

# 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	

## **CONTENTS**

	Page No.
Managing Director's Communique	5
Identifiable Features	6
Green Company	7
Financial Highlights	9
Notice to the Shareholders	10
Directors' Report	12
Auditors' Report	25
Balance Sheet	28
Profit & Loss Account	29
Schedules forming Part of the Balance Sheet	30
Schedules forming Part of the Profit & Loss Account	34
Notes forming Part of the Accounts	36
Cash Flow Statement	45
Balance Sheet Abstract	47

## **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.

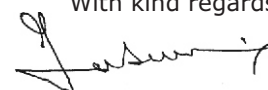
You are all aware that our country has been facing severe power crisis due to the huge gap of demand and supply of the power. Therefore, a need arises to conserve energy as much as possible to cope with the power situation in the Country. Taking this fact into consideration, your Company's Research and 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.

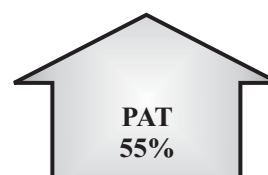
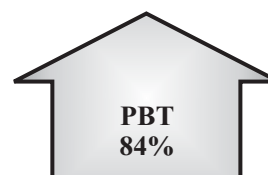
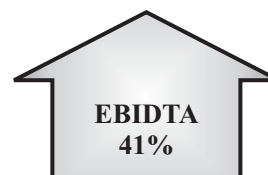
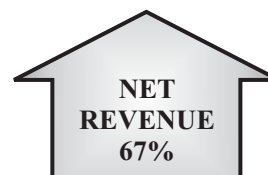
With kind regards



**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.

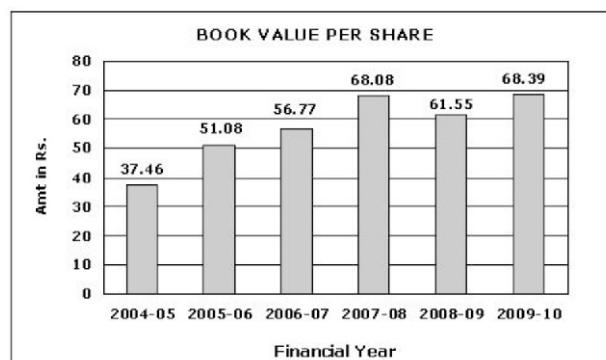
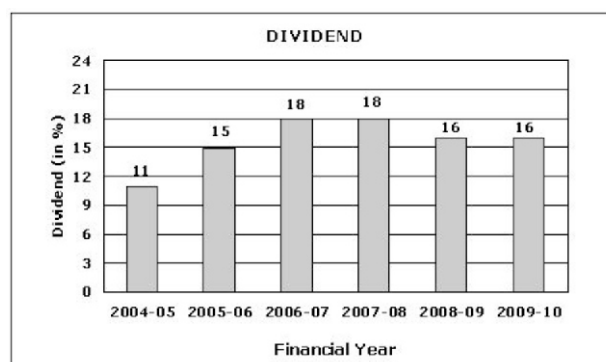
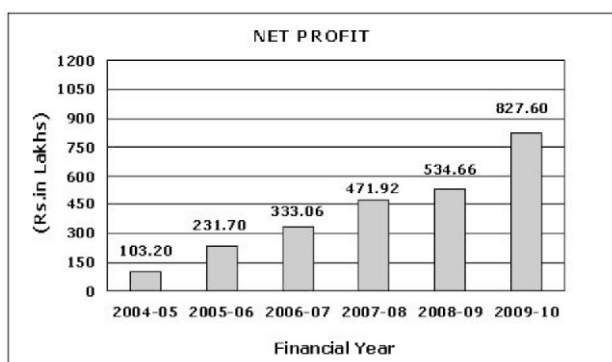
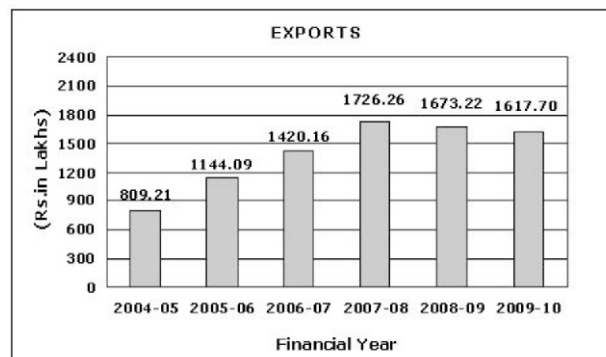
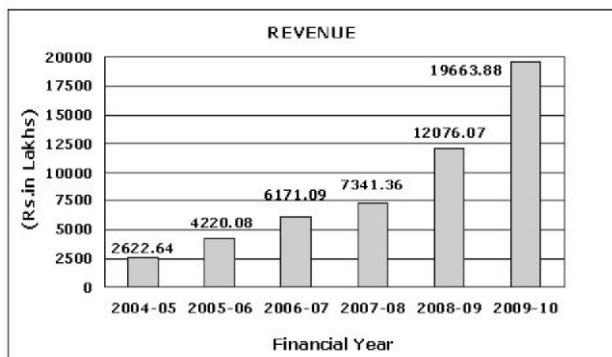
Some exemptions have been granted because, to date, no substitute materials are available. For example: lead in the glass used for cathode ray tubes.

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







## FINANCIAL HIGHLIGHTS

Particulars	Rs. in Lakhs					
	2009-10	2008-09 <sup>#</sup>	2007-08	2006-07	2005-06	2004-05
Revenue	<b>17712.46</b>	10587.83	7341.37	6171.09	4220.08	2622.64
Earnings before Depreciation, Interest and Taxation (EBDITA)	<b>2416.51</b>	1707.94	1158.56	912.76	663.66	386.25
EBDITA in %	<b>13.64</b>	16.13	15.78	14.79	15.72	14.73
Interest & Depreciation	<b>1290.66</b>	1095.92	590.11	465.30	375.76	260.43
Profit Before Tax (PBT)	<b>1125.85</b>	612.01	568.45	447.46	287.90	125.82
Provisions for Taxation	<b>298.25</b>	77.35	96.53	114.40	56.20	22.32
Profit after taxation (PAT)	<b>827.60</b>	534.66	471.92	333.06	231.70	103.50
Profit after Tax (PAT) in %	<b>4.67</b>	5.04	6.43	5.40	5.49	3.97
Earning Per share (Rs.)	<b>8.05</b>	5.20	7.40	6.39	4.63	2.74
Equity Dividend %	<b>16</b>	16	18	18	15	11
Dividend Payout	<b>164.54</b>	164.54	144.76	93.78	57.36	41.56
Equity Share capital	<b>1028.37</b>	1028.37	637.58	521.00	500.00	377.83
Reserves and Surplus	<b>6004.89</b>	5300.78	3702.81	2436.93	2078.26	1040.15
Net worth	<b>7033.26</b>	6329.15	4340.39	2957.93	2554.00	1415.22
Return on Net worth %	<b>11.77</b>	8.45	10.87	11.25	9.07	7.31
Book Value Per share (Rs.)	<b>68.39</b>	61.55	68.08	56.77	51.08	37.46
Debt Equity Ratio	<b>0.64</b>	0.66	0.65	0.81	0.70	1.00

# previous year figures (2008-09) are re-grouped for comparative purposes.

## NOTICE OF THE 25<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 25<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on **Wednesday, the 8<sup>th</sup> September, 2010 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, 2010 and the Balance Sheet as at March 31, 2010 and the Auditor's Report thereon.
2. To declare a dividend on equity shares for the year 2009-2010.
3. To appoint a Director in the place of Mr.P.S.Santhanakrishnan, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr.N.Jayabal, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr.Nirmal Kumar M Chandria, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint a Director in the place of Mr. Kantilal V Vakharia, who retires by rotation, and being eligible offers himself for re-appointment.
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.

