



Towards a Green World

CERTIFIED TRUE COPY

For SALZER ELECTRONICS LTD

S. Baskarasubramanian
Director (Corporate Affairs) &
Company Secretary

SALZER ELECTRONICS LIMITED

24th ANNUAL REPORT 2008-2009

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

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

Mr. S.Baskarasubramanian

Bankers :

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

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

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

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

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

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

Auditors

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

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

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

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

Listing Arrangements

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

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

Registered Office

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

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24th ANNUAL GENERAL MEETING

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

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Dear Shareholder,

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

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

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

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

*** Energy saver**

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

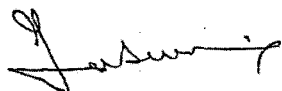
Your Company has already installed this system in Madurai Municipal Corporation North Zone for the last two and half years and the System being operated under Built Operate and Transfer (BOT) basis.

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

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

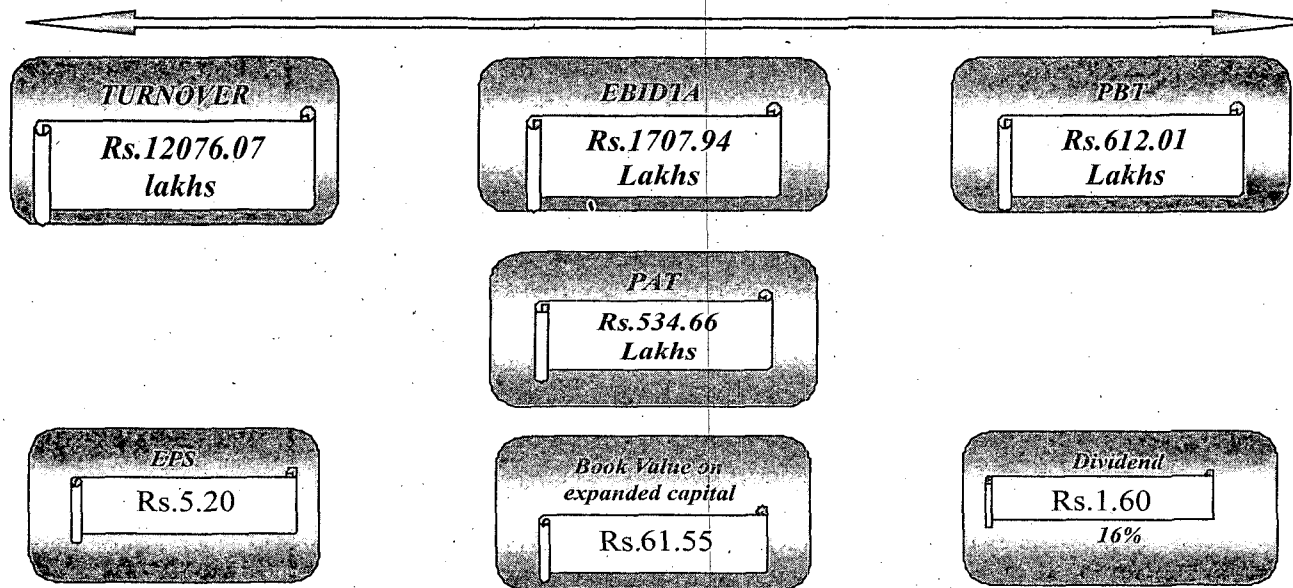
I would like to take this opportunity to express my sincere gratitude to all the shareholders for their continuous support in our ventures at all times and also to my colleagues on the Board of Directors of the company, customers, suppliers, our marketing associates, bankers and our employees at all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

With kind regards



R. DORAISWAMY
Managing Director

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



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

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

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

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

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

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

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

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

