

27th annual report 2012



salzer

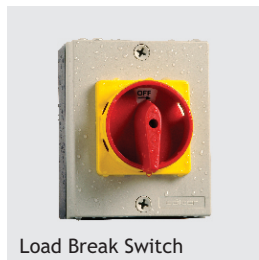
Product
RANGE



Industrial Products



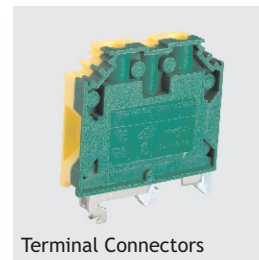
Rotary Switch



Load Break Switch



Wiring Ducts



Terminal Connectors



Relays



Contactors



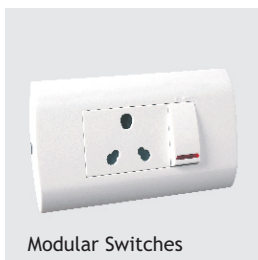
MPCB



Limit / Foot Switch



Domestic Products



Modular Switches



Speciality Products



Motor Starters



ACCL

SALZER ELECTRONICS LIMITED

Board of Directors	Mr. Santhanakrishnan P.S. - Chairman Mr. Doraiswamy R. - Managing Director Mr. Rajeshkumar D. - Joint Managing Director Mr. Ramachandran P. - Director (Marketing) Mr. Damodharaswamy R. Mr. Howard M Gladstone Mr. Jayabal N. Mr. Kantilal V Vakharia Mr. Narayanaswamy R. Mr. Nirmal Kumar M.Chandria Dr. Pushpangadan Mangari Mr. Sankaran V. Mr. Shah P.K. Mr. Swaminathan S.R Mr. Venkatapathy L. Mr. S.Baskarasubramanian		
Director (Corporate Affairs) & Company Secretary			
Bankers	M/s. CANARA BANK Gudalur Branch SRKV Post Coimbatore - 641 020. M/s. BANK OF INDIA Coimbatore Corporate Banking Branch, 8/732, Chamber Tower, Avinashi Road, Coimbatore - 641 018. M/s. UNION BANK OF INDIA Coimbatore Main Branch 235, Oppanakara Street Coimbatore - 641 001	M/s. CANARA BANK Industrial Finance Branch 16 & 18, East Arokiaswamy Road, R.S.Puram, Coimbatore - 641 002. M/s. CITI BANK Tri Star Towers Plot No.657, Avinashi Road, Coimbatore -641 018	
Auditors	M/s. JDS Associates Chartered Accountants, Jewel Complex, 324, Raja Street, Coimbatore - 641 001. FRN No.008735 S	M/s. Swamy & Ravi Chartered Accountants, R.No.6, 1st Floor, N S R Road, Saibaba Colony, Coimbatore - 641 011. FRN No.004317 S	
Registrars & Share Transfer Agent (Physical & Demat)	M/s.GNSA Infotech Limited Nelson Chambers, 'F' Block, 4th Floor, # 115, Nelson Manickam Road, Aminthakarai, Chennai - 600 029. Tel: 044-4296 2025 e-mail:sta@gnsaindia.com		
Listing Arrangements	The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Coimbatore Stock Exchange Ltd, 683-686, Trichy Road, Singanallur, Coimbatore - 641 005	
Registered Office	Samichettipalayam (PO), Jothipuram (Via), Coimbatore - 641 047. Tel: 0422-4233600 / 2692531 Fax:0422-2692170 E-mail : salzer@salzergroup.com		
			Web : www.salzergroup.net

Plant Locations	Unit-I	Unit-II	Unit-III	Unit- IV	UNA
	Samichettipalayam, Jothipuram via, Coimbatore-641047	Chinnamaddampalayam, Coimbatore - 641 019.	# 2, Gudalur Village Samichettipalayam, Jothipuram via, Coimbatore-641047	No.882/3, Coimbatore Main Road, Bettathapuram, Coimbatore-641104	Khasara No:2826, Una Nangal to Behdala Road, V.P.O Behdala, Tehsil & Dist-UNA, UNA (H.P) 174306.

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27th ANNUAL GENERAL MEETING

Day - Saturday

Date - 11th August 2012

Time - 11.30 am

Venue - Hotel Sree Annapoorna, R.S. Puram,
Coimbatore - 641 002

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Message from Managing Director's Desk

With the great pleasure, I am taking this privilege to share my thoughts with you all through this communicate on progress and outlook of your Company. At the outset, I record my sincere thanks for reposing great faith in us venturing into this business and your fullest co-operation and support always have enabled us to climb the growth ladder with strong footing. The Board Members of Salzer are never exhausted in their efforts to add value to your investment in the Company as we are committed to marching ahead in business and give better return on your investment. As the result of various strategic decisions taken during the last ten years, now Salzer has grown from mere Rs.10 crores turnover to around Rs.250 crores turnover, expanded product portfolio from 3 products to more than 15 products, profitability gone up from Rs.50 Lacs to Rs.8 Crores, earning per share grew 4 times to Rs.8 per share and net-worth went up from Rs.9 Crores to Rs.84 Crores today. This clearly indicates that your company has been growing steadily in all respects and its fundamentals and sustainability also getting improved and strengthened year on year. Today, Salzer is Market leader in India for Rotary Switches, PV Application Switches & PVC Wiring Ducts (channels) and its products are available in more than 35 Countries. It would be worthy to note that your Company has become one of the prominent Industrial players in Indian Electrical Products Segment. We have a solid foundation on which our aspirations for further growth is being built.

In general, the concluded financial year 2011-12 was not conducive in many ways. It was a mixed bag for the corporate performance. As you are aware, RBI's move, on frequent interest rate hike with an objective of arresting burgeoning inflation in the Country, has increased the cost of finance. Such move ultimately led to serious cascading effects on all aspects resulting in unprecedented increase in input cost. The increase in finance cost and input cost impacted the profitability though the Company performed better in terms of the sales turnover. Further, severe volatility in exchange rates, mounting oil prices, acute power crises and poor international business environment added fuel to the poor growth of the business. In these circumstances, the Indian Corporate in general found it very difficult to predict the growth path and many freezed expansion and diversification plan. Still, there seems to be a sense of pessimism around the Indian economy. There are concerns about further slowdown in investment, about inflation and oil prices and about corporate performance. Equity markets are exhibiting high volatility, which is further impacting business sentiments. In many ways, we are still reeling under the stress and strain of the financial meltdown of 2008 and 2009 with global economies continue to suffer from low growth and the resultant adverse impact on demand for most products and services.

Amidst various negative impacts during the financial year 2011-12, your Company could manage a modest growth of 24%

***"Recession and Rejuvenation are part of any business cycle
Recession for attaining sustainability and Rejuvenation for attaining growth"***

in its sales turnover on the back-up of strong marketing arrangement and improved off-take by our Marketing associates M/s. L & T Limited. More particularly, your Company posted better sales turnover in the last two quarters which led to this achievement. However, the profitability of the Company suffered severe stress and strain and posted negative growth of 9% in its net profit, as the volatility of input cost, more particularly Copper, Brass, Silver, PVC, etc., market limitation resulting in mismatch constraints of cost viz-a-vis pricing and the finance cost, eroded the profitability of the Company. In order to combat the situation, your Company has taken various measures to be cost effective and has taken various steps including Value Engineering, which will identify every cost component involved in every product and analyze its relevance and implication. This will help your Company to be competitive on its product cost so as to have the competitive edge in the market to improve its market share as well as profitability margin of the company.

Your Company has continuously been giving more thrust on the research and development activities to bring out more number of innovative products with compact design in order to cater the changing preferences of the customers and markets, which will help your company to improve its growth potentialities.

As a measure of fulfillment of long cherished wishes of the employees of Salzer, it has been contemplated with your approval to issue Stock Options to eligible employees to acquire the shares of the Company at a pre-determined price at a future date. I hope this measure would improve the morality and sense of belongingness on the part of the Employees and also your Company could retain the talents who are contributing to the growth of the Company. In this regard, I earnestly look forward for your support and co-operation to approve the resolutions placed before you at this General Meeting.

Going forward, the financial year 2012-13 will remain a challenging year for your Company in the backdrop of continuous economic and market conditions prevailing in the international arena. In this context, your company has to take various strategic efforts to keep growing under the prevailing conditions and I am quite confident of your continuous co-operation at this juncture enabling your company to tide over both internal and external forces and becoming a re-silent player as a leading Electrical solution provider.

I am grateful to the Board of Directors for their whole-hearted support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who stand with us for marching ahead and looking forward to your continuous support, as your company has to cross many milestones in its Journey.

With warm regards

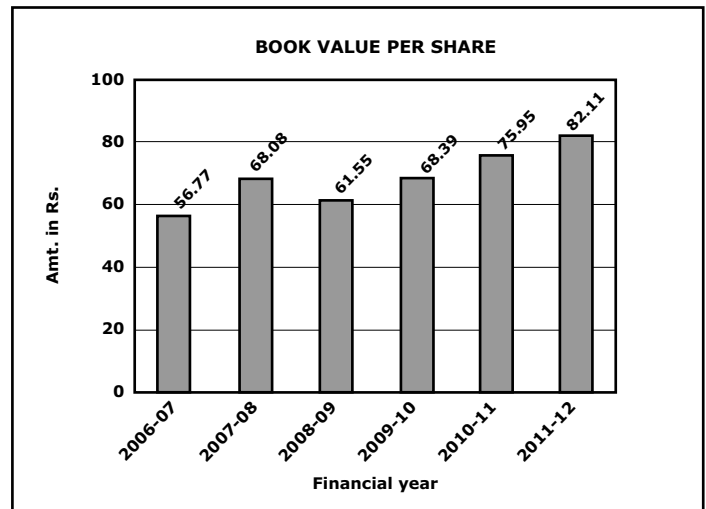
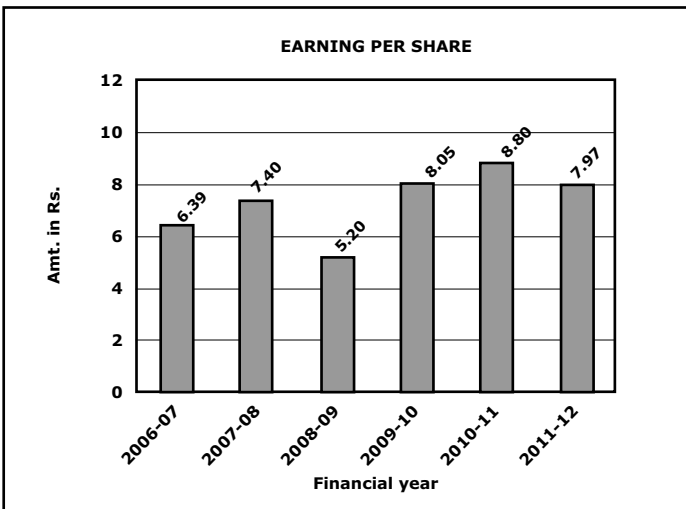
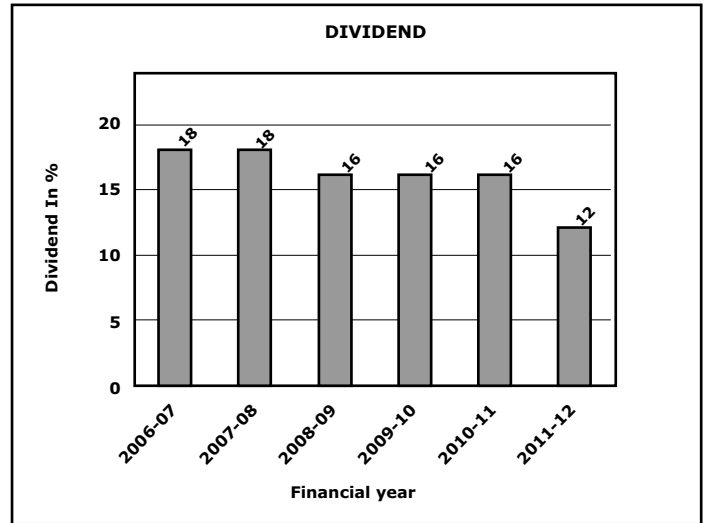
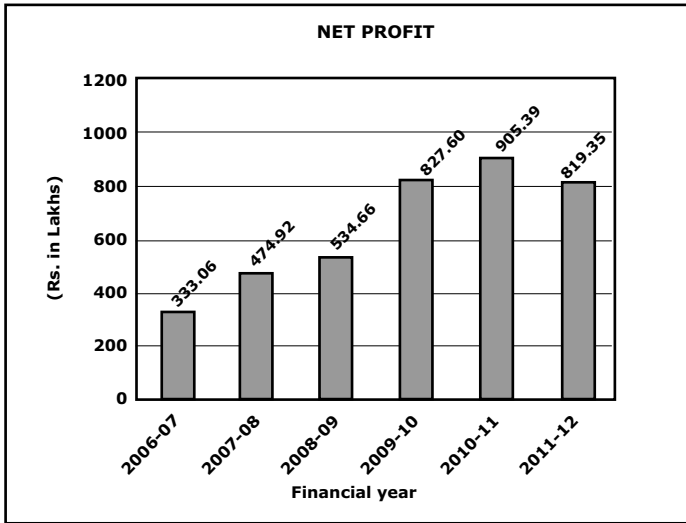
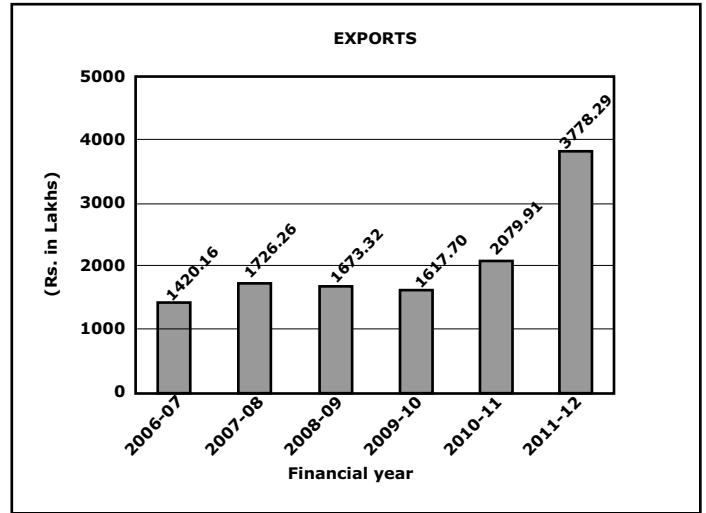
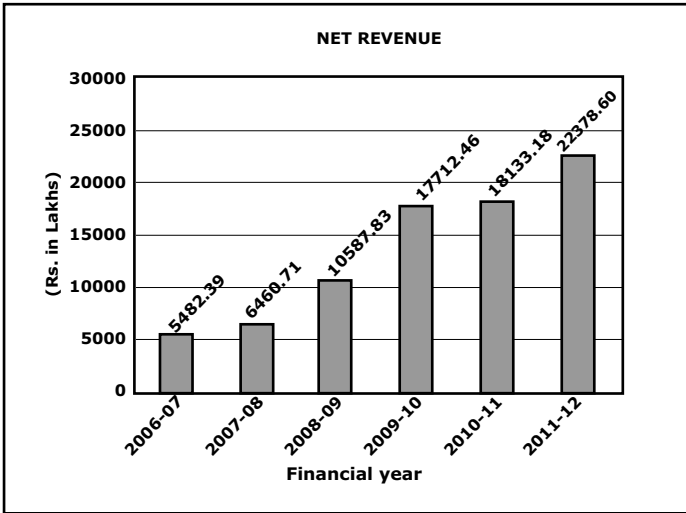


