

Towards a Green World

**CERTIFIED TRUE COPY**

For SALZER ELECTRONICS LTD

S. Baskarasubramanian  
Director (Corporate Affairs) &  
Company Secretary

**SALZER ELECTRONICS LIMITED**

**24th ANNUAL REPORT 2008-2009**

Mr. D.Rajeshkumar - Joint Managing Director  
Mr. P.Ramachandran - Director (Marketing)  
Mr. N.Jayabal  
Mr. R.Narayanaswamy  
Mr. R.Damodharaswamy  
Mr. P.K.Shah  
Mr. L.Venkatapathy  
Mr. Nirmal Kumar M.Chandria  
Mr. Howard M Gladstone  
Mr. V. Sankaran  
Mr. Kantilal V Vakharia  
Mr. Ajit Singh  
Mr. Sharad Anant Kulkarni

**Director (Corporate Affairs)  
& Company Secretary**

Mr. S.Baskarasubramanian

**Bankers :**

**M/s. CANARA BANK**  
**Gudalur Branch**  
SRKV Post  
Coimbatore - 641 020.

**M/s. CANARA BANK**  
**Industrial Finance Branch**  
R.S.Puram  
Coimbatore - 641 002.

**M/s. BANK OF INDIA**  
**Saibaba Colony Branch,**  
N.S.R.Road  
Coimbatore - 641 011.

**M/s. UNION BANK OF INDIA**  
Coimbatore Main Branch  
235, Oppanakara Street  
Coimbatore - 641 001

**M/s. HDFC BANK LTD**  
"Nanjmmas"  
1/180-2, Mettupalayam Road  
Thudiyalur, Coimbatore - 641 024

**M/s. CITI BANK**  
Tristar Towers  
Plot No.657  
Avinashi Road, Coimbatore

**Auditors**

**M/s. JDS Associates**  
Chartered Accountants,  
R.No.6, 1st Floor,  
Jewel Complex, 324, Raja Street,  
Coimbatore - 641 001.

**M/s. Swamy & Ravi,**  
Chartered Accountants,  
(Internal Auditors)  
N S R Road, Saibaba Colony,  
Coimbatore - 641 011.

**Registrar &  
Share Transfer Agent  
(Physical & Demat)**

**M/s GNSA Infotech Private Limited**  
No.11, G R Mansion, Srinivasan Road,  
Pondy Bazar, T.Nagar, Chennai - 600 017  
Tel : 044 - 4296 2209 / 2222

**Listing Arrangements**

The Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

Coimbatore Stock Exchange Limited,  
683-686, Trichy Road,  
Singanallur, Coimbatore - 641 005.

**Registered Office**

Samichettipalayam (PO),  
Jothipuram (Via), Coimbatore - 641 047  
Tel : 0422 - 4233600 Fax :0422 - 2692170.

BLANK PAGE

## **CONTENTS**

	<b>Page No.</b>
Letter to the shareholders from Managing Director	5
Highlights	7
Green Company	8
Financial Highlights	11
Notice to the Shareholders	12
Directors' Report	16
Auditors' Report	32
Balance Sheet	35
Profit & Loss Account	36
Schedules forming Part of the Balance Sheet	37
Schedules forming Part of the Profit & Loss Account	41
Notes forming Part of the Accounts	45
Balance Sheet Abstract	53
Cash Flow Statement	54

## **24<sup>th</sup> ANNUAL GENERAL MEETING**

Day : Wednesday  
Date : 30.12.2009  
Time : 11.30 A.M.  
Venue : Hotel Sree Annapoorna, R.S.Puram,  
Coimbatore - 641 002

BLANK PAGE

Dear Shareholder,

It is my pleasure to interact with you through this letter in sharing my thoughts and progress of your company. You may be aware that the fiscal year 2008-09 has been reeling under the unprecedented stress due to economic meltdown and consequential liquidity crunch all over the world. The Indian Economy has also had its impact of such recessionary conditions and the corporate India is not an exceptional to the situation and was forced to resort all possible measures to be cost competitive and also to sustain in the business. Due to various fiscal measures being taken by the Government of India and Reserve Bank of India, the situation is under constant monitoring to keep the economic recessionary conditions under control to minimize the impact of meltdown of the global economy and market conditions which has helped the Corporate India to certain extent.

Your Company, being in the manufacture of electrical installation products, has taken various strategic measures to keep the cost under control in all fronts during the fiscal year 2008-09. In its efforts, it has also been thought prudent to consolidate and amalgamate the businesses with total synergyness of the business of your company. In this context, you may be aware that with your sanction, it has been proposed to amalgamate M/s. Salzer Cables Limited with your Company and has since obtained the sanction of the Hon'able High Court of Judicature at Madras for the scheme of Merger / Amalgamation and accordingly, the Annual Accounts for the fiscal year 2008-09 have been finalized as a merged entity. I am glad to share the following highlights in the performance of your company

- \* Your Company is in the forefront in the technological advancement catering to almost all indoor and outdoor electrical requirements of the building and construction industry, domestic, industrial and automobile component segments.
- \* Market leader in Rotary Switch business with sizable market share and largest in Asia.
- \* Largest producer of cable ducts / wiring channels in Asia.
- \* All the products of your company are certified by international quality standards like UL, CSA, CE in recognition of quality of the products of your company and have been well received qualitatively both in domestic and highly volatile and competitive international markets.
- \* One of the first few companies to comply with the RoHS directive for environmental friendliness.
- \* Successfully maintaining the business collaboration for manufacture of Toroidal Transformers with M/s. Plitron manufacturing Inc, Toronto, Canada.
- \* The export performance of your company on an average of 25% consistently, to its turnover and another 20% by way of deemed export by supplying to export oriented units and having its presence in more than 35 countries across the globe.
- \* Your company is the only approved supplier for Nuclear Power Corporation for Rotary Switches and largest supplier to Indian Railways.
- \* Your company is having an in-house R&D duly recognized by Department of Science and Technology, Government of India with more than 15 qualified engineers. Besides, having a high-tech type-testing lab for testing the products up to 200 Amps.
- \* In order to maintain its strength, your company is having a fully equipped modern Tool Room facility in-house, which helps quick development of new products.
- \* Your company is having a close marketing tie-up arrangements with M/s. L&T for domestic markets having more than 300 - 400 stockiest in electrical dealers across the country and marketing tie-up arrangements with M/s. Crompton Greaves Ltd for servicing international markets.

As already interacted through my earlier letter, the new generation products namely modular switches developed by company have been well accepted qualitatively and your company could able to face the competition being prevailed successfully from the well branded of similar products in the markets and could establish its presence. These products has got a potential demand to tune of Rs.450 crores approximately in the domestic market and your Company is contemplating to have sizable share of this market by 2010-11. Your Company is having its own marketing network spread across the length and breadth of the country to improve the market share for this product.

**\* Energy saver**

The Energy saver equipment and its allied products developed by the Company have got a very good potential and have been well accepted in the market . These products have successfully ensured to save electricity consumption at 30% to 35% where lighting system is being operated in large volume, for example, street lighting system being operated in our Country by the local authorities – Corporation, municipalities, etc., .

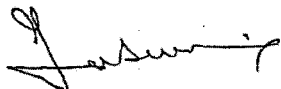
Your Company has already installed this system in Madurai Municipal Corporation North Zone for the last two and half years and the System being operated under Built Operate and Transfer (BOT) basis.

Similarly your company has completed the project in all the four Zones of Coimbatore Municipal Corporation at a project cost of Rs.900 Lacs and orders have received from Madurai South and West Zones. Similarly, your Company has already submitted its tender to Bangalore Corporation, which is under process, the cost of the project will work out Rs.45 Crores. Enquires are being received from all parts of the country for this product and system. Your Company has also a product under the system to reduce the transmission loss and manage the transmission and distribution more effectively which has been successfully demonstrated to the Tamil Nadu Electricity Board, Coimbatore.

- \* Your company is also planning to enter into a new venture like independent solar power project; IT and IT related services by way of diversification / investment, etc.
- \* The above efforts and strategies of your company definitely will give a value addition for your investments in the company.

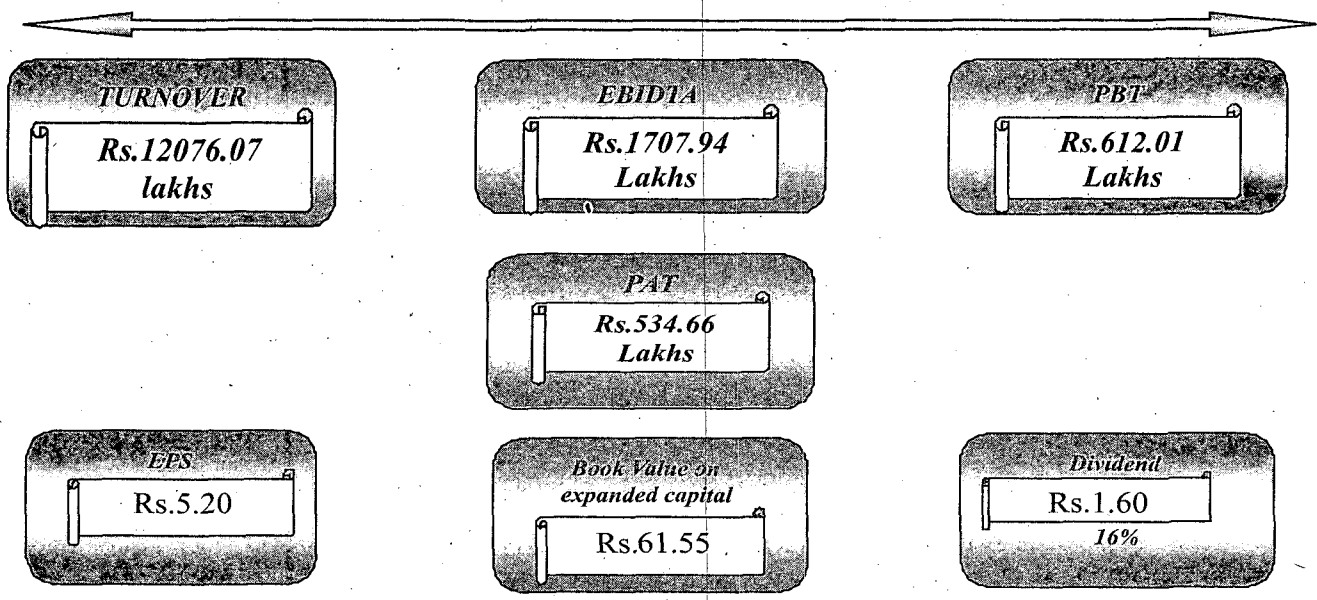
I would like to take this opportunity to express my sincere gratitude to all the shareholders for their continuous support in our ventures at all times and also to my colleagues on the Board of Directors of the company, customers, suppliers, our marketing associates, bankers and our employees at all levels for their continuous co-operation and co-ordination and unceasing confident and support.

With kind regards



**R. DORAISWAMY**  
Managing Director

- ❖ Formed in 1985, we have more than 24 years track record of success.
- ❖ SO 9001 - 2000 - certified company - consistently maintained for the last 13 years.
- ❖ All our Products are internationally certified by UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), VDE (Association of German Electrical Technologists) and CE (Conformite Europeane) in recognition of our Quality.
- ❖ Market Leader in Rotary Switches business with 40% market share.
- ❖ Largest producer of Rotary Switches & Cable Ducts (Wiring Channels) in ASIA.
- ❖ One among the first few companies to comply with RoHS Directive for European markets.
- ❖ Collaboration with M/s.Plitron Manufacturing Inc., Toronto, Canada for Toroidal Transformers.
- ❖ More than 25% of the production is exported. Another 20% sales have deemed Exports status.
- ❖ Salzer is the only approved supplier for Nuclear Power Corporation for Rotary Switches.
- ❖ Largest Supplier to Indian Railways.
- ❖ Marketing Tie-up with M/s.L&T Ltd, for the Indian Market - Gives access to more than 300-400 Dealers through the length and breadth of India.
- ❖ Association with M/s.Crompton Greaves Limited for Exports - Salzer products are available in more than 35 countries.
- ❖ In house R&D team of more than 15 Engineers. R&D Center recognized by the Ministry of Science & Technology, Department of Scientific and Industrial Research, Govt. Of India.
- ❖ Fully equipped Modern Tool Room facility available in house. This helps in quick development of new products.
- ❖ Hi-tech Type-testing Laboratory for testing of product upto 200 amperes has been created in the factory.
- ❖ Salzer Cables Limited which is manufacturing wires and cables for both domestic and industrial purposes, has since been merged with Salzer Electronics Limited with effect from 01.04.2008





**RoHS Compliance** – Salzer is one among the first few companies to comply with RoHS Directive. Presently All products manufactured by Salzer complies with European Directive for RoHS (Restriction Use of Hazardous Substances).

