

salzer

**12th
ANNUAL REPORT
1996 - 97**



SALZER ELECTRONICS LIMITED
COIMBATORE 641 047



SALZER ELECTRONICS LIMITED

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SALZER ELECTRONICS LIMITED

BOARD OF DIRECTORS

Mr. P.S.Santhanakrishnan
Chairman
Mr. R.Doraiswamy
Managing Director
Mr. N.Jayabal
Executive Director
Mr. R.Narayanaswamy
Mr. V.K.Ranganathan
Mr. R.Damodharaswamy
Mr. P.K.Shah
Mr. L.Venkatapathy
Mr. Nirmal Kumar M.Chandria

**VICE PRESIDENT (CORP. AFFAIRS) &
COMPANY SECRETARY**

Mr. S.Baskara Subramanian

BANKERS

CANARA BANK,
Gudalur Branch,
SRKV Post,
Coimbatore - 641 020.

CANBANK FACTORS LIMITED
II Floor, United India Building,
1028, Avanashi Road,
Coimbatore - 641 018.

AUDITOR

M/s. N.M & Co.,
Chartered Accountants,
Room No.9, Jewel Complex,
324, Paja Street,
Coimbatore.

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

**REGISTRARS &
SHARE TRANSFER AGENTS**

M/s. GNSA INVESTOR SERVICES
PRIVATE LIMITED,
No. 66, 4th Avenue,
Ashok Nagar,
Chennai - 600 083.

REGISTERED OFFICE & FACTORY

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

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12th ANNUAL GENERAL MEETING

Day : Saturday
 Date : 27th September 1997
 Time : 4.00 P.M.
 Venue : Samichettipalayam Post
 Jothipuram (via)
 Coimbatore 641 047

SALZER ELECTRONICS LIMITED**salzer****NOTICE OF THE 12th ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 12th Annual General Meeting of the Shareholders of the Company will be held on Saturday the 27th September, 1997 at 4.00 PM at the Registered Office, Samichettipalayam, Coimbatore - 641 047, to transact the following Business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss A/c for the year ended 31st March, 1997 and the audited Balance Sheet as at 31st March, 1997 and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr. P.S.Santhanakrishnan, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. R.Narayanaswamy, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr. V.K.Ranganathan, 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 Auditors of the Company and fix their remuneration - M/s. N.M & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS:

7. To Amend the Memorandum of Association of the Company.

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

"RESOLVED THAT the consent of the Shareholders of the Company be and is hereby accorded, pursuant to the provisions of the Section 17 of the Companies Act, 1956 and rules made thereof and other applicable provisions, if any, and subject to the confirmation of the concerned Registrar of Companies and/or Company Law Board as the case may be, the Object Clause of the Memorandum of Association of the Company be amended and the following objects be included after the existing object clause 4, under the Main Objects to be pursued by the Company.

5. To deal in and manufacture all kinds of machineries and equipments, textile machineries, equipments, testing equipments, laboratory equipments, electrical equipments and machineries, automobile machineries, material handling equipments and devices, plants, machineries, tools, zigs, fixtures, office equipments like typewriters, adding machines, calculators, computers, televisions, radios, transistors, all kinds of electronic equipments, pneumatic equipments, fans, heaters, coolers, air conditioners, refrigerators and other electrical appliances, communication equipments, telephones, intercom systems, consumable spares and components of all kinds of machineries.
6. To carry on the business of Hire purchasing, Leasing, letting on hire, lease, to give in hire purchase, to give in lease rent, to sell, to acquire/buy under Hire purchase and/or lease and let in for rent or give in hire purchase and other related activities of all kinds of machineries and equipments of every kind and descriptions, textile machineries and equipments, electrical machineries and equipments, material handling equipments and devices, testing equipments, engineering machineries and equipments, tooling equipments, power turbines, generators, and other related and allied power equipments, plants, tools, zigs and fixtures, agricultural machineries, ships, trawlers, vessels, barges, automobiles and vehicles of every kind and description, office equipments like typewriters, adding machines and calculators, computers, communication equipments of every kind and description, televisions, radios, transistors, fans, heaters, coolers, air conditioners, refrigerators, telephones and other intercom systems, construction machineries of all types and descriptions, air conditioning plants, air crafts, electrical