### SPECIAL BUSINESS

8. **To consider, ratify and approve the increase in remuneration payable to Mr.P.Ramachandran, Whole Time Director of the Company.**

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

**"RESOLVED THAT** pursuant to the Provision of Sections 198,269,302,309 and 311 read with 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 the time being in force) and as approved by the Board of Directors of the Company at their meeting held on 28.01.2010, the increase in Managerial remuneration payable to Mr.P.Ramachandran, Whole Time Director of the Company, from Rs.8,500/- per month to Rs.30,000/- per month with the effect from 01.01.2010 during the remaining tenure of his office i.e., from 01.01.2010 to 25.09.2013 be and is hereby ratified and approved."

**"RESOLVED FURTHER THAT** other terms and conditions in respect of the perquisites and other benefits do hereby remain unchanged during his tenure as approved by the Shareholders at their 23<sup>rd</sup> Annual General Meeting of the Company held on 29.08.2008."

**"RESOLVED FURTHER THAT** in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Mr.P.Ramachandran, Whole Time 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 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, things as may be necessary, desirable or expedient for giving effect to the above resolutions."

### 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 member 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 Register of Members and Share Transfer Books of the Company will remain closed from 1<sup>st</sup> September 2010 to 8<sup>th</sup> September 2010 (inclusive of both the days)
3. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
4. In case of joint holders attending the meeting together, only whose name appearing first will be entitled to vote.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. Members are requested to send the Nomination Form in Form 2B to the Company and / or to the Registrar and Share Transfer Agent - **M/s.GNSA Infotech Ltd, No.11, G R Mansion, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai – 600 017** in duplicate.

7. Members are requested to kindly notify the change in address immediately to the Company and / or to its Registrar and Share Transfer Agent **M/s. GNSA Infotech Limited, No.11, G R Mansion, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai – 600 017**, who have since become a public limited Company.
8. The Shares of your Company are admitted for dematerialization in Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) under **ISIN No.: INE457F01013**. The shareholders have the option to hold their shares either in physical form or in dematerialised form.
9. The Company has, pursuant to Section 205 of the Companies Act, 1956 to transfer the dividend amount, lying unclaimed for 7 years from the date of declaration, to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed the Dividend Warrants for the years 2003 – 2004, 2004-2005, Interim dividend & Final dividend for the year 2005-2006, 2006 – 2007, 2007 – 08 & 2008 - 09 are requested to make their claim to the Company and / or to the share transfer agent of the Company. No claims can be made by the shareholders thereafter.
10. Bank mandate for Dividend or Electronic Clearing Services (ECS)

Members are requested to intimate their Bank Account Number details for incorporating the same in Warrants / Cheques / Demand Drafts and enclose the ECS form as the case may be to our Registrars and Share Transfer Agents **M/s.GNSA Infotech Ltd, No.11, G R Mansion, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai – 600 017**.

#### **11. INFORMATION UNDER CLAUSE 49(VI)(A) OF LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED / RE-APPOINTED:**

##### **Mr.P.S.SANTHANAKRISHNAN :**

Mr.P.S.Santhanakrishnan, aged 86 years, is a former Chairman of the State Bank of Mysore and is having a vast and wide experience in financial aspects. He is a Non-executive, part time Chairman of the Salzer Electronics Limited for the last more than Twenty Four years and with his vast experience in the financial aspects and expertise, he has been contributing for the growth of the Company all these years in all its sphere.

##### **Mr.N.JAYABAL:**

Mr.N.Jayabal, aged 66, is an Electrical Engineer, having wide overseas experience for about three decades and with good international contacts. He is also a Director in M/s.Salzer Exports Limited and M/s.Salzer Teconologies

Ltd. His association on the Board of Directors of the Company has contributed to improve the market share for the products of the Company in the Global Markets.

##### **Mr.NIRMAL KUMAR M CHANDRIA:**

Mr.Nirmal Kumar M Chandria, aged 50 years, is an Industrialist and Promoter of a Company in Aluminium Sector and associated himself with leading industries. He is a Director of M/s Nirmal Aluminium Industries Ltd.

##### **Mr.KANTILAL V VAKHARIA:**

Mr.Kantilal V Vakharia, aged 82 years, has rich experience of over 46 years in the areas of finance, banking and capital market sectors. He is also a Director in M/s.Vakharia Synthetics Pvt Ltd., M/s.Vakharia Financial Service Ltd., M/s.Everest Yarn Agency Pvt. Ltd., M/s. Vakharia Leasing & Finance Co. Pvt Ltd., M/s.Salzer Magnet Wires Ltd, and Partner in M/s.Teekay International, Mumbai.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

##### **Item No: 8**

The Shareholders, at their 23<sup>rd</sup> Annual General Meeting of the Company held on 29.08.2008, approved the re-appointment of Mr. P.Ramachandran as Whole Time Director for a further period of five years with the effect from 26.09.2008 on a monthly remuneration of Rs.8,500/- besides other perquisites and allowances. Taking into account the growth plans being contemplated by the Company to achieve a turn over of Rs.500 crores in the next two to three years down the line, and also the functional responsibilities of the Whole Time Director Mr.P.Ramachandran, under the prevailing economic and market conditions as well as the efforts on consolidation of the business of Salzer Cables Limited with your Company, your Board of Directors, subject to the shareholders' ratifications at the ensuing General Body Meeting, considered and approved the proposal of increasing the remuneration payable to Mr.P.Ramachandran from Rs.8,500/- per month to Rs.30,000/- per month with the effect from 01.01.2010 during the remaining tenure of his office i.e., from 01.01.2010 to 25.09.2013. Now your Board of Directors are placing this proposal before this meeting and recommend for your ratification and approval.

Except Mr.P.Ramachandran, being the beneficiary, none of the other directors are having any pecuniary interest in this resolution.