**To protect human health and preserve the environment**, the European Union adopted the RoHS Directive 2002/95/EC on January 27, 2003, limiting the use of dangerous substances in certain kinds of Electrical and Electronic Equipment (EEE) available in the European market from 1<sup>st</sup> July 2006. The Hazardous Substances are: Lead, Mercury, Cadmium, Hexavalent chromium, Polybrominated biphenyls (PBB), Polybrominated diphenyl ethers (PBDE)

**Business effects:** Only a very small part of our offering is directly covered by the Directive, but a wider part is indirectly affected like the components that are finally built-into equipment/finished products that are covered within the scope of the Directive.

Complying with this Directive is a condition of access to European markets: the Directive has been or will be transcribed into applicable law in every Member State, to be applied without modification. No product that comes under the scope of the Directive and containing one of the six identified substances can be put on the market in Europe after July 1, 2006, regardless of where it is made. If however the product was already on the market prior to this date, it is unaffected by these measures and can therefore continue to be sold.

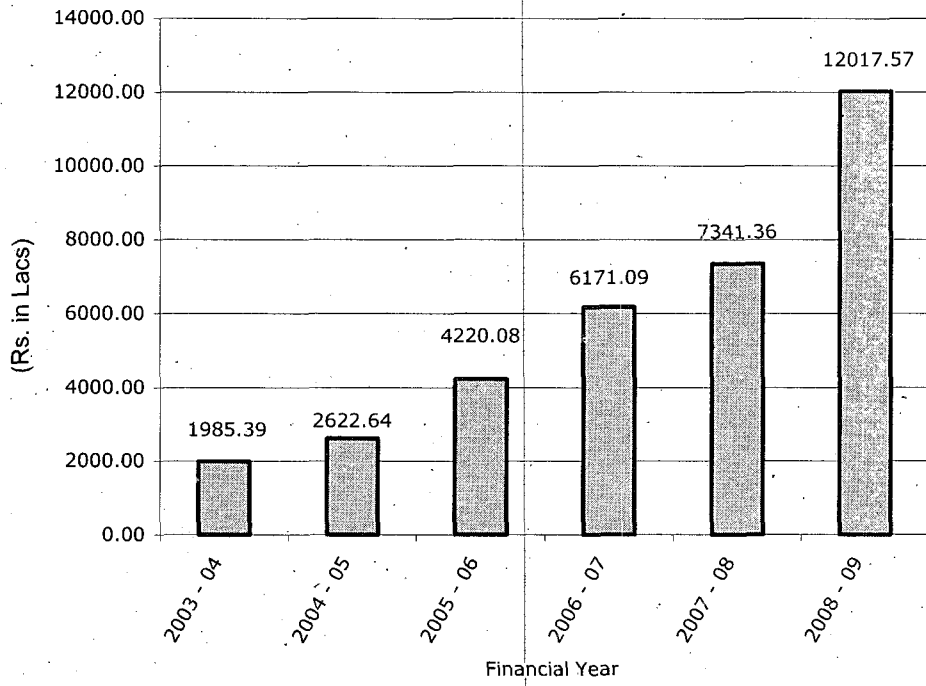
Some exemptions have been granted because, to date, no substitute materials are available. For example: lead in the glass used for cathode ray tubes.

The list of exemptions will be modified to adapt to scientific and technical progress.

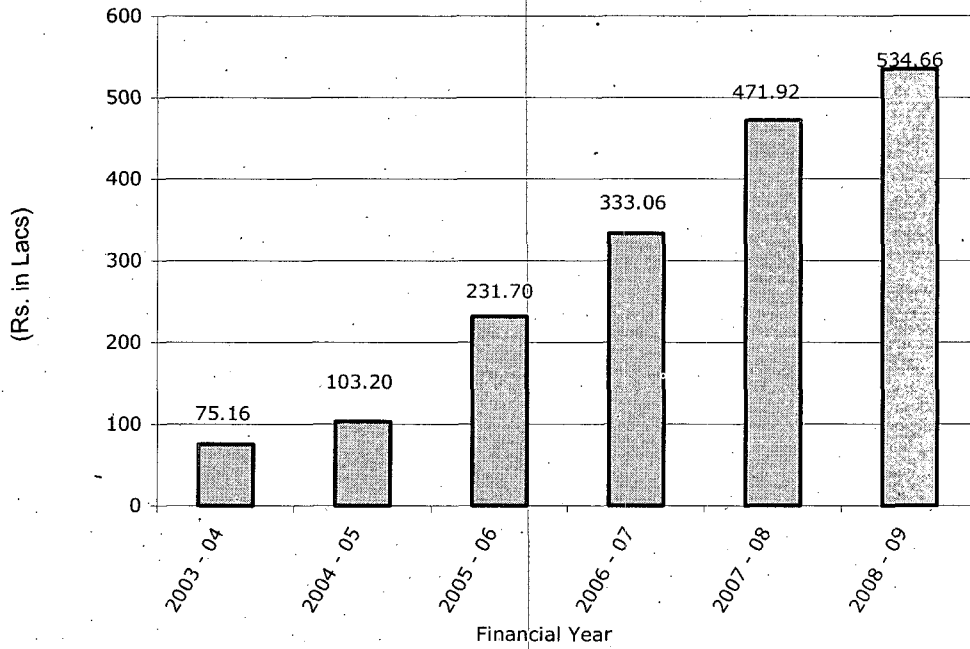
The RoHS Directive applies to the equipment in the following categories:

- Large household appliances
- Small household appliances
- IT and telecommunications equipment
- Consumer equipment
- Lighting equipment (including electric light bulbs and household light fixtures)
- Electrical and electronic tools, except large-scale stationary industrial tools
- Toys, leisure and sports equipment
- Automatic dispensers.

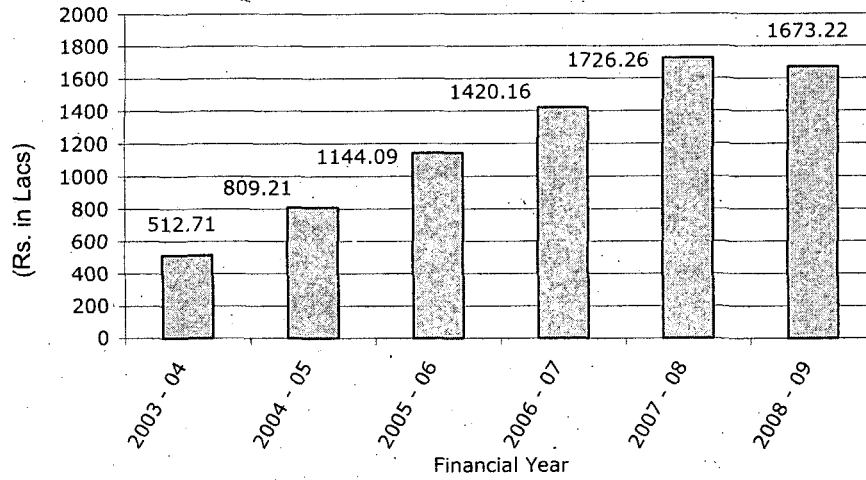
**REVENUE**



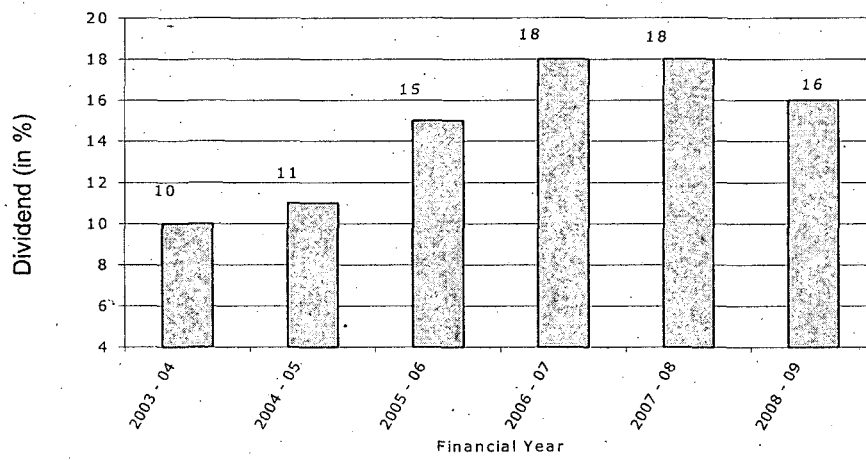
**NET PROFIT**



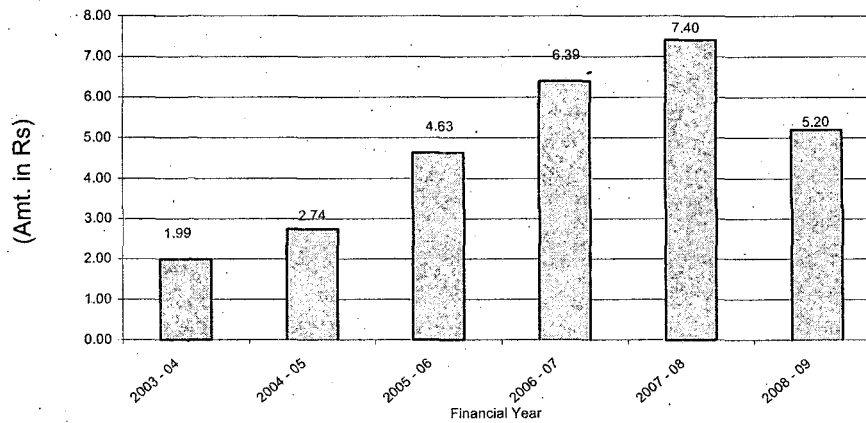
**EXPORTS**



**DIVIDEND**



**EARNINGS PER SHARE (Rs.)**



## FINANCIAL HIGHLIGHTS

Particulars	Rs. in Lakhs					
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Revenue	<b>12076.07</b>	7341.37	6171.09	4220.08	2622.64	1985.39
Earnings before Depreciation, Interest and Taxation (EBDITA)	<b>1707.94</b>	1158.56	912.76	663.67	386.24	296.63
EBDITA in %	<b>14.14</b>	15.78	14.79	15.72	14.73	14.94
Interest , Depreciation and Provisions for Taxation	<b>1173.27</b>	686.64	579.70	488.16	282.74	221.48
Profit after taxation (PAT)	<b>534.66</b>	471.92	333.06	231.70	103.50	75.16
Equity Dividend %	<b>16.00</b>	18.00	18.00	15.00	11.00	10.00
Dividend Payout	<b>164.54</b>	144.76	93.78	57.36	41.56	37.78
Equity Share capital	<b>1028.37</b>	637.58	521.00	500.00	377.83	377.83
Reserves and Surplus	<b>5300.78</b>	3702.81	2436.93	2078.26	1040.15	1086.67
Networth	<b>6329.15</b>	4340.39	2957.93	2554.00	1415.22	1433.49
Earning Per share (Rs.)	<b>5.20</b>	7.40	6.39	4.63	2.74	1.99
Book Value Per share (Rs.)	<b>61.55</b>	68.08	56.77	51.08	37.46	37.94
Debt Equity Ratio	<b>0.66</b>	0.65	0.81	0.70	1.00	0.39
Profit after Tax (PAT) in %	<b>4.43</b>	6.43	5.40	5.49	3.97	3.78
Return on Netwoth %	<b>8.45</b>	10.87	11.25	9.07	7.31	5.24

**NOTICE** is hereby given that the 24<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on **Wednesday, the 30<sup>th</sup> December, 2009 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 Profit and Loss Account for the year ended March 31, 2009 and the Balance Sheet as at March 31, 2009 and the Auditor's Report thereon.
2. To declare a dividend on equity shares for the year 2008-2009.
3. To appoint a Director in the place of Mr.R.Dhamodharaswamy, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr.P.K.Shah who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr.L.Venkatapathy, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint a Director in the place of Mr. V.Sankaran, who retires by rotation, and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS**

7. **To Consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.**

**Appointment of the Statutory Auditors**

**"RESOLVED THAT** M/s. J D S Associates, Chartered Accountant, the retiring statutory Auditor and M/s. Swamy and Ravi, Chartered Accountant, Saibaba Colony, Coimbatore - 641 011 be and are hereby appointed as Statutory Auditors of the Company for the financial year 2009-10 with tenure of office till the conclusion of the next Annual General Meeting of the Company. The Board of Directors of the Company be and is hereby authorized to fix remuneration of the statutory auditors."

8. **To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.**

**"RESOLVED THAT** pursuant to Sec.257 of the Companies Act, 1956, Mr.Sharad Anant Kulkarni, who was inducted into the Board as an Additional Director with a term of Office till this Annual General Meeting, be and is hereby appointed as a Director on the Board of Directors of the Company."

9. **To consider and if thought fit, to pass with or without modification, the following Resolution as a special Resolution.**

**RESOLVED THAT** in supersession of the Resolutions adopted at the Extra-Ordinary General Meeting of the Company held on 8<sup>th</sup> January 1997 and pursuant to the provisions contained in Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized to borrow moneys (apart from temporary loans obtained from the Company's Bankers in the Ordinary Course of Business) in excess of the aggregate of the paid-up Capital of the Company and its free reserves (that is 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 (Rupees Seventy Five Crores Only) at any time over and above the paid up capital and free reserves of the Company."

