                          | Persons acting in concert   | -                  | -                           |
|                            | <b>Sub-Total (A)</b>  | <b>3122523</b>     | <b>30.36%</b>               |
| B                          | <b>Non-Promoters Holding</b>  |                    |                             |
| 3                          | Institutional Investors   |                    |                             |
| a                          | Mutual Funds  | -                  | -                           |
| b                          | Banks, Financial Institutions, Insurance companies (Central/<br>State Govt, Institutions / Non-Government Institutions) | -                  | -                           |
| c                          | Foreign Institutional Investors   | -                  | -                           |
|                            | <b>Sub-Total (B)</b>  | <b>-</b>           | <b>-</b>                    |
| 4                          | Others  |                    |                             |
|                            | Private Corporate Bodies  | 3752545            | 36.49%                      |
|                            | Indian Public   | 3064982            | 29.80%                      |
|                            | NRI's / OCBs  | 261974             | 2.55%                       |
|                            | Any other (Foreign Collaborator/National)   | 81713              | 0.80%                       |
|                            | <b>Sub-Total (C)</b>  | <b>7161214</b>     | <b>69.64%</b>               |
| <b>Grand Total (A+B+C)</b> |   | <b>10283737</b>    | <b>100.00%</b>              |



## g) DEMAT INFORMATION (AS ON 31.03.2014)

|                              | CDSL    | NSDL    | TOTAL   |
|------------------------------|---------|---------|---------|
| No. of Shares Dematerialized | 4636993 | 4448416 | 9085409 |
| % of Total Capital           | 45.09   | 43.26   | 88.35   |



#### **h) NOMINATION FACILITY**

As provided in the provisions of Companies Act, 1956 nomination facility is available for the shares held in a Company. The nomination form (**Form 2B**) along with instruction shall be provided to the members on request.

#### **i) PLANT LOCATION**

Unit - I : Samichettipalayam, Coimbatore - 641 047

Unit - II : Chinnamaddampalayam, Coimbatore – 641 019.

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

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

UNA Unit : Khasara No: 2826, Una Nangal to Behdala Road, V.P.O Behdala, Tehsil & Dist-UNA, UNA (H.P) 174306.

#### **j) ADDRESS FOR CORRESPONDENCE**

All correspondence should be addressed to:

The Managing Director / Company Secretary,

Salzer Electronics Ltd, Samichettipalayam,

Coimbatore - 641 047

CIN No. L03210TZI985PLC001535

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

e-mail : [salzer@salzergroup.com](mailto:salzer@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** for investor services.

The above report has been placed before the Board at its meeting held on 10th May, 2014 and the same was approved.

#### **Declaration**

As provided under the Clause 49 of the Listing Agreement with the Stock Exchange, 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 : 10.05.2014

(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 2014 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.

Place:Coimbatore  
Date : 10.05.2014

(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 31.03.2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, where the Shares of the Company are listed.
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 2014, against the Company as per the records maintained by the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In terms of our report attached

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

**(Sd/-)S. Ravichandran**  
Partner  
Membership No.023783

**For JDS Associates**  
Chartered Accountants  
FRN : 0087355

**(Sd/-)B. Jayaram**  
Partner  
Membership No.028346

Coimbatore  
10.05.2014

**Independent Auditors' Report****To the Members of Salzer Electronics Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s Salzer Electronics Limited, Coimbatore-641047** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dt.13.09.2013 of the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, read with the General Circular 15/2013 dt. 13.09.2013 of the Ministry of Corporate Affairs in respect of Sec. 133 of the Companies Act, 2013.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Coimbatore  
10.05.2014

**(Sd/-)S. Ravichandran**  
Partner  
Membership No.023783

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

**(Sd/-)B. Jayaram**  
Partner  
Membership No.028346

**ANNEXURE REFERRED TO IN PARAGRAPH I OF THE AUDITORS' REPORT**

Referred to in Paragraph I of our report of even date on the accounts of Salzer Electronics Ltd for the year ended March 31, 2014.

01.

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any significant value of Plant and Machinery.

02.

- (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedure followed by the Management for such physical verifications are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the books and records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
- (d) We have relied on the representation of the management that the consumption of materials and components is in line with production / industry norms.

03. According to the information and explanations given to us, the Company has taken and granted unsecured loans from or to Companies, firms or other parties, listed in the Register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions are not prima facie prejudicial to the interest of the Company.

04. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

05. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:

- (a) To the best of our knowledge and belief and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements exceeding the value of Rs.5 lakhs have been made at prices which are prima facie reasonable and having regard to the prevailing market prices at the relevant time.

06. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956.

07. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.

08. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we



have not made a detailed examination of the records.

09. According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:
- (a) The Company was regular in depositing Provident Fund and Employees' State Insurance dues, Excise duty, Service tax, Customs duty, CESS, Investor Education & Protection Fund, Income Tax, Sales Tax and all other applicable statutory dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 months as at 31st March, 2014.
  - (b) The Company has no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty that were outstanding, as at 31st March, 2014.
10. The Company does not have any accumulated losses as at the year end, nor has it incurred any cash losses during the current and immediately preceding financial years.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. In our opinion the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. As informed to us, the term loans were utilized by the Company for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilized any funds raised on short term basis for long term investments and vice-versa.
18. According to the information and explanation given to us during the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.
20. According to the information and explanations given to us and the records examined by us, the Company has not raised money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year.

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

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

Coimbatore  
10.05.2014

**(Sd/-)S. Ravichandran**  
Partner  
Membership No.023783

**(Sd/-)B. Jayaram**  
Partner  
Membership No.028346

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2014

|  | PARTICULARS | Note No.  | As at 31/03/2014 |                   | As at 31/03/2013 |                   |
|--|-------------|-----------|------------------|-------------------|------------------|-------------------|
|  |             |           | Rs.              | Rs.               | Rs.              | Rs.               |
| <b>I. EQUITY AND LIABILITIES</b>           |             |           |                  |                   |                  |                   |
| <b>I. Shareholders' funds</b>              |             |           |                  |                   |                  |                   |
| (a) Share Capital                          | 3           | 102837370 |                  |                   | 102837370        |                   |
| (b) Reserves and Surplus                   | 4           | 864203139 |                  |                   | 797821702        |                   |
|  |             |           |                  | <b>967040509</b>  |                  | <b>900659072</b>  |
| <b>2 Non- current liabilities</b>          |             |           |                  |                   |                  |                   |
| (a) Long-term borrowings                   | 5           | 47490595  |                  |                   | 24539998         |                   |
| (b) Deferred Tax liabilities (Net)         | 6           | 9184016   |                  |                   | 6804388          |                   |
| (c) Other Long term liabilities            | 7           | 44976840  |                  |                   | 56444343         |                   |
| (d) Long-term Provisions                   | 8           | 5721113   |                  |                   | 8353004          |                   |
|  |             |           |                  | <b>107372564</b>  |                  | <b>96141733</b>   |
| <b>3 Current Liabilities</b>               |             |           |                  |                   |                  |                   |
| (a) Short term borrowings                  | 9           | 748045178 |                  |                   | 680439119        |                   |
| (b) Trade payables                         | 10          | 230817427 |                  |                   | 234625226        |                   |
| (c) Other current liabilities              | 11          | 219612760 |                  |                   | 259771689        |                   |
| (d) Short term provisions                  | 8           | 48156188  |                  |                   | 38372749         |                   |
|  |             |           |                  | <b>1246631553</b> |                  | <b>1213208783</b> |
| <b>TOTAL</b>                               |             |           |                  | <b>2321044626</b> |                  | <b>2210009588</b> |
| <b>II ASSETS</b>                           |             |           |                  |                   |                  |                   |
| <b>I. Non-current assets</b>               |             |           |                  |                   |                  |                   |
| (a) Fixed assets                           | 12          |           |                  |                   |                  |                   |
| (i) Tangible assets                        |             | 677168130 |                  |                   | 654676042        |                   |
| (ii) Intangible assets                     |             | 6519984   |                  |                   | 4708692          |                   |
| (iii) Capital work-in-progress             |             | 130232    |                  |                   | 2875652          |                   |
| (b) Non-current investments                | 13A         | 48573471  |                  |                   | 48998672         |                   |
| (c) Long-term loans and advances           | 14          | 19636266  |                  |                   | 6736183          |                   |
| (d) Other non-current assets               | 15          | 3004267   |                  |                   | 7000014          |                   |
|  |             |           |                  | <b>755032350</b>  |                  | <b>724995255</b>  |
| <b>2. Current assets</b>                   |             |           |                  |                   |                  |                   |
| (a) Current investments                    | 13B         | 12351280  |                  |                   | 9330213          |                   |
| (b) Inventories                            | 16          | 578094657 |                  |                   | 530523739        |                   |
| (c) Trade receivables                      | 15          | 576516106 |                  |                   | 610782225        |                   |
| (d) Cash and Bank Balances                 | 17          | 113926730 |                  |                   | 104637544        |                   |
| (e) Short-term loans and advances          | 14          | 209312458 |                  |                   | 147589579        |                   |
| (f) Other current assets                   | 15          | 75811045  |                  |                   | 82151033         |                   |
|  |             |           |                  | <b>1566012276</b> |                  | <b>1485014333</b> |
| <b>TOTAL</b>                               |             |           |                  | <b>2321044626</b> |                  | <b>2210009588</b> |
| Summary of Significant Accounting Policies | I & 2       |           |                  |                   |                  |                   |

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

(Sd/-)N. RANGACHARY

Chairman

(Sd/-)R. DORAISWAMY

Managing Director

For Swamy &amp; Ravi

Chartered Accountants

FRN : 0043175

For JDS Associates

Chartered Accountants

FRN : 0087355

(Sd/-)S. BASKARA SUBRAMANIAN

Director (Corporate Affairs)

&amp; Company Secretary

(Sd/-)S. Ravichandran

Partner

Membership No.023783

(Sd/-)B. Jayaram

Partner

Membership No.028346

Coimbatore - 47.