For and On behalf of the Board

Place:Coimbatore  
Date : 28.05.2010

(Sd/-) **R.DORAISWAMY**  
MANAGING DIRECTOR

## DIRECTORS' REPORT

With great pleasure your Directors are presenting this 25<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2010.

## PERFORMANCE

Your Company has completed one more year of successful operation and could sustain the economic and market recessionary conditions that had been crept in during the fiscal year 2008-09 and continued to pass through the fiscal year 2009-10 under review. Your Company strategically maneuvered the situation taking the clue from the progressive signs of revival during the year under review and posted a positive growth in its performance. In

order to sustain and further the growth of the Company in the coming years, every effort is being taken consistently to ensure cost competitiveness in its operations so as to optimize the utilization of the available resources to ensure optimum growth in the coming years. The performance highlights of the Company during the year under review are as under:

<b>FINANCIAL RESULTS :</b>	<b>Year ended 31.03.2010 (Rs. in Lakhs)</b>	<b>Year ended 31.03.2009 (Rs. in Lakhs)</b>
<b>Turnover and Other Income</b>	<b>19663.89</b>	<b>12076.07</b>
Less : Excise Duty	1951.43	1488.24
	<b>17712.46</b>	<b>10587.83</b>
<b>Profit before Interest &amp; Depreciation</b>	<b>2416.51</b>	<b>1707.94</b>
Less : Interest & Financial charges	766.06	629.65
Depreciation	524.60	466.27
	1290.66	1095.92
<b>Profit after Interest &amp; Depreciation</b>	<b>1125.85</b>	<b>612.01</b>
Add : Previous Year's Surplus B/f	1320.05	987.89
	<b>2445.90</b>	<b>1599.90</b>
Less :		
Transfer to General Reserve	65.00	10.00
Provision for tax	195.59	125.52
Deferred Tax	102.66	(55.96)
FBT	-	7.79
<b>Dividend</b>		
Proposed dividend	164.54	164.54
Dividend Tax on Proposed dividend	27.33	27.96
	555.12	279.86
<b>Balance C/F to Balance Sheet</b>	<b>1890.78</b>	<b>1320.05</b>

## DIVIDEND

Taking into account the economic and recessionary conditions being prevailed during the year under review and also the performance of the Company, besides reviewing the prevailing economic and market conditions and the phase of the progressive revival signs of the recessionary conditions not only domestically but also globally, your Directors have thought it prudent to strengthen the net worth of the Company by maintaining

the dividend at the last year's level and are duly recommending a dividend @ 16% - Rs.1.60 per equity share of Rs.10/- each, for the year ended 31.03.2010 on the paid up capital of Rs.10,28,37,370 to all the eligible shareholders whose name appear as on 08.09.2010 i.e, the date of AGM. The dividend payout works out to Rs.191.87 lakhs comprising of Dividend on the paid up capital of Rs.1028.37 lakhs @ 16% - Rs.164.54 lakhs plus Dividend Tax @ 16.61% - Rs.27.33 lakhs.

**FOREIGN INVESTMENT**

The investments made by your Company in M/s. Salzer Global Services, a LLC Company in the state of New Hampshire, USA to further the presence of Salzer in international market consistently, has been doing well. As reported in our earlier report, M/s.Salzer Global Services, LLC Company is presently having the total controlling interest of M/s.Global Technical Talent Inc, (GTT) a Cea-corp Company providing ITES to the leading companies in IT industry in USA for example IBM, Novell, GE, Microsoft, TD Bank North, Liberty Life, GEICO insurance, etc. During the year ended 31.12.2009 M/s.Salzer Global Services LLC posted gross revenue of US\$ 28925 and a net business income of US\$ 6747. M/s.Global Technical Talent Inc, being controlled by M/s. Salzer Global Services LLC, have posted a revenue of US\$ 19.5 million during the year ended 31.12.2009 marginally lower by US\$ 1.5 million as compared to the previous year i.e., 2008 and posted a net income of US\$ 90584 for the year 2009. The short fall in turnover was attributable to the recessionary conditions being prevailed in USA. M/s.Global Technical Talent Inc, USA ploughed-back the profit into business and not declared any dividend for the year 2009. Consequently, M/s.Salzer Global Services LLC also not declared any dividend for the year 2009.

**MANAGEMENT DISCUSSION AND ANALYSIS OF RISKS****A. IMPACT OF THE INDIAN ECONOMY ON YOUR COMPANY**

During the year under review, though there were progressive signs of revival in the Indian economy of the impact crept-in by the economic and financial crisis faced by the global economy, the recessionary conditions and financial conditions have not shown much progress in the global economy and the same is yet to recover. Taking into account such conditions, the Corporate India, though it could face the crisis of slow down, has been moving conservatively to sustain its business and also ensure the growth path in a phased manner. The Government of India continues with its stimulus packages along with RBI's appropriate monetary policies, paving the way for the growth of the industrial sector under the Indian economy, which in turn inculcate the confidence among the investing community not only in our country but also from across the world. Under this scenario your Company has been taking all efforts at its disposal to manage the situation by various strategic and cost effective measures not only to maintain its sustainability but also for the growth in the coming years.

**B. INDUSTRIAL SCENARIO AND OPPORTUNITIES:**

Your Company comes under the electrical equipment general category. Government is strongly committed to develop the infrastructure all around including power sector, which signifies the strong and steady potentials for

the development of industrial sector in general and electrical engineering sector in particular. Moreover, the growth in demand for power coupled with massive capacity expansions as planned by power sector has provided good opportunities for the companies not only in power sector but also in the electrical engineering and equipment manufacturing sector such as electrical equipments for LT and HT power, switches and switchgear products, etc.,

The Indian electrical equipment industry has registered a growth of 11.25% in the fiscal 2009-10 and the forth quarter has registered a growth of around 30%. The switchgear sector has registered a growth of 14.5%. Further cable industry showed an overall growth of 12%. Your Company being in the segment of Electrical Equipment Industry General, such progressive state has helped the Company to achieve a growth of 63% in its turnover during the year 2009-10. Moreover, the recent initiatives of Government of India in the power sector in the segment of Solar Energy Power Projects under the scheme of Jawaharlal Nehru National Solar Mission (JNNNSM) under the Ministry of New and Renewable Energy, and the development efforts in other infrastructure industries such as construction industry, Nuclear Power Energy Industries, Road Development Infrastructure Projects, etc., your Company's potentials for growth in the years to come is progressive and bright.

Your Company being in the manufacturing of electrical installation products, is well poised to capitalize all the available opportunities coming up in the infrastructure sectors both domestically and internationally as your Company is set to launch more and more new products with new variants and state of art of technologies with the strong and active support of the in-house Research and Development division. Moreover, with the experience already gained in the manufacture of energy saving equipments and implementing such projects successfully for reducing the power consumption in the mass lighting system substantially, your Company is well poised to capitalize the enormous potentialities available in the back drop of the commitment of Government of India for the development of power sector.