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 on 30<sup>th</sup> December 2009.
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 Registrar and Share Transfer Agent - **M/s.GNSA Infotech Pvt. Ltd, No.11, G R Mansion, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai – 600 017** in duplicate.
7. Members are requested to kindly notify the change in address immediately to the Company's Registrar and Share Transfer Agent **M/s. GNSA Infotech Private Limited, No.11, G R Mansion, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai – 600 017.**
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 dematerialised form.
9. The Company has, pursuant to Section 205 of the Companies Act, 1956 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 year 2002-2003, 2003 – 2004, 2004-2005, Interim dividend & Final dividend for the year 2005-2006, 2006 – 2007 & 2007 – 08 are requested to make their claim to the company and / or share transfer agent of the company. No claims can be made by the shareholders thereafter.
10. Bank mandate for Dividend or Electronic Clearing Services (ECS)  
  
Members are requested to intimate their Bank Account Number details for incorporating the same in Warrants / Cheques / Demand Drafts and enclose the ECS form as the case may be to our Registrars and Share Transfer Agents **M/s.GNSA Infotech Pvt. Ltd, No.11, G R Mansion, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai – 600 017.**

**11. INFORMATION UNDER CLAUSE 49(VI)(A) OF LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED / RE-APPOINTED:**

**Mr.R.DAMODHARASWAMY :**

Mr. R.Damodharaswamy, is a dynamic industrialist, who is well known in the society being an active member of social institutions like Lions Club etc. He is also one of the Directors on the Board of M/s.Micro Controls Private Limited, M/s Micro Instruments Limited and M/s K R Health Care Pvt Limited.

**Mr.P.K.SHAH :**

Mr.P.K.Shah, is 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 a Director of M/s.Sasta Business Forms Pvt. Ltd. He is also a Partner of M/s.Suk Electronics and Proprietor of M/s.Jayashree Industrial Accessories.

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

**Mr.V.SANKARAN**

Mr.Sankaran 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 also director of Smile Electronics Limited.

**Mr.SHARAD ANANT KULKARNI**

Mr. Sharad Anant Kulkarni is an engineering graduate in Electrical. He joined M/s. L & T Limited in 1976 as a Graduate Engineer Trainee (GET) and grew along with the organization by holding various responsibilities. Presently he is a General Manager, (Sales and Marketing) Electrical Standard Products – EAOC, Mumbai. He is also member of the Indian Electrical and Electronics Manufacturers Association (IEEMA) and representing M/s. L & T Limited in various IEEMA divisions such as Capacitors, Wires, Control gears etc. He is having flair of interest in reading management topics and issues relating to relevant implementation at works and also listening to Vocal Hindustani Classical Music.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

**Item Nos: 7**

**Appointment of the Statutory Auditors**

The Share holders may aware that with your approval and sanction of the scheme of the Amalgamation by the Hon'able High Court of Judicature at Madras, vide its order dated 04.11.2009 , approved on 17.11.2009 and certified copy issued on 18.11.2009, M/s. Salzer Cables Limited has been merged with your Company with the effect from 01.04.2008. In view of the increase in volume of work, your directors thought it prudent to have the more than one statutory auditor for the Company. Accordingly, as consented by the retiring statutory Auditor M/s. J D S Associates, Chartered Accountants and also by M/s. Swamy and Ravi, Chartered Accountant, the later will be appointed as statutory auditors of the Company along with M/s. J D S Associates for the financial year 2009-10 with a term of office to conclude till the conclusion of the next Annual General Meeting of the Company.

**Item Nos: 8**

**APPOINTMENT OF Mr.SHARAD ANANT KULKARNI**

Mr.Sharad Anant Kulkarni, who was nominated by M/s. L & T Capital Company Limited, has been inducted on the Board of Directors of the Company on 18.07.2009 in terms of Section 260 of the Companies Act, 1956 in view of the resignation of Mr. T.S.Venkatesan. According to the provisions of Sec.260 of the Companies Act, 1956, the persons, who have been inducted on the Board of Directors of the Company under this provision, will hold office till the next Annual General Meeting of the Company. As Mr.Sharad Anant Kulkarni, being a nominee of M/s.L & T Capital Company Ltd, based on their shareholding acquired through preferential basis on private placement, it is necessary to induct him on the Board of Directors of the company, pursuant to the provisions of Sec.257 of the Companies Act, 1956, with the approval of the shareholders and he will hold the office without liable for retirement by rotation. Hence, necessary resolutions are placed before the shareholders for approval and your Directors recommend the resolution for your approval.

Graduate Engineer Trainee (GET) and grew along with the organization by holding various responsibilities. Presently he is a General Manager, (Sales and Marketing) Electrical Standard Products – EAOC, Mumbai. He is also member of the Indian Electrical and Electronics Manufacturers Association (IEEMA) and representing M/s. L & T Limited in various IEEMA divisions such as Capacitors, Wires, Control gears etc. He is having flair of interest in reading management topics and issues relating to relevant implementation at works and also listening to Vocal Hindustani Classical Music

*Except Mr. Sharad Anant Kulkarni, being the beneficiary, none of the Directors are interested in this resolution.*

**Item Nos: 9**

**INCREASE IN BORROWING POWERS OF THE BOARD OF DIRECTORS OF THE COMPANY**

With the approval of the shareholders, M/s. Salzer Cables Limited has since been merged with M/s. Salzer Electronics Limited under a Scheme of Amalgamation sanctioned by the Hon'able High of Judicature at Madras vide its order dated 04.11.2009 – approved on 17.11.2009 and issued on 18.11.2009 with effect from 01.04.2008. Accordingly, the merged Annual Accounts of your Company are placed at this meeting for your adoption. As already explained in our earlier reports, the potential and growth opportunity of your company appears to be very bright in the years to come and the business exigencies / opportunities may warrant to look for additional resources for expanding its manufacturing infrastructure depending upon the business needs. It is therefore necessary to delegate to the Board of Directors of the company with sufficient authority to mobilize such resources for business purposes. Your Board of Directors have thought it prudent to place before the shareholders necessary resolution pursuant to the provisions of Sec.293(1)(d) of the Companies Act, 1956 authorizing the Board of Directors to borrow such sums as may be deemed fit for the purpose of the business together with the amounts already borrowed and outstanding not exceeding Rs.75 crores (Rupees Seventy Five Crores) at any time over and above the paid-up capital and pre-reserves of the company i.e., reserves not set apart for any specific purpose. Your Directors recommend the same for your consideration and approval.

None of the directors is having any pecuniary interest in this resolution.

Place : Coimbatore  
Date : 26.11.2009

For and On behalf of the Board

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



Your Directors have pleasure in presenting this 24<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2009.

## PERFORMANCE

Your company has completed one more year of successful operation as under:

Your company could able to sustain the economic and market recessionary conditions that had been cropped up during the fiscal year 2008-09 and the performance of the company has been stable as that of the corresponding year 2007-08. In order to sustain and further the growth of the company in the coming years, your Board of Directors have consistently and strategically superintending the affairs of the company to be cost effective in all fronts and also put the all available resources to achieve the optimum growth under the prevailing circumstances including amalgamating M/s.Salzer Cables Ltd (SCL) with your company in order to have the size economy and enlarge the product profile of the electrical installation products to meet the customers' requirements for such products. In this direction, the shareholders might be aware that with your approval the scheme of amalgamation of SCL with your company has been put through with the sanction of the Hon'ble High Court of Judicature at Madras with effect from 01.04.2008 and the performance highlights of the merged entity during the fiscal year under review are as under :

<b>FINANCIAL RESULTS :</b>		<b>Year ended 31.03.2009 (Rs. in Lakhs) (Merged)</b>	<b>Year ended 31.03.2008 (Rs. in Lakhs) (pre - merger)</b>
Turnover and Other Income		<b>12076.07</b>	<b>7341.37</b>
Profit before Interest & Depreciation		<b>1707.93</b>	<b>1158.56</b>
<b>Less:</b>	Interest & Financial charges	629.65	285.14
	Depreciation	466.27	304.97
	Profit after Interest & Depreciation	<b>612.01</b>	<b>568.45</b>
<b>Add:</b>	Previous Year's Surplus B/f	987.89	660.99
		<b>1599.90</b>	<b>1229.44</b>
<b>Less:</b>	Transfer to General Reserve	10.00	10.00
	Provision for tax	125.52	100.00
	Deferred Tax	(55.96)	(10.99)
	FBT	7.79	7.53
	Dividend		
	Proposed final dividend	164.54	114.76
	Dividend Tax on Proposed final dividend	27.96	19.50
		<b>243.76</b>	<b>240.79</b>
	<b>Balance C/F to Balance Sheet</b>	<b>1356.14</b>	<b>988.64</b>

## DIVIDEND

Taking into account the economic and recessionary conditions being prevailed during the year under review and also the performance of the company vis-à-vis the expanded capital of Rs.1028.37 lakhs on account of merger of Salzer Cables Ltd with Salzer Electronics Ltd, the need to strengthen the net worth of the company under the prevailing conditions and also investors interest, in return on investment consistently, your Board of Directors, subject to the approval of the shareholders at their ensuing AGM, have decided to recommend a dividend at the rate of 16% - Rs.1.60 per equity share of Rs.10/- each, for the year ended 31.03.2009 to all the eligible shareholders whose name appear as on the book closure and AGM date i.e., 30.12.2009. The dividend payout works out to Rs.192.50 lakhs comprising of Dividend on the paid up capital of Rs.1028.37 lakhs @ 16% - Rs.164.54 lakhs plus Dividend Tax @ 16.99% - Rs.27.96 lakhs

As reported in our earlier report during the last year (31.03.2008) the 2,49,192 share warrants issued on preferential basis on 11.04.2007 have since been converted into same number of equity shares on exercising the option by the warrant holders and the equity shares of Rs.10/- each have been issued on 29.07.2008 thereby the paid-up capital of the company has increased during the year under review from Rs.637.58 lakhs to Rs.662.50 lakhs(pre-merger). These shares have also been enlisted in Bombay and Coimbatore Stock Exchanges and also demated with the depositories viz., CDSL & NSDL under ISIN No.INF457F01013.

## **MERGER**

With the approval of the shareholders of both transferor (Salzer Cables Ltd) and transferee company (Salzer Electronics Ltd) and also with the sanction of the Hon'ble High Court of Judicature at Madras, the Salzer Cables Ltd has since been merged with Salzer Electronics Ltd with effect from 01.04.2008 and the annual accounts for the year ended 31.03.2009 has been finalized as a merged entity. Consequent upon the merger, the paid-up capital of the transferee company (SEL) has increased from Rs.662.50 lakhs to Rs.1028.37 lakhs.

Your company has also filed the sanction order of the Hon'ble High Court of Judicature at Madras, sanctioning the Scheme of Amalgamation / merger with Registrar of Companies, Coimbatore and has also fixed the Record date as 30.11.2009 to decide the eligible share holder of the transferor company (SCL) and the shares would be allotted accordingly.

## **FOREIGN INVESTMENT**

The investments made by your company in M/s. Salzer Global Services, a LLC company in the State of New Hampshire, USA to further the presence of Salzer in international market consistently, has been doing well. Your company's present holding in SGS works out to 40%. As reported in our earlier report, this company has since taken over the complete control of M/s.Global Technical Talent Inc, (GTT) a Cea-corp company providing ITES to the leading companies in IT industry in USA for example IBM, Novell, GE, Microsoft, TD Bank North, Liberty Life, GEICO insurance, etc. It is reported that the GTT's turnover for the year 2008 was US\$ 21.00 millions (INR.1063.41 million) as against US\$ 16.41 millions last year 2007 (INR. 646.86 millions) with resultant net income of US\$ 0.12 million (INR. 5.94 millions) as against loss of US\$ 0.40 millions (INR. 20.00 millions) under the prevailing US economic melt down and recessionary conditions.

In view of the progressive signs of recovery of global economy your directors are confident that the investment made in M/s.Salzer Global Services LLC, USA will give better returns in the long run and also to establish the brand image of Salzer in the global markets.

## **MANAGEMENT DISCUSSION AND ANALYSIS OF RISKS**

### **A. IMPACT OF THE INDAIN ECONOMY ON YOUR COMPANY**

During the Financial Year 2008-09, the world wide economic and financial crisis had significantly impacted the Indian Economy and Corporate Sector. The Corporate Sector was in the mood of cutting down various expenditures in one way or other to protect its sustainability in the light of the economic recession. However, the Government's economic stimulus packages and Reserve Bank of India's appropriate monetary policies, to some extent, arrested the heavy economic sliding and inculcated the confidence among the investing community across the world that the country's fundamentals remain strong. In this scenario, Your Company was not an exceptional case from facing the crisis. Nevertheless, your management's various cost effective measures and prudent strategy protected the sustainability and profitability in spite of the sharp decline in the sales volumes.

