

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 31st Annual General Meeting of the Members of Salzer Electronics Limited will be held at Hotel Sree Annapoorna, R S Puram, Coimbatore - 641002 on Saturday, the 13th day of August 2016 at 11.30 a.m to transact the following businesses:

Ordinary Business:

1. To consider and adopt the audited Financial statements of the Company for the Financial year ended March 31, 2016, comprising of balance sheet as at March 31, 2016, statement of profit and loss for the year ending on that date, Cash Flow statement as on that date and the reports of the Board of Directors with annexures and Auditors thereon;
2. To declare a dividend on Equity Shares for the financial year 2015-16.
3. To appoint a Director in place of Dr. Mrs. Rajeshkumar Thilagam (DIN: 00006783), who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment.
4. To appoint a Director in place of Shri Perumal Reddiar Ramachandran (DIN: 01043572), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
5. To ratify the appointment of statutory auditor for the financial year 2016-17

“RESOLVED THAT in terms of Proviso to Section 139 (1) of the Companies Act 2013 and ordinary resolution passed by the Members at their 29th Annual General Meeting held on August 9, 2014, appointment of M/s. Swamy & Ravi, Chartered Accountants (FRN: 004317S), Coimbatore, as the statutory auditor for the financial year 2016-17 be and is hereby ratified on such remuneration as shall be fixed by the Board of Directors of the company.”

Special Business:

6. To confirm re-appointment of Shri Rangaswamy Naidu Doraiswamy (DIN: 00003131) as Managing Director of the Company for another term of five years and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder

(including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013, upon such regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in terms of Company's policy for Nomination and Remuneration Committee and on the recommendation of Nomination and Remuneration Committee, the re-appointment of Shri Rangaswamynaidu Doraiswamy (DIN: 00003131), as Managing Director of the Company for an another consecutive term of five years effective from May 02, 2016, as well as eventual payment of salary, commission and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as detailed below be and is hereby approved and confirmed:

- Salary ₹3,00,000/- per month with an increase of ₹25,000/- every year for five years with effect from May 02, 2016 and
- Commission at the rate of 2½% on the net profit of the company after taxation as being computed from time to time within the limit in accordance with Schedule-V and other applicable provisions of the Companies Act, 2013.

PERQUISITES AND OTHER ALLOWANCES AND BENEFITS

House Rent Allowance:

No accommodation is being provided by the Company. House Rent Allowance is 50% of the salary over and above 10% of the salary payable by the appointee, as rent.

Medical Allowance:

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

Leave Travel Concession:

Once in a year for him and his family members by Air/ AC/1st class anywhere in India.

Personal Accident Insurance:

Premium not exceeding ₹10,000/- per annum.

Club Fees:

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

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

Gratuity payable at a rate not exceeding 15 days' salary for each completed year of service and

Encashment of leave at the end of tenure."

"RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year during the tenure of office, the aforesaid remuneration payable to Shri Rangaswamynaidu Doraiswamy, Managing Director of the Company, shall be the minimum remuneration payable to him, in terms of the Provisions of Schedule-V, Part II – Sec -II, read with the relevant sections of the Companies Act, 2013 being in force from time to time."

7. To approve re-appointment of Shri Rajesh kumar Doraiswamy (DIN: 00003126) as Joint Managing Director of the Company and Chief Financial Officer for another term of five years and in this regard to consider and if thought it, to pass, with or without modification(s), the following resolution as an SPECIAL RESOLUTIONS:

"RESOLVED THAT subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re- enactment thereof) read with Schedule-V of the Companies Act, 2013, upon such regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in terms of Company's policy for Nomination and Remuneration Committee and on the recommendation of Nomination and Remuneration Committee, the re-appointment of Shri Rajeshkumar Doraiswamy (DIN: 00003126), as Joint Managing Director and Chief Financial Officer of the Company for an another consecutive term of five years effective October 01, 2016, as well as eventual payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed below be and is hereby approved:

- Salary ₹3,00,000/- per month with an increase of ₹25,000/- every year for five years with effect from October 01, 2016 and

- Commission at the rate of 2½ % on the net profit of the company after taxation as being computed from time to time within the limit in accordance with Schedule-V and other applicable provisions of the Companies Act, 2013.