M/s.L&T Ltd, being marketing associates of your Company, is in close co-ordination with the Company in the matter of market research, customer's preference, and potential new opportunities for the products of the Company. Moreover, the power and infrastructure industry sectors, being under expansion to create additional capacities to meet the demand, the growth potentials for your Company is progressive and bright in the years to come.

**C. THREATS AND RISKS:**

The multiple growth of competitors from unorganized sectors, cross border entry of similar products, creation of manufacturing facilities by the MNC companies, who have already established their business in India, under the prevailing open economy, your Company has to face a very

stiff competition, besides cost escalation in its inputs such as Copper, Brass, PVC materials, etc. inspite of its efforts of consolidation of synergetic manufacturing facilities / volume, etc., to improve its growth, the company may face some limitations in increasing its market share and also margin of contribution. However, your Company is taking all out efforts to improve its market share, turnover, and profitability on a continuous basis by taking suitable strategic and aggressive marketing, developing new higher variants of some of the existing products, in the coming years.

Your Directors are therefore confident that the above efforts of the Company would give optimum competitiveness to achieve the improved results in the coming years.

### **CAUTIONARY STATEMENT**

Some of the statements in this report, describing the Company's objectives and expectations expressed in good faith, may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those, in the event of changes in the assumptions / market conditions.

### **RESEARCH & DEVELOPMENT**

Your Company's in-house Research and Development department is fully equipped with qualified people to continuously improve upon the process specifications and techniques for optimum utilization of resources, consistency in quality comparable to the international standards, maintaining the international quality standard certifications, utilities of its existing products and development of new higher variants of the existing products as well as new high-tech products to meet the customers requirements.

The In-house R & D Department of your Company has been duly recognized by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, which has validity upto 31.03.2014.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO - UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956**

Your Company, though not a power intensive one, is taking every possible efforts and measures to conserve the energy. Your Company is having Four Wind Mills to generate power to the extent of 1.2 MW capacities in aggregate and the power is being generated through harnessing the natural resources - Wind. During the year under review your Company has generated 20.27 lakhs units of power through its Wind Mills and earned an income of Rs.65.51 lakhs. The low generation of power through

wind mill is attributable to the low velocity of the wind during the year under review. Details are furnished in Annexure - 1 for your information pursuant to the provisions of Sec.217(1)(e) of the Companies Act, 1956.

- ❖ We aim to ensure the continued existence and success of our Company by establishing and maintaining a safe working environment that promotes the health and performance of our employees as well as taking active measures to protect the environment.
- ❖ We actively use global work safety management systems for continuous improvement.
- ❖ We pay special emphasis on ergonomic design.
- ❖ We are committed to observing all legislation and specifications regarding work safety.
- ❖ We take comprehensive measures to protect our employees against health hazards.
- ❖ Comprehensive and effective emergency measures are in place at all locations to ensure that our employees and visitors receive proper treatment in case of injury.

### **INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES 1999.**

The provisions of Section 217 (2A) of the Companies Act, 1956 and rules made thereof are not applicable, as no employee was in receipt of remuneration to the extent laid down therein.

### **DIRECTORS**

During the year under review Mr.P.S.Santhanakirshnan, Mr.N.Jayabal, Mr.Nirmal Kumar M Chandria and Mr.Kantilal V Vakharia Directors of the Company are retiring by rotation and being eligible offer themselves for re-appointment.

In compliance with the requirement of Clause 49 of the Listing Agreement the details pertaining to the Directors seeking re-appointment are furnished in the Annexure - II of this report under Corporate Governance.

### **CORPORATE GOVERNANCE:**

Pursuant to the provisions of Clause 49 of the Listing Agreement, your Board of Directors is pleased to place their report on the Corporate Governance duly certified by the Auditors of the Company, for information of shareholders as an annexure to this report.



**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- (I). that all applicable accounting standards have been followed in preparation of Annual Accounts and that there are no material deviation;
- (ii). that such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit & Loss account of the Company for the year ended on that date;
- (iii). that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv). that the annual accounts have been prepared on a going concern basis ;
- (v). that the Company is having appropriate systems to ensure the compliance of all laws applicable to the Company;
- (vi). that the Company is having appropriate system to ensure payment of statutory dues in time without any delay.

**AUDITORS**

M/s.JDS Associates, Chartered Accountants, Coimbatore, and M/s.Swamy & Ravi, Chartered Accountants, Coimbatore, Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for the re-appointment.

**AUDITORS' REPORT**

The observations made in the Auditors' Report read together with notes thereon are self explanatory and hence do not call for any further comments under section 217 of the Companies Act, 1956.

**FIXED DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act 1956 and the rules made there under during the year under review and did not have any fixed deposit as at 31.03.2010.

**INDUSTRIAL RELATIONS**

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

**BANK LOAN RATING**

Under Basel II norms, on evaluating the credit facilities being enjoyed by the Company from its bankers, CRISIL has reaffirmed your Company's stable outlook and adequate liquidity for meeting its maturing debt obligations, significant focus on R&D, Strong financial risk profile.

**RATING**

Sl.No.	Facility	Rating
1.	Term Loan	A-/stable
2.	Cash Credit	A-/stable
3.	Packing Credit	P2+(Reaffirmed)
4.	Letter of Credit-ILC & FLC	P2+
5.	Bank Guarantee	P2+

**LISTING ARRANGEMENTS**

The Company's Shares are listed in Bombay and Coimbatore Stock Exchanges.

Your Company has also been contemplating to enlist its securities viz., equity shares in the National Stock Exchange (NSE) and necessary application has already been made to NSE in this regard. Your Company is confident to get the listing shortly.

**DEMATERIALISATION OF YOUR COMPANY'S SHARES**

The Shares of your Company are admitted for dematerialization on Central Depository Services (India) Ltd (**CDSL**) and National Securities Depository Ltd (**NSDL**) under **ISIN No. INE457F01013**. The shareholders have the option of holding their shares either in physical form or in dematerialized form.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep sense of appreciation and gratitude to the Shareholders, various Government Agencies, Canara Bank, Bank of India, Union Bank of India, ICICI Bank, CITIBANK, M/s. HDFC Bank, M/s. Larsen & Toubro Limited - Marketing Associates, M/s.Plitron Manufacturing Inc, Canada (Collaborators), CRISIL, M/s.GNSA Infotech Ltd, (Registrar & Share Transfer agent) for their continued support and co-operation. Your Directors also wish to record their appreciation for the dedicated services being rendered by the employees at all levels.

For and On behalf of the Board

Place : Coimbatore  
Date : 28.05.2010

(Sd/-)P.S.SANTHANAKRISHNAN  
CHAIRMAN

**ANNEXURE - I TO DIRECTORS' REPORT****INFORMATION REQUIRED TO BE FURNISHED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956, REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.****A. CONSERVATION OF ENERGY**

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

**B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:****RESEARCH & DEVELOPMENT:**

As stated in the Directors' Report, the recognition of in-house R & D by the Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research, New Delhi is continuously maintained since 2004 and the present renewal of the recognition is valid upto 31.03.2014.