10.05.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

|      | PARTICULARS   | Note No. | For the Year ended 31/03/2014 |                 | For the Year ended 31/03/2013 |                 |
|------|---|----------|-------------------------------|-----------------|-------------------------------|-----------------|
|      |   |          | Rs.                           | Rs.             | Rs.                           | Rs.             |
| I    | <b>Revenue from operations:</b>   | 18       | 2445288609                    |                 | 2287304362                    |                 |
| II   | <b>Other Income</b>   | 19       | 9322780                       |                 | 13917791                      |                 |
| III  | <b>Total Revenue (I + II)</b>   |          |                               | 2454611389      |                               | 2301222153      |
| IV   | <b>Expenses</b>   |          |                               |                 |                               |                 |
|      | Cost of Materials Consumed  | 20       | 1740913635                    |                 | 1605915193                    |                 |
|      | Changes in inventories of finished goods and work in progress             | 21       | (58453774)                    |                 | (31844516)                    |                 |
|      | Employee benefits expenses  | 22       | 131314875                     |                 | 122822175                     |                 |
|      | Finance Cost  | 23       | 119413457                     |                 | 117658688                     |                 |
|      | Depreciation and amortization expenses                                    | 12       | 75177640                      |                 | 86669524                      |                 |
|      | Other expenses  | 24       | 329328303                     |                 | 305770057                     |                 |
|      | <b>Total Expenses</b>   |          |                               | 2337694136      |                               | 2206991121      |
| V    | <b>Profit before exceptional and extraordinary items and tax (III-IV)</b> |          |                               | 116917253       |                               | 94231032        |
| VI   | <b>Exceptional Items</b>  |          |                               | -               |                               | -               |
| VII  | <b>Profit before tax (V-VI) &amp; extraordinary items</b>                 |          |                               | 116917253       |                               | 94231032        |
| VIII | <b>Extraordinary items</b>  |          |                               | -               |                               | -               |
| IX   | <b>Profit before tax (VII-VIII)</b>                                       |          |                               | 116917253       |                               | 94231032        |
| X    | <b>Tax expense:</b>   |          |                               |                 |                               |                 |
|      | (1) Current tax   |          | 30109000                      |                 | 23935000                      |                 |
|      | (2) Deferred tax  |          | 2379628                       | 32488628        | (332910)                      | 23602090        |
| XI   | <b>Profit for the period - Afer Tax(IX-X)</b>                             |          |                               | <b>84428625</b> |                               | <b>70628942</b> |
| XII  | <b>Earnings per equity share:</b>   |          |                               |                 |                               |                 |
|      | (1) Basic   |          |                               | 8.21            |                               | 6.87            |
|      | (2) Diluted   |          |                               | 8.21            |                               | 6.87            |
|      | Summary of Significant Accounting Policies                                | I & 2    |                               |                 |                               |                 |

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

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

**(Sd/-)R. DORAISWAMY**  
Managing Director

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

**For JDS Associates**  
Chartered Accountants  
FRN : 0087355

**(Sd/-)S. BASKARA SUBRAMANIAN**  
Director (Corporate Affairs)  
& Company Secretary

**(Sd/-)S. Ravichandran**  
Partner  
Membership No.023783

**(Sd/-)B. Jayaram**  
Partner  
Membership No.028346

Coimbatore - 47.  
10.05.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014**A. Cash flow from operating activities**

|  | year ended<br>31.03.2014 | year ended<br>31.03.2013 |
|--|--------------------------|--------------------------|
|  | Rs. in lakhs             | Rs. in lakhs             |
| Profit before tax                                      | 1169.17                  | 942.31                   |
| Adjusted for:  |                          |                          |
| Depreciation   | 751.78                   | 866.70                   |
| Interest received                                      | (60.68)                  | (67.77)                  |
| Interest & Finance Charges                             | 1194.13                  | 1176.58                  |
| Exchange Rate Differences                              | -                        | (67.21)                  |
| Dividend Income  | (3.18)                   | (1.95)                   |
| Profit on Sale of investment                           | (2.82)                   | -                        |
| Profit on Sale of Assets-Net                           | (23.16)                  | -                        |
| <b>Operating profit before working capital changes</b> | <b>3025.24</b>           | <b>2848.66</b>           |
| Inventories  | (475.71)                 | (611.02)                 |
| Trade Receivables                                      | 382.62                   | (106.40)                 |
| Long Term Loans & Advances                             | (129.00)                 | (8.28)                   |
| Short Term Loans and Advances                          | (664.83)                 | 492.03                   |
| Trade Payables   | (38.08)                  | (416.58)                 |
| Other Current liabilities                              | (401.59)                 | (704.25)                 |
| Other Long term Liabilities                            | (114.67)                 | 79.52                    |
| Provisions   | 32.77                    | 8.76                     |
| Other Current assets                                   | 63.40                    | (283.50)                 |
| Other Non Current assets                               | -                        | -                        |
| <b>Cash generated from Operations</b>                  | <b>1680.15</b>           | <b>1298.94</b>           |
| Direct Taxes Paid                                      | (234.00)                 | (256.75)                 |
| <b>Net Cash flow from operating activities</b>         | <b>1446.15</b>           | <b>1042.19</b>           |

**B. Cash flow from Investing Activities**

|  |                 |                  |
|--|-----------------|------------------|
| Purchase of Fixed Assets                         | (1006.12)       | (1279.98)        |
| Capital work in process Reversed                 | 27.45           | -                |
| Profit on Sale of investment                     | 2.82            | -                |
| Sale of fixed assets                             | 34.47           | -                |
| Interest Received                                | 60.68           | 67.77            |
| Dividend Income                                  | 3.18            | 1.95             |
| Investments in Mutual Funds & Equities           | (25.96)         | (13.79)          |
| <b>Net Cash used in investigating activities</b> | <b>(903.48)</b> | <b>(1224.05)</b> |

**C. Cash flow from financing activities**

|   |          |          |
|---|----------|----------|
| Long Term Borrowings                    | 376.54   | 36.22    |
| Long Term Borrowings from others        | -        | -        |
| Short Term Borrowings                   | 676.06   | 1568.96  |
| Repayment of Long Term Borrowings       | (190.03) | (267.23) |
| Repayment of Short Term Borrowings      | -        | -        |
| Repayment of Other Long Term Borrowings | -        | -        |

|  |                |                |
|--|----------------|----------------|
| Interest & Finance Charges   | (1194.13)      | (1176.58)      |
| Repayment of Loans to others & Directors                                   | 43.00          | (17.31)        |
| Dividend & Dividend Tax Paid   | (141.74)       | (143.42)       |
| Net Cash Generated Financing Activities                                    | (430.30)       | 0.64           |
| Net Increase In Cash and Cash Equivalents                                  | 112.37         | (181.22)       |
| Cash & equivalent at the beginning of the year                             | 173.79         | 355.01         |
| Cash & Equivalent at the end of the year                                   | <b>286.16</b>  | <b>173.79</b>  |
| Components of Cash and Cash Equivalents :                                  | 286.16         | 173.79         |
| Cash on Hand   | 27.02          | 13.66          |
| Bank Balance:  |                |                |
| In Current Accounts  | 231.97         | 136.68         |
| In Unclaimed Dividend  | 25.03          | 22.39          |
| As Deposit / Margin  | 855.25         | 873.65         |
| Less than 3 months   | 27.18          | 23.46          |
| More than 3 months   | 828.07         | 850.19         |
| Total Cash and Cash Equivalents as per Balance sheet<br>(Refer Note No.17) | <b>1139.27</b> | <b>1046.38</b> |

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS**

### **Significant accounting policies:**

#### **NOTE 1: Corporate information & history:**

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

#### **NOTE 2:**

##### **(a) Basis of preparation of financial statements**

The financial statements are prepared under the historical cost conception, on accrual basis of accounting, and comply with the Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards, under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, ('the Act') to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest rupee.

##### **(b) Use of estimates:**

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

##### **(c) Fixed assets:**

###### **(i) Tangible:**

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

**(ii) Intangible**

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

**(d) Impairment:**

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

**(e) Depreciation:**

Depreciation on fixed assets other than Wind Mill is provided on straight-line method in accordance with Schedule XIV of the Companies Act, 1956. Depreciation on Wind Mills are provided on WDV method at the rate specified in Schedule XIV. In respect of additions made during the year, depreciation is charged on pro-rata basis from the month of addition.

**(f) Investments:**

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

The investments made in M/s. Salzer Global Services LLC, USA (SGS) is strategically made to keep the furtherance of market share in the international markets particularly USA and Canada, and the management feels that the company's investments in SGS will provide returns on the long run and hence the investment has been stated at cost.

**(g) Inventories:**

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

**(h) Research and Development:**

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

**(i) Foreign Currency Transactions:**

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

**(j) Taxation:****1. Current Tax:**

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

**2. Deferred Tax:**

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

**(k) Revenue Recognition:**

- i. Revenue in respect of sale of products is recognized at the point of despatch to customers.
- ii. Sales comprise of value of sale of goods (Net of returns) excluding Sales Tax and Excise Duty.