### **B. INDUSTRIAL SCENARIO AND OPPORTUNITIES:**

The Centre for Monitoring Indian Economy (CMIE) has revised its real GDP growth forecast for the current fiscal year to 6.2% from the earlier 6%. The upward revision in the GDP projection comes on the back of a better performance of the country's economy in the first half of the current fiscal (Financial year 2009-10).

recovery is slow and steady. Considering the development in the economy and industrial sector, your company is poised to capitalize all opportunities coming up in the infrastructure sectors not only in India but also across the globe. With the strong support of the Research and Development wing, your Company is set to launch many more new products with new variants and state of art technologies. Further, your Company also recognized that the Energy Saver projects, whereby reducing power consumption in the mass lighting system substantially, has enormous potentialities to capitalize in the backdrop of the realization of the importance of the power saving by the Mass Lighting System developers.

M/s.L&T Ltd and M/s.CGL, being marketing associates of your company, are in close co-ordination with the company in the matter of market research, customer's preference, and potential new opportunities for the products of the company. Moreover, the power and infrastructure industry sectors, being under expansion to create additional capacities to meet the demand, the growth potentials for your company is progressive and bright in the years to come.

### **C. THREATS AND RISKS:**

The multiple growth of competitors from unorganized sectors, cross border entry of similar products, creation of manufacturing facilities by the MNC companies, who have already established their business in India, under the prevailing open economy, your company has to face a very stiff competition, besides cost escalation in its inputs such as Copper, Brass, PVC materials, etc. may pose some limitations in increasing its market share and also margin of contribution. However, your company is taking all out efforts to improve its market share, turnover, and profitability on a continuous basis by taking suitable strategic and aggressive marketing, developing new higher variants of some of the existing products, in the coming years.

Your company is also contemplating to take advantage of growth potentials of different segment of activities viz., IT and IT related services industry, energy saving products, etc, by way of diversification, wherever possible.

Your Directors are therefore confident that the above efforts of the company would give optimum competitiveness to achieve the improved results in the coming years.

### **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**

Your company's in-house Research and Development department is fully equipped with qualified people to continuously improve upon the process specifications and techniques for optimum utilization of resources, consistency in quality comparable to the international standards, maintaining the international quality standard certifications, utilities of its existing products and development of new higher variants of the existing products as well as new high-tech products to meet the customers requirements. The In-house R & D Department of your Company has been duly recognized by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research.

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

Your company, though not a power intensive one, is taking every possible efforts and measures to conserve the energy. Your company is having Four Wind Mills to generate power to the extent of 1.2 MW capacity in aggregate and the power is being generated through harnessing the natural resources - Wind. During the year under review, your company has generated 17.37 lakhs units of power through its Wind Mills and earned an income of Rs.56.26 lakhs. The low generation of power through wind mill is attributable to the low velocity of the wind during the year under review. Details are furnished in annexure - 1 for your information pursuant to the provisions of Sec.217(e) of the Companies Act, 1956.

**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.R.Damodharaswamy, Mr.P.K.Shah, Mr.L.Venkatapathy and Mr.V.Sankaran, Directors of the company are retiring by rotation and being eligible offer themselves for re-appointment.

Mr. Sharad Anant Kulkarni, a nominee director from M/s. L & T Capital Company Limited, was inducted on the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 on 18.07.2009. In order to regularize his directorship, necessary resolution, in pursuance of Section 257 of the Companies Act, 1956, was placed before the members for their approval.

**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 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 the 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, 2009 and of the profit & Loss account 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.

**AUDITORS**

M/s.JDS Associates, Chartered Accountants, Coimbatore, Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for the re-appointment.

In view of the increasing of the volume of the Work consequent upon the amalgamation of Salzer Cables Limited with Salzer Electronics Limited, it is thought prudent to appoint M/s. Swamy & Ravi, Chartered Accountant, who was also statutory auditor of the Transferor Company – Salzer Cables Limited as statutory auditor of your company along with M/s. J D S associates, Chartered Accountant, the retiring Auditor of the Company for the financial year 2009-10.

**AUDITORS' REPORT**

The observations made in the 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 31.03.2009.

## INDUSTRIAL RELATIONS

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

## BANK LOAN RATING

Under Basel II norms, CRISIL has reaffirmed your company's stable outlook and adequate liquidity for meeting its maturing debt obligations, significant focus on R&D, Strong financial risk profile.

## RATING

Sl. No.	Facility	Rating
1.	Term Loan	A-/stable
2.	Cash Credit	A-/stable
3.	Packing Credit	P2+
4.	Letter of Credit	P2+
5.	Bank Guarantee	P2+

## LISTING ARRANGEMENTS

The Company's Shares are listed in Bombay and Coimbatore Stock Exchanges.

## DEMATERIALIZATION 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, CITIBANK, M/s. Larsen & Toubro Limited and M/s. Crompton Greaves Limited - Marketing Associates, M/s. Plitron Manufacturing Inc, Canada (Collaborators), CRISIL, M/s.GNSA Infotech (P) 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 : 26.11.2009

**(Sd/-)P.S.SANTHANAKRISHNAN**  
CHAIRMAN

**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 OUT GO.**

**A. CONSERVATION OF ENERGY**

In spite of not being power intensive, your Company has been continuously making every effort to reduce the consumption of energy in all spheres.

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

**RESEARCH & DEVELOPMENT:**

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:

The efforts of R&D Wing had resulted in the development of the following Products:

- 1 Compact Florescent Lamp
- 2 New Series Cam Switch
- 3 Economy Model Semi Modular Switch
- 4 Three phase energy saver
- 5 Wireless Distributor transformer monitoring system
- 6 Touch switch
- 7 Remote Switch-S90
- 8 Manual Motor Protector
- 9 Panel Meter
- 10 Plug in type-surge protector
- 11 61060 Semi Auto switch
- 12 Changeover Box(61060-Selector switch)
- 13 Alstom Master controller
- 14 Process-automation
- 15 PS40 Rotary switch (new design)
- 16 Voltmeter & Ammeter (new design)
- 17 Automated Meter Reading System

**DISTRIBUTION TRANSFORMER MONITORING SYSTEM:**

This product helps to ascertain & monitor ONLINE (wireless system) line losses & all transformer electrical parameters and has a very good potential in all State Electricity Boards (SEB).

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, design and process technology, cost competitiveness, etc. The Collaboration agreement with M/s.Plitron Manufacturing Inc, Canada has since been renewed and the new technology has been obtained for improved higher capacity of Toroidal Transformers. The above technologies have been continuously developed and improved through in house R & D efforts.

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 Buildings, Machines, Tools, Dies etc., - Rs.149.43 lacs
- New Products and Process development - Rs.155.70 lacs
- Salary and other expenses for R&D personnel - Rs. 15.47 lacs

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
- Has the technology been fully absorbed : Yes, Fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Foreign Exchange earned during the year (Direct export Rs.862.31 lakhs, Merchant export Rs.810.91 lakhs) } Rs. 862.31 Lakhs
- b) Foreign Exchange used towards raw materials & Capital goods } Rs. 713.31 Lakhs

For and On behalf of the Board

Place : Coimbatore  
Date : 26.11.2009

(Sd/-)P.S.SANTHANAKRISHNAN  
CHAIRMAN

## CORPORATE GOVERNANCE REPORT

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

### COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE.

Statutorily Corporate Governance involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all the shareholders. The Company's philosophy of Corporate Governance is not only to meet 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 and the conduct of the business both internal and external. This is done with the sole view to enhance shareholders' value.

### BOARD OF DIRECTORS

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, your Board has optimum combination of Executive and Non-Executive Directors. The Board is headed by a Non-Executive Chairman and has other non-executive directors and also having three Executive Directors including the Managing Director. The composition of Board of Directors is as under.

### COMPOSITION

The Board headed by the Non-Executive Chairman, comprises 16 Directors from varied disciplines like Engineering, Finance, Banking, Capital Market, Management, Administration sectors.

### POSITION OF BOARD OF DIRECTORS

DIRECTORS	CATEGORY	ATTENDANCE PARTICULARS		No. OF MEMBERSHIP IN THE BOARDS AND COMMITTEES OF OTHER COMPANIES
		Board Meeting	Last AGM	
P.S.Santhanakrishnan	* Non-Executive Independent Chairman	4	<input type="checkbox"/>	-
R.Doraiswamy	** Executive Managing Director	5	<input type="checkbox"/>	7
D.Rajeshkumar	** Executive Joint Managing Director	5	<input type="checkbox"/>	9
N.Jayabal	* & ** Non-Executive Independent Director	5	<input type="checkbox"/>	2
P.Ramachandran	Executive-Wholtime Director (Marketing)	2	X	1
R.Narayanaswamy	Non-Executive Director	5	<input type="checkbox"/>	1
R.Dhamodharaswamy	Non-Executive Director	5	<input type="checkbox"/>	3
L.Venkatapathy	* & ** Non-Executive Independent Director	4	<input type="checkbox"/>	0
Nirmal Kumar K Chandria	Non-Executive Independent Director	4	<input type="checkbox"/>	1
P.K.Shah	Non-Executive Independent Director	3	<input type="checkbox"/>	1
Kantilal V Vakharia	Non-Executive Independent Director	3	<input type="checkbox"/>	5
Howard M Gladstone	Non-Executive Independent Director	-	X	1
V.Sankaran	Non-Executive Independent Director	5	<input type="checkbox"/>	1
Ajit Singh	Non-Executive Director	4	<input type="checkbox"/>	1
T.S.Venkatesan	*** Non-Executive Director	1	<input type="checkbox"/>	1
S.A.Kulkarni	**** Non-Executive Director	-	-	1
S.Baskarasubramanian	* & ** Director (Corporate Affairs) & Company Secretary	5	<input type="checkbox"/>	-

\* Members of Audit Committee.

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

\*\*\* Cease to be director with the effect from 18.07.2009

\*\*\*\* Appointed as a Director on the Board with effect from 18.07.2009



During the year under report, Five Board meetings were held on 11.06.2008, 29.07.2008, 29.08.2008, 25.10.2008 and 30.01.2009.

## COMMITTEE OF DIRECTORS:

### 1. REMUNERATION COMMITTEE:

The remuneration committee consisting of the following members:

- |    |                      |          |                                    |
|----|----------------------|----------|------------------------------------|
| 1. | P.S.Santhanakrishnan | Chairman | Non-Executive Independent Chairman |
| 2. | L.Venkatapathy       | Member   | Non-Executive Independent Director |
| 3. | V.Sankaran           | Member   | Non-Executive Independent Director |
| 4. | S.Baskarasubramanian |          | Company Secretary                  |

### 2. AUDIT COMMITTEE:

The Audit Committee consisting of the following independent Directors met four times on 04.06.2008, 22.07.2008, 18.10.2008 & 21.01.2009 during the year, to review 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.

NAME	DESIGNATION	CATEGORY	COMMITTEE MEETING ATTENDED
P.S.Santhanakrishnan	Chairman	Non-Executive Independent Chairman	1
L.Venkatapathy	Member	Non-Executive Independent Director	4
N.Jayabal	Member	Non-Executive Independent Director	4
S.Baskarasubramanian	Member	Director (Corporate Affairs) & Company Secretary	4

### 3. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders' / Investors' Grievance Committee consisting the following Directors met twice on 01.10.2008 & 31.03.2009 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 31.03.2009.

NAME	DESIGNATION	CATEGORY	COMMITTEE MEETING ATTENDED
L.Venkatapathy	Chairman	Non-Executive Independent Chairman	2
R.Doraiswamy	Member	Executive Managing Director	2
D.Rajeshkumar	Member	Executive Joint Managing Director	2
N.Jayabal	Member	Non-Executive Independent Director	2
S.Baskarasubramanian	Member	Director (Corporate Affairs) & Company Secretary	2

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

Location	Nature of Meeting	Day	Date	Time
Hotel Sree Annapoorna,R.S.Puram, Coimbatore - 02	21 <sup>st</sup> AGM	Saturday	09/09/06	11.30 am
Registered Office, Samichettipalayam, Coimbatore - 47.	EGM	Wednesday	28/03/07	11.30 am
Hotel Sree Annapoorna,R.S.Puram, Coimbatore - 02	22 <sup>nd</sup> AGM	Saturday	25/08/07	11.30 am
Hotel Sree Annapoorna,R.S.Puram, Coimbatore - 02	23 <sup>rd</sup> AGM	Friday	29/08/08	11.30 am

**Special Resolutions / Business Scheduled to be transacted at the AGM scheduled on 30<sup>th</sup> December 2009 :**

1. Appointment of Mr.S.A.Kulkarni as a Director.
2. Consideration of increasing the borrowing power of the company.

**DISCLOSURES**

**INFORMATION UNDER CLAUSE 49(VI)(A) OF LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED / RE-APPOINTED:**

**Mr.R.DAMODHARASWAMY :**

Mr. R.Damodharaswamy, is a dynamic industrialist, who is well known in the society being an active member of social institutions like Lions Club etc. He is also one of the Directors on the Board of M/s.Micro Controls Private Limited, M/s Micro Instruments Limited and M/s K R Health Care Pvt Limited.

**Mr.P.K.SHAH :**

Mr.P.K.Shah, is 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 a Director of M/s.Sasta Business Forms Pvt. Ltd. He is also a Partner of M/s.Suk Electronics and Proprietor of M/s.Jayashree Industrial Accessories.