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:

- ❖ Sustainability of the quality standards comparable to the international standards.
- ❖ Ensuring process development on continuous basis, to be cost effective and cost competitiveness.
- ❖ Enlarging the utilities of the product by continuous improvement in specifications, design, etc.,
- ❖ Ensuring technological upgradation and know-how for the products of the Company.
- ❖ Developing new products to increase market share & profitability.

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

As already reported in our earlier Annual Reports the products developed by the efforts of our R&D Wing have continuously contributing to the growth in the turnover of the Company on year to year basis and also had resulted in improved processes to reduce the wastage and rejection level in our processes.

In addition, the efforts of R & D Wing have also paved way to develop a GSM based street light energy saver system and successfully implementing the same to save consumption of energy not less than 30% in the mass / street lighting system. This is also helpful in the concept of go-green in respect of Corporate Social responsibility, as the power saved is the power generated, which in turn reduces the emission of Carbon. This is helpful with respect to widely prevailing concept of reducing the warming up of earth.

**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 in-house R&D activities for enlarging its applications, in design and process technology, cost competitiveness, etc. The Collaboration agreement with M/s. Plitron Global Services, Inc, an affiliate of M/s. Plitron Manufacturing Inc, Canada, for technical know-how for manufacture of improved and higher capacity of Toroidal Transformers to meet the customers' requirements continues to work with good speed. The above technologies have been continuously developed and improved through in house R & D efforts.

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

The Company is consistently improving its design compatibility, process development and capabilities and utility of its Switches and other switchgear products and thereby consistently improving its market share both in domestic and international markets.

3. During the year under review the following expenditures were incurred with regard to R & D:

- \* Capital Expenditure as additions - Rs.281.65 lacs to Buildings, Machines, Tools, Dies etc.,
- \* New Products and Process development - Rs.182.89 lacs
- \* Salary and other expenses for R&D personnel - Rs. 18.65 lacs

4. Details of Imported Technology:

- \* Technology Imported : For the manufacture of  
(i) CAM Operated Rotary Switches  
(ii) Toroidal Transformers.
- \* Year of Import : (i) 1985 (ii) 1995 / 2005
- \* Has the technology been fully absorbed : Yes, Fully absorbed.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- a) Foreign Exchange earned during the year - Rs. 1009.52 Lakhs  
(Direct export Rs.1009.51 lakhs, Merchant export Rs.608.18 lakhs)
- b) Foreign Exchange used towards raw materials & Capital goods - Rs. 1114.57 Lakhs

For and On behalf of the Board

Place : Coimbatore  
Date : 28.05.2010

(Sd/-) P.S.SANTHANAKRISHNAN  
CHAIRMAN



## ANNEXURE - II TO DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

(As Required under Clause 49 of the Listing agreement entered into with the Stock Exchanges)

### COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE.

Statutorily Corporate Governance involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all the shareholders. The Company's philosophy of Corporate Governance is not only to meet the statutory requirements but also to go well beyond that and to attain a high level of transparency and accountability in the functioning of the Company and the conduct of the business both internal and external. This is done with the sole view to enhance shareholders' value.

### BOARD OF DIRECTORS

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, your Board has optimum combination of Executive and Non-Executive Directors. The Board is headed by a Non-Executive Chairman and has other Non-Executive Directors and also having three Executive Directors including the Managing Director. The composition of Board of Directors is as under.

### COMPOSITION

The Board headed by the Non-Executive Chairman, comprises 16 Directors from varied disciplines like Engineering, Finance, Banking, Capital Market, Management, Administration sectors.

### POSITION OF BOARD OF DIRECTORS

DIRECTORS	CATEGORY	ATTENDANCE PARTICULARS			No. OF MEMBERSHIP IN THE BOARDS AND COMMITTEES OF OTHER COMPANIES
		Board Meeting	Last AGM	Last EGM	
P.S.Santhanakrishnan	* Non-Executive Independent Chairman	6	✓	✓	0
R.Doraiswamy	** Managing Director	6	✓	✓	6
D.Rajeshkumar	** Joint Managing Director	6	✓	✓	8
N.Jayabal	* & ** Non-Executive Independent Director	6	✓	✓	2
P.Ramachandran	Wholetime Director (Marketing)	6	✓	✓	1
R.Narayanaswamy	Non-Executive Director	5	✓	x	1
R.Dhamodharaswamy	Non-Executive Director	5	✓	✓	3
L.Venkatapathy	*,** & *** Non-Executive Independent Director	6	✓	✓	0
Nirmal Kumar K Chandria	Non-Executive Independent Director	2	✓	✓	1
P.K.Shah	Non-Executive Independent Director	6	✓	✓	1
Kantilal V Vakharia	Non-Executive Independent Director	5	✓	✓	4
Howard M Gladstone	Non-Executive Independent Director	1	✓	x	1
V.Sankaran	Non-Executive Independent Director	6	✓	✓	1
Ajit Singh	Non-Executive Director	3	✓	x	1
S.A.Kulkarni	**** Non-Executive Director	4	✓	✓	1
S.Baskarasubramanian	Director (Corporate Affairs) & *,** & *** Company Secretary	6	✓	✓	0

\* Members of Audit Committee.

\*\* Members of the Shareholders/ Investors Grievance Committee.

\*\*\* Members of the Remuneration Committee.

\*\*\*\* Appointed as a Director on the Board with effect from 18.07.2009

### MEETING OF THE BOARD OF DIRECTORS

During the year under report, Six Board meetings were held on 24.04.2009, 18.07.2009, 30.10.2009, 26.11.2009, 30.12.2009 and 28.01.2010.

**COMMITTEE OF DIRECTORS:****1. REMUNERATION COMMITTEE:**

The remuneration committee consisting of the following members:

1.	P.S.Santhanakrishnan	Chairman	Non-Executive Independent Chairman
2.	L.Venkatapathy	Member	Non-Executive Independent Director
3.	V.Sankaran	Member	Non-Executive Independent Director
4.	S.Baskarasubramanian	Secretary to the committee	Director (Corporate Affairs) & Company Secretary

During the year under review the remuneration committee met once on 28.01.2010 to consider the increase in remuneration in respect of Whole Time Director Mr.P.Ramachandran from Rs.8,500/- to Rs.30,000/- per month for a remaining period of his tenure i.e., from 01.01.2010 to 25.09.2013. Based on the recommendations of the committee the board approved and increased the remuneration of the Whole Time Director to Rs.30,000/- per month with effect from 01.01.2010 subject to the ratification and approval of the shareholders at the ensuing meeting. Necessary resolutions for ratification and approval are placed at the 25<sup>th</sup> AGM scheduled to be held on 08.09.2010.

