

# 25<sup>th</sup> Annual Report - 2010



Sustainable Development



Leading by Innovation



Global Presence



<b>BOARD OF DIRECTORS</b>	<b>Mr. Santhanakrishnan .P.S,</b> Chairman <b>Mr. Doraiswamy .R,</b> Managing Director <b>Mr. Rajeshkumar .D,</b> Joint Managing Director <b>Mr. Ramachandran .P,</b> Director (Marketing) <b>Mr. Ajit Singh</b> <b>Mr. Damodharaswamy .R</b> <b>Mr. Howard M Gladstone</b> <b>Mr. Jayabal .N</b> <b>Mr. Kantilal V Vakharla</b> <b>Mr. Narayanaswamy .R</b> <b>Mr. Nirmal Kumar M.Chandria</b> <b>Mr. Sarad Anand Kulkarni</b> <b>Mr. Sankaran .V</b> <b>Mr. Shah .P.K</b> <b>Mr. Venkatapathy .L</b>  <b>Mr. Baskarasubramanian .S</b>	
<b>DIRECTOR (CORPORATE AFFAIRS) &amp; COMPANY SECRETARY</b>		
<b>BANKERS</b>	<b>M/s. CANARA BANK</b> Gudalur Branch SRKV Post Coimbatore - 641 020.  <b>M/s. BANK OF INDIA</b> Saibaba Colony Branch, N.S.R.Road Coimbatore – 641 011.  <b>M/s. UNION BANK OF INDIA</b> Coimbatore Main Branch 235, Oppanakara Street, Coimbatore – 641 001	<b>M/s. CANARA BANK</b> Industrial Finance Branch R.S.Puram Coimbatore - 641 002.  <b>M/s. CITI BANK</b> Tri Star Towers Plot No.657, Avinashi Road, Coimbatore  <b>M/s. HDFC BANK LTD</b> “Nanjammas” 1/180-2, Mettupalayam Road, Thudiyalur, Coimbatore – 641 034
<b>AUDITORS</b>	<b>M/s. JDS Associates</b> Chartered Accountants, R.No.6, 1st Floor, Jewel Complex, 324, Raja Street, Coimbatore - 641 001. FRN : 008735S	<b>M/s. Swamy &amp; Ravi</b> Chartered Accountants, N S R Road, Saibaba Colony, Coimbatore - 641 011. FRN : 004317S
<b>REGISTRARS &amp; SHARE TRANSFER AGENT (Physical &amp; Demat)</b>	<b>M/s. GNSA Infotech Limited</b> No.11, G R MANSION, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai - 600 017. Tel: 044-4296 2209 / 2222. e-mail : sta@gnsaindia.com	
<b>LISTING ARRANGEMENTS</b>	<b>The Stock Exchange, Mumbai,</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	<b>Coimbatore Stock Exchange Ltd,</b> 683-686, Trichy Road, Singanallur, Coimbatore - 641 005.
<b>REGISTERED OFFICE</b>	Samichettipalayam (PO), Jothipuram (Via), Coimbatore - 641 047. Tel: 0422-4233600, 2692531 Fax:0422-2692170	



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

Day : Wednesday  
Date : 08.09.2010  
Time : 11.30 A.M.  
Venue : Hotel Sree Annapoorna, R.S.Puram,  
Coimbatore - 641 002

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**MANAGING DIRECTOR'S COMMUNIQUE**

**"Our Yesterday's endeavors make us Today to dream and commit ourselves for our Tomorrow's achievements in our Journey."**

**"Our Journey started 25 years back with small stride and we still have a long way to go to cherish our vision and Mission."**

**"Ours is always a Socio-Economic Growth story, fulfilling the needs of every one in its stream"**

Dear Shareholders,

It gives me an immense pleasure to share some of my thoughts with you all through this communicate. This year is an important mile stone for your Company with passage of 25 years in its corporate life. Gained from experience and knowledge all these 25 years, your Company has become more vibrant and competitive by learning many fruitful lessons from different situations, which made your Company well prepared and matured to seek new horizons in future. This 25<sup>th</sup> year gives us great pride and strength, heralds new era but at the same time, poses more responsibility on our shoulders to protect our sustainability and achievements and to grow in a different paradigm. I believe that without your whole hearted support and complete trust and confidence, Salzer would not have been what it is today. The multi-dimensional capabilities and skills of the Company's Board are a dynamic factor under collective wisdom to write a new history tomorrow and add more value to your investment in the years ahead. At this moment, I record my heartfelt thanks to you all for your unparallel cooperation, trust, confidence and faith reposed on Salzer and its team members during these 25 years. I am confident that all of you will continue your patronage and support in our endeavours in future, which, I believe, is the corner stone for our success and growth for the benefit of all stakeholders.

