

annual report 2011



CONSISTENT
GROWTH



RESPONSIBLE
BUSINESS



INNOVATION

SALZER ELECTRONICS LIMITED

Board of Directors	<p>Mr. Santhanakrishnan P.S. - Chairman Mr. Doraiswamy D. - 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.</p>	
Director (Corporate Affairs) & Company Secretary	Mr. S.Baskarasubramanian	
Bankers	<p>M/s. CANARA BANK Gudalur Branch SRKV Post Coimbatore - 641 020.</p> <p>M/s. BANK OF INDIA Coimbatore Corporate Banking Branch, 8/732, Chamber Tower, Avinashi Road, Coimbatore 641 018.</p> <p>M/s. UNION BANK OF INDIA Coimbatore Main Branch 235, Oppanakara Street Coimbatore 641 001</p>	<p>M/s. CANARA BANK Industrial Finance Branch R.S.Puram Coimbatore - 641 002.</p> <p>M/s. CITI BANK Tri Star Towers Plot No.657, Avinashi Road, Coimbatore -641 018</p>
Auditors	<p>M/s.JDS Associates Chartered Accountants, R.No.6, 1st Floor, N S R Road, Saibaba Colony, Coimbatore - 641 001. FRN No.008735 S</p>	<p>M/s. Swamy & Ravi Chartered Accountants, Jewel Complex, 324, Raja Street, Coimbatore - 641 011. FRN No.004317 S</p>
Registrars & Share Transfer Agent (Physical & Demat)	<p>M/s.GNSA Infotech Limited No.11, G R MANSION, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai - 600 017. Tel: 044-4296 2209 / 2222 e-mail:sta@gnsaindia.com</p>	
Listing Arrangements	<p>The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.</p>	<p>Coimbatore Stock Exchange Ltd, 683-686, Trichy Road, Singanallur, Coimbatore - 641 005.</p>
Registered Office	<p>Samichettipalayam (PO), Jothipuram (Via), Coimbatore - 641 047. Tel: 0422-4233600 / 2692531 Fax: 0422-2692170</p>	

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, Coimbatore641104	Khasra No.554/2/1, 573/49, UNA - Chandigarh Road, Jalgran Tabba Rakkar Colony, Tehsil-174303 UNA Dist

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26th ANNUAL GENERAL MEETING

Day : Saturday
 Date : 24.09.2011
 Time : 11.30 A.M.
 Venue : Hotel Sree Annapoorna, R.S.Puram,
 Coimbatore 641 002

MANAGING DIRECTOR'S COMMUNIQUE

*"With our experience and endeavours for the last 26 years and with all your continued and unstinted co-operation, we commit ourselves to continue our efforts for our successful future."
"Ours is a Socio-Economic Growth, fulfilling the needs of every one in its stream"*

My Dear Shareholders,

I always look for an opportunity to share my thoughts with all of you and through this communiqué, I would like to share with you the following:

For the last 26 years of corporate life, your company, with all your support and co-operation, is a vibrant one today and well poised to be competitive under the prevailing market conditions and economy both in domestic and international markets and sustained its growth inspite of the financial liquidity crunch and economic recessionary conditions throughout the globe during the last few years. I earnestly feel that this could be possible only by your unparalleled co-operation and trust in the company and on its Board of Directors having the multi-faceted skills and capabilities all these years. I take this opportunity to express my heartiest and sincere thanks and gratitude to all of you and also to my colleagues on the Board of the company. I further strongly believe and look forward that under such supportive vision of all of you and proficiency of my colleagues on the Board, your company will have all potentials to march ahead and achieve its corporate vision and mission for mutual benefit of all stake holders.

Your company has completed one more year of successful operation. Just concluded fiscal year of 2010-11, though resulted in a flat performance as that of last year, your company has a very progressive potentials in the years to come, in view of the well set manufacturing infrastructure facilities as well as strong fundamentals. Taking these factors into consideration, your company's R&D division is sparing no efforts in its stride to continuously improving the process techniques, developing higher variants of the products in line with innovative design and also developing new products to meet the customers' requirement keeping abreast itself with the technological advancements and development being taken place elsewhere. In this context, it may not be out of place for me to share my thought that the Energy Saving techniques and products developed by the R&D division are qualitatively well accepted by the market and your company is navigating this technique and product across the country, in addition to implementation of the Energy

Saving projects successfully in Madurai, Chennai and Coimbatore Corporation limits. Your company is currently implementing this project in Navi Mumbai. This system is proven to ensure to achieve not less than 30%-35% of saving in the electricity consumption in the mass lighting systems such as out-door street lighting management not only in the local corporation limits but also in the large Malls, Satellite Township, etc., Such newly developed products of your company has got a very good potential at the present juncture of our economy, where power crises is a common phenomenon. Your company is also capable of establishing projects for power generation, utilizing the renewable resources and definitely looks forward to participate in the project implementation being initiated by Government of India in the coming years.