- lii. Revenue in respect of investments is recognized as and when these incomes are ascertained and quantified.
- lv. Income from Services is recognized as and when the services are rendered.
- V. Export benefits are recognized in the profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made.
- Vi. Dividend income is recognized when the right to receive dividend is established.
- Vii. Lease income under operating lease is recognized in Profit and Loss Account on the basis of accrual of income as per terms of the agreement.

**(l) Employees Benefits:**

**1. Defined contribution plans:**

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

**2. Defined benefit plan (gratuity):**

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

**3. Pension & Leave Salaries:**

**Pension:**

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

**Leave Salaries:**

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

**(m) ESOS:**

In respect of Employees Stock Options, the excess of market price on the date of grant over the exercise price is recognized as deferred employees compensation cost and amortized over the vesting / exercise period.

**(n) Earnings Per Share (EPS):**

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

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

**(o) Borrowing Costs:**

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

**(p) Leases:**

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

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

**(q) Provisions, contingent liabilities and contingent assets:**

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



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

**(r) Segment Reporting:**

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

**(s) Consolidation of accounts (AS23):**

The company has made investments in three other bodies corporate. The management feels, as these investments are being strategic in nature and the company has no control or significant influence in the financial / operating policies and in decisions of these investee companies, the disclosure requirements of AS23 in this regard does not arise.

**(t) Cash and Cash Equivalents:**

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

| Particulars | AS AT<br>31.03.2014<br>Rs. | AS AT<br>31.03.2013<br>Rs. |
|-------------|----------------------------|----------------------------|
|-------------|----------------------------|----------------------------|

**NOTE 3:**

**SHARE CAPITAL**

**a. Authorized**

|   |           |           |
|---|-----------|-----------|
| 1,50,00,000 Equity Shares of Rs.10/- each                   | 150000000 | 150000000 |
| [Previous Year : 1,50,00,000 Equity Shares of Rs.10/- each] |           |           |

**b. Issued, Subscribed and Paid up**

|   |           |           |
|---|-----------|-----------|
| 1,02,83,737 Equity Shares of Rs.10/- each fully paid-up.    | 102837370 | 102837370 |
| [Previous Year : 1,02,83,737 Equity Shares of Rs.10/- each] |           |           |

|              |                  |                  |
|--------------|------------------|------------------|
| <b>TOTAL</b> | <b>102837370</b> | <b>102837370</b> |
|--------------|------------------|------------------|

| Particulars                               | AS AT 31.03.2014 |           | AS AT 31.03.2013 |           |
|---|------------------|-----------|------------------|-----------|
|   | No. of<br>Shares | in Rs.    | No. of<br>Shares | in Rs.    |
| At the Beginning of the Period            | 10283737         | 102837370 | 10283737         | 102837370 |
| ADD.: Shares issued during the Year       | -                | -         | -                | -         |
| LESS.: Shares bought back during the Year | -                | -         | -                | -         |
| ADD.: Other Movements during the Year     | -                | -         | -                | -         |
| Outstanding at the end of the Period      | 10283737         | 102837370 | 10283737         | 102837370 |

**d. Terms/rights attached to the Equity Shares.**

- \* The Company has only one class of Equity Shares having par value of Rs.10/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays Dividend in Indian Rupees.
- \* The Dividend Proposed is as recommended by the Board of Directors and subject to the approval of the Shareholders' in the ensuing Annual General Meeting.
- \* For The Year Ended 31st March 2014, The Amount of Dividend per share recognized as distributions to Equity is Rs.1.50. (31st March, 2013: Rs.1.20)

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

|                             | <b>No. of<br/>Shares</b> | <b>% of<br/>Holding</b> | <b>No. of<br/>Shares</b> | <b>% of<br/>Holding</b> |
|-----------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| Larsen & Toubro Ltd         | 2679808                  | 26.06                   | 2679808                  | 26.06                   |
| Vishnu Rangaswamy. D        | 667787                   | 6.49                    | 667787                   | 6.49                    |
| Saradha Investments Limited | 601135                   | 5.85                    | 584139                   | 5.68                    |

| <b>Particulars</b>   | <b>AS AT<br/>31.03.2014<br/>Rs.</b> | <b>AS AT<br/>31.03.2013<br/>Rs.</b> |
|--|-------------------------------------|-------------------------------------|
| <b>NOTE 4:</b>   |                                     |                                     |
| <b>RESERVES AND SURPLUS</b>  |                                     |                                     |
| <b>Capital Reserve</b>   |                                     |                                     |
| Share Premium  | 252918270                           | 252918270                           |
| <b>Contingent Reserve</b>  |                                     |                                     |
| As per last Balance sheet  | 8500000                             | 6500000                             |
| Add : Transfer from Profit and Loss / Profit & Loss Appropriation account              | 2000000                             | 2000000                             |
| <b>Closing Balance</b>   | <b>10500000</b>                     | <b>8500000</b>                      |
| <b>General Reserve</b>   |                                     |                                     |
| As per last Balance sheet  | 170766232                           | 167166232                           |
| Add : Transfer from Profit and Loss Account  | 4500000                             | 3600000                             |
| <b>Closing Balance</b>   | <b>175266232</b>                    | <b>170766232</b>                    |
| <b>Profit and Loss Account</b>   |                                     |                                     |
| As per last Balance sheet  | 365637200                           | 315046006                           |
| Add: Profit during the year  | 84428625                            | 70628942                            |
| Less: Transferred to contingent reserve  | 2000000                             | 2000000                             |
| Less: Proposed Dividend (Incl .Tax)<br>(Amount Per Share Rs.1.50 (31.03.2013 Rs.1.20)) | 18047188                            | 14437748                            |
| Less: Transfer to General Reserves   | 4500000                             | 3600000                             |
| <b>Closing Balance</b>   | <b>425518637</b>                    | <b>365637200</b>                    |
| <b>TOTAL</b>   | <b>864203139</b>                    | <b>797821702</b>                    |

| Particulars  | Non-Current Portion<br>AS AT |                  | Current Maturities<br>AS AT |                  |
|--|------------------------------|------------------|-----------------------------|------------------|
|  | 31-Mar-14<br>Rs.             | 31-Mar-13<br>Rs. | 31-Mar-14<br>Rs.            | 31-Mar-13<br>Rs. |
| <b>NOTE 5:</b>   |                              |                  |                             |                  |
| <b>LONG TERM BORROWINGS</b>  |                              |                  |                             |                  |
| <b>(A) SECURED LOAN</b>  |                              |                  |                             |                  |
| <b>Term Loans - From Bank</b>  |                              |                  |                             |                  |
| <b>Term Loan from Canara Bank</b>  |                              |                  |                             |                  |
| <b>Term Loan - 1</b>   | -                            | 4333312          | 4333312                     | 12999999         |
| [Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-I) and Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director]   |                              |                  |                             |                  |
| (Energy saver Term Loan Repayable within 3 EMI of Rs.1083334/- & 1 EMI of Rs.1083310/-)  |                              |                  |                             |                  |
| <b>Term Loan – 2</b>   | 8526521                      | -                | 9378000                     | -                |
| [Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-I) and Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director]   |                              |                  |                             |                  |
| (Rs.17904521 is availed against Sanctioned Limit of Rs.50000000/- during the year)   |                              |                  |                             |                  |
| <b>Term Loan from Bank of India</b>  | 8687848                      | 13510852         | 4286004                     | 4286004          |
| [Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-II) & Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director]    |                              |                  |                             |                  |
| (Plant & Machinery Term Loan Repayable within 36 EMI of Rs.357167/- & 1 EMI of Rs.115840/-)  |                              |                  |                             |                  |
| <b>Term Loan from Union Bank of India</b>  |                              |                  |                             |                  |
| <b>Term Loan - 1</b>   | 1066309                      | 2245834          | 1224999                     | 1224999          |
| [Plant & Machinery Term Loan Repayable within 22 EMI of Rs.102083/- 1 EMI of Rs.45482/-]   |                              |                  |                             |                  |
| <b>Term Loan - 2</b>   | 20459917                     | -                | 12450000                    | -                |
| [Secured by way of First Charge on inventories including imported stocks of Unit-IV and First charge on all fixed assets of Unit IV and Guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director.] |                              |                  |                             |                  |
| (Rs.32909917 is availed against Sanctioned Limit of Rs.90000000/- during the year)   |                              |                  |                             |                  |
| <b>(B) UNSECURED LOAN</b>  |                              |                  |                             |                  |
| <b>-From Others</b>  |                              |                  |                             |                  |
| <b>Directors</b>   | 3750000                      | 3750000          | -                           | -                |
| <b>Others</b>  | 5000000                      | 700000           | -                           | -                |
| <b>TOTAL</b>   | <b>47490595</b>              | <b>24539998</b>  | <b>31672315</b>             | <b>18511002</b>  |

| Particulars | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. |
|-------------|---------------------------|---------------------------|
|-------------|---------------------------|---------------------------|

**NOTE 6:**
**DEFERRED TAX LIABILITY**
**Deferred Tax Liabilities**

|   |                 |                 |
|---|-----------------|-----------------|
| Deferred Tax Liabilities on Research and Development Expenses | 14785650        | 13007428        |
| Gross Deferred Tax Liability                                  | <b>14785650</b> | <b>13007428</b> |