**Mr.L.VENKATAPATHY :**

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

**Mr.V.SANKARAN**

Mr.Sankaran 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

**Mr.SHARAD ANANT KULKARNI**

Mr. Sharad Anant Kulkarni, who was nominated by M/s. L & T Capital Company Limited, is an engineering graduate in Electrical. He joined M/s. L & T Limited in 1976 as a Graduate Engineer Trainee (GET) and grew along with the organization by holding various responsibilities. Presently he is a General Manager, (Sales and Marketing) Electrical Standard Products - EAOC, Mumbai. He is also member of the Indian Electrical and Electronics Manufacturers Association (IEEMA) and representing M/s. L & T Limited in various

management topics and issues relating to relevant implementation at works and also listening to Vocal Hindustani Classical Music

#### **FURTHER CAPITAL RAISED DURING THE YEAR**

As reported in our earlier report during the last year (31.03.2008) the 2,49,192 share warrants issued on preferential basis on 11.04.2007 have since been converted into same number of equity shares on exercising the option by the warrant holders and the equity shares of Rs.10/- each have been issued on 29.07.2008 thereby the paid-up capital of the company has increased during the year under review from Rs.637.58 lakhs to Rs.662.50 lakhs. These shares have also been enlisted in Bombay and Coimbatore Stock Exchanges and also demated with the depositories viz., CDSL & NSDL under ISIN No.INF457F01013.

#### **MERGER:**

With the approval of the shareholders of both transferor (Salzer Cables Ltd) and transferee company (Salzer Electronics Ltd) and also with the sanction of the Hon'ble High Court of Judicature at Madras, the Salzer Cables Ltd has since been merged with Salzer Electronics Ltd with effect from 01.04.2008 and the annual accounts for the year ended 31.03.2009 has been finalized as a merged entity. Consequent upon the merger, the paid-up capital of the transferee company (SEL) has increased from Rs.662.50 lakhs to Rs.1028.37 lakhs.

Your company has also filed the sanction order of the Hon'ble High Court of Judicature at Madras, sanctioning the Scheme of Amalgamation / merger with Registrar of Companies, Coimbatore and has also fixed the Record date as 30.11.2009 to decide the eligible shareholders of the transferor company (SCL) and the shares would be allotted accordingly.

#### **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 results are published in Newspapers viz., Business-Line, Afternoon (English Daily) and Pirpagal (Tamil Daily).

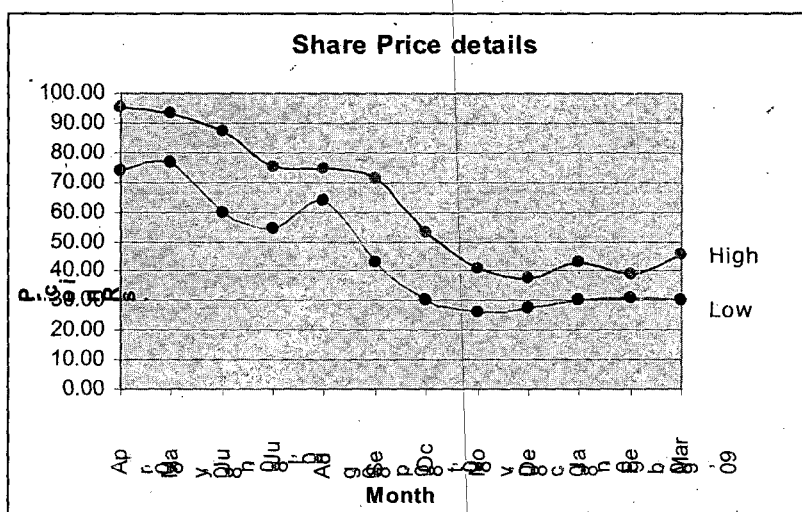
#### **SHAREHOLDERS INFORMATION**

##### **ANNUAL GENERAL MEETING**

Day & Date	:	Wednesday - 30.12.2009
Time	:	11.30 AM
Venue	:	Hotel Sree Annapoorna, R.S.Puram, Coimbatore-02
Audited Financial Results Announced	:	26.11.2009
Posting of Annual Reports	:	07.12.2009
Last date of receipt of Proxy forms	:	27.12.2009
Announcement of Quarterly Results	:	11.06.2008, 21.07.2008, 28.10.2008 & 30.01.2009
Date of Book Closure	:	30.12.2009
Listing on Stock Exchanges	:	Bombay and Coimbatore

**SHARE TRADING DETAILS IN BOMBAY STOCK EXCHANGE**  
For the period: 1-Apr-2008 to 31-Mar-2009

MONTH	HIGH	DATE	LOW	DATE
April '08	95.00	21.04.2008	74.10	07.04.2008
May '08	93.00	02.05.2008	76.60	28.05.2008
June '08	87.40	02.06.2008	60.05	24.06.2008
July '08	75.00	24.07.2008	54.20	02.07.2008
August '08	74.70	12.08.2008	64.00	21.08.2008
September '08	71.00	15.09.2008	43.00	29.09.2008
October '08	52.80	01.10.2008	30.15	29.10.2008
November '08	40.80	03.11.2008	26.05	28.11.2008
December '08	37.75	26.12.2008	27.50	03.12.2008
January '09	42.90	06.01.2009	30.10	30.01.2009
February '09	39.00	39.02.2009	31.15	24.02.2009
March '09	45.85	17.03.2009	30.50	23.03.2009



**REGISTRAR & SHARE TRANSFER / DEMAT AGENTS**

Company's share transfer Registry works both for Demat and Physical forms are being undertaken by **M/s. GNSA Infotech Private Limited, G R Mansion, No.11, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai - 600 017, Tel: 044-4296 2209 / 2222**

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**.

**SHARE TRANSFER SYSTEM****SHARE TRANSFER COMMITTEE:**

The Share transfer committee consisting of the following members:

1.	D.Rajeshkumar	Chairman	Joint Managing Director
2.	N.Jayabal	Member	Non-Executive Independent Director
3.	S.Baskarasubramanian	Member	Director (Corporate Affairs) & Company Secretary

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 a period of 30 days from the date of receipt.

To consider share transfers, the committee meets at least once in 20 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.

**DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2009 (Pre-merger)**

Range	No.of share Holders	No.of Shares	% of holding
Upto - 5000	13056	966114	14.48
5000 - 10000	316	256994	3.88
10001 - 20000	154	247760	3.74
20001 - 30000	47	122588	1.85
30001 - 40000	19	71017	1.07
40001 - 50000	18	86958	1.31
50001 - 100000	30	225343	3.40
100001 & above	57	4648226	70.16
<b>TOTAL</b>	<b>13697</b>	<b>6625000</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING (PRE-MERGER) AS ON 31<sup>ST</sup> MARCH, 2009**

Category	No. of Shares held	Percentage of Share Holding
<b>A Promoter's holding</b>		
1 Promoters		
Indian Promoters	1929212	29.12
Foreign Promoters	-	-
2 Persons acting in concert	-	-
<b>Sub-Total (a)</b>	<b>1929212</b>	<b>29.12</b>
<b>B Non-Promoters Holding</b>		
3 Institutional Investors		
a Mutual Funds and UTI	-	-
Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions)	100	-
c Foreign Institutional Investors	-	-
<b>Sub-Total (b)</b>	<b>100</b>	<b>-</b>

Private Corporate Bodies	2206000	33.30
Indian Public	2362036	35.65
NRIs / OCBs	31399	0.47
Any other (Foreign Collaborator/National)	96187	1.46
<b>Sub-Total (c)</b>	<b>4695688</b>	<b>70.88</b>
<b>Grand Total (a+b+c)</b>	<b>6625000</b>	<b>100.00</b>

#### DEMAT INFORMATION (AS ON 31.03.2009 - pre-merger)

No. of Shares Dematerialised : 5261743  
 % of Total Capital : 79.42

#### 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.

#### PLANT LOCATION

Unit - I: Samichettipalayam, Jothipuram via, Coimbatore - 641 047  
 Unit II : Chinnamaddampalayam, Coimbatore - 641 019.  
 Unit - III : # 2, Gudalur Village Samichettipalayam, Jothipuram via, Coimbatore - 641 047  
 Unit - IV : No.863, Coimbatore Main Road, Bettathapuram, Coimbatore - 104  
 UNA Unit : Khasra No.554/2/1, 573/49 UNA - Chandigarh Road, Jalgran Tabba  
 Rakkar Colony, Tehsil- 174303 UNA Dist, Himachal Pradesh.

E-mail : salzer@salzergroup.com  
 Phone : 0422 2692531 / 4233600

#### ADDRESS FOR CORRESPONDENCE

All correspondence should be addressed to:

The Managing Director / Company Secretary,  
 Salzer Electronics Ltd, Samichettipalayam, Jothipuram via,  
 Coimbatore - 641 047

E-mail : salzer@salzergroup.com / baskarasubramanian@salzergroup.com.  
 Phone : 0422 2692531 / 4233600

The above report has been placed before the Board at its meeting held on 26<sup>th</sup> November, 2009 and the same was approved.

#### Declaration

As provided under the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and select employees have confirmed compliance with the Code of Conduct

Place: Coimbatore  
 Date : 26.11.2009

For Salzer Electronics Limited  
 (Sd/-) P.S.SANTHANAKRISHNAN  
 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 2009 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.

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

Place: Coimbatore  
Date: 26.11.2009

## 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 31.03.2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, 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 have been explained that no investors' grievances are pending for a period exceeding one month, as on 31<sup>st</sup> March 2009, 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

Coimbatore - 01.  
26.11.2009

**For M/s.JDS Associates**  
Chartered Accountants

**(Sd/- B.Jayaram)**  
Partner



1. We have audited the attached Balance Sheet of **SALZER ELECTRONIC LIMITED** as at **31<sup>st</sup> March, 2009** together with the annexed Profit and Loss Account and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 a statement on the matters specified in paragraphs 4 and 5 of the said order is annexed.
4. Further to our comments in the statement referred to in paragraph (3) above :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of the books.
  - (iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion and to the best of our information and according to the explanations given to us, the Profit and Loss Account, Balance Sheet and Cash flow statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representation received from the Directors of the company, as on 31.03.2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2009 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - (vi) Without qualifying our report we are to draw attention to Note No.2(d) (iv) of Notes on Accounts regarding the treatment of Amalgamation Reserve. Had the Scheme not prescribed the treatment detailed in the note. Amalgamation Reserve account of Rs.11.79 Crores would have been treated as Capital Reserve as prescribed by AS-14.
  - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the matter so required and give a true and fair view:
    - (a) In the case of Balance Sheet the state of affairs of the Company as at 31st March, 2009 and
    - (b) In the case of the Profit and Loss Account of the profit of the year ended on that date.
    - (c) In the case of the Cash Flow Statements of the cash flows for the year ended on that date.

In terms of our report attached  
**For M/s.JDS Associates**  
Chartered Accountants  
**(Sd/-) B.Jayaram**  
Partner

Coimbatore - 01.  
26.11.2009

Referred to in Paragraph 3 of our report of even date on the accounts of Salzer Electronics Ltd for the year ended March 31, 2009.

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 verification 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 book 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.
03. According to the information and explanations given to us, the Company has neither taken nor granted any loans, secured or unsecured from or to Companies, firms or other parties, listed in the Register maintained under Section 301 of the Companies Act, 1956.
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.
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 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. The Company's Management informed us that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any products of the company.
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,

- (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, 2009.
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. In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantee for loan taken by others from bank are not prima-facie prejudicial to the interest of the company.
  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 utilised 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.

In terms of our report attached

Coimbatore - 01.