The details regarding financial performance of your company during the year 2010-11 are highlighted in the Annual Report forwarded herewith. It may be observed there from that your company is maintaining its sustainability with a growth of around 7% and 9.3% in its net profit and EPS respectively over the last year.

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, unceasing confidence and support.

With kind regards

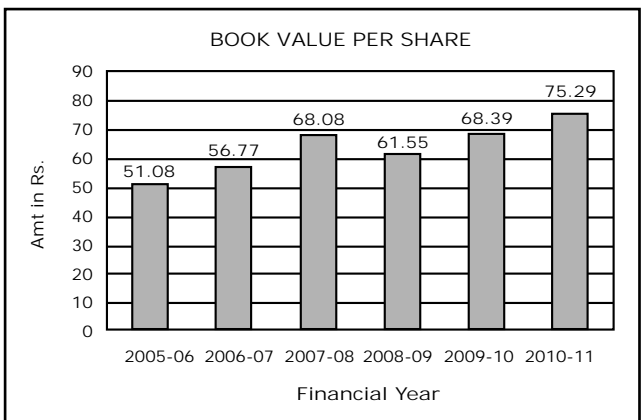
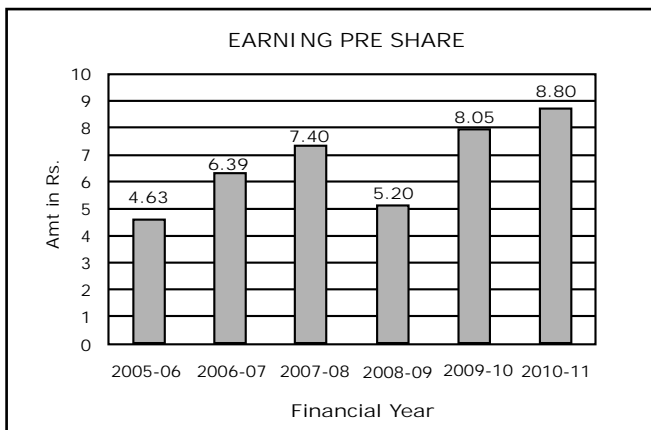
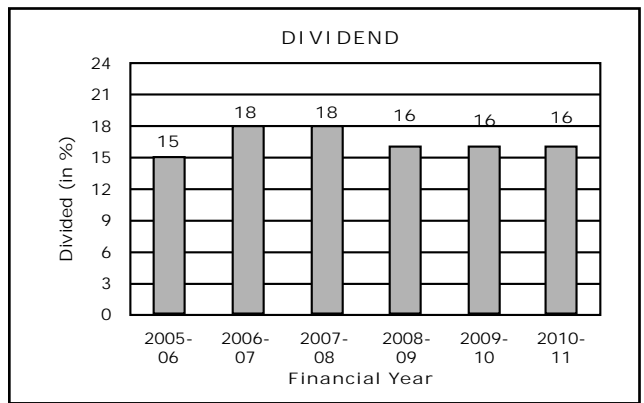
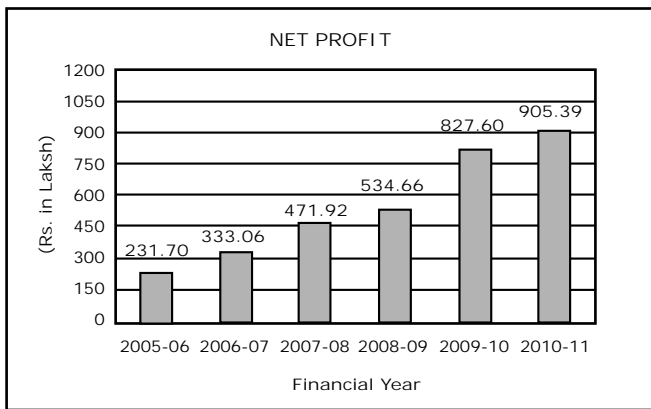
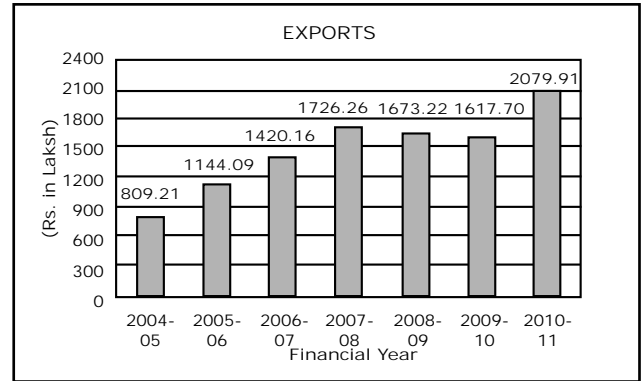
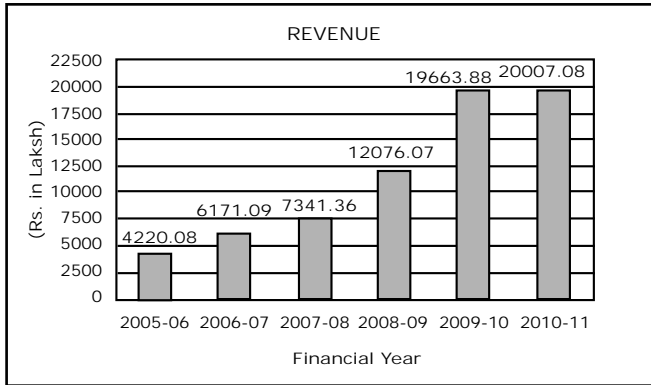