**Deferred Tax Assets**

|  |                |                |
|--|----------------|----------------|
| Fixed Assets.: Impact of difference between Tax Depreciation and book depreciation | 5601634        | 6203040        |
| Gross Deferred Tax Assets  | <b>5601634</b> | <b>6203040</b> |
| <b>Deferred Tax Liabilities (Net)</b>  | <b>9184016</b> | <b>6804388</b> |

| Particulars | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. |
|-------------|---------------------------|---------------------------|
|-------------|---------------------------|---------------------------|

**NOTE 7:**
**OTHER LONG TERM LIABILITIES**

|                           |                 |                 |
|---------------------------|-----------------|-----------------|
| Other Long Term Liability | 44976840        | 56444343        |
| <b>TOTAL</b>              | <b>44976840</b> | <b>56444343</b> |

| Particulars | Long Term                 |                           | Short Term                |                           |
|-------------|---------------------------|---------------------------|---------------------------|---------------------------|
|             | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. |

**NOTE 8:**
**PROVISIONS**

|  |                |                |   |   |
|--|----------------|----------------|---|---|
| Present value of obligations as at the end of the Period | 31037859       | 26408936       | - | - |
| Fair value of plan assets as at the end of the Period    | 25316746       | 18055932       | - | - |
| Net assets / (Liability) recognized in balance sheet     | <b>5721113</b> | <b>8353004</b> | - | - |

**Other Provisions:**

|                        |          |          |                 |                 |
|------------------------|----------|----------|-----------------|-----------------|
| Provision for Taxation | -        | -        | 30109000        | 23935000        |
| Proposed Dividend      | -        | -        | 15425606        | 12340484        |
| Corporate Dividend Tax | -        | -        | 2621582         | 2097265         |
| <b>TOTAL</b>           | <b>-</b> | <b>-</b> | <b>48156188</b> | <b>38372749</b> |

| Particulars   | AS AT<br>31-Mar-14<br>Rs | AS AT<br>31-Mar-13<br>Rs |
|---|--------------------------|--------------------------|
| <b>NOTE 9:</b>  |                          |                          |
| <b>SHORT TERM BORROWINGS</b>  |                          |                          |
| <b>(A) SECURED</b>  |                          |                          |
| <b>Loans repayable on demand</b>  |                          |                          |
| <b>From Banks</b>   |                          |                          |
| <b>1. Cash Credit From Canara Bank</b>  | 138760197                | 141891988                |
| Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-I  |                          |                          |
| <b>2. Cash Credit From Bank of India</b>  | 157286083                | 151910648                |
| Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-II   |                          |                          |
| <b>3. Packing Credit From Bank of India</b>   | 5406882                  | -                        |
| Open Cash Credit has been secured on hypothecation of Inventories of Unit-II  |                          |                          |
| <b>4. Pre-shipment Loan from Citi Bank</b>  | 67418427                 | -                        |
| Pre-shipment Loan has been secured on hypothecation of Inventories of Unit-II   |                          |                          |
| <b>5. Cash Credit From Union Bank of India</b>  | 222726435                | 213982566                |
| Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-IV   |                          |                          |
| <b>6. Buyer's Credit From Union Bank of India</b>   | 11405097                 |                          |
| Buyers Credit has been secured on hypothecation of Inventories and Book Debts of Unit-IV  |                          |                          |
| <b>7. Cash Credit From Citi Bank</b>  | 69893184                 | 46851588                 |
| Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-III  |                          |                          |
| [All the Working Capital loans are guaranteed by Mr. R. Doraiswamy, Managing Director and Mr. D. Rajeshkumar, Joint Managing Director. There is no overdue Interest amount as on 31st March 2013 in respect of Working Capital Loan.] |                          |                          |
| <b>(B) UNSECURED</b>  |                          |                          |
| <b>From Banks</b>   |                          |                          |
| Credit From Citi Bank ( Pre-shipment / Buyer's credit)  | 75148873                 | 125802329                |
| <b>TOTAL</b>  | <b>748045178</b>         | <b>680439119</b>         |

| Particulars                            | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs |
|--|---------------------------|--------------------------|
| <b>NOTE 10:</b>                        |                           |                          |
| <b>TRADE PAYABLES</b>                  |                           |                          |
| <b>Trade Payables</b>                  |                           |                          |
| For Goods                              | 216097331                 | 215365658                |
| For Capital Goods and Capital Expenses | 13081675                  | 16922886                 |
| <b>Others</b>                          |                           |                          |
| For Advances from Customers            | 1638421                   | 2336682                  |
| <b>TOTAL</b>                           | <b>230817427</b>          | <b>234625226</b>         |

**Disclosure**

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

| Particulars                                | AS AT<br>31-Mar-14<br>Rs | AS AT<br>31-Mar-13<br>Rs |
|--|--------------------------|--------------------------|
| <b>NOTE 11:</b>                            |                          |                          |
| <b>OTHER CURRENT LIABILITIES</b>           |                          |                          |
| Current Maturities of long term borrowings | 31672315                 | 18511002                 |
| Unpaid dividends                           | 2502760                  | 2239368                  |
| For Expenses                               | 172703108                | 234720142                |
| <b>Other Payables ( Specify Nature)</b>    |                          |                          |
| ESI Payable                                | 92922                    | 110122                   |
| PF Payable                                 | 378304                   | 225527                   |
| TDS Payable                                | 1105122                  | 203297                   |
| Excise Payable                             | 1150469                  | 728296                   |
| Sales Tax Payable                          | 10007760                 | 3033935                  |
| <b>TOTAL</b>                               | <b>219612760</b>         | <b>259771689</b>         |

**NOTE 12:**  
**FIXED ASSETS**

| SR. NO. | DESCRIPTION OF ASSETS        | GROSS BLOCK           |                          |                      |                             | DEPRECIATION                  |                          |                 |                               | NET BLOCK        |                  | Amt in Rs. |
|---------|------------------------------|-----------------------|--------------------------|----------------------|-----------------------------|-------------------------------|--------------------------|-----------------|-------------------------------|------------------|------------------|------------|
|         |                              | COST AS ON 01.04.2013 | ADDITION DURING THE YEAR | ADJ. DURING THE YEAR | TOTAL COST AS AT 31.03.2014 | DEPRECIATION AS AT 01.04.2013 | ADDITION DURING THE YEAR | DEP ADJ.        | TOTAL DEPRE. AS AT 31.03.2014 | AS AT 31.03.2014 | AS AT 31.03.2013 |            |
| A       | Tangible Assets              |                       |                          |                      |                             |                               |                          |                 |                               |                  |                  |            |
| 1       | LAND                         |                       |                          |                      |                             |                               |                          |                 |                               |                  |                  |            |
|         | - Lease Hold                 | -                     | -                        | -                    | -                           | -                             | -                        | -               | -                             | -                | -                |            |
|         | - Free Hold                  | 25100242              | 161421                   | -                    | 25261663                    | -                             | -                        | -               | -                             | 25261663         | 25100242         |            |
| 2       | BUILDING                     | 146815119             | 5358694                  | -                    | 152173813                   | 27801671                      | 4995180                  | -               | 32796851                      | 119376962        | 119013448        |            |
| 3       | PLANT AND MACHINERY          | 899348013             | 83820227                 | 22504380             | 960663860                   | 432768987                     | 65229842                 | 21379734        | 476619095                     | 484044764        | 466579026        |            |
| 4       | WINDMILL                     | 60447887              | -                        | -                    | 60447887                    | 47320150                      | 1826068                  | -               | 49146218                      | 11301669         | 13127737         |            |
| 5       | ELECTRICAL MACHINERY (SOLAR) | 1112042               | 6139977                  | -                    | 7252019                     | 23294                         | 98995                    | -               | 122289                        | 7129730          | 1088748          |            |
| 6       | FURNITURE AND FIXTURES       | 41514120              | 2513382                  | -                    | 44027502                    | 17226191                      | 2593074                  | -               | 19819265                      | 24208237         | 24287929         |            |
| 7       | VEHICLES                     | 9491548               | 762775                   | 33372                | 10220951                    | 4012636                       | 390045                   | 26834           | 4375847                       | 5845104          | 5478912          |            |
|         | <b>Total (A)</b>             | <b>1183828971</b>     | <b>98756476</b>          | <b>22537752</b>      | <b>1260047695</b>           | <b>529152929</b>              | <b>75133204</b>          | <b>21406568</b> | <b>582879565</b>              | <b>677168130</b> | <b>654676042</b> |            |
| B       | Intangible Assets            |                       |                          |                      |                             |                               |                          |                 |                               |                  |                  |            |
| 1       | SOFTWARE                     | 4710330               | 1855728                  | -                    | 6566058                     | 1638                          | 44436                    | -               | 46074                         | 6519984          | 4708692          |            |
|         | <b>TOTAL (B)</b>             | <b>4710330</b>        | <b>1855728</b>           | <b>-</b>             | <b>6566058</b>              | <b>1638</b>                   | <b>44436</b>             | <b>-</b>        | <b>46074</b>                  | <b>6519984</b>   | <b>4708692</b>   |            |
|         | <b>TOTAL (A+B)</b>           | <b>1188539301</b>     | <b>100612204</b>         | <b>22537752</b>      | <b>1266613753</b>           | <b>529154567</b>              | <b>75177640</b>          | <b>21406568</b> | <b>582925639</b>              | <b>683688114</b> | <b>659384734</b> |            |
|         | Capital Work in Progress     | -                     | -                        | -                    | -                           | -                             | -                        | -               | -                             | 130232           | 2875652          |            |
|         | <b>TOTAL</b>                 | <b>1188539301</b>     | <b>100612204</b>         | <b>22537752</b>      | <b>1266613753</b>           | <b>529154567</b>              | <b>75177640</b>          | <b>21406568</b> | <b>582925639</b>              | <b>683818346</b> | <b>662260386</b> |            |
|         | <b>PREVIOUS YEAR</b>         |                       |                          |                      |                             |                               |                          |                 |                               |                  |                  |            |
|         | Tangible Assets              | 1063416964            | 120412007                | -                    | 1183828971                  | 442485043                     | 86667886                 | -               | 529152929                     | 654676042        |                  |            |
|         | Intangible Assets            | 0                     | 4710330                  | -                    | 4710330                     | -                             | 1638                     | -               | 1638                          | 4708692          |                  |            |
|         | Capital Work in Progress     | -                     | -                        | -                    | -                           | -                             | -                        | -               | -                             | 2875652          |                  |            |
|         | <b>PREVIOUS YEAR RS.</b>     | <b>1063416964</b>     | <b>125122337</b>         | <b>-</b>             | <b>1188539301</b>           | <b>442485043</b>              | <b>86669524</b>          | <b>-</b>        | <b>529154567</b>              | <b>662260386</b> |                  |            |



| Particulars | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. |
|-------------|---------------------------|---------------------------|
|-------------|---------------------------|---------------------------|

