

27th annual report 2012



salzer

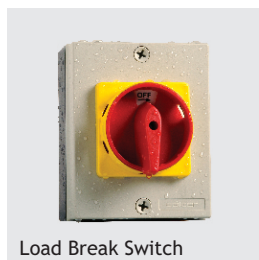
Product
RANGE



Industrial Products



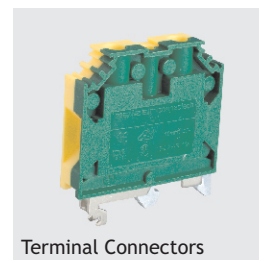
Rotary Switch



Load Break Switch



Wiring Ducts



Terminal Connectors



Relays



Contactors



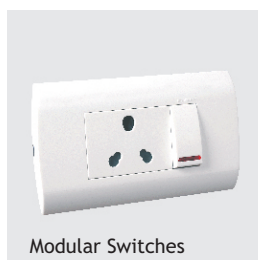
MPCB



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 communique 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%

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.

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

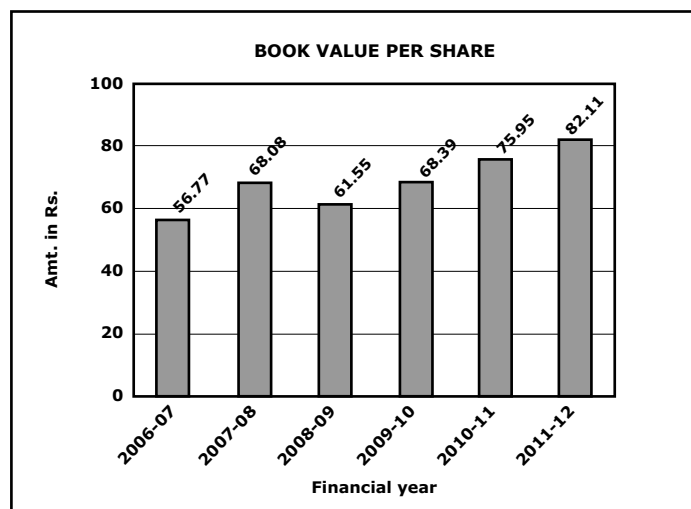
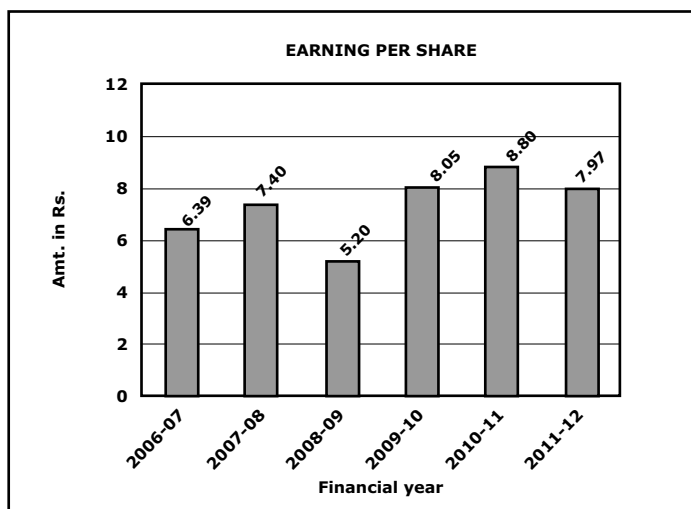
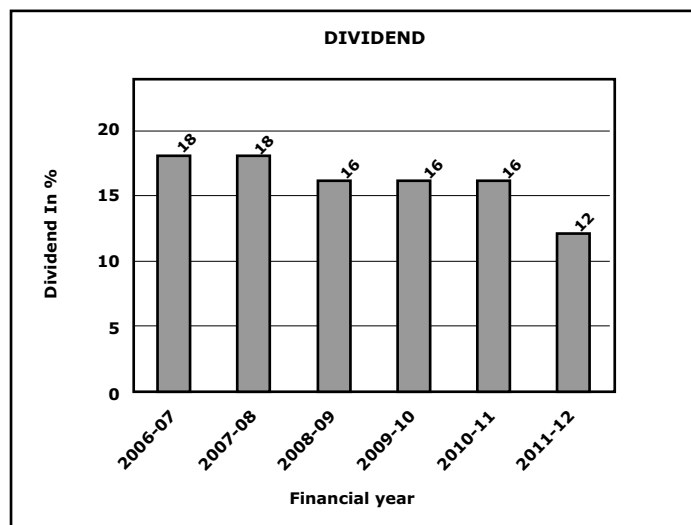
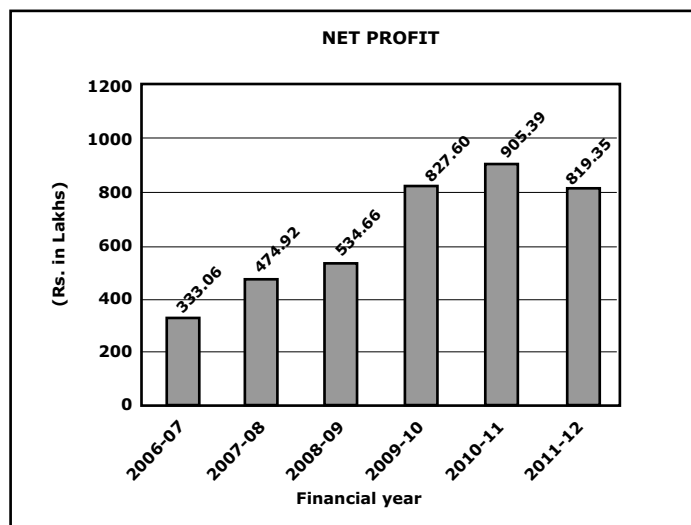
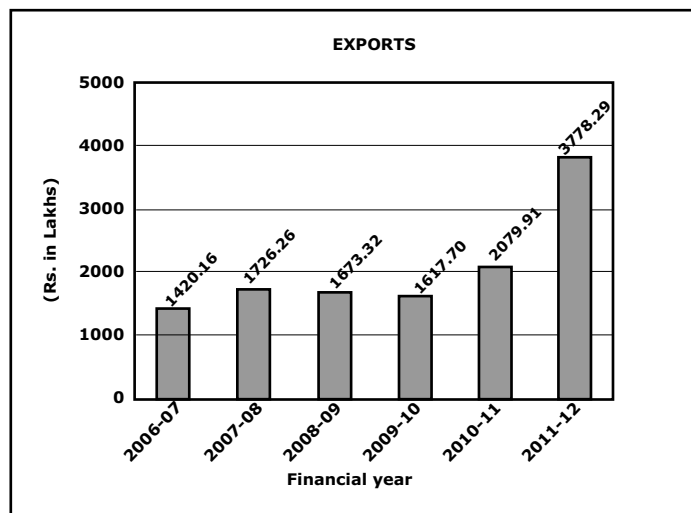
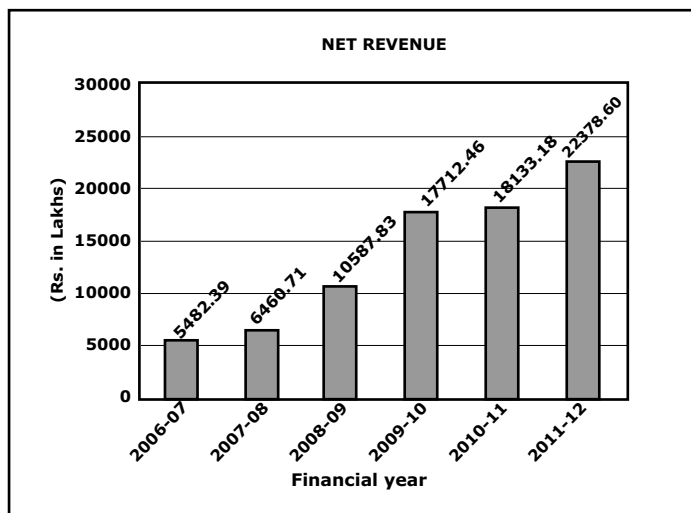
With warm regards



**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 Europeenne) 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