R DORAI SWAMY
MANAGING DIRECTOR

STRONG 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.
- ❖ Having international quality standard certification - UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), Intertek Semko certification and CE (Conformite Europeenne) for its product profile.
- ❖ Having 40% market share in Rotary Switch segment.
- ❖ 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 our country 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 product upto 200 amperes has been created in the factory.

GRAPHICAL PRESENTATION ON FINANCIAL PERFORMANCE



FINANCIAL HIGHLIGHTS

		(Rs. In Lakhs)				
Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Revenue	18133.18	17712.46	10587.83	7341.37	6171.09	4220.08
Earnings before Interest, Depreciation and Taxation (EBIDTA)	2648.44	2416.51	1707.93	1158.56	912.76	663.66
EBIDTA in %	14.61	13.64	16.13	15.78	14.79	15.72
Interest & Depreciation	1580.05	1290.66	1095.92	590.11	465.30	375.76
Profit Before Tax (PBT)	1068.39	1125.85	612.01	568.45	447.46	278.90
Provisions for Taxation	163.00	298.25	77.35	96.53	114.40	56.20
Profit After Taxation (PAT)	905.39	827.60	534.66	471.92	333.06	231.70
Profit After Tax (PAT) in %	4.99	4.67	5.04	6.43	5.40	5.49
Earning Per share (Rs.)	8.80	8.05	5.20	7.40	6.39	4.63
Equity Dividend %	16	16	16	18	18	15
Dividend Payout	164.54	164.54	164.54	144.76	93.78	57.36
Equity Share capital	1028.37	1028.37	1028.37	637.58	521.00	500.00
Reserves and Surplus	6714.14	6004.89	5300.78	3702.81	2436.93	2078.26
Net worth	7742.51	7033.26	6329.15	4340.39	2957.93	2554.00
Return on Net worth %	11.69	11.77	8.45	10.87	11.25	9.07
Book Value Per share (Rs.)	75.29	68.39	61.55	68.08	56.77	51.08
Debt Equity Ratio	0.74	0.64	0.66	0.65	0.81	0.70

NOTICE OF THE 26th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the Shareholders of the Company will be held on Saturday, the 24th day of September 2011 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, 2011 and the Balance Sheet as at March 31, 2011 and the Auditor's Report thereon.
2. To declare a dividend on equity shares for the year 2010-2011.
3. To appoint a Director in the place of Mr.R.Dhamodharaswamy, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr.R.Narayanaswamy, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr.V Sankaran, who retires by rotation, and being eligible offers himself for reappointment.
6. To appoint a Director in the place of Mr. Howard M Gladstone, who retires by rotation, and being eligible offers himself for reappointment.
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 2011-12.

"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. To consider, confirm and approve the re-appointment of Mr.R.Doraiswamy as a Managing Director of the Company for the further period of five years.

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

"RESOLVED THAT pursuant to Section 198, 268, 269, 309, 310 & 349 and Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for time being in force and in accordance with Article 88 of the Articles of Association of the Company, the re-appointment of

Mr.R.Doraiswamy as Managing Director of the Company made at the Meeting of the Board of Directors held on 12.02.2011, for a further term of five years with effect from 02.05.2011, on the following terms and conditions, be and is hereby confirmed and approved.