**R Doraiswamy
Managing Director**

FUNDAMENTALS OF SALZER

- ❖ Going concern since January, 1985 with 26 years of success.
- ❖ Quality and Systems certified company
 - ISO 9001 – 2008.
 - EMS Standards 14001.
 - OHSAS Management System 18001- One of the first few companies in compliance of RoHS Directives for European markets
 - IEC standard Certifying Body Testing Laboratory
- ❖ Having international quality standard certification - UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), Intertek Semko certification and CE (Conformite Europeane) for its product profile.
- ❖ Market Leader – 40% market for Rotary Switch.
- ❖ Highly competitive international markets have been well penetrated and having presence in more than 35 countries globally with 20% of export turnover and also another 20% as deemed exports.
- ❖ ASIA's largest producer of Rotary Switches & Cable Ducts (Wiring Channels).
- ❖ Manufacturer of Toroidal Transformers in Collaboration with M/s.Plitron Manufacturing Inc., Toronto, Canada.
- ❖ Nuclear Power Corporation's only approved supplier from India for Rotary Switches.
- ❖ Largest Supplier to Indian Railways.
- ❖ Having marketing Tie-up with India's largest Engineering and Infrastructure major - M/s.L&T Ltd, to cater the Indian market through their market network across the length and breadth of India with more than 300-400 Stockists / Dealers.
- ❖ Having self contained and fully equipped in-house Tool Room to meet the requirement of Dies and Tools both for the existing products and new products.
- ❖ Having full-fledged In-house R&D duly recognized by the Ministry of Science & Technology, Department of Scientific and Industrial Research, Govt. of India.
- ❖ Having Hi-tech Type-testing Laboratory, for testing of products upto 200 amperes, has been created in the factory.

GRAPHICAL PRESENTATION ON FINANCIAL PERFORMANCE



FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Net Revenue	22378.60	18133.18	17712.46	10587.83	6460.71	5482.39
Earnings before Interest, Depreciation and Taxation (EBIDTA)	2966.96	2648.44	2416.51	1707.93	1158.56	912.76
EBIDTA in %	13.26	14.61	13.64	16.13	17.93	16.65
Interest & Depreciation	1955.13	1580.05	1290.66	1095.92	590.11	465.30
Profit Before Tax (PBT)	1011.83	1068.39	1125.85	612.01	568.45	447.46
Provisions for Taxation	192.49	163.00	298.25	77.35	96.53	114.40
Profit After Taxation (PAT)	819.34	905.39	827.60	534.66	471.92	333.06
Profit After Tax (PAT) in %	3.66	4.99	4.67	5.04	7.30	6.07
Earning Per share (Rs.)	7.97	8.80	8.05	5.20	7.40	6.39
Equity Dividend %	12	16	16	16	18	18
Dividend Payout	143.42	164.54	164.54	164.54	144.76	93.78
Equity Share capital	1028.37	1028.37	1028.37	1028.37	637.58	521.00
Reserves and Surplus	7416.31	6782.14	6004.89	5300.78	3702.81	2436.93
Net worth	8444.68	7810.51	7033.26	6329.15	4340.39	2957.93
Return on Net worth %	9.70	11.59	11.77	8.45	10.87	11.25
Book Value Per share (Rs.)	82.11	75.95	68.39	61.55	68.08	56.77
Debt Equity Ratio	0.73	0.74	0.64	0.66	0.65	0.81

NOTICE OF THE 27th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of the Shareholders of the Company will be held on **Saturday, the 11th day of August 2012 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, 2012 and the Balance Sheet as at March 31, 2012 and the Auditor's Report thereon.
2. To declare a dividend on equity shares for the year 2011-2012.
3. To appoint a Director in the place of Mr. Nirmalkumar M Chandria, 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. N. Jayabal, who retires by rotation, and being eligible offers himself for re-appointment.
7. To appoint Statutory Auditors and fix their remunerations - M/s.JDS Associates & M/s.Swamy & Ravi, the retiring Statutory Auditors are eligible for re-appointment for the financial year 2012-13.

RESOLVED THAT M/s.JDS Associates, Coimbatore & M/s. Swamy & Ravi, Coimbatore, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS :

8.a Approval of the ESOS Scheme by the shareholders

To consider and, if thought fit to pass, with or without modification, the following resolutions as special resolutions.

"RESOLVED THAT pursuant to the Provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act,1956 ("the Act"), the Provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines,1999 ("the Guidelines") (including any statutory amendment, modifications or re-enactment of the Act or the Guidelines for the time being in force) and subject to Articles 48B to 48F of the Articles of Association of the Company and further subject to such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed and imposed by the Regulatory Authorities while granting the approvals, permissions and sanctions, approval and consent of the shareholders of the Company be and is hereby accorded to Salzer Employees Stock Option Scheme 2012 -13 (herein after referred to as "Salzer ESOS 2012-13") on the terms and conditions set out in the Scheme and the Board of Directors (hereafter referred to " Board" which term shall be deemed to include any Committee including ESOS Compensation Committee of the Board) be and are hereby authorized to grant stock options and to issue and allot in one or more tranches in a year or different years under the said Salzer ESOS 2012-13 during its tenure (i.e 5 years from the date of Vesting of Option) at any time for the benefit of the present and future eligible employees and eligible directors of the Company such number of equity shares or securities convertible into equity shares, as may be deemed appropriate provided, however, that the aggregate stock options granted shall not exceed 10% of the paid-up equity share capital of the Company as on 31.03.2012, i.e.10,28,374 options in aggregate at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at that time."

"RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms mentioned in the explanatory statement to this resolution, which are hereby approved by the Members or any amendment or modification thereof, the Board be and is hereby authorized to institute a Employee Stock Option Scheme, titled the 'Salzer Employee Stock Option Scheme 2012-2013' ("Salzer ESOS – 2012-2013") as per the draft submitted to this meeting for approval, which draft is hereby specifically approved by the Members with authority to the Board to modify the same in such manner as may be deemed fit by the Board, detailing the terms for granting of employee stock option rights (including terms relating to eligibility of the said employees under the ESOS), to determine, in its absolute discretion, as to when the said equity shares are to be issued, the number of shares to be issued in each tranche, the terms or combination of terms subject to which the said shares are to be issued (including the combination of terms for shares issued at various points of time), the manner in which the ESOS would be administered including settling a trust, if required, for the purpose of administering and implementing such scheme, terms relating to specified time within which the employee should exercise his right, if any, to purchase the shares in the event of his termination or resignation, terms relating to dividend on the shares to be issued and all such other terms as could be applicable to the offerings of similar nature."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to amend, vary or modify any of the terms and conditions of the "Salzer ESOS 2012-13", unless detrimental to the interest of the employees, pertaining to grant of options, pricing of options, issue or allotment of equity shares or convertible securities pursuant to the options including authority to withdraw, recall, accept, surrender or cancel options issued or to be issued pursuant to this resolutions and to issue fresh options in lieu thereof at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide, without being required to seek any further consent or approval of the shareholders."

"RESOLVED FURTHER THAT the new Equity shares to be issued and allotted pursuant to "Salzer ESOS 2012-13" shall rank pari passu in all respects with the then existing Equity shares of the Company."

"RESOLVED FURTHER THAT "Salzer ESOS 2012-13" may also be operated by the Trustees of the Salzer ESOS Trust to be established by the Company as the Board may deem appropriate, fit and expedient and on such terms and conditions while constituting the Trust."

"RESOLVED FURTHER THAT the shares may be allotted directly to such employees or through the Salzer ESOS

Trust (the "Trust"), as the case may be, in any permissible manner and that the Company may also provide any financial assistance to the Trust to enable the Employee to acquire, purchase or subscribe to the shares of the Company."

"RESOLVED FURTHER THAT in case the Equity shares of the Company are either sub-divided or consolidated then the number of shares to be allotted and the price of acquisition of shares by the aforesaid allottees under the "Salzer ESOS 2012-13" shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present value of Rs.10/- per equity share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under "Salzer ESOS 2012-13" on the Stock Exchanges, where the securities of the Company are listed, as per the Provisions of the Listing Agreement with the concerned Stock Exchange and other applicable Guidelines, Rules and Regulations, to take such actions for getting such shares admitted with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialization and to do all such acts, deeds, things which may be expedient, usual and necessary in this regard."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of Listing of Securities without requiring the Board to seek any further consent or approval of the shareholders."

8.b Allotment of Shares under Stock Options to the Employees of Subsidiary Companies / Holding Companies.

To consider and, if thought fit to pass, with or without modification, the following resolutions as special resolutions.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force)

and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to extend the benefits of ESOS to employees of subsidiary Companies/Holding Companies, if any, whether Indian or Foreign Subsidiaries/Holding companies, if any, as and when formed, under prevailing laws, rules and regulations and /or amendments thereto from time to time on such terms and conditions as may be fixed or determined by the Board on the basis of Salient Features of ESOS."

"RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms mentioned in the explanatory statement to this resolution, which are hereby approved by the Members or any amendment or modification thereof, the Board be and is hereby authorised to institute a Employee Stock Option Scheme, titled the 'Salzer Employee Stock Option Scheme 2012-2013' ("Salzer ESOS – 2012-2013") as per the draft submitted to this meeting for approval, which draft is hereby specifically approved by the Members with authority to the Board to modify the same in such manner as may be deemed fit by the Board, detailing the terms for granting of employee stock option rights (including terms relating to eligibility of the said employees under the ESOS), to determine, in its absolute discretion, as to when the said equity shares are to be issued, the number of shares to be issued in each tranche, the terms or combination of terms subject to which the said shares are to be issued (including the combination of terms for shares issued at various points of time), the manner in which the ESOS would be administered including settling a trust, if required, for the purpose of administering and implementing such scheme, terms relating to specified time within which the employee should exercise his right, if any, to purchase the shares in the event of his termination or resignation, terms relating to dividend on the shares to be issued and all such other terms as could be applicable to the offerings of similar nature."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to amend, vary or modify any of the terms and conditions of the "Salzer ESOS 2012-13", unless detrimental to the interest of the employees, pertaining to grant of options , pricing of options , issue or allotment of equity shares or convertible securities pursuant to the options including authority to withdraw, recall, accept surrender or cancel options issued or to be issued pursuant to this resolutions and to issue fresh options in

lieu thereof at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide, without being required to seek any further consent or approval of the shareholders."

"RESOLVED FURTHER THAT the new Equity shares to be issued and allotted pursuant to "Salzer ESOS 2012-13" shall rank pari passu in all respects with the then existing Equity shares of the Company."

"RESOLVED FURTHER THAT "Salzer ESOS 2012-13" may also be operated by the Trustees of the Salzer ESOS Trust to be established by the Company as the Board may deem appropriate, fit and expedient and on such terms and conditions while constituting the Trust."

"RESOLVED FURTHER THAT the shares may be allotted directly to such employees or through the Salzer ESOS Trust (the "Trust"), as the case may be, in any permissible manner and that the Company may also provide any financial assistance to the Trust to enable the Employee to acquire, purchase or subscribe to the shares of the Company."

"RESOLVED FURTHER THAT in case the Equity shares of the Company are either sub-divided or consolidated then the number of shares to be allotted and the price of acquisition of shares by the aforesaid allottees under the "Salzer ESOS 2012-13" shall automatically stand augmented or reduced, as the case may be , in the same proportion as the present value of Rs.10/- per equity share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under "Salzer ESOS 2012-13" on the Stock Exchanges, where the securities of the Company are listed, as per the Provisions of the Listing Agreement with the concerned Stock Exchange and other applicable Guidelines, Rules and Regulations, to take such actions for getting such shares admitted with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialization and to do all such acts, deeds, things which may be expedient, usual and necessary in this regard."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of Listing of Securities without requiring the Board to seek any further consent or approval of the shareholders."