**2. AUDIT COMMITTEE:**

The Audit Committee consisting of the following independent Directors met five times on 18.04.2009, 13.07.2009, 26.10.2009, 24.11.2009 & 24.01.2010 during the year, to review the financial performance of the Company as well as compliance of Accounting Standards, Company Law/ Stock Exchange provisions, adequacy of Internal Control system, etc, and found satisfactory.

NAME	DESIGNATION	CATEGORY	NO. OF AUDIT COMMITTEE MEETING ATTENDED
P.S.Santhanakrishnan	Chairman	Non-Executive Independent Chairman	1
L.Venkatapathy	Member	Non-Executive Independent Director	5
N.Jayabal	Member	Non-Executive Independent Director	5
S.Baskarasubramanian	Secretary to the committee	Director (Corporate Affairs) & Company Secretary	5

**3. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:**

The Shareholders' / Investors' Grievance Committee consisting the following Directors met twice on 01.10.2009 & 31.03.2010 and reviewed system of handling investor's complaints, redressal of Grievance, etc., and found that during the year under review the Investors/shareholders complaints have been redressed then and there to the satisfaction of the investors. The Committee also noted that there are no investors / shareholders complaints pending redressal as on 31.03.2010.

NAME	DESIGNATION	CATEGORY	NO. OF COMMITTEE MEETING ATTENDED
L.Venkatapathy	Chairman	Non-Executive Independent Chairman	2
R.Doraiswamy	Member	Managing Director	2
D.Rajeshkumar	Member	Joint Managing Director	2
N.Jayabal	Member	Non-Executive Independent Director	2
S.Baskarasubramanian	Secretary to the committee	Director (Corporate Affairs) & Company Secretary	2

**GENERAL BODY MEETINGS**

Information regarding last 3 years General Body meetings are given below:

Location	Nature of Meeting	Day	Date	Time	Special Resolutions, if any, Passed
Hotel Sree Annapoorna, R.S.Puram, Coimbatore – 02	22 <sup>nd</sup> AGM	Saturday	25/08/07	11.30 am	Amendment of Articles of Association of the Company so as to enable the Company to consider ESOS / ESPS
Hotel Sree Annapoorna, R.S.Puram, Coimbatore – 02	23 <sup>rd</sup> AGM	Friday	29/08/08	11.30 am	Re-appointment of Mr.P.Ramachandran as a Whole Time Director for a further term of 5 years.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore – 02	EGM (Court convened shareholders meeting on merger)	Saturday	18/07/09	12.00 Noon	To approve the Scheme of merger of Salzer Cables Ltd with Salzer Electronics Ltd with consequential increase in authorized share capital and to pass necessary resolution under Sec.81(1A) of the Companies Act, 1956.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore – 02	24 <sup>rd</sup> AGM	Wednesday	30/12/09	11.30 am	Increase in borrowing powers of the Board of Directors of the Company under Sec.293(1)(d) of the Companies Act, 1956.

- ❖ No special resolution was passed last year through any postal ballot. Similarly, no special resolution is being proposed to be conducted through the postal ballot for the ensuing Annual General Meeting. The Company will seek shareholders approval through postal ballot in respect of resolutions relating to such businesses as prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules 2001 as and when occasion arises.

**Special Resolutions / Business Scheduled to be transacted at the AGM scheduled on 8<sup>th</sup> September 2010:**

1. To ratify and approve the increase in remuneration payable to Mr.P.Ramachandran, Whole Time Director of the Company from Rs.8,000/- to Rs.30,000/- per month with effect from 01.01.2010.

**DISCLOSURES**

- ❖ **INFORMATION UNDER CLAUSE 49(VI)(A) OF LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED / RE-APPOINTED:**

**Mr.P.S.SANTHANAKRISHNAN :**

Mr.P.S.Santhanakrishnan, aged 86 years, is a former Chairman of the State Bank of Mysore and is having a vast and wide experience in financial aspects. He is a Non-executive, part time Chairman of Salzer Electronics Limited for the last more than Twenty Four

years and with his vast experience in the financial aspects and expertise, he has been contributing for the growth of the Company all these years in all its sphere.

**Mr.N.JAYABAL:**

Mr.N.Jayabal, aged 66, is an Electrical Engineer, having wide overseas experience for about three decades and with good international contacts. He is also a Director in M/s.Salzer Exports Limited and M/s.Salzer Teconologies Ltd. His association on the Board of Directors of the Company has contributed to improve the market share for the products of the Company in the Global Markets.

**Mr.NIRMAL KUMAR M CHANDRIA:**

Mr.Nirmal Kumar M Chandria, aged 50 years, is an Industrialist and Promoter of a Company in Aluminium Sector and associated himself with leading industries. He is a Director of M/s Nirmal Aluminium Industries Ltd.

**Mr.KANTILAL V VAKHARIA:**

Mr.Kantilal V Vakharia, aged 82 years, has rich experience of over 46 years in the areas of finance, banking and capital market sectors. He is also a Director in M/s.Vakharia Synthetics Pvt Ltd., M/s.Vakharia Financial Service Ltd., M/s.Everest Yarn Agency Pvt. Ltd., M/s. Vakharia Leasing & Finance Co. Pvt Ltd., M/s.Salzer Magnet Wires Ltd, and Partner in M/s.Teekay International, Mumbai.

❖ **Equity shares in suspense account**

The Company did not have any of its securities –equity shares lying in suspense account arising out of public issue / bonus issue / right issue as the Company did not come out with any public issue / bonus issue / right issue during the last 15 years. Hence, furnishing of details of aggregate number of shareholders viz-a-vis the outstanding shares in suspense account / number of such shareholders approaching the Company for transfer of shares / number of shareholders to whom the shares were transferred from suspense account during the year 2009-10, and aggregate number of shareholders viz-a-vis the outstanding shares in the suspense account lying at the end of the year / freezing of voting rights on such shares do not arise.

❖ **Whistle Blower Policy**

The Company has appropriate mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

**COMPLIANCES:**

- ❖ All applicable accounting standards have been followed in the preparation of Annual Accounts and that there are no material deviation;
- ❖ All such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit & Loss account of the Company for the year ended on that date;

- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ The annual accounts have been prepared on a going concern basis ;
- ❖ The Company is having appropriate systems to ensure the compliance of all laws applicable to the Company;
- ❖ The Company is having appropriate system to ensure payment of statutory dues in time without any delay.
- ❖ Materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the related party relationship and transactions given under Note (2.c) of Schedule 17 of the audited accounts for the year ended 31.03.2010 may be referred to.

- ❖ Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.

No penalties or strictures have been imposed by any regulatory authority on any matter related to capital markets during the last three years.

- ❖ Material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement with Stock Exchanges:

None.