**For M/s.JDS Associates**

26.11.2009

Chartered  
Accountants  
**(Sd/-) B.Jayaram**  
Partner

PARTICULARS	Schedule No.	AS AT	AS AT
		31/03/2009 Rs.	31/03/2008 Rs.
<b>I. SOURCES OF FUNDS</b>			
1. Shares Holders' Funds			
a. Share Capital	01	102837370	63758080
b. Equity Share entitlement Warrant		—	13917162
c. Reserves and Surplus	02	530077838	356364075
2. Loan Funds			
a. Secured Loans	03	412628929	235553367
b. Unsecured Loans	04	7945352	37111457
3. Deferred Tax Liability		9259510	7595887
<b>TOTAL</b>		<b>1062748999</b>	<b>714300028</b>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets			
a. Gross Block	05	690904217	459115685
Less : Depreciation		247572580	198300604
b. Net Block		<b>443331637</b>	<b>260815081</b>
c. Capital Work in Progress		47598079	4048362
		<b>490929716</b>	<b>264863443</b>
2. Investments	06	<b>48378683</b>	<b>57546183</b>
3. Current Assets, Loans & Advances			
a. Inventories	07	252009874	143867873
b. Sundry Debtors	08	267931347	194972199
c. Cash & Bank Balance	09	81803258	52929075
d. Other Current Assets	10	4152370	4158833
e. Loans & Advances	11	138703212	101234843
		<b>744600061</b>	<b>497162823</b>
Less : Current Liabilities & Provisions	12	221159461	105272421
		<b>523440600</b>	<b>391890402</b>
4. Miscellaneous Expenditure (To the extent not written off or adjusted)		—	—
<b>TOTAL</b>		<b>1062748999</b>	<b>714300028</b>

(Sd/-) P.S. Santhanakrishnan  
Chairman  
(Sd/-) S. Baskarasubramanian  
Director (Corporate Affairs) & Company Secretary  
Coimbatore - 47  
26.11.2009

(Sd/-) R. Doraiswamy  
Managing Director

In terms of our report Attached,  
For M/s. JDS Associates  
Chartered Accountants  
(Sd/-) B. Jayaram  
Partner

PARTICULARS	Schedule No.	YEAR ENDED 31/03/2009 Rs.	YEAR ENDED 31/03/2008 Rs.
<b>I INCOME</b>			
Sales		1174923181	721504383
Other Operating Income	13A	26834370	9898505
Other Income	13B	5849660	2733807
<b>TOTAL:</b>		<b>1207607211</b>	<b>734136695</b>
<b>II EXPENDITURE</b>			
Raw Materials, Components, Work in Process & Finished Goods	14	767816237	398946718
Salaries,Wages,Stores Consumables and Other Expenses	15	268997405	219333461
Finance Cost	16	62965205	28514493
Depreciation		46626662	30497002
<b>TOTAL:</b>		<b>1146405509</b>	<b>677291674</b>
<b>III PROFIT BEFORE TAX</b>		<b>61201702</b>	<b>56845021</b>
<b>IV PROVISION FOR TAXATION</b>			
Current Tax		12552000	10000000
Deferred Tax		-5595861	-1099865
FBT.		779356	753331
<b>V PROFIT AFTER TAXATION</b>		<b>53466207</b>	<b>47191555</b>
Profit brought forward from previous year		98789083	66098850
Available for Appropriation		<b>152255290</b>	<b>113290405</b>
<b>VI APPROPRIATIONS</b>			
General Reserve		1000000	1000000
Proposed Dividend @ 16%		16453979	11476454
Tax on Proposed Dividend		2796354	1950423
BALANCE CARRIED TO BALANCE SHEET		<b>132004957</b>	<b>98863528</b>
<b>TOTAL:</b>		<b>152255290</b>	<b>113290405</b>
<b>VII. EARNING PER SHARE (BASIC &amp; DILUTED)</b>		<b>5.20</b>	<b>7.40</b>

In terms of our report Attached,

(Sd/-) P.S. Santhanakrishnan  
Chairman

(Sd/-) R. Doraiswamy  
Managing Director

For M/s. JDS Associates  
Chartered Accountants

(Sd/-) S. Baskarasubramanian  
Director (Corporate Affairs) & Company Secretary

(Sd/-) B. Jayaram  
Partner

Coimbatore - 47  
26.11.2009

PARTICULARS	As At 31/03/2009 Rs.	As At 31/03/2008 Rs.
<b>SCHEDULE : 01 - SHARE CAPITAL</b>		
<b>Authorized Capital</b>		
1,50,00,000 Equity Shares of Rs.10/- each	150000000	100000000
<b>Issued, Subscribed and Paid-Up Capital</b>		
(a). 1,02,83,737 Equity Shares of Rs.10/- each fully paid up (Inclusive of 3658737 Equity Shares of Rs.10/- each issued to Shareholders of erstwhile Salzer Cables Ltd. In pursuance of the Scheme of Merger as sanctioned by Highcourt of Chennai)	102837370	63758080
	<b>102837370</b>	<b>63758080</b>
(b). 2,49,192 Share warrants issued at an issue at the of Rs.97/- per warrant to be convertible into Equity Shares of Rs.10/- each at a later date within 18 months.	—	13917162
	—	<b>13917162</b>
<b>SCHEDULE : 02 - RESERVES &amp; SURPLUS</b>		
Share Premium	252918270	231238566
General Reserve	145154611	26261981
Profit & Loss A/c.	132004957	98863528
	<b>530077838</b>	<b>356364075</b>
<b>SCHEDULE : 03 - SECURED LOANS</b>		
<b>Banks :-</b>		
<b>Term Loan</b>		
Canara Bank	39802282	24811012
Bank of India	30871210	21940162
ICICI Bank	143679	933362
Larsen & Toubro Finance Ltd	49554828	—
<b>Working Capital Loan :-</b>		
Canara Bank (Open Cash Credit)	54971267	70064853
Bank of India (Open Cash Credit)	102222209	110289408
Bank of India (Packing Credit)	—	2490000
Union Bank of India (Open Cash Credit)	130162876	—
<b>Others :-</b>		
LIC Loan against Keyman Policy	4900578	5024570
	<b>412628929</b>	<b>235553367</b>
<b>SCHEDULE:04-UNSECURED LOANS</b>		
Unsecured Loan - Directors and Others	7945352	37111457
	<b>7945352</b>	<b>37111457</b>

**SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 20**

**SCHEDULE : 05 FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost Upto 01.04.08 Rs.	Additions Rs.	Sale Rs.	Cost Up To 31.03.09 Rs.	Up To 31.03.08 Rs.	With Drawn Rs.	For the Year Rs.	Up To 31.03.09 Rs.	As At 31.03.09 Rs.	As 31.03. Rs. F
LAND & DEVELOPMENT	10445417	-	-	10445417	-	-	-	-	10445417	81904
BUILDINGS	84820415	6898035	-	91718450	10913461	-	2998927	13912388	77806062	419450
PLANT & MACHINERY	442822057	52073530	520000	494375587	146127677	142025	37864194	183849846	310525741	1651170
WIND MILL	59523172	-	-	59523172	33010841	-	3687865	36698706	22824466	265120
FURNITURE & FITTINGS	23283514	2564175	-	25847689	7414048	-	1477654	8891702	16955987	139800
VEHICLES	8714854	279048	-	8993902	3621916	-	598022	4219938	4773964	50690
<b>Total</b>	<b>629609429</b>	<b>61814788</b>	<b>520000</b>	<b>690904217</b>	<b>201087943</b>	<b>142025</b>	<b>46626662</b>	<b>247572580</b>	<b>443331637</b>	<b>2608150</b>
Previous Year	382296927	77607326	788568	459115685	168550681	747079	30497002	198300604	260815081	213746

PARTICULARS	As At 31/03/2009 Rs.	As At 31/03/2008 Rs.
<b>SCHEDULE : 06 - INVESTMENT AT COST</b>		
<b>Unquoted</b>		
M/s.Salzer Cables Ltd. - 10,00,000, Equity Shares of Rs. 10/- each	—	10000000
M/s.Salzer Spinners Ltd - 18,65,500 Equity Shares of Rs.10/- each.( at realisable Value)	5596500	5596500
<b>Foreign Company(Joint Venture)</b>		
Foreign Company (Joint Venture) 40% Interest in M/s. Salzer Global Services LLC., NewHampshire 10,00,000 US Dollars. (Present Market Value as per Prevailing Foreign Exchange Rate as at 31.03.2009 Rs. 5,06,40,000)	41846183	41846183
M/s.Salzer Technologies Ltd - 83,250 Equity Shares of Rs. 10/- each	832500	—
<b>Quoted</b>		
Bank of India - 2300 Share of Rs.10/- each at a Premium of Rs.35 Per Share. (Market Value As At 31.03.2009 (Closing) Rs.219.90/-Per Share Aggregate Market Value Rs.5,05,770/-)	103500	103500
	<b>48378683</b>	<b>57546183</b>
Aggregate Book Value of Quoted Investments (At Cost)	103500	103500
Aggregate Market Value of Quoted Investments	505770	581670
Aggregate Book Value of Unquoted Investments	48275183	57442683
<b>SCHEDULE : 07 - INVENTORIES</b>		
Raw materials	34889409	16264924
Components	45947954	63900845
Packing Materials	2602663	2282780
Work-in-process	97860121	40190657
Finished goods	70709727	21228667
	<b>252009874</b>	<b>143867873</b>
<b>SCHEDULE : 08 - SUNDRY DEBTORS</b>		
Unsecured - (Considered good)		
i. Outstanding more than 6 months	2393008	2509138
ii. Other Debtors	265538339	192463061
	<b>267931347</b>	<b>194972199</b>
<b>SCHEDULE : 09 - CASH &amp; BANK BALANCES</b>		
Cash on Hand	355327	241425
<b>Cash with scheduled Banks</b>		
a. In Current Account	10854252	12428739
b. In Deposit Account	70593679	40258911
	<b>81803258</b>	<b>52929075</b>



PARTICULARS	As At 31/03/2009 Rs.	As At 31/03/2008 Rs.
<b>SCHEDULE : 10 - OTHER CURRENT ASSETS</b>		
UNSECURED - (Considered good)		
Prepays	982630	717145
Receivables	3169740	3441688
	<b>4152370</b>	<b>4158833</b>
<b>SCHEDULE : 11 LOANS &amp; ADVANCES</b>		
UNSECURED - (Considered good)		
Advances recoverable in Cash or in Kind or Value to be received	131205696	97213405
Deposits	7497516	4021438
	<b>138703212</b>	<b>101234843</b>
<b>SCHEDULE : 12 - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
<b>Sundry Creditors :</b>		
a. Due to Micro, Medium and Small Enterprises.	3536939	—
b. Total Outstanding to Creditor other than Micro, Medium and Small Enterprises.	172160917	69317793
c. Advance from Customers	63433	14585
d. Interest Accrued but not due on Secured Loans	171515	171515
e. Unclaimed Dividend	1534811	1221634
<b>Provisions :</b>		
Provision for Gratuity	11110157	10366686
Provision for Taxation	12552000	10000000
Provision for FBT.	779356	753331
Provision for Dividend	16453979	11476454
Provision for Corporate Tax on Dividend	2796354	1950423
	<b>221159461</b>	<b>105272421</b>

31st MARCH, 2009

PARTICULARS	Year ended 31/03/2009 Rs.	Year ended 31/03/2008 Rs.
<b>SCHEDULE : 13A - OTHER OPERATING INCOME</b>		
Conversion Charges Received	378885	207803
Income by Power Generation	5625641	6381966
Income by Energy saver	2797686	1723107
Income by Street Light Maintenance	9143742	—
Sale of DEPB Licence	2304141	1585629
Gain on Export Sales Realisation	6584275	—
	<b>26834370</b>	<b>9898505</b>
<b>SCHEDULE : 13B - OTHER INCOME</b>		
Interest Received (Tax Deducted Rs.10.27 Lacs, Previous Year Rs.3.42 Lacs)	4653053	2104363
Profit on Sale of Investment	1000000	—
Dividend Income	73674	485815
Miscellaneous Income	122933	143629
	<b>5849660</b>	<b>2733807</b>
<b>SCHEDULE : 14 MATERIAL CONSUMPTION.</b>		
<b>OPENING BALANCE</b>		
Raw Materials	36202693	12824024
Components	63900845	41176450
Packing Materials	2472780	1957037
Work in progress	48500254	38821115
Finished Goods	35650356	9774101
	<b>186726928</b>	<b>104552727</b>
<b>ADD :- PURCHASE</b>		
Raw Materials	670575505	203441463
Components	139627795	217531163
Packing Materials	22895882	17289238
	<b>833099182</b>	<b>438261864</b>
<b>PURCHASES TOTAL (B)</b>	<b>833099182</b>	<b>438261864</b>
<b>TOTAL (C) = (A)+(B)</b>	<b>1019826110</b>	<b>542814591</b>
<b>LESS :- CLOSING BALANCE</b>		
Raw Materials	34889409	16264924
Components	45947954	63900845
Packing Materials	2602663	2282780
Work in Progress	97860121	40190657
Finished Goods	70709727	21228667
	<b>252009874</b>	<b>143867873</b>
<b>CLOSING STOCK TOTAL (D)</b>	<b>252009874</b>	<b>143867873</b>
<b>CONSUMPTION TOTAL (E) = (C)-(D)</b>	<b>767816237</b>	<b>398946718</b>

**31st MARCH, 2009**

PARTICULARS	Year ended 31/03/2009 Rs.	Year ended 31/03/2008 Rs.
<b>SCHEDULE:15-SALARIES,WAGES AND OTHER EXPENSES</b>		
Stores & Tools Consumables	5742808	4778907
Conversion Charges	33226654	40054142
Power & Fuel	21918799	11630046
Freight, Cartage & Coolie	17266798	12933383
Wages & Salary	51613710	42271383
Staff & Labour welfare expenses	8106156	8069763
Provision for Gratuity	789817	2197000
Repairs & Maintenance	9473075	7919355
Energy Saver Expenses	1470989	1038592
Street Light Maintenance Expenses	8777992	—
Subscriptions & Periodicals	506104	366703
Donation	26500	241000
General Expenses	3520771	3054020
Postage, Telephone & Telegrams	1802164	1498817
Auditor Fee & Expenses	175048	168874
Insurance	1228829	768067
Advertisement Expenses	402769	1056554
Research & Development Expenses	15569972	16057084
Sales Promotional Expenses	21268241	18089714
Travelling Expenses	7586561	6899282
Director Sitting Fees	50000	40000
Printing & Stationery	1443625	1243535
Consultation Fees	4114565	3116381
ISO 9000 Expenses	377992	55212
Rates & Taxes	50742005	32778581
Loss on Export Realisation	—	705149
Bad Debts	25029	583878
Royalty	867672	1718039
Amortisation of Preliminary Expenses	902760	—
	<b>268997405</b>	<b>219333461</b>
<b>SCHEDULE : 16-FINANCE COST</b>		
Interest on Term Loan	13470930	6565647
Interest on Working Capital	37503452	19852280
Bank Charges	11990823	2096566
	<b>62965205</b>	<b>28514493</b>

NOTES TO THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31 MARCH, 2008.