The concluded Financial year 2009-10 was a transition year for the Industry as a whole to see the recovery of its performance after a short setback in the market as the result of the Economic and Financial crisis all over the world. Indeed, this was the year, the industry had chance to test its competitive capabilities in the open economic regime. Your Company had too taken strategic measures to safeguard its performance and successfully proved that its fundamentals remained strong and impressive. In the direction of consolidation of business to look for continuous growth, your Company had successfully taken over the assets and liabilities of M/s. Salzer Cables Limited, a Company engaged in manufacturing of wires and cables, under a Scheme of Merger / Amalgamation. If the financial results of 2009-10 are any indication, this consolidation has improved its results as targeted and rewarded the stake holder. The earning per share has risen from Rs.5.20 to Rs.8.05 this year.

This year has ended with enthusiastic performance of your Company. The growth has been 63% (Rs.190.67 crores) and the growth in PAT is 55% (Rs.8.28 crores) in view of better market recovery particularly the infrastructure segment during the second half of the financial year 2009-10. Indeed, the financial year 2009-10 has emerged as a stepping stone year for your Company, to consolidate and to broad-base its outlook and approach in showing its competency in the market.

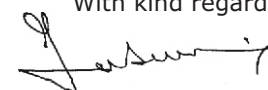
You are all aware that our country has been facing severe power crisis due to the huge gap of demand and supply of the power. Therefore, a need arises to conserve energy as much as possible to cope with the power situation in the Country. Taking this fact into consideration, your Company's Research and Development Unit is in full swing to develop various electrical installation products that will cater to the needs of conservation of the energy. In this context, new innovative products are developed such as Energy Saving Equipments to save electricity consumption in the street/ mass lighting systems to the extent not less than 30 - 35%, Automatic Meter Reading Equipment etc., and implemented the same successfully in Madurai, Coimbatore and Bhopal respectively. Your Company is striving hard to capitalize the opportunities by rolling out such products in the market at pan India level. Besides, your Company is exploring the possibility of establishing a 2 MW grid-connected solar photo voltaic power plant in the state of Tamil Nadu at a cost of around Rs.30 crores under Jawaharlal Nehru National Solar Mission (JNNSM) of the Government.

Going forward, your Company is well poised to grow at a faster pace in the backdrop of its strong fundamentals and expertise gained in the past. The power sector is witnessing enormous investments from the Government as well as the private sector during this 11<sup>th</sup> Five year Plan. Consequently, the potentials for the growth of your Company are very much encouraging and your Company will spare no efforts to encash the opportunities. With all this, your Company is having a vision of achieving a turnover of Rs.500 crores in the next three years down the line with all your unstinted support and cooperation in the years to come.

In order to provide new and wider trading platform for the shareholders in this 25<sup>th</sup> year, your Company has already taken up the proposal of enlisting the equity shares of the Company with National Stock Exchange.

I would like to take this opportunity to express my sincere gratitude and thanks, once gain, to all of you for your 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.

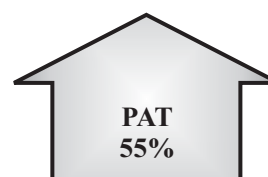
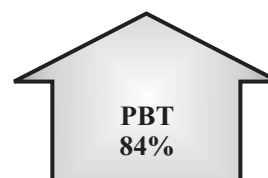
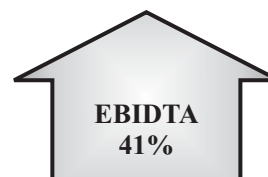
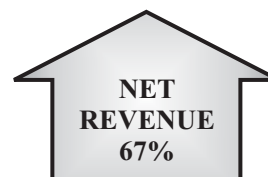
With kind regards



**R DORAISWAMY**  
MANAGING DIRECTOR

**IDENTIFIABLE FEATURES**

- ❖ Formed in 1985, 25 years track record of success.
- ❖ ISO 9001 – 2008 – certified Company since 1996.
- ❖ Certified under Environmental Management System (EMS) Standards 14001.
- ❖ Certified under OHSAS (Occupational Health and Safety) Management System 18001.
- ❖ One among the first few companies to comply with RoHS Directive for European markets.
- ❖ Products are internationally certified qualitatively by UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), VDE (Association of German Electrical Technologists) and CE (Conformite Europeane).
- ❖ Market Leader in Rotary Switches business with 40% market share.
- ❖ More than 25% of the production is exported. Another 20% sales have deemed Exports status.
- ❖ Largest producer of Rotary Switches & Cable Ducts (Wiring Channels) in ASIA.
- ❖ Collaboration with M/s.Plitron Manufacturing Inc., Toronto, Canada for Toroidal Transformers.
- ❖ 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.
- ❖ Having in-house R&D with a team of more than 15 Engineers, which is recognized by the Ministry of Science & Technology, Department of Scientific and Industrial Research, Govt. of India.
- ❖ Having fully equipped Modern in-house Tool Room facilitating quick development of new products.
- ❖ Hi-tech Type-testing Laboratory for testing of product upto 200 amperes has been created in the factory.



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**GREEN COMPANY**

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

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

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

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

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

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

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

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