9. Allotment of options more than 1% of the issued capital to the identified employees during any one year.

To consider and, if thought fit to pass, with or without modification, the following resolutions as special resolutions

"RESOLVED THAT pursuant to the Provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendment, modifications or re-enactment of the Act or the Guidelines for the time being in force) and subject to Articles 48B to 48F of the Articles of Association of the Company and further subject to such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed and imposed by the Regulatory Authorities while granting the approvals, permissions and sanctions, approval and consent of the shareholders of the Company be and is hereby accorded to the Board (herein after referred to as "the Board" which term shall be deemed to include any committee including ESOS Compensation Committee of the Board) :

- a) To issue and allot, in pursuance of the Scheme, such shares arising out of exercising option granted to them, to the present and future eligible employees and eligible Director of the Holding and/ or subsidiary Company from time to time without any prejudice at such price as may be decided by the Board under prevailing Laws, Rules, and Regulations and / or amendments thereto on such terms and conditions and
- b) To grant options to such identified employees during any one year, equal to or exceeding 1% of the issued capital of the Company in pursuance of "Salzer ESOS Scheme 2012-13", if Board will deem fit in the interest of the employees.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to all such acts, deeds matters and things as may be necessary or expedient and to do settle any questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to seek any further consent or approval of the Members of the Company in this regard."

NOTE :

1. A member, who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxy forms must reach the Company's registered office not less than 48 hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 1st August 2012 to 11th August 2012 (both the days inclusive)
3. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
4. In case of joint holders attending the meeting together, only whose name appearing first will be entitled to vote.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. Members are requested to send the Nomination Form in Form 2B to the Company and / or to the Registrar and Share Transfer Agent - M/s. GNSA Infotech Ltd, Nelson Chambers, 'F' Block, 4th Floor, #115, Nelson Manickam Road, Aminthakarai, Chennai - 600 029 Tel: 044-42962025 in duplicate.
7. Members are requested to kindly notify the change in address immediately to the Company and / or to its Registrar and Share Transfer Agent M/s. GNSA Infotech Limited, Nelson Chambers, 'F' Block, 4th Floor, # 115, Nelson Manickam Road, Aminthakarai, Chennai - 600 029.
8. The Shares of your Company are admitted for dematerialization in Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) under ISIN No.: INE457F01013. The shareholders have the option to hold their shares either in physical form or in dematerialized form.
9. The Company has, pursuant to Section 205 of the Companies Act, 1956 to transfer the dividend amount, lying unclaimed for 7 years from the date of declaration, to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed the Dividend Warrants for the years 2004-05 and Dividend Warrants of Interim dividend & Final dividend for the year 2005-2006 and for the years 2006-2007, 2007-08, 2008-09, 2009-10 & 2010-11 are requested to make their claim to the Company and / or to the 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 Ltd, Nelson Chambers, 'F' Block, 4th Floor, # 115, Nelson

Manickam Road, Aminthakarai, Chennai – 600 029. Also please note that the dividend if any declared will be credited on ECS basis only those who have registered mandate every year with the company for mutual benefit of operational convenience and share holders interest.

11. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (“PAN”) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN card numbers/copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents, M/s. GNSA Infotech Limited.

12. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in toto, members are requested to send their valid e-mail address to the Company for receiving all such notices/Annual Reports/ other communiqué by Electronic Mode by filling up form annexed at the end of this report or register your e-mail address with your Folio No. at investor_relations@salzergroup.com / sta@gnsaindia.com. Besides, the members holding shares in electronic mode are also requested to update their e-mail address in their Demat Account with concerned Depository Participant.

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

a) Mr. NIRMAL KUMAR M CHANDRIA:

Mr.Nirmal Kumar M Chandria, aged 52 years, is an Industrialist and Promoter of a Company in Aluminium Sector and associated himself with leading industries. He is a Director of M/s. Nirmal Aluminium Industries Ltd.

b) Mr. P. K. SHAH :

Mr. P. K. Shah, aged 68 years, 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.

c) Mr. L. VENKATAPATHY :

Mr. L. Venkatapathy, aged 82 years, was the Chief Executive Officer of one of the leading Textile Machinery Manufacturer in the South viz., Textool Company Ltd, Coimbatore. He is associated with Salzer Electronics Limited for the last 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.

d) Mr. N. JAYABAL:

Mr. N. Jayabal, aged 68, is an Electrical Engineer, having wide overseas experience for about three decades and with good international contacts. He is also a Director in M/s.Salzer Exports Limited. His association on the Board of Directors of the Company has contributed to improve the market share for the products of the Company in the Global Markets.

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

Item No: 8.a, 8.b & 9

Human Resources is one of the vital factors providing for the consistent development of the Company. Hence, it is an imperative duty of the Company to keep always motivating and retaining its employees, who never fail in performing their task and dedicate themselves for the growth of the Company, by way of appropriate incentives and Schemes. To motivate the employees and enable them to participate in the long term growth and financial success of the Company, with a Common objective of maximizing the shareholders' value, the Company intends to introduce an Employees Stock Option Scheme under the name and style of “Salzer Employees Stock option Scheme 2012-13” (shortly “Salzer ESOS 2012-13”). The Salzer ESOS 2012-13 would not only enable the Company to attract and motivate employees by rewarding performance as also to retain best talents but also enables the employees to develop a sense of Ownership.

In this backdrop, the Board of Directors of the Company at its Meeting held on 26th May 2012 approved “Salzer ESOS 2012-13” for the present and future eligible permanent employees and directors of the Company as well as the present and future eligible employees and directors of holding and / or subsidiary companies, and such other persons / entities as may be prescribed by SEBI from time to time and in accordance with the Provisions of the prevailing regulations.

The Board of Directors and the Compensation Committee (which consists of Independent Directors) are being vested with the Powers to modify the terms and conditions of “Salzer ESOS 2012-13” as may be required from time to time and also to decide upon all matters relating to the grant of stock options and to frame suitable policies and systems so as to ensure the adherence to the Guidelines prescribed by SEBI.

The disclosures required under Clause 6 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "the Guidelines") are as under :

(a) Total number of options to be granted

- 1) The total number of options to be granted under this Scheme shall not exceed 10% of the Paid-up Share Capital of the Company as on 31.03.2012 i.e. 10,28,374 Options (10% of 10283737 Equity Shares)
- 2) One Option entitles the holder of the options to apply for and be allotted one equity share of Rs.10/- of the Company
- 3) The option can't be pledged, hypothecated, mortgaged or alienated in any manner
- 4) The Options that are lapsed or are forfeited will be available for fresh grant to the eligible employees

(b) Identification of classes of employees entitled to participate in the ESOP

- 1) Chief Executive Officer / President (not being the Promoter / Promoter Group) / Whole Time Director (not being the Promoter / Promoter Group)/ Independent Director and other key senior management personnel posted in India or outside India and other employees, who are in regular role of the company, as may be determined by Employees Compensation Committee ("ECC").
- 2) Employee(s) / Director(s) as stated above in respect of the wholly-owned subsidiary(ies) / holding Company(ies) of the company whether in India or outside.

The scheme shall not apply to :-

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

(c) Grant of Options

The paid-up equity capital of the Company consists of 1,02,83,737 Equity Shares of Rs. 10 each as on 31st March 2012. The total number of options to be granted under this Scheme shall not exceed 10% of the paid-up share capital of the Company as on 31st March 2012 i.e. 10,28,374 Options.

Each of such Options shall confer upon the Option-holder the right to apply at the Exercise Price for one (1) Share of the Company of Rs.10/- each fully paid-up.

For the purposes of the above limit, the Options Granted and the Equity Shares issued by the Company under this Scheme shall be considered, however, the Options which have lapsed or been released by the Option-holder shall not be considered.

The ESOS Compensation Committee, in its absolute discretion would be authorised to determine the number of tranches in which the Options would be granted.

(d) Requirement of vesting, period of vesting and maximum period of vesting

- 1) There shall be minimum period of one year between the grant of the options and the vesting of options
- 2) The vesting period may be extended upto such year as may be decided the Board in accordance with the Scheme.
- 3) The Board may fix such vesting schedules to exercise the options by the employees of the Company depending upon its best judgment without any detrimental interest to the employees

(e) Exercise Price or pricing Formula

The exercise price shall be at such discount, if any, to the market price at the time of each grant as may be decided by the Board / Employees Compensation Committee constituted by the Board of Directors of the company for the purpose. However, the exercise price shall not be less than the face value of the share.

(f) Exercise period and the process of exercise

- a) The exercise period will commence from the vesting date and extend upto the expiry period of the options as may be decided by the ECC. The expiry period may be extended upto 5 years from the date of vesting of options. The ECC will decide on expiry period of options for the employees leaving the Company after vesting of options in their favour.
- b) The options will be exercised by the employees by a written application to the designated officer of the Company to exercise the Options, in such manner and on execution of such documents, as may be prescribed by the ESOS Compensation Committee under the Scheme

(g) The appraisal process for determining the eligibility of employees to Stock Options

The Compensation Committee may decide the eligibility of present and future employees and grant such options based on the parameters such as length of service, performance, technical knowledge, Criticality, leadership qualities, grade, merit and such other parameters as may be deemed appropriate by the ECC from time to time.

(h) Maximum number of options to be issued per employee and in aggregate

- 1) The maximum number of options to be granted to each employee will depend upon the length of service / designation of the employee as on the date of grant of options. However, no employee shall be entitled to more than 1,00,000 options in any financial year
- 2) The total number of options to be granted under this Scheme shall not exceed 10% of the Paid-up Share Capital of the Company as on 31.03.2012 i.e 10,28,374 Options (10% of 1,02,83,737 Equity Shares of Rs.10/- each)
- 3) The ECC shall decide on the number of options to be granted to each employee within the Guidelines.

(i) Accounting Policy

The Company and its holding and subsidiary companies shall conform to the accounting policies specified in Clause 13.1 of Guidelines and such Guidance Notes of the Institute of Chartered Accountants of India and the Accounting Standards or International Financial Reporting Standards (IFRS) as may be made / prescribed by the Regulatory Authorities from time to time.

(j) Method of valuation of Stock Options

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted. The difference between the employee compensation cost computed using the Intrinsic Value method and the cost that shall have been recognized if it had used the Fair Value method, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings per Share of the Company shall also be disclosed in the Directors' Report."

Clause 6 of the Guidelines requires that any ESOS Scheme for offering stock options to the employees of the Company must be approved by the Shareholders by way of special resolutions. Furthermore, as the Scheme will require further shares to be offered to persons other than the existing shareholders of the Company, consent of the

members is required by way of a Special Resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956.

Accordingly the resolution at Item No.8 of this notice is being placed for the approval of the shareholders pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 read with Clause 6 of the Guidelines and all other applicable provisions of Law for the time being in force.

Further SEBI Clause 6.3 of Guidelines further provide that separate special resolutions must be passed by the shareholders of the Company in case the benefits of "Salzer ESOS Scheme 2012-13" being extended / are to be extended to the employees of the Holding and / or subsidiary Companies and to grant options to such identified employees during any one year, equal to or exceeding 1% of the issued capital of the Company in pursuance of "Salzer ESOS Scheme 2012-13". Accordingly a separate special resolution has been proposed at item No.8.a, 8.b & 9 of this Notice for members' consideration and approval at the General Meeting.

The Board of Directors recommends the Special Resolutions for the approval of the shareholders. The "Salzer ESOS Scheme 2012-13" is available for the inspection by the shareholders on any working day between 10.00 A.M and 1.00 P.M at the registered office of the Company.

None of the Directors of the Company are, in any way, concerned or interested in this resolutions.

For and on behalf of the Board

Place: Coimbatore
Date : 26.05.2012

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

DIRECTORS' REPORT

With great pleasure your Directors are presenting this 27th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2012.

PERFORMANCE

During the year under review, inspite of the prevailing economic and market constraints both in domestic and international markets, your Company has maintained its sustainability in its performance and market share and has achieved a gross turnover of Rs.24027.95 lakhs as against Rs.19135.04 lakhs during the corresponding

period last year registering a growth of around 26%. Your company's net revenue worked out to Rs.22378.60 lakhs as against Rs.18133.18 lakhs during the corresponding period last year registered a growth of 23%. The volatility in the input cost such as Copper, Silver, Brass, PVC, etc., and labour cost, the constraints of pricing due to market forces, power and fuel cost due to the severe power-cut prevailing in the region and the interest cost has impacted and caused stress and strain on the margin i.e., Profit Before Tax as well as Profit After Tax during the year under review. The financial performance of the company during the year under review is as under:

FINANCIAL HIGHLIGHTS:

Rs. In lakhs

	PARTICULARS	31/03/2012		31/03/2011	
		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
I	Revenue from operations:	22287.80		18065.44	
II	Other Income	90.80		67.74	
III	Total Revenue (I + II)		22378.60		18133.18
IV	(Less)Operating Expenses				
a)	Cost of Materials Consumed	15882.48		12668.05	
b)	Changes in inventories of finished goods and work in progress	(452.35)		(902.11)	
c)	Employee benefits expenses	970.39		845.10	
d)	Other expenses	3011.12	19411.64	2873.70	15484.74
V	Operating Profit (III-IV)		2966.96		2648.44
a)	(Less)Finance Costs	1159.21		889.95	
b)	(Less)Depreciation and Amortization expenses	795.92		690.10	
			1955.13		1580.05
VI	Profit before tax		1011.83		1068.39
VII	Less :Tax expense:				
a)	Current tax	256.75		222.62	
b)	Deferred tax	(64.26)	192.49	(59.62)	163.00
VIII	Profit After Tax		819.34		905.39
IX	Earnings per equity share:				
a)	Basic (in Rs.)		7.97		8.80
b)	Diluted (in. Rs.)		7.97		8.80

DIVIDEND

With due regard to the prevailing economic and market conditions both in domestic and international markets and also the performance of the company during the year under review viz-a-viz the potentials under the competitive environment and also the shareholders interest, your Board of Directors have thought it prudent to maintain the dividend at the modest level. Accordingly your Board of Directors have recommended a dividend @ 12% - Rs.1.20 per equity share of Rs.10/- each, for the year ended 31.03.2012 on the paid up capital of Rs.10,28,37,370/- to all the eligible shareholders whose name appear as on 11.08.2012 i.e, the date of AGM. The dividend payout works out to Rs.143.42 lakhs comprising of Dividend on the paid up capital of Rs.1028.37 lakhs @ 12% - Rs.123.40 lakhs plus Dividend Tax @ 16.2225% - Rs.20.02 lakhs.