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- and electronic equipments, appliances of all kinds and descriptions and other allied and related spares, components, etc in any part of INDIA or Abroad as may be decided by the Board of Directors from time to time.
7. To manufacture Electronics and Electrical Machineries like CAM Milling Machine, Hand Tool-Switch Assembling Fixture, Testing Panel, High Voltage Tester, Resistance Tester, Continuity Tester, Hand Tool-Base Tightener, Labeling Machine (Computer Supported) etc., and Parts thereof.
 8. To carry on the business of manufacturers of Turned & Pressed Components, Electroplaters of all varieties and Dies, Tools, zigs etc.
 9. To carry on the business of Manufacturing, Spinning, Weaving, Knitting, Embroidering, Bleaching, Dyeing, Mercerising, Raising, Curing, Printing, Made ups, Novelty, Lingerie, Emblems and garments and to Buy, Sell, Import and Export Cloths and other fabrics with or without Embroidering made from Raw Cotton, Jute, Wool, Hump, Silk, Flex or any substances.
 10. To manufacture weave, knit, stitch, embroider, buy, sell, import, export or otherwise deal in all types and varieties of garments, clothings and wearing apparel made of cotton, wool, silk or other natural and synthetic fibers of all description.
 11. To carry on the business of dyeing, colouring, bleaching, shading or otherwise treating in any way garments, yarns, viscose yarn and natural and synthetic fibers; and to manufacture, process, trade or otherwise deal in all types of dyes, chemicals, bleaching and colouring substances.
 12. To manufacture, buy, sell, import, export or otherwise deal in any sewing materials, sewing threads, viscose yarn, lining materials, zips, buttons, threads, elastic materials, knitting materials, needles and other such materials.
 13. To carry on the business of traders, manufacturers, dealers, wholesalers, retailers, job workers, importer and exporters and processors of all types of goods of Electronics and Electrical, Electro-Pneumatic, Electro-Hydraulic, Electro-Mechanical and Electro-Electronic components, equipments, instruments, appliances, goods like Timers, Photocells, Programmable Switches, Switch Mode Power Supply, AC-DC/DC-DC Convertors, Digital Hour Meters, Photo Electric Light Controller, Terminal Connectors and Conduit Tubing.
 14. To carry on the business as agents and representatives for inland and for foreign principals in the above lines.
 15. To buy, contract, sell, import, export or send for sale in and out of INDIA Raw Cotton, Waste Cotton, yarn, droppings, fabrics with Embroideries, novelty, lingerie, emblems, garments, fly, silk, wool, jute, hump and other fibrous articles, all kinds of cloth, ready made garments, to deal in all materials and things necessary or useful for dyeing, bleaching, printing and embroidering purposes and generally to deal in all or any of the fabrics, embroideries, articles and things to do all either on cash or on credit and for ready or future delivery.
 16. To manufacture, buy, sell, export, import and deal in apparatus, machineries, materials, articles of all kinds and do all industrial processing activities of weaving, knitting, printing etc., of Textile made fabrics of cotton, polyester, synthetic materials etc and do all acts connected with textile industry.
 17. To build, construct, maintain, enlarge, pull down, remove or replace, remove or develop and to work, manage and control any buildings, offices, factories, mills, foundries, refineries, furnaces, godowns, warehouses, shops, machineries, engines, roadways, railways within the premises or on lease land, tramways or other means of transport, siding, bridges, reservoirs, dams, water-courses, water-systems, wharves, electrical works, gas works operated by any other kind of power and also such other machinery, equipment conveyances, work and conveniences which may seem calculated directly or indirectly to advance the interests of the company and to subsidise, contribute to or otherwise assist or take part in doing any of those things and/or to join with any other person or company or with any governmental authority in doing any of these things.
 18. To carry on the business as a Finance, lease and Investment Company and to buy, underwrite, invest in, acquire, hold, sell and deal in shares, stocks, debentures, debenture stock, bonds, obligations, securities,

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purchasing and letting on lease or hire of any kind issued or guaranteed by any company constituted or carrying on business in INDIA or elsewhere or association of persons whether incorporated or not and any debenture, debenture stocks, bonds, obligations and securities issued or guaranteed by any government, State, Public Body or authority, firm or person whether in INDIA or elsewhere.