**NOTE 13A:**
**NON-CURRENT INVESTMENTS**
**Trade Investments**
**Quoted**
**Bank of India**

103500

103500

(2300 Shares of Rs.10/- each at a premium of Rs.35/- per share) (Market value As At 31.03.2014(Closing) Rs.228.90/-per share Aggregate Rs.526470/-)

**Unquoted**
**Investments in Equity Instruments of Associate Company**
**1. Salzer Technologies Ltd**

832500

832500

(83250 Equity Shares of Rs. 10/- each)

**2. Salzer Spinners Ltd**

5596500

5596500

(1865500 Equity Shares of Rs.10/- each - at realizable value)

**3. Salzer Global Services LLC**

41846183

41846183

(400000 shares of Limited Liability Company, New Hampshire- share value 10,00,000 US Dollars.)

**4. Beta Wind Farm Pvt Ltd**

194788

619989

(10252 Equity Shares of Rs.10/- each with premium of Rs.9/- per share)

**TOTAL**

48573471

48998672

**Disclosure**

| Particulars                  | AS AT<br>31-Mar-14<br>No. of<br>Shares | %     | AS AT<br>31-Mar-14<br>No. of<br>Shares | %     |
|------------------------------|--|-------|--|-------|
| 1 Salzer Technologies Ltd    | 83250                                  | 35.43 | 83250                                  | 35.43 |
| 2 Salzer Spinners Ltd        | 1865500                                | 26.65 | 1865500                                | 26.65 |
| 3 Salzer Global Services LLC | 400000                                 | 40.00 | 400000                                 | 40.00 |

| Particulars | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. |
|-------------|---------------------------|---------------------------|
|-------------|---------------------------|---------------------------|

**NOTE 13B:**
**CURRENT INVESTMENT**

State Bank Of India - Infrastructure Fund

500000

500000

Reliance Growth Fund

-

444527

UTI Dividend Yield Fund

195587

180183

ICICI Prudential Infrastructure Fund

1566764

1566764

Reliance Diversified Power Sector

1563971

1490933

ICICI Prudential Discovery Fund

600000

300000

Sundaram BNP Pari-pasu Select Mid Cap

600000

300000

Birla Sun Life Frontline Equity Fund

600000

300000

HDFC TOP 200 Fund

575000

275000

Canara Robeco Mutual Fund

3400000

700000

9601322

6057407

ICICI Pru Real Estate Portfolio SSI

2749958

3272806

**TOTAL**

12351280

9330213

(The present NAV as at 31.03.2014 is Rs.10271599/-)

| Particulars                               | Non Current<br>AS AT |                  | Current<br>AS AT |                  |
|---|----------------------|------------------|------------------|------------------|
|   | 31-Mar-14<br>Rs.     | 31-Mar-13<br>Rs. | 31-Mar-14<br>Rs. | 31-Mar-13<br>Rs. |
| <b>NOTE 14:<br/>LOANS AND ADVANCES</b>    |                      |                  |                  |                  |
| <b>Unsecured Considered Good:</b>         |                      |                  |                  |                  |
| Capital Advances                          | -                    | -                | 71660268         | 55896098         |
| Security Deposits                         | 19636266             | 6736183          | -                | -                |
| Loans and Advances to Related Parties     | -                    | -                | 12713581         | 10526572         |
| Other Loans and Advances (Specify Nature) | -                    | -                | 51118815         | 34827366         |
| Loans and Advances to Suppliers           | -                    | -                | 23506506         | 9947712          |
| Prepaid Expenses                          | -                    | -                | 1447670          | 1438796          |
| Advances to Staff & Others                | -                    | -                | 6936583          | 4873188          |
| Balance with Statutory Authorities        | -                    | -                | 41929035         | 30079847         |
| <b>TOTAL</b>                              | <b>19636266</b>      | <b>6736183</b>   | <b>209312458</b> | <b>147589579</b> |

**NOTE 15:****TRADE RECEIVABLES AND OTHER ASSETS****Trade Receivables****Unsecured Considered Good**

|                  |                |                |                  |                  |
|------------------|----------------|----------------|------------------|------------------|
| Over Six Months  | 3004267        | 7000014        | 13251529         | 6903570          |
| Below Six Months | -              | -              | 563264577        | 603878655        |
|                  | <b>3004267</b> | <b>7000014</b> | <b>576516106</b> | <b>610782225</b> |

**Other Assets**

|                                 |          |          |                 |                 |
|---------------------------------|----------|----------|-----------------|-----------------|
| TDS Receivables                 | -        | -        | 1950729         | 1675069         |
| Energy Saver Income Receivables | -        | -        | 25399645        | 42959002        |
| Energy saver Income Receivables | -        | -        | 4951730         | 4705899         |
| Excise Receivables              | -        | -        | 30035811        | 20581176        |
| Vat Receivables                 | -        | -        | 2303653         | 4809933         |
| Vat Receivables (CG)            | -        | -        | 689308          | 499400          |
| Vat Receivables (Energy Saver)  | -        | -        | 7339352         | 5540926         |
| Windmill Income Receivables     | -        | -        | 159010          | 45398           |
| Duty Drawback Receivables       | -        | -        | 2637480         | 1103551         |
| Other Receivables               | -        | -        | 344327          | 230679          |
| <b>TOTAL</b>                    | <b>-</b> | <b>-</b> | <b>75811045</b> | <b>82151033</b> |

| Particulars                     | AS AT<br>31-Mar-14<br>Rs. | AS AT<br>31-Mar-13<br>Rs. |
|---------------------------------|---------------------------|---------------------------|
|                                 |                           |                           |
| <b>NOTE 16:<br/>INVENTORIES</b> |                           |                           |
| Raw Material                    | 162710694                 | 174840817                 |
| Packing Material                | 8421947                   | 7174680                   |
| Work In Process                 | 347824128                 | 295765923                 |
| Finished Goods                  | 59137888                  | 52742319                  |
| <b>TOTAL</b>                    | <b>578094657</b>          | <b>530523739</b>          |

| Particulars                                | Non Current<br>AS AT |                  | Current<br>AS AT |                  |
|--|----------------------|------------------|------------------|------------------|
|  | 31-Mar-14<br>Rs.     | 31-Mar-13<br>Rs. | 31-Mar-14<br>Rs. | 31-Mar-13<br>Rs. |
| <b>NOTE 17:</b>                            |                      |                  |                  |                  |
| <b>CASH AND BANK BALANCES</b>              |                      |                  |                  |                  |
| <b>-Cash and Cash Equivalents</b>          |                      |                  |                  |                  |
| Cash on Hand                               | -                    | -                | 2701658          | 1366221          |
| Balance with Banks                         |                      |                  |                  |                  |
| -In Current Accounts                       | -                    | -                | 23196671         | 13667685         |
| - Deposit / Margin below 3 months maturity | -                    | -                | 2718028          | 2345625          |
| <b>- Other Bank Balances</b>               |                      |                  |                  |                  |
| - Deposit / Margin above 3 months maturity | -                    | -                | 82807613         | 85018645         |
| - Unclaimed Dividend Accounts              | -                    | -                | 2502760          | 2239368          |
| <b>TOTAL</b>                               | <b>-</b>             | <b>-</b>         | <b>113926730</b> | <b>104637544</b> |

| Particulars | Year ended<br>31-Mar-14<br>Rs. | Year ended<br>31-Mar-13<br>Rs. |
|-------------|--------------------------------|--------------------------------|
|-------------|--------------------------------|--------------------------------|

**NOTE 18:**
**REVENUE FROM OPERATION**
**A. Sale of Product**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Sales - Domestic           | 2155940689        | 2019133190        |
| Sales - Exports            | 520443199         | 439595244         |
|                            | <b>2676383888</b> | <b>2458728434</b> |
| Less : Excise Duty & Taxes | 293717052         | 287139268         |
| <b>Sub Total</b>           | <b>2382666836</b> | <b>2171589166</b> |

**B. Sale of Services**

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Income by Energy Saver             | 34929971        | 45315753        |
| Income by Street Light Maintenance | -               | 22570697        |
| Technical Services                 | 2406258         | 22708312        |
| <b>Sub Total</b>                   | <b>37336229</b> | <b>90594762</b> |