FOREIGN INVESTMENT

The investments made in M/s.Salzer Global Services, LLC, USA (SGS) is strategically made to keep the furtherance of market share in the international markets particularly USA and Canada, where the company's products have been well received and also to provide proximity of contacts at these markets. As reported in our earlier reports, Salzer Global Services LLC, USA (SGS) have controlling interest in a IT and ITES Corporation viz., M/s.Global Technical Talent, Inc, USA, who is providing services in the areas of human resources for the IT and ITES companies in USA and Canada. In view of the progressive recovery process of recessionary conditions in US economy, the potentials appear to be very progressive and hence your Directors are confident that your company's strategic investment in M/s.Salzer Global Services LLC, USA will provide suitable returns in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RISKS**Overview**

Our Economy, during the financial year 2011-12, witnessed a mixed trend only. The year, marked with the inflationary trends such as high volatility in crude oil prices, global currency fluctuations and liquidity constraints particularly in European markets, hike in interest rates by the Reserve Bank of India to contain the inflationary constraints, cost hike in materials like Copper, Silver, Brass, PVC, etc., have posed a greater stress and strain on the Indian economy, which in turn slowdown the reform process and development of infrastructure facilities. The Indian Corporate has the impact of the same in framing the growth strategies to ensure the industrial development and adopting a phased manner strategy in formulating the growth plans. During the year 2011-12, the Nation'S GDP growth is only 6.9% as against the target of 8.5% and also as compared to 8.4% of growth in 2010-2011.

Business environment review

During the financial year 2011-12, though Indian Corporates fared better in terms of their revenue stream the bottom line of the manufacturing sector was under severe stress and strain caused by more finance and input cost. The measures of Reserve Bank of India to contain the mounting inflation by frequent hike in interest rate led to severe cascading effect on finance and input cost of any company. In a bid to arrest the cost escalation, the Indian Corporate needed to effect some austerity measures in the form of deferment of expansion, diversification, closing down un-viable units and severe rationalization of the human resources. Further the industries have constraints and limitation in their pricing policies to match the input cost hikes due to the stiff competitive conditions in the market. The Index of Industrial Production (IIP) growth in March 2012 was dampened by de-growth displayed by the manufacturing (4.4%) which clearly indicating that the Financial year 2012-13 will be a crucial and challenging year for the growth of the Industry. Unless the Government accelerates the reform process, the growth of the industry will remain sluggish. Hence, growth oriented fiscal measures and policies are the need of the hour for sustainable development and growth of the Indian Industry.

Sectoral performance

The Indian electrical equipment industry comprising of multinationals, large, medium & small players is quite capable of producing, supplying and exporting a wide variety of electrical equipment/ products with contemporary technology.

During the financial year 2011-12, the Indian Electrical Equipment Industry's growth decelerates to 6.60% on account of sluggish growth in Power Sector and escalating imports severally impacting the domestic industry. This de-growth clearly implies distinct slowdown in industrial capex activities and slowdown in off-take by users due to credit squeeze, high interest costs, etc.

Growth rate of the Indian electrical equipment industry has decelerated to 6.6% in 2011-12 as compared to 11.3% and 13.7% in 2009-10 and 2010-11 respectively, according to data compiled by the Indian Electrical and Electronics Manufacturers' Association (IEEMA). IEEMA, in its report stated that sluggish growth in the power sector and the escalating imports of electrical equipment is significantly impacting the commercial viability of the domestic electrical equipment industry and will have severe long term consequences. All three segments of the power sector – generation, transmission and distribution are facing several challenges which need to be addressed expeditiously.

As per IEEMA Report, Growth in the capacitor, switchgear and transmission line sectors in 2011-12 turned negative, implying distinct slowdown in industrial capex activities and slowdown in off-take by users due to credit squeeze,

high interest costs, etc. The cable industry is the only sector that has shown a double digit growth of 25.7% in the year.

Absence of a level playing field for the domestic industry to compete with imported electrical equipment, especially from China, is a clear and present threat. Imports of electrical equipment have grown in the past five years at a CAGR of 28.28%. Current export-import trends based on 27 major ports trade data indicates that imports continue to rise for 765 Kv transformers & reactors (mostly through power project imports), insulators, LV switchgear and HV cables.

According to IEEMA, urgent policy interventions are required by both the Central and the State Governments to check the deceleration in growth of the electrical equipment industry and also seeks urgent attention from Central Government at the highest level for conducive policy initiatives so as to meet the laid down targets of power generation capacity and related transmission & distribution capacity expansions.

Besides, the Government should come with suitable policies and guidelines for the promotion of energy saving across country by way of Energy Saving Equipments to tide over the prevailing crisis.

Competitions and Challenges

The market for electrical products remains competitive and challenging due to multiple growth of the competitors from the un-organized sectors and more imports from the developed Country like China. Under these circumstances, the Company is bound to concentrate more on its Research and Development activities for continuous innovation in the products catering to the changing preference of the customers.

It remains with Reserve Bank of India to announce further reduction on key interest rates to make business more competitive and sustainable. The Financial Result 2011-12 clearly indicating factors like finance cost and input cost particularly Copper impaired the profitability of the Company in spite the growth in sales volumes.

The Company has to strategically plan sourcing of semi-skilled and skilled manpower, which is scarce to augment its output without any interruption.

Risk Profile

The Company continues to reflect its market leadership in rotary switches, healthy financial risk profile marked by improved net worth and adequate debt protection and sustainable focus on research and development, besides deriving marketing benefits from its marketing tie-ups with Larsen & Toubro Ltd (L&T) which limits its susceptibility to slowdown in any one segment. The Company has to also combat the continued competition from un-organized sectors as well as cross-border

competitions besides the competition being posed by the manufacturing facilities of MNC companies, who have already in the Indian market.

The efforts of the Company to take the energy saver products at pan India level would improve the performance of the Company in the near future.

The Company enjoys comfortable scale of productions, operating margin excluding the margins in cables product and always striving hard to launch new products with sophisticated technologies.

Significant initiatives undertaken

Taking into account the prevailing market conditions, the company has continuously taken the following significant initiatives to strengthen its sustainability, productivity and profitability

1. Adoption of Value Engineering Concept to bring out cost effective measures in manufacturing of products wherever feasible, in order to have substantial savings in the production process expenses
2. No capital expenditure would be made other than the planned new developments and
3. A study on man power utilization is being undertaken for rationalization

Risk Mitigation Measures

In a bid to combat any slowdown or likely negative growth in the given market conditions, the Company has already taken various strategic measures in association with marketing associates to face the situation. The Company has been continuously taking stock of the situation and swiftly taking such steps for moving towards projected target. The Company has undertaken stringent cost effective measures to contain the downward movement of profitability at this juncture of huge volatility in the prices of raw-materials like copper etc. Since the Company is having natural hedging policies i.e. same proportion export and import, the falling Rupee value against the Dollar will not impact the profitability of the Company.

CAUTIONARY STATEMENT

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

RESEARCH & DEVELOPMENT

In-house Research and Development department, duly recognized by the Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, fully equipped with qualified people,

continues with its efforts on improvement of process specifications to ensure cost reduction and the rejection levels constantly in addition to development of new products with innovative design and utility to meet the market preferences with power efficient and high-tech products. This continuous effort of the Research and Development Department will definitely not only add the new product profile but also to ensure the continuous growth of the company.

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

Your Company being a modest power intensive one continues to ensure measures for conservation of energy wherever possible. Your Company is having Four Wind Mills to generate power to the extent of 1.2 MW through renewable resources – wind and generated 17.49 lakhs units of power and earned an income of Rs.64.10 lakhs. The low generation of power through wind mill is attributable to the low velocity of the wind during the year under review as well as frequent shut-down of the grid. Details are furnished in Annexure – I for your information pursuant to the provisions of Sec.217(1)(e) of the Companies Act, 1956.

Your company's operations aim –

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

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

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

DIRECTORS

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

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

CORPORATE GOVERNANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that all applicable accounting standards have been followed in preparation of Annual Accounts and that there are no material deviation;
- (ii) that such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 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 ;
- (v) that the Company is having appropriate systems to ensure the compliance of all laws applicable to the Company;
- (vi) that the Company is having appropriate system to ensure payment of statutory dues in time without any delay.

AUDITORS

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

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 31.03.2012.

INDUSTRIAL RELATIONS

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

BANK LOAN RATING

Sl.No.	Facility	Rating
1	Term Loan	A-/ Stable (Reaffirmed)
2	Cash Credit	A-/ Stable (Reaffirmed)
3	Packing Credit	P2+ Stable (Reaffirmed)
4	Letter of Credit – ILC	P2+ Stable (Reaffirmed)
5	Letter of Credit – FLC	P2+ Stable (Assigned)
6	Bank Guarantee	P2+ Stable (Reaffirmed)

LISTING ARRANGEMENTS

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

Your Company has also been contemplating to enlist its securities viz., equity shares in the National Stock Exchange (NSE) and necessary application has already been made to NSE in this regard, which is under process.

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. HDFC Bank, M/s. Larsen & Toubro Limited - Marketing Associates, M/s.Plitron Manufacturing Inc, Canada (Collaborators), CRISIL, M/s.GNSA Infotech Ltd, (Registrar & Share Transfer agent) for their continued support and co-operation. Your Directors also wish to record their appreciation for the dedicated services being rendered by the employees at all levels.

For and on behalf of the Board

(Sd/-)P.S.SANTHANAKRISHNAN
CHAIRMAN

Place : Coimbatore

Date : 26.05.2012

ANNEXURE - I TO DIRECTORS' REPORT

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

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

B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:**RESEARCH & DEVELOPMENT:**

As stated in the Directors' Report, the recognition of in-house R & D by the Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research, New Delhi is continuously maintained since 2004 and the present renewal of the recognition is valid upto 31.03.2014. 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.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

The technical know-how obtained for the manufacture of CAM Operated Rotary Switches is continuously developed and improved through in-house R&D activities for enlarging its applications, in design and process technology, cost competitiveness, etc. The Collaboration agreement with M/s. Plitron Global Services, Inc, an

affiliate of M/s. Plitron Manufacturing Inc, Canada, for technical know-how for manufacture of improved and higher capacity of Toroidal Transformers to meet the customers' requirements continues to work with good speed. The above technologies have been continuously developed and improved through in house R & D efforts.

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

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

3. During the year under review the following expenditures were incurred with regard to R & D:

- * Capital Expenditure as additions to Plant & Machineries, Tools, Dies etc., - Rs.395.23 lakhs
- * New Products and Process development - Rs.161.53 lakhs
- * Salary and other expenses for R&D personnel - Rs.27.73 lakhs

4. Details of Imported Technology:

Technology Imported : For the manufacture of
(i) CAM Operated Rotary Switches
(ii) Toroidal Transformers.

Year of Import : (i) 1985 (ii) 1995 / 2005

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Foreign Exchange earned during the year } Rs. 2550.07 Lakhs
(Direct export Rs.2460.94 lakhs, Merchant export Rs.926.15 lakhs and Rs. 89.13 Lakhs for technical services)
- b) Foreign Exchange outgo }Rs. 2048.75 Lakhs

Place : Coimbatore
Date : 26.05.2012

For and on behalf of the Board
(Sd/-)P.S.SANTHANAKRISHNAN
CHAIRMAN

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

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

COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE. BOARD OF DIRECTORS

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.

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. Executive Directors includes Managing Director also. The composition of Board of Directors is as under.

COMPOSITION

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

DIRECTORS	CATEGORY	ATTENDANCE PARTICULARS		No. OF MEMBERSHIP IN THE BOARDS AND COMMITTEES OF OTHER COMPANIES
		Board meeting	Last AGM (24.09.11)	
P.S.Santhanakrishnan * & ***	Non-Executive Independent Chairman	4	✓	0
R.Doraiswamy **	Managing Director	4	✓	5
D.Rajeshkumar **	Joint Managing Director	5	✓	6
N.Jayabal * & **	Non-Executive Independent Director	4	✗	1
P.Ramachandran	Whole-time Director (Marketing)	5	✓	1
R.Narayanaswamy	Non-Executive Director	4	✓	0
R.Dhamodharaswamy	Non-Executive Director	5	✓	2
L.Venkatapathy *, ** & ***	Non-Executive Independent Director	5	✓	0
Nirmal Kumar K Chandria	Non-Executive Independent Director	4	✓	1
P.K.Shah	Non-Executive Independent Director	5	✓	1

Kantilal V Vakharia	Non-Executive Independent Director	5	✓	4
Howard M Gladstone	Non-Executive Independent Director	0	✗	1
V.Sankaran ***	Non-Executive Independent Director	5	✓	2
S.R.Swaminathan	Non-Executive Nominee Director	4	✓	1
Dr.Pushpangadan Mangari	Non-Executive Nominee Director	5	✓	3
S.Baskarasubramanian * , ** & ***	Director (Corporate Affairs) & Company Secretary	5	✓	0

* Members of Audit Committee.