19. To lend money on security of movable or immovable properties in particular, house properties or any shares or securities of any nature or without security and to negotiate loans.

By Order of the Board

Place : Coimbatore
Date : 14.08.1997

(Sd.) R. DORAISWAMY
Managing Director

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 members 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 relevant explanatory statement, in respect of items under special business, pursuant to section 173 of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.97 to 27.09.97 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
5. Members are requested to kindly notify the change in address immediately to the Company's Registrars M/s. GNSA Investor Services Private Limited, No. 66, 4th Avenue, Ashok Nagar, Chennai - 600 083.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE ITEMS MENTIONED UNDER SPECIAL BUSINESS

ITEM NO. 7:

The Industrial Policy and other Economic Legislations governing the industrial development and growth of our country are being liberalised to make globalisation of the Indian Economy. This will enlarge the competitive field and nature in the area of Industrial development and growth. Your Directors are, therefore thought it fit to make your company competitive not only in the domestic markets but also in the global markets by widening its area of operations in different lines. According to the provisions of the Companies Amendment Act, 1996, the Companies are permitted to amend its Object Clause to take up any line of business activities subject to the approval of shareholders. It is therefore proposed to amend the Memorandum of Association of the Company to diversify into different lines of activities from time to time depending upon the exigencies of the business environment. Your Directors therefore place this proposal and recommend the same for your approval.

None of the Directors are interested in this resolution.

SALZER ELECTRONICS LIMITED**Salzer****DIRECTORS' REPORT**

Your Directors have pleasure in presenting this 12th Annual Report together with the audited accounts of the Company for the year ended 31st March 1997.

FINANCIAL RESULTS AND PERFORMANCE:

	Year ended 31.03.97	(Rs in lacs)	Year ended 31.03.96
Profit before Interest & Depreciation	153.06		195.66
Less: Interest & Financial charges	82.72	78.42	
Depreciation	39.15	33.91	
	<u>121.87</u>	<u>112.33</u>	
Profit after Interest & Depreciation	<u>31.19</u>		<u>83.33</u>
Add: Excess Provision for Prior year written back	3.83		
	<u>35.02</u>		
Previous Year's Surplus B/f	22.48		58.40
	<u>57.50</u>		<u>141.73</u>
Less: Appropriation towards Bonus Issue	0.00	58.00	
Transfer to General Reserve	10.00	10.00	
Debenture Redemption Reserve	0.00	18.75	
Provision for proposed Dividend	0.00	30.00	
Provision for tax	4.00	2.50	
	<u>14.00</u>	<u>119.25</u>	
Balance c/f to Balance Sheet	43.50		22.48

During the year under review your Company has achieved a turn over of Rs. 698.98 lacs resulting in a growth of 11% as against Rs. 631.07 lacs during the previous year inspite of depressed market conditions coupled with cash flow and liquidity constraints prevailing in the industry. This has resulted in variance in the actual performance against the projections and in reduction of profitability of your Company, profit before tax, Rs. 31.19 lacs during the year under review as against Rs. 83.33 lacs during 95 - 96. However, the market share for the products of your Company is growing both in domestic and international market.

To sustain the market growth and improve the profitability of your Company, your Board of Directors, have been taking all efforts to achieve cost effectiveness in its operations. With these measures already taken, your Directors are confident to achieve the better performance in the coming years.

SUBSIDIARY COMPANIES

The Annual reports with Audited Accounts of M/s. Salzer Exports Limited, and M/s. Salzer Spinners Limited, subsidiary Companies for the period ended 31st March, 1997, are annexed hereto in terms of Section 212 of the Companies Act, 1956.

EXPANSION AND MODERNISATION

In order to sustain the stability and consistence already been achieved and also to improve the value of investments made in the Company, your Company is contemplating to diversify into different lines of activities. In this respect, necessary proposals are being placed before the share holders at this meeting to amend the Object Clause of the Memorandum of Association of your Company. Your Board of Directors recommend this proposal, for your approval.

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Your Company is also contemplating to establish assembly units in various parts of the Country, to ensure market and customer orientation by quick and timely delivery.