PERQUISITES AND OTHER ALLOWANCES AND BENEFITS

House Rent Allowance:

No accommodation is being provided by the Company. House Rent Allowance is 50% of the salary over and above 10% of the salary payable by the appointee, as rent

Medical Allowance:

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

Leave Travel Concession:

Once in a year for him and his family members by Air/ AC/1st class anywhere in India.

Personal Accident Insurance:

Premium not exceeding ₹10,000/- per annum.

Club Fees:

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

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

Gratuity payable at a rate not exceeding 15 days' salary for each completed year of service and

Encashment of leave at the end of tenure."

"RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year during the tenure of office, the aforesaid remuneration payable to Shri Rajeshkumar Doraiswamy (DIN: 00003126), as Joint Managing Director and Chief Financial Officer of the Company, shall be the minimum remuneration payable to him, in terms of the Provisions of Schedule-V, Part II – Sec - II, read with the relevant sections of the Companies Act, 2013 being in force from time to time."

"RESOLVED FURTHER THAT aforesaid term of office

of Shri Rajeshkumar Doraiswamy be hereby subjected to determination by retirement by rotation in terms of Section 152 of the Companies Act, 2013, and in accordance with the resolutions passed by the shareholders at their 30th Annual General Meeting held on August 08, 2015."

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

"RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014, in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (including any statutory modification(s) or enactment thereof for the time being in force), in accordance with "Salzer's Policy on Related Party Transactions and also pursuant to the ratification and consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the

approval of the Company be and is hereby accorded to the Material Related Party Transactions which were in the ordinary course of business and at arm's length pricing as entered by the company for the Financial Year 2015-16 of a value of ₹44.10 Crores and transactions to be entered for Financial Year 2016- 17 of a value of ₹105.00 Crores in aggregate as per details as set out under item no. 8 of the Statement annexed to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.

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

Date : May 26, 2016

Place : Coimbatore

S Baskarasubramanian
Director (Corporate Affairs) &
Company Secretary

Note :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, PARTNERSHIP FIRMS, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE APPOINTING ORGANISATION.
3. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.
4. IN CASE OF JOINT HOLDERS ATTENDING THE MEETING, ONLY SUCH JOINT HOLDER WHO IS HIGHER IN THE ORDER OF NAMES WILL BE ENTITLED TO VOTE.
5. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of special business under Item Nos. 6 to 8 is annexed hereto.
6. Members / Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from June 11, 2016 to June 16, 2016 (both days inclusive) for the purpose of payment of dividend.
8. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid within the stipulated time to those Members whose names stand registered on the Company's Register of Members:-
 - a) As Beneficial Owners as at the end of business hours on June 10, 2016 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in dematerialized form.

- b) As Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before June 10,2016 and whose names appearing in the Register of Members as at June 16,2016 in respect of Members holding shares in physical form.
9. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund established by the Central Government as per provisions of the Companies Act, 2013.
 10. Members who have not yet encashed the dividend warrant(s) from the financial year ended March 2009 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amounts which were lying with the Company upto the year ended on March 2008, have been transferred to the Investor Education and Protection Fund.
 11. Members are requested to contact either the Company or the Registrar and Share Transfer Agent M/s. GNSA Infotech Limited, Nelson Chambers, 'F' Block, 4 Floor, # 115, Nelson Manickam Road, Aminthakarai, Chennai – 600 029 to claim the un claimed / unpaid dividends.
 12. The members are requested to intimate, indicating their folio number, the changes, if any, in their registered address, either to the Company or its Registrar and Share Transfer Agents, viz., M/s. GNSA Infotech Limited, Nelson Chambers, 'F' Block, 4 Floor, # 115, Nelson Manickam Road, Aminthakarai, Chennai – 600 029, or to their respective Depository Participant ("DP") in case the shares are held in dematerialized form and also to the Company to update their address.
 13. Members are requested to note that, in order to avoid any loss / interception in postal transit and also to get prompt credit of dividend through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) they should submit their NECS / ECS details to the Company's Registrar and Share Transfer Agents. The requisite NECS / ECS application form can be obtained from the Company's Registrar and Share Transfer Agents. Alternatively, members may provide details of their bank account quoting their folio numbers, to the Company's Registrar and Share Transfer Agents to enable them to print such details on the dividend warrants.
 14. As required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015, the relevant details of Directors retiring by rotation and seeking re-appointment as well as re-appointment of Managing Director, Joint Managing Director and Chief Financial Officer at the ensuing Annual General Meeting are given in the annexure to the notice of the Annual General Meeting.
 15. Shareholders, intending to require clarification about the Financial Statements to be approved at the Meeting, are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
 16. Members are requested to attend the meeting along with the copy of the Annual Report, already received by them.
 17. The Company has designated e-mail id viz., investor_relations@salzergroup.com and sta@gnsaindia.com to enable investors to register their complaints / queries, if any.
 18. The Securities Exchange Board of India (SEBI) vide its earlier circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Members are requested to submit the PAN details to their Depository Participant (DP) in case of holding in dematerialized form or the Company's Registrar and Share Transfer Agents in case of holdings in physical form, as the case may be, and also to the company, mentioning the correct folio number.
 19. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in demat form, the nomination form may be filed with the respective DP.
 20. 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.