** Members of the Shareholders/ Investors Grievance Committee.

*** Members of the Remuneration Committee.

MEETING OF THE BOARD OF DIRECTORS

During the year under report, Five Board meetings were held on 30.05.2011, 05.08.2011, 24.09.2011, 11.11.2011 & 03.02.2012.

COMMITTEE OF DIRECTORS:

1. REMUNERATION COMMITTEE:

The Company has a remuneration committee of the Board with 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	Secretary to the committee	Director (Corporate Affairs) & Company Secretary

2. AUDIT COMMITTEE:

The Audit Committee consisting of the following independent Directors met four times on 24.05.2011, 29.07.2011, 05.11.2011 & 27.01.2012 during the year under review, to consider the financial performance of the Company as well as compliance of Accounting Standards, Company Law/ Stock Exchange provisions, adequacy of Internal Control system, etc, and found satisfactory.

NAME	DESIGNATION	CATEGORY	NO.OF AUDIT COMMITTEE MEETING ATTENDED
P.S.Santhanakrishnan	Chairman	Non-Executive Independent Chairman	1
L.Venkatapathy	Member	Non-Executive Independent Director	3
N.Jayabal	Member	Non-Executive Independent Director	4
S.Baskarasubramanian	Member Secretary	Director (Corporate Affairs) & Company Secretary	4

3. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders' / Investors' Grievance Committee consisting the following Directors met twice on 23.09.2011 & 27.01.2012 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 31.03.2012.

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

GENERAL BODY MEETINGS

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

Location	Nature of Meeting	Day	Date	Time	Special resolution passed
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	EGM (Court convened shareholders meeting on merger)	Saturday	18/07/09	12.00 Noon	To approve the Scheme of merger of Salzer Cables Ltd with Salzer Electronics Ltd with consequential increase in authorized capital of SEL and To pass necessary resolution under Sec.81(1)(A) of the Companies Act, 1956.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	24 th AGM	Wednesday	30/12/09	11.30 am	Increase in borrowing powers of the Board of Directors of the Company under Sec.293(1)(d) of the Companies Act, 1956.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	25 th AGM	Wednesday	08/09/10	11.30 am	Increase in remuneration payable to the Whole Time Director - Mr.P.Ramachandran
Hotel Sree Annapoorna, R.S.Puram, Coimbatore- 02	26 th AGM	Saturday	24/09/11	11.30 am	Re-appointment of Mr.R.Doraiswamy as Managing Director for a further term of 5 years and Re-appointment of Mr. D. Rajesh Kumar as Joint Managing Director for a further term of 5 years.

- ❖ No special resolution was passed last year through postal ballot. Similarly, no special resolution is being proposed to be conducted through the postal ballot for the ensuing Annual General Meeting. The Company will seek shareholders approval through postal ballot in respect of resolutions relating to such businesses as prescribed in the Companies (passing of resolution by postal ballot) Rules 2001 as and when occasion arises.

Special Resolutions / Business Scheduled to be transacted at the AGM scheduled on 11th August 2012 :

1. To consider and pass the special resolutions for Approval of the ESOS Scheme by the shareholders.
2. To consider and pass the special resolutions for Allotment of Shares under Stock Options to the Employees of Subsidiary Companies / Holding Companies.
3. To consider and pass the special resolutions for Allotment of options more than 1% of the issued capital to the identified employees during any one year.

DISCLOSURES

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

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

1. Mr. NIRMAL KUMAR M CHANDRIA
2. Mr. P. K. SHAH
3. Mr. L. VENKATAPATHY
4. Mr. N. JAYABAL

❖ Equity shares in suspense account

The Company does not have any of its securities lying in suspense account arising out of public / bonus / right issues as at the 31.03.2012. Hence, the particulars relating to aggregate number of shareholders viz-a-vis outstanding securities in suspense account and other related matters thereof may be taken as Nil.

Whistle Blower Policy

In order to ensure good Corporate Governance the company has appropriate mechanism for the employees to report on the matters relating to un-ethical behavior, actual or suspected fraud / dishonesty / violation / deviation of the Company's code of conduct or ethics policy and the mechanism / system provides safeguards against victimization of employees in the matter and also having direct access to the Chairman / Management / Chairman of the Audit Committee as the case may be.

COMPLIANCES:

- ❖ Pursuant to the provisions of the revised Schedule VI of the Companies Act, 1956, the annual accounts for the period under review have been prepared as per the requirements of the said revised Schedule VI.
- ❖ All applicable accounting standards have been followed in the preparation of Annual Accounts and there are no material deviation;
- ❖ All such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit & Loss account of the Company for the year ended on that date;
- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ The annual accounts have been prepared on a going concern basis ;
- ❖ The Company is having appropriate systems to ensure the compliance of all laws applicable to the Company;
- ❖ The Company is having appropriate system to ensure payment of statutory dues in time without any delay.
- ❖ Materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company.
- ❖ Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.

No penalties or strictures have been imposed by any regulatory authority on any matter related to capital market during the last 3 years.
- ❖ Material non listed subsidiary companies as defined in Clause 49 of the Listing Agreement with the Stock Exchange: *None.*

Inter-se relationships between Directors of the Company

Sl. NO	Name	Position	Inter-se relationships
1.	R.Doraiswamy	Managing Director	Brother of Mr. R.Narayanaswamy and Mr.Dhamodharaswamy, Directors and father of Mr.D.Rajesh Kumar, Joint Managing Director
2.	D.Rajesh Kumar	Joint Managing Director	Son of Mr.R.Doraiswamy, Managing Director
3.	R.Narayanaswamy	Director	Brother of Mr.R.Doraiswamy, Managing Director and Mr.R.Dhamodharaswamy, Director
4.	R.Dhamodharaswamy	Director	Brother of Mr.R.Doraiswamy, Managing Director and Mr.R.Narayanaswamy, Director

NON –MANDATORY REQUIREMENTS

❖ **Chairman's Office**

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

❖ **Audit Qualifications**

There are no qualifications in the Auditors' Report to the Members on the Financial Accounts for the year ended 31.03.2012.

❖ **Shareholders' Right**

The Quarterly, Half yearly and Annual Financial Results of the Company are published in the Newspapers, besides notifying to the Stock Exchanges where the Company's Shares are listed. The Quarterly / Half yearly and Annual Financial Results are also available in the Company's website. The Audited Annual Report is also sent to every shareholders of the Company.

❖ **Other non mandatory requirements**

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

SECRETARIAL AUDIT

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

MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Financial Results are published in leading Newspapers besides notifying to the Stock Exchanges where the Company's shares are listed as well as posted in the Company's website for the benefit of all stakeholders.

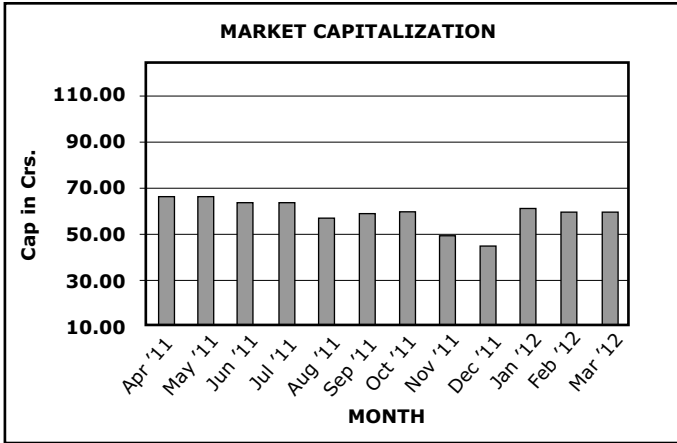
SHAREHOLDERS INFORMATION
a) ANNUAL GENERAL MEETING

Day & Date	Saturday – 11.08.2012
Time	11.30 AM
Venue	Hotel Sree Annapoorna, R.S.Puram, Coimbatore-02
Audited Financial Results Announced	26.05.2012
Posting of Notice calling AGM and Annual Reports	Pursuant to the policy guidelines on go-green concept the company has adopted such practices by notifying the information of interest to the shareholders of the company in its website. Besides, all communications required to be sent to the shareholders are being either sent through the registered e-mail addresses of the shareholders as well as by post as required by the shareholders. Accordingly, the Notice along with the audited annual accounts would be sent either through e-mail or by post as the case may be. Despatch of physical report – 18.07.2012
Last date of receipt of Proxy forms	08.08.2012
Announcement of Quarterly Results	30.05.2011, 05.08.2011, 11.11.2011 & 03.02.2012
Date of Book Closure	01.08.2012 – 11.08.2012 (Inclusive of both days)
Listing on Stock Exchanges	Bombay and Coimbatore
Scrip Code	517059

b) MARKET PRICE DATA
SHARE TRADING DETAILS IN BOMBAY STOCK EXCHANGE
For the period: 1-Apr-2011 to 31-Mar-2012

(Amt in Rs.)

MONTH	HIGH	DATE	LOW	DATE	CLOSING
April '11	73.95	20.04.2011	53.00	01.04.2011	64.20
May '11	65.75	06.05.2011	53.00	11.05.2011	64.65
June '11	68.50	13.06.2011	56.75	23.06.2011	61.80
July '11	75.00	20.07.2011	59.00	29.07.2011	61.54
August '11	62.00	04.08.2011	50.10	29.08.2011	55.00
September '11	64.85	07.09.2011	51.10	27.09.2011	57.25
October '11	60.25	28.10.2011	52.25	18.10.2011	58.05
November '11	63.10	02.11.2011	43.40	24.11.2011	47.50
December '11	50.50	02.12.2011	41.00	29.12.2011	43.05
January '12	60.00	31.01.2012	41.60	09.01.2012	58.95
February '12	63.40	01.02.2012	54.80	27.02.2012	57.75
March '12	59.90	30.03.2012	51.15	13.03.2012	57.75



During the year 2011-12, there has been high volatility in the capital market and the market trend of volatility worked out to more than 20%. This has an impact on the market capitalization of all corporates in the capital market. Your company's market capitalization worked out to Rs.59.39 Crores as at 31.03.2012.

c) REGISTRAR & SHARE TRANSFER / DEMAT AGENTS

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

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

d) SHARE TRANSFER SYSTEM

SHARE TRANSFER COMMITTEE:

The Share transfer committee consisting of the following members:

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

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

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

e) DISTRIBUTION OF SHARE HOLDING (As on 31.03.2012)

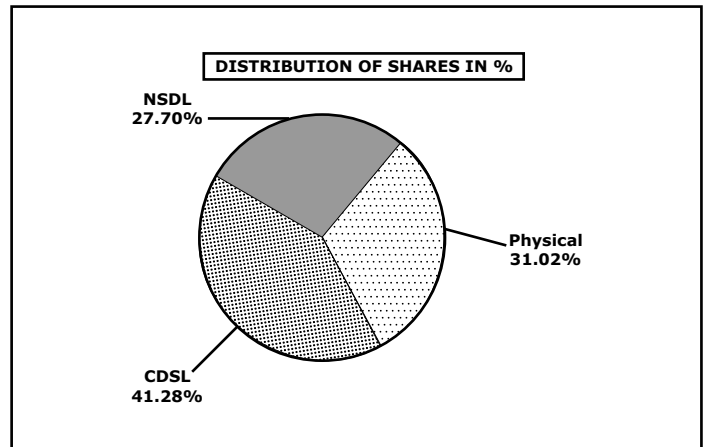
Range	No. of share holders	No. of shares	% of holding
Upto - 5000	12114	873322	8.49
5001 - 10000	318	261345	2.54
10001 - 20000	144	234155	2.28
20001 - 30000	59	148598	1.44
30001 - 40000	22	79831	0.78
40001 - 50000	21	99400	0.97
50001 - 100000	41	318506	3.10
100001 & above	94	8268580	80.40
TOTAL	12813	10283737	100.00

f) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

	Category	No. of Shares held	Percentage of Share Holding
A	Promoter's holding		
1	Promoters		
a	Indian Promoters	2911803	28.32
b	Foreign Promoters	187419	1.82
2	Persons acting in concert	-	-
	Sub-Total	3099222	30.14
B	Non-Promoters Holding		
3	Institutional Investors		
a	Mutual Funds		
b	Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions)	-	-
c	Foreign Institutional Investors	-	-
	Sub-Total	-	-
4	Others		
a	Private Corporate Bodies	3914423	38.06
b	Indian Public	3060565	29.76
c	NRIs / OCBs	127814	1.24
d	Any other (Foreign Collaborator/National)	81713	0.80
	Sub-Total	7184515	69.86
	Grand Total	10283737	100.00

g) DEMAT INFORMATION (AS ON 31.03.2012)

	CDSL	NSDL	TOTAL
No. of Shares Dematerialized	4245855	2848135	7093990
% of Total Capital	41.28	27.70	68.98

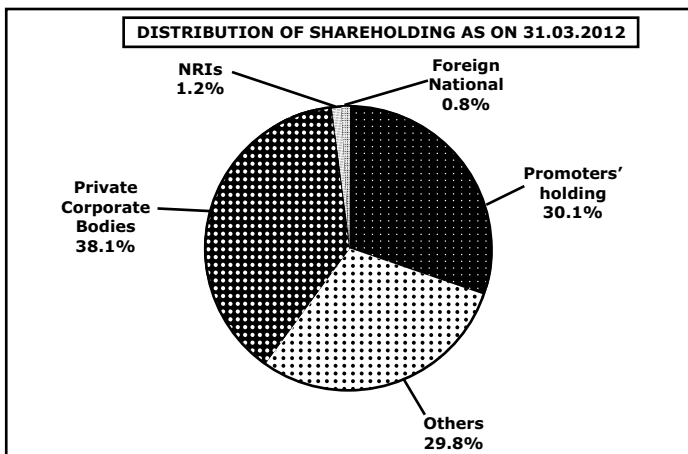


h) NOMINATION FACILITY

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

i) PLANT LOCATION

Unit - I	Samichettipalayam, Jothipuram via, Coimbatore - 641 047
Unit - II	Chinnamaddampalayam, Coimbatore - 641 019.
Unit - III	# 2, Gudalur Village Samichettipalayam, Jothipuram via, Coimbatore - 641 047
Unit - IV	No.882/3, Coimbatore Main Road, Bettathapuram, Coimbatore-641 104
UNA Unit	Khasra No.2826, Una Nangal to Behdala Road, V.P.O Behdala, Tehsil & Dist-UNA, UNA (H.P) 174306.



j) ADDRESS FOR CORRESPONDENCE**All correspondence should be addressed to:**

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

e-mail : investor_relations@salzergroup.com

Compliance Officer id :

baskarasubramanian@salzergroup.com
Phone : 0422 4233600 / 0422 4233614

The Company has designated exclusive e-mail id:
investor_relations@salzergroup.com for investor
services.