**Inter-se relationships between Directors of the Company.**

S.No	Name	Position	Inter-se Relationships
1	R.Doraiswamy	Managing Director	Brother of Mr. R.Narayanaswamy and Mr. Dhamodharaswamy, Directors and father of Mr.D.Rajesh Kumar, Joint Managing Director
2	D.Rajesh Kumar	Joint Managing Director	Son of Mr.R.Doraiswamy, Managing Director
3	R.Narayanaswamy	Director	Brother of Mr.R.Doraiswamy, Managing Director and Mr.R.Dhamodharaswamy, Director
4	R.Dhamodharaswamy	Director	Brother of Mr.R.Doraiswamy, Managing Director and Mr.R.Narayanaswamy, Director

**NON –MANDATORY REQUIREMENTS**❖ **Chairman's Office**

During the year under review, the Company has not maintained any office for Non-Executive Chairman. However, the Company has been reimbursing the Travelling and other out-of –pocket expenses incurred by the Non-Executive Chairman in the performance of Company's business.

❖ **Remuneration Committee**

The Company has a remuneration committee of the Board, the details of the Remuneration Committee have been covered elsewhere in the Report.

❖ **Audit Qualifications**

There are no qualifications in the Auditors' Report to the Members on the Financial Accounts for the year ended 31.03.2010.

❖ **Shareholders' Right**

The Quarterly, Half yearly and Annual Financial Results of the Company are published in the Newspapers, besides notifying to the Stock Exchanges where the Company's Shares are listed. The quarterly / half yearly and Annual Financial Results are also available in the Company's web-site. The Audited Annual Report is also sent to every shareholders of the Company.

❖ **Other Non Mandatory Requirements**

The other Non mandatory requirements will be implemented in due course as and when required and/or deemed necessary by the Board.

**SECRETARIAL AUDIT**

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with

National Securities Depository Limited (**NSDL**) and Central Depository Services (India) Limited (**CDSL**) vis-a-viz the issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**MEANS OF COMMUNICATION**

The Quarterly, Half Yearly and Annual Financial Results are published in leading Newspapers besides notifying to the Stock Exchanges where the Company's shares are listed as well as posted in the Company's website for the benefit of all stakeholders.

**SHAREHOLDERS INFORMATION****ANNUAL GENERAL MEETING**

Day & Date : Wednesday – 08.09.2010, Time : 11.30 AM

Venue : Hotel Sree Annapoorna,  
R.S.Puram, Coimbatore-02

Audited Financial Results Announced : 28.05.2010

Posting of Annual Reports : 14.08.2010

Last date of receipt of Proxy forms : 04.09.2010

Announcement of Quarterly Results : 24.04.2009, 18.07.2009,  
30.10.2009 & 28.01.2010

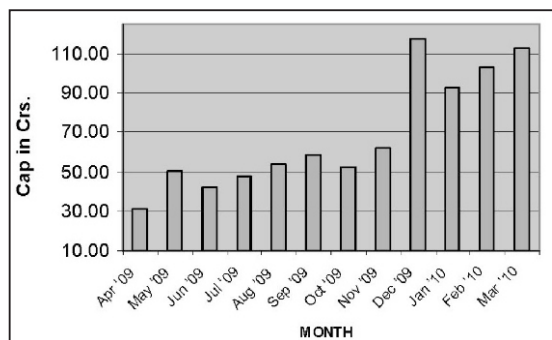
Date of Book Closure : 01.09.2010 – 08.09.2010

Listing on Stock Exchanges : Bombay and Coimbatore

**MARKET PRICE DATA**  
**SHARE TRADING DETAILS IN BOMBAY STOCK EXCHANGE**  
**For the period: 1-Apr-2009 to 31-Mar-2010**

MONTH	HIGH	DATE	LOW	DATE
April '09	53.95	16.04.2009	36.00	01.04.2009
May '09	81.80	26.05.2009	44.65	14.05.2009
June '09	78.10	01.06.2009	60.40	29.06.2009
July '09	79.00	22.07.2009	55.00	10.07.2009
August '09	85.90	06.08.2009	71.40	17.08.2009
September '09	109.60	08.09.2009	83.15	01.09.2009
October '09	95.80	12.10.2009	64.75	29.10.2009
November '09	96.30	23.11.2009	73.10	03.11.2009
December '09	119.40	23.12.2009	88.10	02.12.2009
January '10	118.00	11.01.2010	88.10	29.01.2010
February '10	122.95	22.02.2010	90.10	01.02.2010
March '10	115.75	30.03.2010	100.50	02.03.2010

**Salzer -Vs- Sensex**

**MARKET CAPITALIZATION:**


The average market capitalization of the Company worked out to around Rs.50 crores between April-November 2009 on the paid-up capital base of 6625000 equity shares of Rs.10/- each. Based on the merger of Cables and Wires unit with your Company, the average market capitalization has increased to around Rs.107 crores during the year under review.

**PRICE EARNING RATIO :**
**2008-09 : 7.47 times**
**2009-10: 13.66 times**
**REGISTRAR & SHARE TRANSFER / DEMAT AGENTS**

Company's share transfer Registry works both for Demat and Physical forms are being undertaken by **M/s. GNSA Infotech Private Limited, G R Mansion, No.11, Srinivasan Road, Pondy Bazar, T.Nagar, Chennai - 600 017, Tel: 044-42962209**, e-mail: sta@gnsaindia.com, who have since become a public limited Company.

The shares of the Company are dematerialised and registered in Central Depository Services (India) Ltd (**CDSL**) and National Securities Depository Ltd (**NSDL**) under **ISIN No.: INE457F01013**.

**SHARE TRANSFER SYSTEM  
SHARE TRANSFER COMMITTEE:**

The Share transfer committee consisting of the following members:

1. D.Rajeshkumar	Chairman	Joint Managing Director
2. N.Jayabal	Member	Non-Executive Independent Director
3. S.Baskarasubramanian	Secretary to the committee	Director (Corporate Affairs) & Company Secretary

The Company's share transfer works, physical and electronic form, are being done by M/s.GNSA Infotech Limited, Chennai.

Application for share transfer held in physical form are received both at the Registered office of the Company and at the office of the Registrar / Share Transfer Agent of the Company and if the documents are found to be in order, the transfer work is completed and the share certificate are returned within a period of 30 days from the date of receipt.

To consider share transfers, the committee meets at least once in 20 days.

The Shares held in the demat form are electronically traded in the depositories and the Registrar and Transfer Agents of the Company periodically receive from the depositories the beneficiary holdings to enable them to update their records.