**C. Other Operating Revenues**

|                             |                 |                 |
|-----------------------------|-----------------|-----------------|
| Conversion Charges Received | 7935533         | 4197403         |
| Income by Power Generation  | 9794017         | 10125797        |
| Sale of DEPB Licences       | -               | 1527150         |
| Duty drawback Income        | 7555994         | 9270084         |
| <b>Sub Total</b>            | <b>25285544</b> | <b>25120434</b> |

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| <b>TOTAL (A+B+C)</b> | <b>2445288609</b> | <b>2287304362</b> |
|----------------------|-------------------|-------------------|

| Particulars                                      | Year ended<br>31-Mar-14<br>Rs. | Year ended<br>31-Mar-13<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>NOTE 19:</b>                                  |                                |                                |
| <b>OTHER INCOME</b>                              |                                |                                |
| Interest from Bank Deposits                      | 5903334                        | 6777408                        |
| Interest received against short term investments | 164282                         | -                              |
| Foreign Exchange Rate Difference                 | -                              | 6721472                        |
| Other non-operating income (net of expenses)     | 338715                         | 88516                          |
| Insurance Claim Received                         | -                              | 118162                         |
| Profit on Sale of Assets                         | 2315912                        | -                              |
| Net gain/ loss on sale of investments            | 282004                         | 17499                          |
| Dividend from Long Term Investments              | 318533                         | 194734                         |
| <b>TOTAL</b>                                     | <b>9322780</b>                 | <b>13917791</b>                |

**NOTE 20:****COST OF MATERIAL CONSUMED****Raw Materials Consumption**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Stock at Commencement | 174840817         | 147466372         |
| Add: Purchases        | 1684440891        | 1589155298        |
| Less : Stock at Close | 162710693         | 174840817         |
|                       | <b>1696571015</b> | <b>1561780853</b> |

**Packing Materials Consumption**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Stock at Commencement | 7174680           | 5291940           |
| Add: Purchases        | 45589887          | 46017080          |
| Less : Stock at Close | 8421947           | 7174680           |
|                       | <b>44342620</b>   | <b>44134340</b>   |
| <b>TOTAL</b>          | <b>1740913635</b> | <b>1605915193</b> |

**NOTE 21:****Change in Stocks****Stock at Commencement**

|                 |                  |                  |
|-----------------|------------------|------------------|
| Work-in Process | 295765923        | 223246780        |
| Finished Goods  | 52742319         | 93416946         |
|                 | <b>348508242</b> | <b>316663726</b> |

**Less: Stock at Close**

|                 |                  |                  |
|-----------------|------------------|------------------|
| Work-in-Process | 347824128        | 295765923        |
| Finished Goods  | 59137888         | 52742319         |
|                 | <b>406962016</b> | <b>348508242</b> |

|   |                   |                   |
|---|-------------------|-------------------|
| Change in Inventories of Finished Goods and Work-in-process | <b>(58453774)</b> | <b>(31844516)</b> |
|---|-------------------|-------------------|

| Particulars   | Year ended<br>31-Mar-14<br>Rs. | Year ended<br>31-Mar-13<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>NOTE 22:</b>                                     |                                |                                |
| <b>EMPLOYEE BENEFITS EXPENSES</b>                   |                                |                                |
| Salaries, Wages, Bonus etc.                         | 111832600                      | 99316569                       |
| Contribution to PF, E.S.I and Other Statutory Funds | 6313658                        | 6160890                        |
| Workmen and Staff Welfare Expenses                  | 9858519                        | 9783774                        |
| Provision for Gratuity                              | 3310098                        | 7560942                        |
| <b>TOTAL</b>  | <b>131314875</b>               | <b>122822175</b>               |

**Disclosure**

The above Salaries & Wages include Directors Remunerations

**NOTE 23:**
**FINANCE COSTS**
**Interest Expense**

|                                   |          |          |
|-----------------------------------|----------|----------|
| Interest on Term Loan             | 6677764  | 6947918  |
| Interest on Working Capital       | 69899533 | 68921267 |
| Interest on Pre-shipment Loan     | 3220370  | -        |
| Interest on Unsecured Loans(Citi) | 82292    | 1972784  |
| Interest Others                   | 39533498 | 39816719 |

**Other Borrowing Costs**

|              |                  |                  |
|--------------|------------------|------------------|
| <b>TOTAL</b> | <b>119413457</b> | <b>117658688</b> |
|--------------|------------------|------------------|

**NOTE 24:**
**OTHER EXPENSES**

|  |                  |                  |
|--|------------------|------------------|
| Consumptions of Store and Spares                   | 10478154         | 12057973         |
| Freight and Forwarding Charges                     | 65432066         | 54834996         |
| Power and Fuel                                     | 47737072         | 52929094         |
| Repairs To - Buildings                             | 5101641          | 2505955          |
| - Machinery  | 14018740         | 11660259         |
| - Others   | 6390126          | 4661202          |
| Subcontracting Expenses                            | 73862156         | 56324611         |
| Advertisement Expenses                             | 795517           | 851108           |
| Audit Fees   | 589890           | 589890           |
| Director's Sitting Fees                            | 168000           | 120000           |
| Donation   | 351000           | 737611           |
| Energy saver Expenses                              | 20616677         | 7378569          |
| General Expenses                                   | 6382236          | 5221926          |
| Insurance  | 2679081          | 2422423          |
| Loss on Export Sales Realisation                   | 350673           | -                |
| Management system Expenses (ISO9000 & OSHAS Exps.) | 183880           | 326570           |
| Postage, Telephone & Telegram                      | 2423938          | 2306187          |
| Printing & Stationery                              | 2092278          | 2307791          |
| Rates and Taxes                                    | 12112740         | 9990511          |
| Rent   | 774400           | 759400           |
| Research & Development Expenses                    | 8035342          | 8546917          |
| Royalty  | 1259749          | 1248169          |
| Sales Promotional Expenses                         | 35431475         | 35108836         |
| Street Light Maintenance Assets                    | -                | 21453785         |
| Subscription & Periodicals                         | 406106           | 350658           |
| Technical/Professional Fee                         | 3556212          | 4781664          |
| Travelling and Conveyance                          | 8098054          | 6245344          |
| Provision for Bad Debts                            | -                | 48608            |
| <b>TOTAL</b>                                       | <b>329328303</b> | <b>305770057</b> |

## Employee Benefits Expenses

**NOTE 25: As per Accounting Standard 15 “Employee Benefits”, the disclosures of Employee benefits as defined in the Accounting Standard are given below:**

**I. Table showing changes in present value of obligation**

|  | 31-Mar-14 | 31-Mar-13 |
|--|-----------|-----------|
| Present value of obligations as at beginning of year | 26408936  | 18432355  |
| Interest cost  | 2112715   | 1474588   |
| Current service cost                                 | 1784527   | 1208201   |
| Benefits paid  | (536078)  | (761780)  |
| Actuarial (gain)/ loss on obligations                | 1267759   | 6027901   |
| Present value of obligations as at end of year       | 31037859  | 26408936  |

**II. Table showing changes in the fair value of plan assets**

|  |          |          |
|--|----------|----------|
| Fair value of plan assets at beginning of year | 18055932 | 10355766 |
| Expected return on plan assets                 | 1871980  | 1149748  |
| Contributions                                  | 5924912  | 7284527  |
| Benefits paid                                  | (536078) | (734109) |
| Actuarial gain/(loss) on Plan assets           | NIL      | NIL      |
| Fair value of plan assets at the year end      | 25316746 | 18055932 |

**III. Table showing fair value of plan assets**

|   |           |           |
|---|-----------|-----------|
| Fair value of plan assets at beginning of year  | 18055932  | 10355766  |
| Actual return on plan assets  | 1871980   | 1149748   |
| Contributions   | 5924912   | 7284527   |
| Benefits paid   | (536078)  | (734109)  |
| Fair value of plan assets at the end of year  | 25316746  | 18055932  |
| Funded status   | (5721113) | (8353004) |
| Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March) | NIL       | NIL       |

**IV. Actuarial Gain/Loss recognized**

|  |           |           |
|--|-----------|-----------|
| Actuarial (gain)/loss on obligations             | (1267759) | (6027901) |
| Actuarial (gain)/loss for the year – plan assets | NIL       | NIL       |
| Total (gain)/loss for the year                   | 1267759   | 6027901   |
| Actuarial (gain)/loss recognized in the year     | 1267759   | 6027901   |

**V. The amounts to be recognized in the balance sheet and statements of profit and loss**

|   |           |           |
|---|-----------|-----------|
| Present value of obligations as at the end of year  | 31037859  | 26408936  |
| Fair value of plan assets as at the end of the year | 25316746  | 18055932  |
| Funded status                                       | (5721113) | (8353004) |
| Net asset/(liability) recognized in balance sheet   | (5721113) | 8353004   |

**VI. Expenses recognized in statement of profit and loss**

|   |           |           |
|---|-----------|-----------|
| Current service cost                                | 1784527   | 1208201   |
| Interest cost                                       | 2112715   | 1474588   |
| Expected return on plan assets                      | (1871980) | (1149748) |
| Net Actuarial (gain)/loss recognized in the year    | 1267759   | 6027901   |
| Expenses recognized in statement of profit and loss | 3293021   | 7560942   |

**VII. Investment Details:**

|       | <b>31-Mar-14</b> | <b>31-Mar-13</b> |
|-------|------------------|------------------|
| L.I.C | 100%             | 100%             |

**VIII. Actuarial assumptions**

| <b>Mortality Table (LIC)</b>                       | <b>31-Mar-14</b> | <b>31-Mar-13</b> |
|--|------------------|------------------|
| Discount rate (per annum)                          | 8.00%            | 8.00%            |
| Expected rate of return on plan assets (per annum) | 5.00%            | 5.00%            |
| Rate of escalation in salary (per annum)           | 6.50%            | 6.50%            |

**NOTE 26: ESOS – 2013:**

Pursuant to the decision of the shareholders at their meeting held on 11.08.2012, the company has established “Salzer Electronics Limited Employees Stock Option Scheme 2012-13 (Salzer ESOS-2012-13) and the Scheme is being administered by the Employees Compensation Committee” of the Board of Directors. Since the vesting period runs over two financial years (2013-14 & 2014-15) and the employees have not yet exercised their right to vest on option till 31.03.2014, there is no impact on the financials of the company during the relevant financial year 2013-14 and hence the same has not been dealt with the accounts. The same will be suitably dealt with in the accounts relating to the financial year 2014-15, being the relevant financial year, wherein the vesting date falls and attains finality.