RESEARCH AND DEVELOPMENT

Your Company has already been accredited with ISO 9002 Certificate for its products. Your Board of Directors have pleasure in informing that, the International Quality Standards accreditation viz. CSA, NRTL/C Standard Approvals, CE Approval, VDE Approval, UL approval etc have been obtained for marketing your products in the Global Markets of USA, Canada, European Countries etc.

As new entrants are coming up in the Switch Gear industry, to sustain the Competitive edge for the products of your Company, the R & D Department of your Company have been fully strengthened for a continuous improvements in the specification, quality and utilities of the products, by adopting the concepts of Value Engineering, New Product Development, namely DC Switches, Breaker Control Switches, Star Delta Starters etc. In this connection, a full fledged Testing Laboratory has also been established.

Consistent efforts are being taken in improving the manufacturing techniques as well as quality of the end products as comparable to the International Standards.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your industry is not a power intensive one but wherever possible, necessary conservative measures have been taken up. As already stated in the last Directors' Report, your company had put up a wind mill of 225 MW at Kethanoor, Palladam Taluk and the wind mill has generated 3,26,829 units of power during the year under review, providing an income of Rs. 7.84 lacs to the Company.

INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES 1990.

Particulars of employees, who were drawing a remuneration exceeding the prescribed limit i.e. Rs. 3.00 lacs, if employed through out the year or Rs. 25,000.00 per month, if employed for any part of the year is furnished in the annexure.

DIRECTORS

During the year under review the Directors Mr. P.S.Santhanakrishnan, Mr. R.Narayanaswamy, Mr. V.K.Ranganathan, and Mr. L.Venkatapathy, retire by rotation and being eligible, offers themselves for re-appointment.

AUDITORS

M/s. N.M & Co., Chartered Accountants, the present Auditors retire at the ensuing Annual General Meeting and are eligible for reappointment.

FIXED DEPOSITS

Your Company has Fixed Deposits to the extent of Rs. 24.77 lacs as at 31.03.97 and there are no Fixed Deposits, which have matured and remained unpaid as on 31st March, 1997.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

Your Directors place on record their deep sense of appreciation and gratitude to the Shareholders, Government Agencies, SIPCOT, IIBI, Canara Bank, Canbank Factors Limited, Canbank Investment & Management Services Limited and Marketing Agencies for their continued support and co-operation. Your Directors also wish to record their appreciation for the dedicated services rendered by the employees at all levels.

For and On behalf of the Board

Place: Coimbatore
Date: 14.08.1997

(Sd.) P.S.SANTHANAKRISHNAN
Chairman

SALZER ELECTRONICS LIMITED**salzer****ANNEXURE TO DIRECTORS' REPORT**

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

A. CONSERVATION OF ENERGY

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

B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT:**1. Specific areas in which R&D was carried out by the Company.**

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

- To sustain the Quality Standards to the international levels.
- Continuous Process Development to achieve Cost Competitiveness.
- To improve the specifications and enlarge the utilities of CAM Operated Rotary Switches.
- To ensure continuous technological upgradation of the Switch gear products.
- New Product and Design development.

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

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

- 6 & 10 Amps Switches have been launched.
- Touch Proof Switches have been developed.
- International standard certification like CSA, NRTL/C, CE, VDE, UL approvals for the products have been obtained.
- Value Engineering techniques are constantly employed to optimise and enlarge the utility of the products of the Company.
- Type Testing Laboratory has since been established for testing upto AC 690V3 Phase, 200 Amps, 0.3 Power Factor DC 1000 loads to optimise the specifications of the products of the Company.
- Efforts have been made to eliminate all sorts of customer complaints.

3. Future plans of action

The Company is envisaging through its R&D wing to introduce new products such as DC Switches, Breaker Control Switches, Star Delta Starters, improve the applications of the products and to bring availability of entire range of Rotary Switches, Design Compatibility, Value addition etc in the coming years.

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

The technical know-how obtained for the manufacture of CAM Operated Rotary Switches is continuously developed and improved through inhouse R&D activities for enlarging its applications in design and process technology, cost competitiveness etc.

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

The Company could improve the design compatibility, utility of the CAM Operated Rotary Switches and thereby consistently improving its market share both in domestic and international markets.