**I. SALES BY CLASS OF GOODS**

	Nos. (2008 - 2009)	Rs.	Nos. (2007 - 2008)	Rs.
Cam Operated Rotary Switches	1919375	300193220	1915332	298767077
Accessories for Cam Operated Rotary Switches	19255	776908	37243	3336857
Conduit Tubing (Mtrs)	2227888	139975905	1925818	132243074
Load Break Switches	255255	69712287	289362	73229526
Connectors	5817937	28235052	6775519	26069969
Toroidal Transformer	32130	95555236	71787	116211588
Relay	157681	14663067	166076	15393001
Accessories for Relays	1070	21444	840	19735
PVC Compound Kgs	7700	357205	-	-
Moulds and Dies	9	2354570	1	369475
Modular Switches	429336	14383378	423135	15278068
Accessories for Modular Switches	718261	35936377	641370	31741084
Automatic Electrical Load Monitoring System	5	217501	5	672613
Insulated copper Wires (coils)	454772	468290508		
Scrap Kgs	151160	4250523	182845	8172316
Total		<b>1174923181</b>		<b>721504383</b>

**II. RAW MATERIAL CONSUMED**

	Qty in M.T.	Value Rs.	Qty in M.T.	Value Rs.
<b>Basic Raw Materials :</b>				
Brass and Copper Strips, M.S. Bits & Strips	1286.47	490263424	322.76	75967891
Nylon	269.18	42432366	307.87	46860396
Moulding Powder	11.94	1140630	11.10	1217475
PVC Resin, TBLS, DBLS, CaCo3	2105.41	138052369	1289.92	75954801
Components (Individual value not exceeding 10% of Total Value)	-	157580686	-	194806768

**III. CONSUMPTION OF RAW MATERIALS, COMPONENTS, PACKING MATERIALS, STORES AND SPARES**

	% of Total consumption	Value Rs.	% of Total consumption	Value Rs.
a. Raw Materials and components				
Imported	7.21	59813758	20.22	79811988
Indigenous	92.79	769655717	79.78	314995343
b. Packing materials				
Imported	--	--	--	--
Indigenous	100	22765999	100	16963495
c. Stores and Spares				
Imported	--	--	--	--
Indigenous	100	5742808	100	4778907

**a. Installed Capacity****Qty. in Nos.**

Cam Operated Rotary Switches	30,00,000
Terminal Connectors	86,00,000
On Load Isolators	1,00,000
Conduit Tubing (Mtrs)	30,00,000
Selector Switches	2,00,000
Load Break Switches	3,00,000
Switch fuse unit	36,000
Proximity Switches	1,00,000
Toroidal Transformers	50,000
Insulated copper Wires (coils)	12,00,000
Switches Modular / plate	15,00,000

**b. Actual Production Class of goods:(Nos./Mtrs)**

Cam Operated Rotary Switches	1940016
Accessories for Cam Operated Rotary Switches	19241
Conduit Tubing (Mtrs)	2243953
Load Break Switches	247030
Connectors	6074841
Toroidal Transformers	32141
PVC Compound (Kgs)	8085
Moulds & Dies	9
Relays	157681
Accessories for Relays	1070
switches Modular/plate	373712
Accessories for switches Modular/plate	591553
Automatic Electrical Load Monitoring System	5
Insulated copper Wires (coils)	463238
Scrap sales (Kgs)	184885

**V. OPENING AND CLOSING STOCK OF FINISHED GOODS:**

<b>I. OPENING STOCK</b>	<b>2008 - 2009</b>		<b>2007 - 2008</b>	
	<b>Qty. Nos.</b>	<b>Value Rs.</b>	<b>Qty. Nos.</b>	<b>Value Rs.</b>
CAM Operated Rotary Switches	35	4900	17623	1587075
Accessories for CAM Operated Rotary Switches	85	3342	--	--
Conduit Tubing	29098	1797965	1245	53535
Load Break Switches	14953	3989311	5845	964425
Connectors	485102	1775473	626960	1379852
Toroidal Transformers	767	4952475	993	2166726
Relays	--	--	--	--
PVC Compound	--	--	--	--
Switches Modular / Plates	147144	3678600	--	--
Accessories for Modular Switches	126743	722435	752207	2481260
Insulated copper Wires (Coils)	10005	14382729	--	--
Scraps (Kgs)	46281	4343126	51874	1141228
<b>II. CLOSING STOCK</b>				
CAM Operated Rotary Switches	20676	4206872	35	4900
Accessories for CAM Operated Rotary Switches	71	6532	85	3343
Conduit Tubing	45163	1937541	29098	1797965
Load Break Switches	6728	1079240	14953	3989311
Connectors	742006	2178866	485102	1775473
Toroidal Transformers	778	1104760	767	4952475
PVC Compound	385	15785	--	--
Switches Modular / Plates	91520	3973884	147144	3678600
Accessories for Modular Switches	35	439	126743	722435
Insulated copper Wires (Coils)	18471	53526480	--	--
Scraps (Kgs)	80006	2679328	45307	4304165

## 1. Significant accounting policies :

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

The financial statements are prepared under the historical cost conception, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956, by applying accounting standards issued by the Institute of Chartered Accountants of India, to the extent applicable.

### (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 effect 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 :

Fixed assets are stated at historical cost less accumulated depreciation. Costs include inward freight, duties, taxes and expenses incidental to acquisition and installation of fixed assets.

Fixed Assets are reviewed for impairment on each Balance Sheet date, in accordance with AS 28 "Impairment of Assets".

### (d) Depreciation:

Depreciation on fixed assets other than Wind Mills and Energy Savers are 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. Depreciation on Energy Saver is provided on Straight line method over the period of lease. In respect of additions made during the year, depreciation is charged on pro-rata basis from the month of addition.

### (e) Investments:

Long term investments are valued at cost less diminution in value, if any, short term investments are valued at cost net realisable value whichever is less. Provisions for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the managements.

### (f) Inventories:

(i). Raw materials including consumables and stores & spares are valued at cost including duty on purchase and other costs incurred in bringing the inventories to the present location and condition. 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 attributable to the goods lying in bonded area (or) net realizable value whichever is less.

### (g) Excise Duty:

Liability for Excise Duty on finished goods stored at Company premises, is accounted as and when they are cleared from the factory premises. No provision is made in the accounts for goods manufactured and lying in Bonded warehouses in the factory premises. Such non-provision on Excise duty on finished goods will have no impact on the profits of the company.

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. The capital expenditure on R&D incurred during the year by the company was Rs.156.78 lakhs and shown as additions to fixed assets of the Company.

(i) Foreign Currency Transactions:

- a) Transactions in foreign currencies are recorded at the original rate of exchange in force at the time of occurrence of transaction.
- b) Exchange difference arising on foreign exchange transactions settled during the year (except those arising on borrowings for the acquisition of fixed assets) are recognised as income or expense in the profit and loss account.
- c) The amount outstanding payable and receivable in foreign currency as on 31.03.2009 is NIL and Rs.309.59 lakhs respectively.

(j) Taxation:

Provision for taxation has been made on profits in accordance with the income tax laws prevailing for the relevant assessment years. 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.

Deferred Tax liability as at 31.03.2009

Timing difference on a/c of:

Depreciation	- Rs.39.31 lakhs
Research & Development	- Rs.53.29 lakhs
Deferred Tax Liability	- Rs.92.60 lakhs

(k) Revenue Recognition:

- i. Revenue in respect of sale of products is recognised at the point of despatch to customers.
- ii. Sales include all duties and taxes collected and the company has been consistently following the inclusive method for all these years.
- iii. Revenue in respect of investments is recognised as and when these incomes are ascertained and quantified.
- iv. Lease transaction in respect of energy saver is treated as operating lease in accordance with AS 19 issued by ICAI and accounting treatment and disclosures are given / made as prescribed therein.

(l) Employees Benefits:

1. Defined contribution plans:

The company makes contribution towards employees' provident fund and employees' state insurance plan scheme. The company during the year recognized Rs.39.89 lakhs (previous year Rs.42.21 lakhs) as expense towards contribution to these plans.

2. Defined benefit plan (gratuity):

The scheme is non-contributing defined benefit plan for qualifying employees. The company has made provision for gratuity on actuarial value, computed by LIC of India. The scheme is funded

for gratuity of Rs.7.05 lakhs for the year.

### 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) 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.

#### (n) Provisions, contingent liabilities and contingent assets

As per the Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations as and when a reliable estimate of the amount of the obligations can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligations at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation would not result in or involve an outflow of the resources. Contingent Assets are neither recognized not disclosed in the Financial Statements.

#### (o) Segment Reporting :

Based on the guiding principles given in Accounting Standards on "Segment Reporting (AS-17) issued by the ICAI, the company's primary business segment is switches & switchgears. 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.

## 2. Notes on Accounts

#### (a) Directors Remuneration :

	R.Doraiswamy Managing Director	D.Rajeshkumar Joint Managing Director	P.Ramachandran Whole Time Director
1 Salary	13,03,453	13,03,756	1,02,000
2 Bonus	10,000	10,000	10,000
3 Commission	0	0	0
4 Employer Share of PF	9,360	9,360	7,344
5 Employer share of Pension Fund	0	15,000	0
<b>Total</b>	<b>13,22,813</b>	<b>13,38,116</b>	<b>1,19,344</b>
<b>Grand Total</b>			<b>27,80,273</b>



Act, 1956.

(Rs.in Lakhs)

Net Profit as per Profit and Loss Account	:	534.66
Add : Directors Remuneration	:	<u>27.80</u>
		562.46
Less : Capital Profit	:	<u>10.00</u>
		<b><u>552.46</u></b>

Maximum remuneration payable is 10% of the above profit of Rs.552.46 =Rs.55.25 Lacs

(b) Joint Venture company :

**Salzer Global Services LLC**, a foreign company, in which the Salzer has 40% of the holding as its investment, has not declared any dividend for the year ended 31.12.2008. SGS is holding 100% control over Global Technical Talent Inc and STT had made a turnover of US\$ 21.00 millions (INR 1063.41 million) with a net profit of US\$0.12 million (INR 5.94 million) No adjustments are required in the accounts as per AS 27 of Institute of Chartered Accountants of India.

(c) Related party disclosure :

**A list of related parties and relationships.**

<b>Party Name</b>	<b>Relationship</b>
Micro Instruments Ltd	Director's Interested Company
Salzer Exports Ltd	Director's Interested Company
Salzer Spinners Ltd	Director's Interested Company
Plitron Mfg. Inc	Director's Interested Firm (Collaborator)
R.Doraiswamy	Managing Director
D.Rajeshkumar	Joint Managing Director
P.Ramachandran	Whole Time Director

**Transactions with related parties:**

**1. Summary of transactions**

i. Sales	- Rs. 220.34 lakhs
ii. Purchases	- Rs. 4.07 lakhs
iii. Royalty paid	- Rs. 8.68 lakhs
iv. Remuneration Paid	- Rs. 27.80 lakhs
v. Dividend Paid	- Rs. 0.83 lakhs
vi. Labour charges paid	- Rs. 2.53 lakhs
vii. Sale of power	- Rs. 36.03 lakhs

Party Name	Nature of Transaction	Value of Transaction (in Rs.)	
Micro Instruments Ltd	Sale of Materials	8224160	-
	Material Purchased	-	350573
	Labour Charges	-	253236
Salzer Exports Ltd	Sale of Materials	3626765	-
	Material Purchased	-	-
Salzer Spinners Ltd	Sale of Power & Others	3603332	-
Plitron Mfg.Inc	Sale of Materials	10183007	-
	Material Purchased	-	56516
	Royalty	-	867672
	Dividend	-	83137
R.Doraiswamy	Remuneration	-	1313453
D.Rajeshkumar	Remuneration	-	1303756
P.Ramachandran	Remuneration	-	112000

(d) During the year, the following Amalgamations were effected by the Group:

Amalgamation of Salzer Cables Ltd with Salzer Electronics Ltd :

A Scheme of Amalgamation (Schem) of SCL with the Company was sanctioned by the Hon'ble High Court of Judicature at Madras vide its order dated 04.11.2009. The amalgamation is an amalgamation in the nature of pooling of interest method as defined by Accounting Standard (AS)-14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Entries have been passed in the books of account to give effect to the scheme, as follows:

- (i) With effect from the Appointed date i.e., 1<sup>st</sup> April, 2008, all the assets and liabilities of SCL are transferred to and recorded in the books of the Company at their fair values, aggregating to Rs.15.45 crores.
- (ii) 36,58,737 equity shares of Rs.10/- each at par are allotted to the equity share holders of SCL in the ratio of 9 equity shares of the Company for every 38 equity shares of SCL.
- (iii) The difference of Rs.11.79 crores between (i) the net assets as stated in paragraph (a) above, and (ii) the values of equity shares, as stated in paragraphs (b) above respectively is credited to Amalgamation Reserve Account.