21. The Annual Report of the Company circulated to the Members of the Company will be made available on the Company's website www.salzergroup.com and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited - www.bseindia.com and NSE Ltd – www.nseindia.com
22. All documents referred in the accompanying Notice and Statement setting out material facts are open for inspection at the Registered office of the Company on all working days between 10.00 am and 12.00 noon upto the date of the Annual General Meeting.
23. The Annual Report of the Company for the year ended March 31, 2016 along with Notice, process and manner of e-voting, Attendance Slip and Proxy form are being sent by e-mail to those members who have registered their e-mail address with the Company (other than who requested for a physical copy) or with their Depository Participant or Registrar and Share Transfer Agent of the Company. This is in pursuant to the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014. Members who are desirous to have a physical copy of the Annual Report shall send a request to the company e-mail id viz., investor_relations@salzergroup.com and sta@gnsaindia.com clearly mentioning their Folio number / DP and Client ID.
24. In compliance with Regulation 44, SEBI Listing Obligation and Disclosure Requirements, 2015 and Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members.

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)
- i) Will receive an email from NSDL informing the User-ID and Password.
 - ii) Open email and open PDF file viz.; "Salzer e-voting.pdf" with your Client ID or Folio No. as password.
 - iii) 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.

- iv) Members who are already registered with NSDL for e-voting can use their existing User ID and password/ PIN for casting their votes.
- v) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- vi) Click on Shareholder – Login.
- vii) Put user ID and password as initial password noted in step (2) above. Click Login.
- viii) 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.
- ix) 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.
- x) Select "EVEN" (E Voting Number) of Salzer Electronics Limited. EVEN No.104136
- xi) Now you are ready for e-voting as Cast Vote page opens.
- xii) On voting page, the Resolution Description and the options "assent / dissent / reset" will appear.
- xiii) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- xiv) Upon confirmation, the message "Vote cast successfully" will be displayed.
- xv) You can similarly vote in respect of all the 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.
- xvi) 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.
- xvii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- xviii) Corporate Bodies and 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. 1 & 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 AGM. The members may submit the same in a sealed envelope to the Scrutinizer, Mr.G.Vasudevan,, Practicing Company Secretary, C/o. Salzer Electronics Limited, Samichettipalayam, Coimbatore – 641 047, so as to reach by 5.00 p.m., on 12.08.2016. Detailed instructions on voting through post are given on the reverse of the Ballot Form.

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

E. General Instructions:

- i) The remote e-voting period commences on 08.08.2016 (9.00 a.m) and ends on 12.08.2016 (5.00 p.m). During this period, Members holding shares in either physical or dematerialized form as on the Cut-Off Date of 06.08.2016, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- ii) In case of any query pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for

shareholders available at the Downloads section of <https://www.evoting.nsdl.com>.

- iii) Mr.G.Vasudevan, Practicing Company Secretary has been appointed as Scrutinizer for scrutinizing the e-voting process in a fair and transparent manner for Annual General Meeting (AGM).
- iv) The Scrutinizer shall, 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.
- v) The Results shall be declared on or after the AGM of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.salzergroup.com and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
- vi) The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- vii) A Member can opt for only one mode of voting, i.e. either by post or through e-voting. In case of Member(s) who cast their votes by both modes, then voting done through a valid e-voting shall prevail and Postal Ballot of that Member shall be treated as invalid.
- viii) If any member buys the shares of the company after 15.07.2016 they may either write to the company for call for notice or down load the notice from the website of the company to cast their vote as advised therein.
- ix) The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.