The above report has been placed before the Board at its meeting held on 26th May, 2012 and the same was approved.

Declaration

As provided under the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the members of Senior Management have confirmed compliance with the Code of Conduct.

For and on behalf of the Board

Place : Coimbatore
Date : 26.05.2012

(Sd/-)P.S.SANTHANAKRISHNAN
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S 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 2012 and that to the best of my knowledge and belief,
 - ❖ these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - ❖ these statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. that there are, to the best of my knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. that I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take to rectify the identified deficiencies and
4. that I have informed the auditors and the audit committee that there are
 - ❖ Significant changes in internal control during the year, if any.
 - ❖ Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
 - ❖ No instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Coimbatore
Date : 26.05.2012

(Sd/-)R.DORAISWAMY
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Shareholders
Salzer Electronics Ltd

1. We have examined the compliance of conditions of Corporate Governance by Salzer Electronics Ltd, for the year ended 31.03.2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with StockExchanges, 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 31.03.2012, against the Company as per the records maintained by the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In terms of our report attached

For Swamy & Ravi

Chartered Accountants
FRN :004317S

For M/s.JDS Associates

Chartered Accountants
FRN : 008735S

Coimbatore
26.05.2012

(Sd/-)S.RAVICHANDRAN
Partner
Membership No.023783

(Sd/-)B.JAYARAM
Partner
Membership No.028346

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of SALZER ELECTRONICS LIMITED as at 31st March, 2012 together with the annexed Statement of Profit and Loss and cash flow statement of the Company for the year ended on that date. 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, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
 4. Further to our comments in the statement referred to in paragraph (3) above, we report as follows:
 - (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, the statement of Profit and Loss 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 statement of Profit and Loss, 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 31.03.2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- (vi) 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 in conformity with the accounting principles generally accepted in India.
- (a) In the case of Balance Sheet, the state of affairs of the Company as at 31st March, 2012 and
 - (b) In the case of the Statement of Profit and Loss, the profit of the company for the year ended on that date and
 - (c) In the case of the Cash Flow Statements, the cash flows for the year ended on that date.

For Swamy & Ravi **For M/s.JDS Associates**
Chartered Accountants Chartered Accountants
FRN :004317S FRN : 008735S

(Sd/-)S.RAVICHANDRAN (Sd/-)B.JAYARAM
Partner Partner
Membership No.023783 Membership No.028346

Coimbatore
26.05.2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the accounts of Salzer Electronics Ltd for the year ended March 31, 2012.

01. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any significant value of Plant and Machinery.
02. (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedure followed by the Management for such physical verifications are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the books and records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.
03. According to the information and explanations given to us, the Company has taken and granted loans, unsecured, from or to Companies, firms or other parties, listed in the Register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions are not prima facie prejudicial to the interest of the Company.
04. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
05. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
- (a) To the best of our knowledge and belief and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements exceeding the value of Rs.5 lakhs have been made at prices which are prima facie reasonable and having regard to the prevailing market prices at the relevant time.
06. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956.
07. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
08. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
09. According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:
- (a) The Company was regular in depositing Provident Fund and Employees' State Insurance dues, Excise duty, Service tax, Customs duty, CESS, Investor Education & Protection Fund, Income Tax, Sales Tax and all other applicable statutory dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 months as at 31st March, 2012.

- (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, 2012.
10. The Company does not have any accumulated losses as at the year end nor has it incurred any cash losses during the current and immediately preceding financial years.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. In our opinion the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. As informed to us, the term loans were utilized by the Company for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilized any funds raised on short term basis for long term investments and vice-versa.
18. According to the information and explanation given to us during the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.
20. According to the information and explanations given to us and the records examined by us, the Company has not raised money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year.

For Swamy & Ravi
Chartered Accountants
FRN :004317S

(Sd/-)S.RAVICHANDRAN
Partner
Membership No.023783

Coimbatore
26.05.2012

For M/s.JDS Associates
Chartered Accountants
FRN : 008735S

(Sd/-)B.JAYARAM
Partner
Membership No.028346

BALANCE SHEET AS AT 31st MARCH, 2012

	PARTICULARS	Note	As at 31/03/2012		As at 31/03/2011	
		No.	Rs.	Rs.	Rs.	Rs.
I.	<u>EQUITY AND LIABILITIES</u>					
1.	Shareholders' funds					
	(a) Share Capital	3	102837370		102837370	
	(b) Reserves and Surplus	4	741630508		678213648	
				844467878		781051018
2	Non- current liabilities					
	(a) Long-term borrowings	5	46456251		47738836	
	(b) Deferred Tax liabilities (Net)	6	7137298		13563887	
	(c) Other Long term liabilities	7	48492373		24906620	
	(d) Long-term Provisions	8	8076589		8867670	
				110162511		95077013
3	Current Liabilities					
	(a) Short term borrowings	9	523543066		482587784	
	(b) Trade payables	10	276282939		134754550	
	(c) Other current liabilities	11	332512713		299794203	
	(d) Short term provisions	8	40017419		41448650	
				1172356137		958585187
	TOTAL			2126986526		1834713218
II	<u>ASSETS</u>					
1.	Non-current assets					
	(a) Fixed assets	12				
	(i) Tangible assets		620931921		548078516	
	(ii) Intangible assets		-		-	
	(iii) Capital work-in-progress		-		14119502	
	(b) Non-current investments	13	48378683		48378683	
	(c) Long-term loans and advances	14	5908167		10188751	
	(d) Other non-current assets	15	7000014		7977755	
				682218785		628743207
2.	Current assets					
	(a) Current investments		-		-	
	(b) Inventories	16	469422037		388631727	
	(c) Trade receivables	15	593421115		519818213	
	(d) Cash and Bank Balances	17	145569691		103532488	
	(e) Short-term loans and advances	14	187364725		165469944	
	(f) Other current assets	15	48990173		28517639	
				1444767741		1205970011
	TOTAL			2126986526		1834713218
	Summary of Significant Accounting Policies	1 & 2				

The accompanying Notes are an integral part of the financial statements

In terms of our report attached

(Sd/-)P.S.SANTHANAKRISHNAN
Chairman

(Sd/-)R.DORAISWAMY
Managing Director

For Swamy & Ravi
Chartered Accountants
FRN :004317S

For M/s.JDS Associates
Chartered Accountants
FRN : 008735S

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

(Sd/-)S.RAVICHANDRAN
Partner
Membership No.023783

(Sd/-)B.JAYARAM
Partner
Membership No.028346

Coimbatore - 47
26.05.2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

	PARTICULARS	Note No.	For the Year ended 31/03/2012		For the Year ended 31/03/2011	
			Rs.	Rs.	Rs.	Rs.
I	Revenue from operations:	18	2228780276		1806544105	
II	Other Income	19	9079994		6773634	
III	Total Revenue (I + II)			2237860270		1813317739
IV	Expenses					
	Cost of Materials Consumed	20	1588248523		1266805288	
	Changes in inventories of finished goods and work in progress	21	(45235449)		(90210937)	
	Employee benefits expenses	22	97039346		84509759	
	Finance Cost	23	115920658		88995089	
	Depreciation and amortization expenses	12	79591853		69009648	
	Other expenses	24	301112288		287370289	
	Total Expenses			2136677219		1706479136
V	Profit before exceptional and extraordinary items and tax (III-IV)			101183051		106838603
VI	Exceptional Items			-		-
VII	Profit before tax (V-VI) & extraordinary items			101183051		106838603
VIII	Extraordinary items			-		-
IX	Profit before tax (VII-VIII)			101183051		106838603
X	Tax expense:					
	(1) Current tax		25675000		22261665	
	(2) Deferred tax		(6426589)	19248411	(5961623)	16300042
XI	Profit for the period - Afer Tax(IX-X)			81934640		90538561
XIII	Earnings per equity share:					
	(1) Basic			7.97		8.80
	(2) Diluted			7.97		8.80
	Summary of Significant Accounting Policies	1 & 2				

The accompanying Notes are an integral part of the financial statements

(Sd/-)P.S.SANTHANAKRISHNAN
Chairman

(Sd/-)R.DORAISWAMY
Managing Director

For Swamy & Ravi
Chartered Accountants
FRN :004317S

In terms of our report attached
For M/s.JDS Associates
Chartered Accountants
FRN : 008735S

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

Coimbatore - 47
26.05.2012

(Sd/-)S.RAVICHANDRAN
Partner
Membership No.023783

(Sd/-)B.JAYARAM
Partner
Membership No.028346

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

A. Cash flow from operating activities	year ended 31.03.2012	year ended 31.03.2011
	Rs. in lakhs	
profit before tax	1011.83	1068.39
Adjusted for:		
Depreciation	795.92	690.10
Interest received	(41.62)	(54.10)
Interest & Finance Charges	1159.21	889.95
Exchange Rate Differences	(36.33)	32.12
Bad debts written off & Provisions	20.00	21.37
Dividend Income	(1.51)	(0.16)
Loss on sale of Asset	-	1.92
Other <i>income</i>	-	(105.94)
Operating profit before working capital changes	2907.50	2543.65
Adjusted for working capital changes		
Inventories	(807.90)	(944.93)
Trade Receivables	(720.03)	(1020.18)
Long Term Loans & Advances	42.80	(120.23)
Short Term Loans and Advances	(218.95)	-
Trade Payables	1415.28	1571.20
Other Current liabilities	289.47	(482.17)
other Long term Liabilities	235.86	(546.80)
Provisions	(84.66)	(33.07)
Other Current assets	(204.73)	(215.19)
Non Current assets	9.78	-
Cash generated from Operations	2864.42	752.28
Direct Taxes Paid	(222.62)	(195.58)
Net Cash flow from operating activities	2641.80	556.70
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(1524.69)	(1021.98)
Capital work in process Reversed	141.19	0.00
Sale of fixed assets	33.83	43.20
Interest Received	41.62	54.10
Dividend Income	1.51	0.16
Other Income	-	104.02
Net Cash used in investigating activities	(1306.54)	(820.50)
C. Cash flow from financing activities		
Long Term Borrowings	237.04	209.80
Short Term Borrowings	494.35	1387.70
repayment of Long Term Borrowings	(212.15)	(135.40)
repayment of Short Term Borrowings	(84.79)	(300.00)
Interest & Finance Charges	(1159.21)	(889.95)
unsecured Loans From Directors	13.00	-
Repayment of Loans to others	(11.25)	(20.96)
Dividend & Dividend Tax Paid	(191.87)	(191.87)
Net Cash Generated Financing Activities	(914.88)	59.32
Net Increase In Cash and Cash Equivalents	420.38	(204.48)
Cash & equivalent at the beginning of the year	1035.32	1239.80
Cash & Equivalent at the end of the year	1455.70	1035.32

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO THE FINANCIAL STATEMENTS**Significant accounting policies:****NOTE 1: Corporate information & history:**

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

NOTE 2:**(a) Basis of preparation of financial statements**

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

(b) Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(c) Use of estimates

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

(d) Fixed assets

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

(e) Impairment

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

(f) Depreciation:

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

(g) Investments:

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

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

(h) Inventories:

- (i) Raw materials including consumables and stores & spares are valued at cost. The cost is determined on the basis of FIFO method.
- (ii) Work-in-process is valued at cost of materials and labour together with relevant factory overheads. The cost of work in progress is determined on the basis of weighted average method.

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

(i) Research and Development

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

(j) Foreign Currency Transactions

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

(k) Taxation**1. Current Tax**

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

2. Deferred Tax

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

(l) Revenue Recognition

- i. Revenue in respect of sale of products is recognized at the point of despatch to customers.
- ii. Sales comprise of value of sale of goods (Net of returns) excluding Sales Tax and Excise Duty.
- iii. Revenue in respect of investments is recognized as and when these incomes are ascertained and quantified.
- iv. Income from Services is recognized as and when the services are rendered.
- v. Export benefits are recognized in the profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made.

vi. Dividend income is recognized when the right to receive dividend is established.

vii. Lease income under operating lease is recognized in Profit and Loss Account on the basis of accrual of income as per terms of the agreement.