**NOTE 27: EARNING PER SHARE:**

|   | <b>31-Mar-14</b> | <b>31-Mar-13</b> |
|---|------------------|------------------|
| i Net profit after tax for the year         | Rs.844.29 lakhs  | Rs.706.29 lakhs  |
| ii Weighted average number of equity shares | 10283737         | 10283737         |
| iii Nominal value per share                 | Rs.10/-          | Rs.10/-          |
| iv Earnings per share                       | Rs.8.21          | Rs.6.87          |



**NOTE 28: RELATED PARTY DISCLOSURE**

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

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

The following table provides the total amount of transactions that have been entered into with related parties for the financial year 2013-14.

| S.No | Name of Related Party   | Nature of Transaction                       | Transaction Value for the year (Rs.) |          |
|------|---|---|--------------------------------------|----------|
|      |   |   | Dr.                                  | Cr.      |
| a    | Key Management Personnel  |   |                                      |          |
| 1    | R. Doraiswamy   | Remuneration                                |                                      | 3851002  |
| 2    | D. Rajeshkumar  | Remuneration                                |                                      | 3801001  |
| 3    | P. Ramachandran   | Remuneration                                |                                      | 379360   |
| b    | Relative of Key Management Personnel  |   |                                      |          |
| 1    | R. Dhamodharaswamy, Director  | Brother of R. Doraiswamy, Managing Director |                                      |          |
| c    | Enterprise owned or significantly influenced by key management personnel or their relatives |   |                                      |          |
| 1    | Salzer Exports Ltd  | Sale of Goods                               | 77330333                             | 69429978 |
| 2    | Salzer Magnet Wires Ltd   | Sale of Goods                               | 15416741                             |          |
|      |   | Purchase of Material                        |                                      |          |
|      |   | Job work charges                            | 2962799                              |          |
| 3    | Micro Instruments Ltd   | Sale of Material                            | 97661                                | 843888   |
|      |   | Job Work Charge                             |                                      | 2519445  |
|      |   | Purchase of Material                        |                                      | 14303290 |
| 4    | Rangaswamy Naidu & Sons   | Fuel Purchase                               |                                      |          |
| 5    | Salzer Spinners Ltd   | Sale of Power                               | 5389590                              |          |
| 6    | Plitron Mfg. Inc  | Sale of Material                            | 2482493                              |          |
| 7    | M/s. Larsen & Toubro Ltd  | Sale of goods                               | 1197068000                           |          |

**NOTE 29: CONTINGENT LIABILITIES**

1. Towards Import obligation under EPCG Scheme is Rs.2909.10 Lakhs
2. Letter of credit (foreign and inland) for import and purchase of raw materials is Rs.610.63 Lakhs
3. Obligation towards Bank Guarantee is Rs.23.80 Lakhs.

**NOTE 30: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006**

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

| Particulars  | 31, MARCH 2014<br>(Rs.) | 31, MARCH 2013<br>(Rs.) |
|--|-------------------------|-------------------------|
| Dues outstanding as at the end of the year for more than 45 Days | -                       | -                       |

**NOTE 31: VALUE OF IMPORTS ON CIF BASIS**

| S.No | Particulars                | 31, MARCH 2014<br>(Rs.) | 31, MARCH 2013<br>(Rs.) |
|------|----------------------------|-------------------------|-------------------------|
| a    | Raw materials              | 164856804               | 71278432                |
| b    | Components and Spare parts | 199017734               | 166709186               |
| c    | Capital Goods              | 3399213                 | 5384133                 |
|      | <b>Total</b>               | <b>367273751</b>        | <b>243371751</b>        |

**NOTE 32: EXPENDITURE OF FOREIGN CURRENCY**

| S.No | Particulars                                | 31, MARCH 2014<br>(Rs.) | 31, MARCH 2013<br>(Rs.) |
|------|--|-------------------------|-------------------------|
| a    | Fees for Technical / Professional Services | -                       | 58854                   |
| b    | Dividend                                   | 206371                  | 206371                  |
| c    | Royalty                                    | 1259749                 | 1248169                 |
| d    | Others                                     | 4739358                 | 3206414                 |
|      | <b>Total</b>                               | <b>6205478</b>          | <b>4719808</b>          |

**NOTE 33: IMPORTED AND INDIGENOUS RAWMATERIALS, COMPONENTS AND SPARE PARTS CONSUMED**

| S. No | Particulars            | % of total<br>Consumption<br>as on<br>31.03.2014 | Value on<br>31.03.2014<br>(Rs.) | % of total<br>Consumption<br>as on<br>31.03.2013 | Value on<br>31.03.2013<br>(Rs.) |
|-------|------------------------|--|---------------------------------|--|---------------------------------|
| a     | Raw materials          |  |                                 |  |                                 |
|       | -Imported              | 13.30  | 164856804                       | 5.75   | 71278432                        |
|       | -Indigenous            | 86.70  | 1074333507                      | 94.25  | 1159931760                      |
| b     | Components             |  |                                 |  |                                 |
|       | -Imported              | 43.51  | 199017734                       | 47.55  | 166709186                       |
|       | -Indigenous            | 56.49  | 258362970                       | 52.45  | 163861475                       |
| c.    | Packing Materials      |  |                                 |  |                                 |
|       | -Imported              | -  | -                               | -  | -                               |
|       | -Indigenous            | 100.00   | 44342620                        | 100.00   | 44134340                        |
| d.    | Stores and Spares      |  |                                 |  |                                 |
|       | -Imported              | -  | -                               | -  | -                               |
|       | -Indigenous            | 100.00   | 10478154                        | 100.00   | 12057973                        |
|       | <b>Total (a+b+c+d)</b> |  | <b>1751391789</b>               |  | <b>1617973166</b>               |

**NOTE 34: SALES AND STOCK PARTICULARS OF FINISHED GOODS**

| Electricals Goods | Sales Value<br>(Rs.) | Closing Inventory<br>(Rs.) | Opening Inventory<br>(Rs.) |
|-------------------|----------------------|----------------------------|----------------------------|
| Current Year      | 2382666836           | 578191560                  | 530523739                  |
| Previous Year     | 2171589166           | 52742319                   | 93416946                   |

**NOTE 35: EARNING IN FOREIGN CURRENCY**

| S.No | Particulars                             | 31, MARCH 2014<br>(Rs.) | 31, MARCH 2013<br>(Rs.) |
|------|---|-------------------------|-------------------------|
| a    | Export of Goods calculated on FOB Basis | 409789000               | 329137907               |
| b    | Others                                  | 2406258                 | 22708312                |
|      | <b>Total</b>                            | <b>412195258</b>        | <b>351846219</b>        |

**NOTE: 36. DIRECTORS' REMUNERATION OF Rs.8031363/- COMPRISING OF:**

| S.No | Particulars                    | R. Doraiswamy,<br>Managing Director |                | D. Rajeshkumar,<br>Joint Managing Director |                | P. Ramachandran,<br>Whole Time Director |                |
|------|--------------------------------|-------------------------------------|----------------|--|----------------|---|----------------|
|      |                                | 31, March 2014                      | 31, March 2013 | 31, March 2014                             | 31, March 2013 | 31, March 2014                          | 31, March 2013 |
| 1    | Salaries and Allowances        | 2150000                             | 2030000        | 2100000                                    | 1980000        | 360000                                  | 360000         |
| 2    | Contribution to Provident Fund | 9360                                | 9360           | 9360                                       | 9360           | 9360                                    | 9360           |
| 3    | Bonus                          | 10000                               | 10000          | 10000                                      | 10000          | 10000                                   | 10000          |
| 4    | Contribution to Pension Fund   | -                                   | -              | -  | 15000          | -                                       | -              |
| 5    | Commission                     | 1681642                             | 1575666        | 1681640                                    | 1575666        | -                                       | -              |
|      | <b>Total</b>                   | <b>3851002</b>                      | <b>3625026</b> | <b>3801001</b>                             | <b>3590026</b> | <b>379360</b>                           | <b>379360</b>  |

**NOTE 37: PAYMENT TO AUDITORS**

| S.No | Particulars          | 31, March 2014 | 31, March 2013 |
|------|----------------------|----------------|----------------|
| A    | As Auditors          |                |                |
|      | Statutory Audit Fees | 505620         | 505620         |
|      | Tax Audit Fees       | 84270          | 84270          |
| B    | In Other Capacity    | -              | -              |
|      | <b>Total</b>         | <b>589890</b>  | <b>589890</b>  |

**NOTE 38: IMPAIRMENT OF ASSETS**

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

**NOTE 39:**

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

**NOTE 40:**

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

**NOTE 41:**

The outstanding debtors for more than six months include Rs.30.04 lakhs due from M/s. Crompton Greaves Ltd, Mumbai.