- Salary Rs.1,60,000/- per month with an increase of Rs.10,000/- every year for five years with effect from 02.05.2011 and
- Commission at the rate of 2½ % on the net profit of the company after taxation as being computed from time to time within the limit in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956.

PERQUISITES AND OTHER ALLOWANCES AND BENEFITS

- House Rent Allowance:

No accommodation is being provided by the Company. House Rent Allowance is 50% of the salary over and above 10% of the salary payable by the appointee, as rent.

- Medical Allowance:

Expenses incurred by him and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

- Leave Travel Concession:

Once in a year for him and his family members by Air/A.C./ 1st class anywhere in India.

- Personal Accident Insurance:

Premium not exceeding Rs.10,000/- per annum.

- Club Fees:

Fees of clubs subject to maximum two clubs. This will not include admission and life membership.

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

- Gratuity payable at a rate not exceeding 15 days' salary for each completed year of service and

- Encashment of leave at the end of tenure."

"RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year during the tenure of office, the aforesaid remuneration payable to Mr.R.Doraiswamy, Managing Director of the Company,

shall be the minimum remuneration payable to him, in terms of the Provisions of Schedule XIII Part II Sec - II, read with the relevant sections of the Companies Act, 1956 being in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to fix, alter and vary the terms and conditions of re-appointment of Mr.R.Doraiswamy, Managing Director including remuneration payable to him in accordance with the provisions of the Companies Act, 1956 and also schedule XIII of the Companies Act, 1956 as may be in force from time to time, as the Board of Directors may deem fit and as may be agreed to by Mr.R.Doraiswamy."

"RESOLVED FURTHER THAT the Board of Directors of the Company and / or any other committee of Directors or persons authorized by the Board in this regard be and is hereby severally authorized to do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the above resolution."

9. To consider and approve the re-appointment of Mr.D.Rajesh Kumar as a Joint Managing Director of the Company for the further period of five years.

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

"RESOLVED THAT pursuant to Section 198, 268, 269, 309, 310 & 349 and Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for time being in force and in accordance with Article 88 of the Articles of Association of the Company, Mr.D.Rajesh Kumar be and is hereby re-appointed as Joint Managing Director of the Company for a further term of five years with effect from 01.10.2011, on the following terms and conditions.

- Salary Rs.1,60,000/- per month with an increase of Rs.10,000/- every year for five years with effect from 01.10.2011 and
- Commission at the rate of 2½ % on the net profit of the company after taxation as being computed from time to time within the limit in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956.

PERQUISITES AND OTHER ALLOWANCES AND BENEFITS

- House Rent Allowance:

No accommodation is being provided by the Company. House Rent Allowance is 50% of the salary over and above 10% of the salary payable by the appointee, as rent.

- Medical Allowance:

Expenses incurred by him and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

- Leave Travel Concession:

Once in a year for him and his family members by Air/A.C./ Ist class anywhere in India.

- Personal Accident Insurance:

Premium not exceeding Rs.10,000/- per annum.

- Club Fees:

Fees of clubs subject to maximum two clubs. This will not include admission and life membership.

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

- Gratuity payable at a rate not exceeding 15 days' salary for each completed year of service and

- Encashment of leave at the end of tenure."

"RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year during the tenure of office, the aforesaid remuneration payable to Mr.D.Rajesh Kumar, Joint Managing Director of the Company, shall be the minimum remuneration payable to him, in terms of the Provisions of Schedule XIII Part II Sec - II, read with the relevant sections of the Companies Act, 1956 being in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to fix, alter and vary the terms and conditions of re-appointment of Mr.D.Rajesh Kumar, Joint Managing Director including remuneration payable to him in accordance with the provisions of the Companies Act, 1956 and also schedule XIII of the Companies Act, 1956 as may be in force from time to time, as the Board of Directors may deem fit and as may be agreed to by Mr.D.Rajeshkumar."

"RESOLVED FURTHER THAT the Board of Directors of the Company and / or any other committee of Directors or persons authorized by the Board in this regard be and is hereby severally authorized to do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the above resolution."

10. To consider and approve the appointment of Mr. Swaminathan Sambavarvadakarai Raja as a Nominee Director from M/s. L & T Capital Company Limited.

To consider and if thought fit, to pass with or without modifications, the following Resolutions as an Ordinary resolution.