(m) Employees Benefits**1. Defined contribution plans**

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

2. Defined benefit plan (gratuity)

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

3. Pension & Leave Salaries**Pension**

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

Leave Salaries

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

(n) Earnings Per Share (EPS)

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

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

(o) Borrowing Costs

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

(p) Leases

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

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

(q) Provisions, contingent liabilities and contingent assets

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

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

(r) Segment Reporting

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

(s) Consolidation of accounts (AS23)

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

(t) Cash and Cash Equivalents

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

Particulars	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
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NOTE `3'

SHARE CAPITAL

a. Authorised

1,50,00,000 Equity Shares of Rs. 10/- each	<u>15000000</u>	<u>15000000</u>
[Previous Year : 1,50,00,000 Equity Shares of Rs.10/- each]		

b. Issued, Subscribed and Paid up

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

TOTAL	<u>102837370</u>	<u>102837370</u>
--------------	-------------------------	-------------------------

c. Reconciliation of shares outstanding at the beginning and at the end of the period

	31-Mar-12		31-Mar-11	
	No. of Shares	Rs.	No. of Shares	Rs.
At the Beginning of the Period	10283737	102837370	10283737	102837370
Add :Shares issued during the Year	-	-	-	-
Less:Shares bought back during the Year	-	-	-	-
Add : Other Movements during the Year	-	-	-	-
Outstanding at the end of the Period	10283737	102837370	10283737	102837370

d. Terms/rights attached to the Equity Shares.

- ❖ The Company has only one class of Equity share having par value of Rs. 10/- per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays Dividend in Indian Rupees.
- ❖ The Dividend Proposed is as recommended by the Board of Directors and subject to the approval of the Shareholders' in the ensuing Annual General Meeting.
- ❖ For The year Ended 31st March 2012, The Amount of Dividend per share recongnized as distributions to Equity is Rs. 1.20/- (31st March, 2011 : Rs. 1.60/-)

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

	31-Mar-12		31-Mar-11	
	Shares	%	Shares	%
Larsen & Toubro Capital Company Ltd	2679808	26.06	2679808	26.06
Vishnu Rangaswamy.D	667787	6.49	667787	6.49
Saradha Investments Limited	530092	5.15	530092	5.15

Particulars	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE `4'		
RESERVES AND SURPLUS		
Capital Reserve		
Share Premium	252918270	252918270
Reserve for doubtful debts and investment		
As per last Balance sheet	4500000	2500000
Add : Transfer from Profit and Loss Account	2000000	2000000
Closing Balance	<u>6500000</u>	<u>4500000</u>
General Reserve		
As per last Balance sheet	160366232	160366232
Add : Transfer from Profit and Loss Account	6800000	6800000
Closing Balance	<u>167166232</u>	<u>167166232</u>
Profit and Loss Account		
As per last Balance sheet	253629146	189077570
Add: Profit During The Year	81934640	90538561
Add: Excess Provision for prior year written back	624639	-
Less: Proposed Dividend (Incl .Tax)	14342419	19186985
(Amount Per Share Rs.1.20/- (31.03.2011 Rs.1.60/-) Transfer to General Reserves	6800000	6800000
Closing Balance	<u>315046006</u>	<u>253629146</u>
TOTAL	<u>741630508</u>	<u>678213648</u>

Particulars	Non-Current Portion		Current Maturities	
	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE `5'				
LONG TERM BORROWINGS				
(a) SECURED				
(i) Term Loans from Banks				
Term Loan from Canara Bank	19104746	30711894	11607148	18711195
[Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-I) and Guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director]				
[1. Energy Saver Term Loan Repayable within 27 EMI of Rs. 1083334/- & 1 EMI of Rs. 1083292/-]				
[2. Vehicle Loan Repayable within 11 EMI of Rs. 32989 & 1 EMI of Rs. 15705/-]				
Term Loan from Bank of India	16818403	1672136	4823004	7286928
[Secured by the assets purchased under Term Loans and extension of equitable mortgage of Land and Building of the Company (Unit-II) & Guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director]				
[1. Plant & Machinery Term Loan-1 Repayable within 2 EMI of Rs. 672000/- & 1 EMI of Rs.328136/-]				
[2 Plant & Machinery Term Loan II Repayable within 33 EMI of Rs.598761/- & 1 EMI of Rs.210158/-]				
Term Loan from Citi Bank	-	-	-	949389
[Secured by way of all movable fixed assets including plant and achinery lying at Unit III of the Company and Guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint anaging Director] [Repayable EMI - Nil]				
Term Loan from Union Bank of India	3470834	4695833	1224999	1013100
[Secured by way of First Charge on inventories including imported stocks of Unit-IV and First charge on all fixed assets of Unit IV except Machineries items financed by L&T Finance Ltd. and Guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.] [Plant & Machinery Term Loan Repayable within 46 EMI of Rs.102083/-]				
(ii) Term Loan from Others				
Term Loan from Larsen & Toubro Finance Ltd	881312	4653017	3771705	15558545
[Secured by way of Hypothecation of Plant and Machineries of Unit IV on First Charge basis purchased out of L&T Funding and Guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.] [Repayable within 14 EMI of Rs.310201/- & 1EMI of Rs.310203/-]				
b) UNSECURED				
Directors	4348294	3048294	-	-
[Repayable within _ EMI of Rs. _ - _]				
Others	1832662	2957662	-	-
[Repayable within _ EMI of Rs. _ - _]				
TOTAL	46456251	47738836	21426856	43519157

Particulars	AS AT	AS AT
	31.03.2012 Rs.	31.03.2011 Rs.
NOTE `6'		
DEFERRED TAX LIABILITY		
Deferred Tax Liabilities		
Deferred Tax Liabilities on Research and Development Expenses	12815624	19525510
Gross Deferred Tax Liability	12815624	19525510
Less: Deferred Tax Assets		
Fixed Assets : Impact of difference between Tax Depreciation and book depreciation	5029426	5312723
Deferred Tax Assets on Provisions	648900	648900
Gross Deferred Tax Assets	5678326	5961623
Deferred Tax Liabilities (Net)	7137298	13563887
NOTE `7'		
OTHER LONG TERM LIABILITIES		
Trade Payables	-	-
Other Long Term Liability -LIC Loan against Keyman Policy	48492373	24906620
TOTAL	48492373	24906620

Particulars	Long Term		Short Term	
	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE `8'				
PROVISIONS				
Present value of obligations as at the end of the year	18432355	15574882	-	-
Less : Fair value of planned assets as at the end of the year	10355766	6707212	-	-
Net assets / (Liability) reconsized in balance sheet	8076589	8867670	-	-
Other Provisions:				
Provision for Taxation	-	-	25675000	22261665
Proposed Dividend	-	-	12340484	16453979
Corporate Dividend Tax	-	-	2001935	2733006
TOTAL	-	-	40017419	41448650

Particulars	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE ` 9'		
SHORT TERM BORROWINGS		
a) SECURED		
Loans repayable on demand		
From Banks		
Cash Credit From Canara Bank	138038203	142941147
Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-I		
Cash Credit From Bank of India	138401382	141977883
Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-II		
Packing Credit From Bank of India	2500000	2500000
Open Cash Credit has been secured on hypothecation of Inventories of Unit-II		
Cash Credit From Union Bank of India	174382772	172993177
Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-IV		
Cash Credit From Citi Bank	41420709	22175577
Open Cash Credit has been secured on hypothecation of Inventories and Book Debts of Unit-III		
b) UNSECURED		
From Banks		
Credit From Citi Bank	28800000	-
TOTAL	<u>523543066</u>	<u>482587784</u>
NOTE ` 10'		
TRADE PAYABLES		
Trade Payables		
For Goods	213311287	112980234
For Capital Goods and Capital Expenses	60510019	18788614
Others		
For Statutory Dues	-	-
For Advances from Customers	2461633	2985702
TOTAL	<u>276282939</u>	<u>134754550</u>
Disclosure		
There are no dues to any creditors constituting "Suppliers" within the meaning of Section 2(n) of the Micro, Small and Medium Enterprises Development "Act, 2006		
NOTE ` 11'		
OTHER CURRENT LIABILITIES		
Current Maturities of long term borrowings	21426856	43519157
Unpaid dividends	2080329	1975208
Interest Accrued and Due on Borrowings	95064	-
For Expenses	304692823	253281814
Other Payables (Specify Nature)		
ESI Payable	78804	105862
PF Payable	188765	350884
TDS Payable	342802	25479
Sales Tax Payable	3607270	535799
TOTAL	<u>332512713</u>	<u>299794203</u>

Particulars	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE '13'		
NON-CURRENT INVESTMENTS		
Trade Investments		
a) Quoted		
Bank of India	103500	103500
(2300 Shares of Rs.10/- each at a premium of Rs. 35/- per share) (Market value As At 31.03.2012(Closing) Rs.361/-per share Aggregate Market value Rs.8,30,300/-)		
b) Unquoted		
Investments in Equity Instruments of Associate Company		
1. Salzer Technologies Ltd	832500	832500
(83250 Equity Shares of Rs. 10/- each)		
2. Salzer Spinners Ltd	5596500	5596500
(1865500 Equity Shares of Rs.10/- each - at realisable value)		
3. Salzer Global Services LLC	41846183	41846183
(400000 shares of Limited Liability Company, New Hampshire- share value 10,00,000 US Dollars.)		
TOTAL	48378683	48378683

Disclosure

Particulars	31.03.2012		31.03.2011	
	No.of Shares	%	No.of Shares	%
1 Salzer Technologies Ltd	83250	35.43	83250	35.43
2 Salzer Spinners Ltd	1865500	26.65	1865500	26.65
3 Salzer Global Services LLC	400000	40.00	400000	40.00

Particulars	Non Current		Current	
	AS AT	AS AT	AS AT	AS AT
	31.03.2012 Rs.	31.03.2011 Rs.	31.03.2012 Rs.	31.03.2011 Rs.
Capital Advances	-	-	19571008	11909017
Security Deposits	5908167	10188751	-	-
Loans and Advances to Related Parties	-	-	2537051	-
Other Loans and Advances (Specify Nature)	-	-	76694504	119696157
Loans and Advances to Suppliers	-	-	38130832	26470327
Prepaid Expenses	-	-	1941270	1266931
Advances to Staff & Others	-	-	5966624	-
Balance with Statutory Authorities	-	-	42523436	6127512
TOTAL	5908167	10188751	187364725	165469944

NOTE `14'
LOANS AND ADVANCES
Unsecured Considered Good:

Capital Advances	-	-	19571008	11909017
Security Deposits	5908167	10188751	-	-
Loans and Advances to Related Parties	-	-	2537051	-
Other Loans and Advances (Specify Nature)	-	-	76694504	119696157
Loans and Advances to Suppliers	-	-	38130832	26470327
Prepaid Expenses	-	-	1941270	1266931
Advances to Staff & Others	-	-	5966624	-
Balance with Statutory Authorities	-	-	42523436	6127512

TOTAL **5908167** **10188751** **187364725** **165469944**

Particulars	Non Current		Current	
	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE `15'				
TRADE RECEIVABLES AND OTHER ASSETS				
Trade Receivables				
Unsecured Considered Good				
Over Six Months	7000014	7977755	4767246	3561649
Below Six Months	-	-	588653869	516256564
	7000014	7977755	593421115	519818213
Other Assets				
TDS Receivables	-	-	99853	300820
Energy Saver Income Receivables	-	-	21830030	8844087
Excise Receivables	-	-	22100452	14079221
VAT Receivables	-	-	4656214	4704548
Other Receivables	-	-	303624	588963
TOTAL	-	-	48990173	28517639

Particulars	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE `16'		
INVENTORIES		
Raw Material	147466372	113635035
Packing Material	5291940	3568717
Work In Process	223246779	165452175
Finished Goods	93416946	105975800
TOTAL	469422037	388631727

Particulars	Non Current		Current	
	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
NOTE `17'				
CASH AND BANK BALANCES				
-Cash and Cash Equivalents				
Cash on Hand	-	-	951298	647667
Balance with Banks				
-In Current Accounts	-	-	41154377	38787167
-In Fixed Deposit Accounts	-	-	63379706	37874983
-As Margin Money	-	-	38003981	24247463
- Other Bank Balances				
Balance with Banks				
-In Current Accounts	-	-	-	-
-In Fixed Deposit Accounts	-	-	-	-
-Unclaimed Dividend Accounts	-	-	2080329	1975208
TOTAL	-	-	145569691	103532488

Margin Money deposit with carrying amount of Rs.3,80,03,981 /-(31st March, 2011 : Rs.2,42,47,463 /-) are held to secure the company's Non-fund based limits availed from Bank

Particulars	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
NOTE ` 18'		
REVENUE FROM OPERATION		
A. Sale of Product		
Sales - Domestic	2064086114	1718413089
Sales - Exports	338708755	195090486
	2402794869	1913503575
Less : Excise Duty & Taxes	262370245	187389375
Sub Total	2140424624	1726114200
B. Sale of Services		
Income by Energy Saver	32442489	14642887
Income by Street Light Maintenance	33250076	48911437
Technical Services	8912615	5103183
Sub Total	74605180	68657507
C. Other Operating Revenues		
Conversion Charges Received	4315154	2749861
Income by Power Generation	6409723	7034912
Sale of DEPBB Licences	2979548	1987625
Duty drawback Income	46047	-
Sub Total	13750472	11772398
TOTAL (A+B+C)	2228780276	1806544105
NOTE ` 19'		
OTHER INCOME		
Interest from Bank Deposits	4162220	5410222
Foreign Exchange Rate Difference	3633163	-
Other non-operating income (net of expenses)	1129626	889645
Insurance Claim Received	3805	457667
Dividend from Long Term Investments	151180	16100
TOTAL	9079994	6773634
NOTE ` 20'		
COST OF MATERIAL CONSUMED		
Raw Materials Consumption		
Stock at Commencement	113634734	109789797
Add: Purchases	1588569567	1238058480
Less : Stock at Close	147466372	113634735
	1554737929	1234213542
Packing Materials Consumption		
Stock at Commencement	3568717	3131613
Add: Purchases	35233817	33028850
Less : Stock at Close	5291940	3568717
	33510594	32591746
TOTAL	1588248523	1266805288