Reserve Account. Had the Scheme not prescribed the above treatment, the amount would have been treated as Capital Reserve as prescribed by AS-14.

- (v) Accordingly, the brought forward balance of the Amalgamation Reserve of the Company has also been transferred to Reserve Account.
- (vi) Inter company balances are cancelled.
- (e) Previous year's figures have been regrouped, wherever necessary, to conform with current year's presentation. Current year's figures include the figures of SCL (see Note 4 above) and hence not comparable with that of the previous year.
- (f) Figures have been rounded off to the nearest rupee.
- (g) There is no amount due from the Directors.
- (h) Contingent Liabilities not provided for in the accounts :
- |    |  |   |                 |
|----|--|---|-----------------|
| 1. | Towards Import obligation under EPCG Scheme<br>Bank guarantees (expiring in 2013-14) | ] | Rs.6.14 lakhs   |
| 2. | Letter of credit (foreign and inland) for Import<br>And purchase of raw materials    | ] | Rs.202.47 lakhs |
| 3. | Obligation towards Bank Guarantee  | ] | Rs.35.88 lakhs  |
- (i) Estimated amount of the contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. NIL (Previous Year – Rs. NIL)
- (j) As on 31<sup>st</sup> March 2009, there are no amounts due to be deposited with the Investor Education and Protection Fund, in respect of unclaimed matured fixed deposits and unclaimed dividends.
- (k) Open Cash Credit facility from Canara Bank has been secured on hypothecation of Raw materials, Stock-in-process and Finished goods and first charge on Land & Building and Plant & Machinery. (Unit-I)
- (l) Term Loan from Canara Bank, IF Branch, Coimbatore includes funding of Wind Mill-IV, funding of Energy Saver Project. Loan is secured by assets purchased on the loans and extension of equitable mortgage of land and building of the company.
- (m) Term Loan from Bank of India, Saibaba Colony branch is for funding Windmill-III and purchase of Plant & Machineries. Loans are secured by the assets purchased under the loan and extension of equitable mortgage of land and building of the company.
- (n) Term loan from ICICI is against hypothecation of company's car and secured by the car.
- (o) Term loan for L & T Finance Ltd is secured by first charge on Plant & Machineries of Unit IV.

Plant & machinery of the Company and hypothecation of Stocks and Debtors and extension of Hypothecation of Wind Mill-III. (Unit-II)

- (q) Working capital facilities for Union Bank of India is secured by first charge on inventories including imported stocks of Unit-IV and second charge on machineries of Unit – IV.
- (r) All the Term loans and working capital loans are guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.
- (s) There is no overdue interest or principal amount as on 31st March 2009 in respect of Term loan and working Capital loan.
- (t) Interest on LIC loan accrued but not due is Rs.1.72 lakhs.
- (u) Managing Director's remuneration Rs.1,20,000/- per month, Joint Managing Director's remuneration Rs.1,20,000/- per month and the Whole Time Director's remuneration is Rs.8,500/- per month, excluding Bonus, Commission and PF Contribution.
- (v) Sales are shown inclusive of duty and taxes collected. Sales include direct export of Rs.862.31 lakhs, Indirect export of Rs.810.91 lakhs, sale is inclusive of Excise duty of Rs.1076.34 lakhs and Sales Tax of Rs.406.39 lakhs and packing material receipts of Rs.5.23 lakhs.

(w) <u>Earning per share:</u>	<b>2009</b>	<b>2008</b>
1. Net profit after tax for the year	- Rs.534.66	Rs.471.91
2. Weighted average number of equity shares	- 10283737	6375808
3. Earning per share (Nominal value per share Rs.10/- each)	- 5.20	7.40

- (x) The sundry creditors include Rs.35.37 lakhs due to Micro and Small enterprises covered under "The Micro, Small and Medium Enterprises Act, 2006" to the extent such parties have been identified from the available information. The company has not received any claim for interest from any party covered under the said Act.

- (y) The composition of Audit fees are as under:

Audit fees	(2008 - 2009)	94991
Tax Audit fees	(2008 - 2009)	33708
Certification and others	(2008 - 2009)	31721
Expenses reimbursement	(2008 - 2009)	14628

175048

- (2) Salary & wages include remuneration of Rs.27,00,275/- paid to whole time Directors - Managing Director, Joint Managing Director and Whole time Director, as stated under note 2(a) on accounts. No person was paid a remuneration of Rs.2,00,000/- per month or Rs.24,00,000 per annum during the year.
- (ab) The income tax assessment has been completed upto the Financial Year 2007 - 2008 (Assessment year 2008 - 2009) and there is no disputed liability or arrears of tax to be paid. The Sales tax assessment has been completed upto the year 2007 - 2008 and there is no disputed liability or pending appeals.
- (ac) There is no amount due and outstanding to be credited to investor Education and Protection Fund.

In terms of our Report of attached  
**For M/s.JDS Associates**  
Chartered Accountants

**(Sd/-) B. JAYARAM**  
Partner

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

**(Sd/-) P.S.SANTHANAKRISHNAN**  
Chairman

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

Coimbatore - 01.  
26.11.2009

I. Registration Details :  
 Registration No. : L03210TZ1985PLC001535  
 State Code : 18  
 Balance Sheet Date : March 31, 2009

II. Capital raised during the year : (Rs.in '000)

Public Issue	: Nil	Rights Issue	: Nil
		(including share premium)	
Bonus Issue	: Nil	Private Placement	: Nil

III. Position of Mobilisation and Deployment of Funds (Rs. in '000s)

III. Position of Mobilisation and Deployment of Funds (Rs. in '000s)

Total Liabilities	1062749	Total Assets	1062749
Sources of Funds		Application of Funds	
Paid up Capital	102837	Net Fixed Assets	490930
Reserves & Surplus	530078	Investments	48379
Secured Loans	412629	Net Current Assets	523440
Unsecured Loans	7945	Misc. Expenditure	—
Deferred tax	9260	Accumulated Losses	—

IV. Performance of the Company (Rs. in '000s)

Total Income	:	12,07,607
Total Expenditure	:	11,46,406
Profit/(Loss) before Tax	:	61,201
Profit/(Loss) after Tax	:	53,466
Earnings per share (in Rs.)	:	5.20

V. Generic names of three principal products/service of the Company

Item Code No.(ITC Code)	Product Description
a. 853650.90	CAM Operated Rotary Switches
b. 853890.00	Terminal Connectors
c. 853650.90	On Load Isolators
d. 392690.99	Conduit Tubing
e. 850410.90	Toroidal Transformers
f. 853650.90	Switches Modular/Plates
g. 854411.90	Cable
h. 740811.90	Copper Scrap
i. 390421.90	PVC Compound Scrap

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

**(Sd/-) P.S.SANTHANAKRISHNAN**  
 Chairman

Coimbatore - 01.  
 26.11.2009

For and on behalf of the Board of Directors

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

**A. Cash flow from Operating Activities**

	Year ended 31.03.2009	Year ended 31.03.2008
		Rs. In lakhs
Profit before Tax	612.02	568.45
<i>Adjusted for:</i>		
Depreciation	466.27	304.97
Interest received	-46.53	-26.76
Interest & Finance Charges	629.65	+285.14
Lease Income	-0.24	-0.41
Windmill Income	-56.26	-63.82
Profit on sale of assets	0	-0.16
Miscellaneous Expenditure	9.03	0.00
Exchange Rate Differences	-65.84	+7.05
Bad Debts written off	0.25	+5.84
Profit on sale of investment	-10.00	0.00
Dividend Income	-0.74	0.00
<b>Operating Profit before Working Capital Changes</b>	<b>1537.61</b>	<b>1080.30</b>
<b>Adjusted for working capital changes</b>		
Inventories	-1081.42	-393.15
Debtors	-729.59	-564.95
Trade & Other receivables	-374.68	6.284
Trade Payables	1067.42	-144.17
Provisions	291.56	21.97
Other Current Assets	0.06	0
<b>Cash generated from Operations</b>	<b>710.96</b>	<b>6.28</b>
<i>Activities</i>		
Exchange Rate difference (on export sales)	65.84	-7.05
Direct Taxes Paid	-107.53	-79.19
<b>Net Cash flow from operating activities</b>	<b>669.27</b>	<b>-79.96</b>

**B. Cash flow from Investing Activities**

Purchase of Fixed Assets	-1394.22	-776.07
Sale of Fixed Assets	5.20	7.88
Investment in Securities	-8.32	-100.00
Sale of Investments	100.00	-285.32
Interest received	+46.53	0.00
Lease income	0.24	26.76
Bank Deposits (with drawl)	0.00	0.41
Capital Work in Progress	0.00	-7.61
Income from Electricity Generation	56.26	63.82
Dividend income	0.74	0.00
Other non-operating income	0	0
Profit on sale of assets /investments	+10.00	+0.16
Net Cash used in investing activities	-1183.57	-1069.97

Cash flow from financing activities

	Year ended 31.03.2009	Year ended 31.03.2008
	Rs. In lakhs	
Amalgamation Adjustment	388.91	0.00
Preferential Issue	+102.55	+1097.70
Long Term Borrowings	+1294.47	+98.08
Working Capital Loan	+1045.12	+462.26
Repayment of Bank Loans	-569.84	-140.18
Interest & Finance Charges	-629.65	-285.14
Unsecured Loans from Directors & Others	-291.66	-0.41
Dividend & Dividend Tax Paid	-134.27	-109.72
Net Cash generated Financing Activities	+1205.63	+1122.59
Net Decrease in Cash and Cash Equivalents	+691.33	-27.34
Cash & equivalent at the beginning of the year	+126.70	+154.04
Cash & equivalent at the end of the year	+818.03	+126.70

In terms of our report Attached,

**(Sd/-) P.S. Santhanakrishnan**  
Chairman

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

**For M/s. JDS Associates**  
Chartered Accountants

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

**(Sd/-) B. Jayaram**  
Partner

Coimbatore - 01  
26.11.2009



BLANK PAGE

Pondy Bazar, T.Nagar, Chennai - 600 017.

**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 (Saving Account, Current Account or Cash Credit) :

Please Tick relevant box

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.

Place : Coimbatore

Date :

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

Name : .....

Address : .....

Note :

1. Please send the Form to the address mentioned above.
2. ECS Mode of payment is valid only for payments upto Rs. 5,00,000/-
3. In case the scheme dose not meet 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.



BLANK PAGE

**SALZER ELECTRONICS LIMITED,**  
Samichettipalayam (PO), Jothipuram, Coimbatore - 641 047

**PROXY FORM**

Reg. Folio No. ....  
I/We .....  
of ..... being a  
Member / Members of **SALZER ELECTRONICS LIMITED** hereby appoint .....  
..... of ..... as my/our  
Proxy to vote for me/us on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company  
to be held on Wednesday, 30<sup>th</sup> December, 2009 at 11.30 AM, at Hotel Sree Annapoorna,  
R.S.Puram, Coimbatore - 641 002 or at any adjournment thereof.

Signed this ..... day of ..... 2008

Signature .....

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

Note : The Form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 Hours before the Meeting.

**SALZER ELECTRONICS LIMITED,**  
Samichettipalayam (PO), Jothipuram, Coimbatore - 641 047.

**Attendance Slip**

(24<sup>th</sup> Annual General Meeting - December 30 , 2009)

Reg. Folio No. ....  
D.P. ID\*.....  
Client ID\*.....

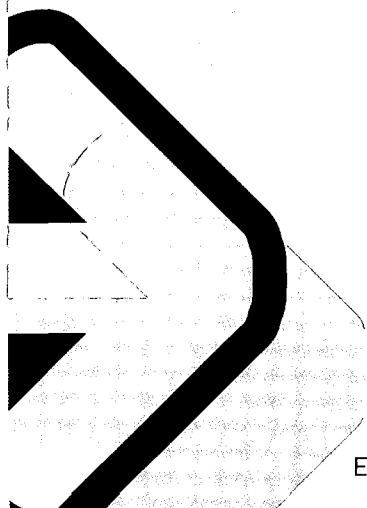
I certify that I am a registered Shareholder/Proxy for the Registered shareholder of the Company and I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company held at Hotel Sree Annapoorna, R.S.Puram, Coimbatore - 641 002, on Wednesday the 30<sup>th</sup> december, 2009 at 11.30.A.M.

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

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

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

BLANK PAGE



**salzer**

**SALZER ELECTRONICS LIMITED**

Samichettipalayam, Coimbatore - 641047, India.

Ph: +91 422 2692531 / 4233600,

Email: [salzer@salzergroup.com](mailto:salzer@salzergroup.com) Web: [www.salzergroup.com](http://www.salzergroup.com)