**NOTE 42:**

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

**NOTE 43:**

Figures have been rounded off to the nearest rupee.

**NOTE 44:**

Research and Development:

The capital expenditure on R&D incurred during the year by the Company was Rs.435.26 lakhs and shown as additions to fixed assets of the Company. The revenue expenditure Rs.133.62 lakhs is charged to the Profit & Loss account, of which Rs.80.35 lakhs is incurred for new products & process development. Rs.52.47 lakhs represented the salary and other expenses of R&D personnel which is included under Note No.22 – Employees Benefit expenses.

In terms of our report attached

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

**(Sd/-)R. DORAISWAMY**  
Managing Director

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

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

**(Sd/-)S. BASKARA SUBRAMANIAN**  
Director (Corporate Affairs)  
& Company Secretary

**(Sd/-)S. Ravichandran**  
Partner  
Membership No.023783

**(Sd/-)B. Jayaram**  
Partner  
Membership No.028346

Coimbatore - 47.  
10.05.2014

**M/s. GNSA Infotech Limited**

Nelson Chambers, 'F' Block, 4th Floor,  
# 115, Nelson Manickam Road,  
Aminthakarai, Chennai – 600 029.

**SALZER ELECTRONICS LIMITED  
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)**

**1. Particulars of the Shareholder**

- a) Regd. Folio No. : .....
- b) Name of the First Regd. Holder (in block letter) : .....

**2. Particulars of the Bank**

- a) Name of your Bank : .....
- b) Address of the branch : .....
- c) Account No. (as appearing in your cheque book) : .....
- d) Ledger Folio No. (if any) of your bank account : .....

- e) Account Type Please Tick relevant box

(Saving Account,

Current Account or Cash Credit)

|         |         |             |
|---------|---------|-------------|
| Savings | Current | Cash Credit |
|---------|---------|-------------|

- f) Nine Digit code number of the bank : and branch : 

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|

 appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number

**DECLARATION**

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd. Holder)  
as per specimen signature with the Company

Place : Name : .....

Date : Address : .....

.....  
.....

**Note :**

- Please send the Form to the address mentioned above.
- ECS Mode of payment is valid only for payments upto Rs.5,00,000/-
- In case the scheme dose not meets with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay divided by issue of Warrants.

**Form for Registration of E-Mail Address**

To

Date:

The Company Secretary  
Salzer Electronics Limited  
Samichettipalayam  
Coimbatore -641047

Dear Sir,

I / We Mr/ Ms/ M/s. \_\_\_\_\_ is / are holding \_\_\_\_\_ Equity Shares under the Folio No. \_\_\_\_\_ in your Company. I / we hereby would like to exercise the following option for receiving all future Meeting Notices / Annual Reports/ other communiqué intended for the shareholders from the Company

- ☐ Physical Mode  
☐ Electronic Mode **E-Mail Address:**

Kindly acknowledge the receipt and forward your response.

Thanking You

Yours faithfully

Signature

Name :

Note :

1. All the fields are mandatory
2. Tick the relevant box of your choice
3. Alternatively you may also register your E-Mail address at [investor\\_relations@salzergroup.com](mailto:investor_relations@salzergroup.com) / [sta@gnsaindia.com](mailto:sta@gnsaindia.com)



## Form No. MGT-I I

## 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,<br>Coimbatore – 641 047 | E-mail id<br>Folio No. / Client Id.<br>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 : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual general meeting of the company, to be held on Saturday the 9th day of August at 11.30 a.m. at Hotel Sree Annapoorna, R.S. Puram, Coimbatore – 641 002, and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution under Ordinary Business.**

- Adoption of Audited Statements for the year ended March 31, 2014.
- Declaration of dividend on equity shares for the year 2013-2014.

**Resolution under Special Business.**

- Appointment of Auditors and fix their remuneration by passing an Ordinary Resolution:
- Appointment of Shri N. Rangachary as an Independent Director by passing an Ordinary Resolution.
- Appointment of Shri. Nirmal Kumar Chandria as an Independent Director by passing an Ordinary Resolution.
- Appointment of Shri P. K. Shah as an Independent Director by passing an Ordinary Resolution.
- Appointment of Shri V. Sankaran as an Independent Director by passing an Ordinary Resolution.
- Appointment of Shri N. Jayabal as an Independent Director by passing an Ordinary Resolution.
- Delegation of power and authority to the Board of directors to borrow money(ies) for the purpose of the business of the company by passing Special resolution.
- Delegation of authority to the Board of Directors to deal with the transactions including material transaction, with the Related Parties by passing special Resolution.

Signed this ..... day of ..... 2014.

Signature .....

On Re. I/-  
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.





**BLANK PAGE**

A thin, dark gray diagonal line runs from the bottom-left corner to the top-right corner of the page. A white rectangular label with a thin black border is positioned in the center of the line, rotated 45 degrees counter-clockwise. The label contains the text 'BLANK PAGE' in a bold, black, sans-serif font.

## Form No. MGT-12

## BALLOT PAPER

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

CIN : L03210TZ1985PLC001535  
 Name of the company : Salzer Electronics Limited  
 Registered office : Samichettipalayam, Coimbatore – 641 047

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

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

| No.                                       | Item No.   | No of shares held by me | I assent to the resolution | I dissent from the resolution |
|---|--|-------------------------|----------------------------|-------------------------------|
| <b>Resolution under Ordinary Business</b> |  |                         | YES                        | NO                            |
| 1.  | Adoption of Audited Statements for the year ended March 31, 2014.  |                         |                            |                               |
| 2.  | Declaration of a dividend on equity shares for the year 2013-2014.   |                         |                            |                               |
| <b>Resolution under Special Business</b>  |  |                         |                            |                               |
| 3.  | Appointment of Auditors and fix their remuneration by passing an Ordinary Resolution:  |                         |                            |                               |
| 4.  | Appointment of Shri N. Rangachary as an Independent Director by passing an Ordinary Resolution.  |                         |                            |                               |
| 5.  | Appointment of Shri. Nirmal Kumar Chandria as an Independent Director by passing an Ordinary Resolution.   |                         |                            |                               |
| 6.  | Appointment of Shri P. K. Shah as an Independent Director by passing an Ordinary Resolution.   |                         |                            |                               |
| 7.  | Appointment of Shri V. Sankaran as an Independent Director by passing an Ordinary Resolution.  |                         |                            |                               |
| 8.  | Appointment of Shri N. Jayabal as an Independent Director by passing an Ordinary Resolution.   |                         |                            |                               |
| 9.  | Delegation of power and authority to the Board of directors to borrow money(ies) for the purpose of the business of the company by passing Special resolution. |                         |                            |                               |
| 10  | Delegation of authority to the Board of Directors to deal with the transactions including material transaction, with the Related Parties.                      |                         |                            |                               |

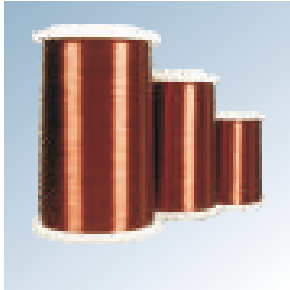
Place:  
Date:

(Signature of the shareholder)

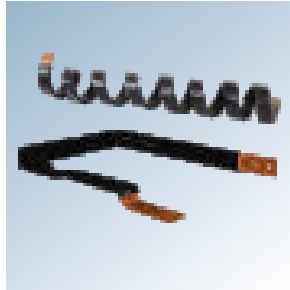
### **INSTRUCTIONS**

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to **the Scrutiniser, Mr. G. Vasudevan, Practising Company Secretary, c/o Salzer Electronics Limited, Samichettipalayam, Coimbatore – 641 047** or to his email id [vasudevanacs@gmail.com](mailto:vasudevanacs@gmail.com) as to reach by 6.00 p.m. on 5th August 2014. 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.
10. Instructions for the e-voting procedure are available in the Notice of the annual general meeting and are also placed on the website of the Company.

## Copper Products



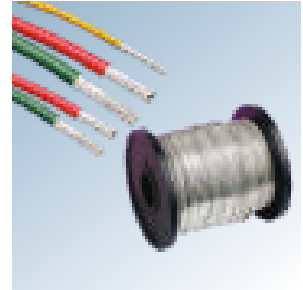
Enameled Copper Wires



Flexible Busbars



PVC Insulated Wires



Tinned & Bunched Wires

## Energy Management Solution



Energy Savers



Automatic Meter Reading



Movement Detectors

## Automobile Products



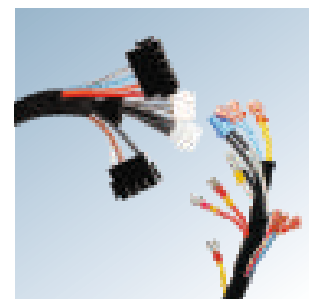
Air Valves



Rotary Limit Switch



Railway Switch



Wire Harness

Book-Post

To



If undelivered, please return to:

**M/s. GNSA Infotech Limited**

Nelson Chambers, 'F' Block, 4th Floor,  
# 115, Nelson Manickam Road,  
Aminthakarai, Chennai 600 029.

Ph: 044-4296 2025

**Salzer Electronics Limited**

Reg & Corp. Office: Samichettipalayam,  
Coimbatore 641 047. India

Ph: +91 422 4233600 Fax: +91 422 2692170

Email: [salzer@salzergroup.com](mailto:salzer@salzergroup.com)

Web: [www.salzergroup.com](http://www.salzergroup.com)