Particulars	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
NOTE ` 21'		
Change in Stocks		
Stock at Commencement		
Work-in Process	165452476	90148118
Finished Goods	105975800	91069220
	<u>271428276</u>	<u>181217338</u>
Less: Stock at Close		
Work-in-Process	223246779	165452475
Finished Goods	93416946	105975800
	<u>316663725</u>	<u>271428275</u>
Change in Inventories of Finished Goods and Work-in-process	<u>(45235449)</u>	<u>(90210937)</u>
NOTE ` 22'		
EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages, Bonus etc.	80337678	72236897
Contribution to P.F, E.S.I and Other Statutory Funds	5114416	5069919
Workmen and Staff Welfare Expenses	8670131	5352117
Provision for Gratuity	2917121	1850826
TOTAL	<u>97039346</u>	<u>84509759</u>
Disclosure : The above Salaries & Wages include Directors Remunerations		
NOTE ` 23'		
FINANCE COSTS		
Interest Expense		
Interest on Term Loan	9836328	15499144
Interest on Working Capital	66591749	51185605
Interest on Car Loan	-	100572
Interest Others	39492581	22209768
TOTAL	<u>115920658</u>	<u>88995089</u>
NOTE ` 24'		
OTHER EXPENSES		
Consumptions of Store and Spares	10835538	8964775
Power and Fuel	45752135	36472552
Repairs To - Buildings	2309058	2394150
- Machinery	9709620	6346322
- Others	4961263	5471238
Rent	593400	526150
Insurance	1610902	1783871
Rates and Taxes	9189447	8383824
Audit Fees	393260	394875
Freight and Forwarding Charges	35912860	26409581
Travelling and Conveyance	9314317	8933889
Printing & Stationery	2024231	1922425
Director's Sitting Fees	144000	94000
Sales Promotional Expenses	38312332	35538537
Subcontracting Expenses	55305510	45910782
Research & Development Expenses	16152958	19051108
Others	56591457	76772210
Reserve for doubtful debts and Investments	2000000	2000000
TOTAL	<u>301112288</u>	<u>287370289</u>

Employee Benefits Expenses

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

	As on 31.03.2012	As on 31.03.2011
I. Table showing changes in present value of obligation		
Present value of obligations as at beginning of year	15574882.00	11423836.00
Interest cost	1245991.00	913907.00
Current service cost	1065788.00	936919.00
Benefits paid	(761780.00)	(485206.00)
Actuarial (gain)/ loss on obligations	1307474.00	2785426.00
Present value of obligations as at end of year	18432355.00	15574882.00
II. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	6707212.00	3235321.00
Expected return on plan assets	702133.00	358630.00
Contributions	3708201.00	3598467.00
Benefits paid	(761780.00)	(485206.00)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair value of plan assets at the year end	10355766.00	6707212.00
III. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	6707212.00	3235321.00
Actual return on plan assets	702133.00	358630.00
Contributions	3708201.00	3598467.00
Benefits paid	(761780.00)	(485206.00)
Fair value of plan assets at the end of year	10355766.00	6707212.00
Funded status	(8076589.00)	(8867670.00)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 st March)	NIL	NIL
IV. Actuarial Gain/Loss recognized		
Actuarial (gain)/loss on obligations	(1307474.00)	(2785426.00)
Actuarial (gain)/loss for the year – plan assets	NIL	NIL
Total (gain)/loss for the year	1307474.00	2785426.00
Actuarial (gain)/loss recognized in the year	1307474.00	2785426.00
V. The amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of year	18432355.00	15574882.00
Fair value of plan assets as at the end of the year	10355766.00	6707212.00
Funded status	(8076589.00)	(8867670.00)
Net asset/(liability) recognized in balance sheet	8076589.00	8867670.00
VI. Expenses recognized in statement of profit and loss		
Current service cost	1065788.00	936919.00
Interest cost	1245991.00	913907.00
Expected return on plan assets	(702133.00)	(358630.00)
Net Actuarial (gain)/loss recognized in the year	1307474.00	2785426.00
Expenses recognized in statement of profit and loss	2917120.00	4277622.00

VII. Investment Details:

L.I.C	100%	100%
-------	------	------

VIII. Actuarial assumptions**Mortality Table (LIC)**

Discount rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	5.00%	5.00%
Rate of escalation in salary (per annum)	5.00%	5.00%

NOTE: 26. EARNING PER SHARE:

	2012	2011
i. Net profit after tax for the year	819.35	905.39
ii. Weighted average number of equity shares	10283737	10283737
iii. Nominal value per share	Rs.10/-	Rs.10/-
iv. Earnings per share	7.97	8.80

NOTE: 27. RELATED PARTY DISCLOSURE

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

- Key Management Personnel ;
- Relative of Key Management Personnel ;
- Enterprise owned or significantly influenced by key management personnel or their relatives:

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

S.No	Name of Related Party	Nature of Transaction	Transaction Value for the year (Rs.)	
			Dr.	Cr.
a	Key Management Personnel			
1	R.Doraiswamy	Remuneration		1919360
2	D.Rajeshkumar	Remuneration		1834360
3	P.Ramachandran	Remuneration		379360
b	Relative of Key Management Personnel			
1	R.Dhamodharaswamy, Director	Brother of R.Doraiswamy, Managing Director		
2	R.Narayanaswamy Director	Brother of R.Doraiswamy, Managing Director		
C	Enterprise owned or significantly influenced by key management personnel or their relatives			
1	Salzer Exports Ltd	Sale of Goods	57930700	
2	Salzer Magnet Wires Ltd	Sale of Goods	186992059	
		Purchase of Material		16342118
		Job Work Charges Paid		4163301
3	Micro Instruments Ltd	Sales of Material	95673	
		Labour Charges		196070
		Purchase of Material		856769
4	Rangaswamy Naidu & Sons	Fuel Purchase		25129964
5	Salzer Spinners Ltd.,	Sale of Power	4420832	
6	Plitron Mfg. Inc	Sale of Material	3456595	

NOTE: 28. CONTINGENT LIABILITIES

1. Towards Import obligation under EPCG Scheme is Rs.169.58 Lakhs
2. Letter of credit (foreign and inland) for import and purchase of raw materials is Rs.803.28 Lakhs
3. Obligation towards Bank Guarantee is Rs.192.24 Lakhs.

NOTE: 29. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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

Particulars	31, MARCH 2012 (Rs.)	31, MARCH 2011 (Rs.)
Dues outstanding as at the end of the year for more than 45 Days	Nil	Nil

NOTE: 30. VALUE OF IMPORTS ON CIF BASIS

S.No	Particulars	31, MARCH 2012 (Rs.)	31, MARCH 2011 (Rs.)
a	Raw materials	10601064	4859560
b	Components and Spare parts	172644027	119007573
c	Capital Goods	15855160	3400051
	Total	199100251	127267184

NOTE: 31 EXPENDITURE OF FOREIGN CURRENCY

S.No	Particulars	31, MARCH 2012 (Rs.)	31, MARCH 2011 (Rs.)
a	Salary	Nil	Nil
b	Fees for Technical / Professional Services	118734	Nil
c	Others	5656230	5584617
	Total	5774964	5584617

NOTE: 32. IMPORTED AND INDIGENOUS RAWMATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

S. No	Particulars	% of total Consumption as on 31.03.2012	Value on 31.03.2012 (Rs.)	% of total Consumption as on 31.03.2011	Value on 31.03.2011 (Rs.)
a	Raw materials				
	- Imported	0.83	10601064	0.49	4859560
	- Indigenous	99.17	1265690219	99.51	997105620
b	Components				
	- Imported	62.00	172644027	51.24	119007572
	- Indigenous	38.00	105802619	48.76	113240790
c.	Packing Materials				
	- Imported	Nil	Nil	Nil	Nil
	- Indigenous	100.00	33510594	100.00	32591746
	Total (a+b+c)		1588248523		1266805288
d.	Stores and Spares				
	- Imported	Nil	Nil	Nil	Nil
	- Indigenous	100.00	10835538	100.00	8964775

NOTE: 33. SALES AND STOCK PARTICULARS OF FINISHED GOODS

Electricals Goods	Sales Value (Rs.)	Closing Inventory (Rs.)	Opening Inventory (Rs.)
Current Year	2402794869	93416946	105975800
Previous Year	1913503575	105975800	91069220

NOTE: 34. EARNING IN FOREIGN CURRENCY

S.No	Particulars	31, MARCH 2012 (Rs.)	31, MARCH 2011 (Rs.)
a	Export of Goods calculated on FOB Basis	246093578	134640342
b	Others	8912615	Nil
	Total	255006193	134640342

NOTE: 35. DIRECTORS' REMUNERATION OF Rs.41,33,080/- COMPRISING OF:

S.No	Particulars	R.Doraiswamy, Managing Director		D.Rajeshkumar, Jt.Managing Director		P.Ramachandran, Whole Time Director	
		31, March 2012	31, March 2011	31, March 2012	31, March 2011	31, March 2012	31, March 2011
1	Salaries and Allowances	1900000	1570000	1800000	1570000	360000	360000
2	Contribution to Provident Fund	9360	9360	9360	9360	9360	9360
3	Bonus	10000	10000	10000	10000	10000	10000
4	Contribution to Pension Fund			15000	15000		
	Total	1919360	1589360	1834360	1604360	379360	379360

NOTE: 36. PAYMENT TO AUDITORS

S.No	Particulars	31, March 2012	31, March 2011
A	As Auditors		
	Statutory Audit Fees	337080	330900
	Tax Audit Fees	56180	55150
B	In Other Capacity	Nil	8825
	Total	393260	394875

NOTE: 37. IMPAIRMENT OF ASSETS

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

In terms of our report attached

(Sd/-)P.S.SANTHANAKRISHNAN (Sd/-)R.DORAISWAMY
Chairman Managing Director

For Swamy & Ravi
Chartered Accountants
FRN :004317S

For M/s.JDS Associates
Chartered Accountants
FRN : 008735S

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

(Sd/-)S.RAVICHANDRAN
Partner
Membership No.023783

(Sd/-)B.JAYARAM
Partner
Membership No.028346

Coimbatore - 47.
26.05.2012



M/s.GNSA Infotech Limited

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

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

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

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

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

Place : Coimbatore Name :

Date : 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 meets with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay divided by issue of Warrants.



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Form for Registration of E-Mail Address

To

Date:

The Company Secretary
Salzer Electronics Limited
Samichettipalayam
Coimbatore -641047

Dear Sir,

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

Physical Mode

Electronic Mode **E-Mail Address:**

Kindly acknowledge the receipt and forward your response.

Thanking You

Yours faithfully

Signature

Name :

Note :

1. All the fields are mandatory
2. Tick the relevant box of your choice
3. Alternatively you may also register your E-Mail address at investor_relations@salzergroup.com / sta@gnsaindia.com



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**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 27th Annual General Meeting of the Company to be held on Saturday the 11th August 2012, at 11.30 AM, at Hotel Sree Annapoorna, R.S.Puram, Coimbatore – 641 002, and at any adjournment thereof.

Signed this day of 2012.

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

(27th Annual General Meeting – August 11, 2012)

Reg. Folio No. _____

I certify that I am a registered Shareholder/Proxy for the Registered shareholder of the Company and I hereby record my presence at the 27th Annual General Meeting of the Company held at Hotel Sree Annapoorna, R.S.Puram, Coimbatore – 641 002, on Saturday the 11th August 2012, at 11.30 AM.

Member's/Proxy's Name
in BLOCK Letters

Member's/Proxy's Signature

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



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 Copper Products



Enameled Copper Wires



Toroidal Transformers



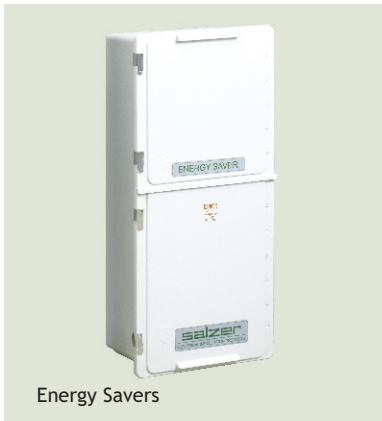
Current Transformers



Flexible Busbars



Energy Management Solutions



Energy Savers



Automatic Meter Reading



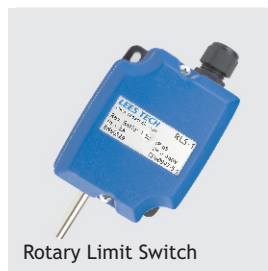
Movement Detectors



Automobile Products



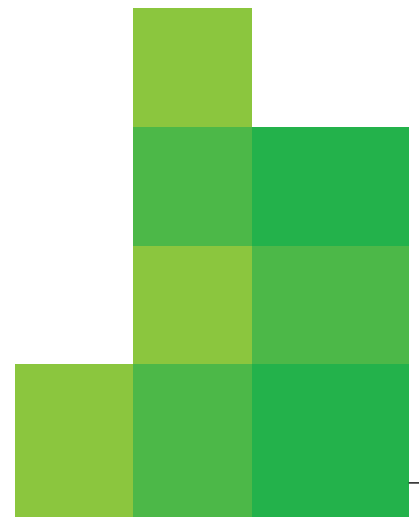
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