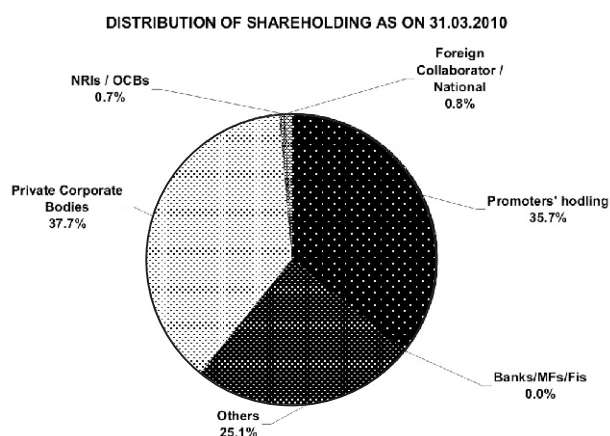
**DISTRIBUTION OF SHARE HOLDING AS ON  
31.03.2010**

Range	No.of share Holders	No.of Shares	% of holding
Upto - 5000	12488	8851480	8.61
5000 - 10000	283	2291410	2.23
10001 - 20000	135	2139140	2.08
20001 - 30000	62	1567890	1.52
30001 - 40000	20	737260	0.72
40001 - 50000	30	1434110	1.39
50001 - 100000	73	5923870	5.76
100001 & above	94	79892210	77.69
<b>TOTAL</b>	<b>13185</b>	<b>10283737</b>	<b>100.00</b>

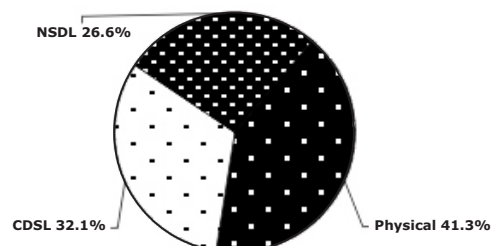


**DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010**

Category	No. of Shares held	Percentage of Share Holding
<b>A Promoter's holding</b>		
1 Promoters		
Indian Promoters	3185378	30.97
Foreign Promoters	487871	4.74
2 Persons acting in concert	-	-
<b>Sub-Total (a)</b>	<b>3673249</b>	<b>35.72</b>
<b>B Non-Promoters Holding</b>		
3 Institutional Investors		
a Mutual Funds and UTI Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions)	100	-
c Foreign Institutional Investors	-	-
<b>Sub-Total (b)</b>	<b>100</b>	<b>-</b>
4 Others		
Private Corporate Bodies	3881514	37.74
Indian Public	2576256	25.05
NRIs / OCBs	70905	0.69
Any other (Foreign Collaborator/National)	81713	0.97
<b>Sub-Total (c)</b>	<b>6610388</b>	<b>64.28</b>
<b>Grand Total (a+b+c)</b>	<b>10283737</b>	<b>100.00</b>


**DEMAT INFORMATION (AS ON 31.03.2010)**

	CDSL	NSDL	TOTAL
No. of Shares			
Dematerialised	3299298	2732822	6032120
% of Total Capital	32.10	26.60	58.70

**DISTRIBUTION OF DEMATED SHARES IN %**

**NOMINATION FACILITY**

As provided in the provisions of Companies Act, 1956 nomination facility is available for the shares held in a Company. The nomination form (Form 2B) along with instruction shall be provided to the members on request.

**PLANT LOCATION**

Unit – I : Samichettipalayam, Jothipuram via, Coimbatore - 641 047

Unit - II : Chinnamaddampalayam, Coimbatore - 641 019.

Unit – III : 2, Gudalur Village Samichettipalayam, Jothipuram via, Coimbatore - 641 047

Unit – IV : No.863, Coimbatore Main Road, Bettathapuram, Coimbatore -641 104

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

Phone : 0422 4233600 / 2692531

E-mail : salzer@salzergroup.com/  
baskarasubramanian@salzergroup.com

**ADDRESS FOR CORRESPONDENCE**

All correspondence should be addressed to:

The Managing Director / Company Secretary,  
Salzer Electronics Ltd, Samichettipalayam, Jothipuram via,  
Coimbatore - 641 047  
E-mail : salzer@salzergroup.com,  
baskarasubramanian@salzergroup.com

The above report has been placed before the Board at its meeting held on 28<sup>th</sup> May, 2010 and the same was approved.

**Declaration**

As provided under the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and select employees have confirmed compliance with the Code of Conduct.

For Salzer Electronics Limited

Place: Coimbatore  
Date : 28.05.2010

**(Sd/-) P.S.SANTHANAKRISHNAN**  
CHAIRMAN

**CHIEF EXECUTIVE OFFICER CERTIFICATION**

I, Mr. R.Doraiswamy, Managing Director of the Company hereby certify

1. that I have reviewed the financial statements and the cash flow statement for the year ended 31 March 2010 and that to the best of my knowledge and belief,
  - ◆ these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - ◆ these statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. that there are, to the best of my knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. that I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take to rectify the identified deficiencies and
4. that I have informed the auditors and the audit committee that there are
  - ◆ Significant changes in internal control during the year, if any.
  - ◆ Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
  - ◆ No instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: Coimbatore  
Date: 28.05.2010

**(Sd/-)R.Doraiswamy**  
Managing Director

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE**

To

The Shareholders, Salzer Electronics Ltd

1. We have examined the compliance of conditions of Corporate Governance by Salzer Electronics Ltd, for the year ended 31.03.2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, where the Shares of the Company are listed.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We have been explained that no investors' grievances are pending for a period exceeding one month, as on 31<sup>st</sup> March 2010, against the Company as per the records maintained by the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In terms of our report attached

**For Swamy & Ravi**  
Chartered Accountants  
FRN : 004317S

(Sd/-) S.Ravichandran  
Partner  
Membership No.023783

**M/s.JDS Associates**  
Chartered Accountants  
FRN : 008735S

(Sd/-) B.Jayaram  
Partner  
Membership No.028346

Coimbatore  
28.05.2010



**AUDITORS' REPORT**

1. We have audited the attached Balance Sheet of **SALZER ELECTRONICS LIMITED** as at **31<sup>st</sup> March, 2010** together with the annexed Profit and Loss Account and cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement and presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 a statement on the matters specified in paragraphs 4 and 5 of the said order is annexed.
4. Further to our comments in the statement referred to in paragraph (3) above :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of the books.

- (iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion and to the best of our information and according to the explanations given to us, the Profit and Loss Account, Balance Sheet and Cash flow statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- (v) On the basis of written representation received from the Directors of the Company, as on 31.03.2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2010 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the matter so required and give a true and fair view:
  - (a) In the case of Balance Sheet the state of affairs of the Company as at 31st March, 2010 and
  - (b) In the case of the Profit and Loss Account of the profit for the year ended on that date.
  - (c) In the case of the Cash Flow Statements of the cash flows for the year ended on that date.

In terms of our report attached

**For Swamy & Ravi**  
Chartered Accountants  
FRN : 004317S

(Sd/-) S.Ravichandran  
Partner  
Membership No.023783

Coimbatore  
28.05.2010

**M/s.JDS Associates**  
Chartered Accountants  
FRN : 008735S

(Sd/-) B.Jayaram  
Partner  
Membership No.028346

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT**

Referred to in Paragraph 3 of our report of even date on the accounts of Salzer Electronics Ltd for the year ended March 31, 2010.

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>01. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets have been physically verified by the Management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.</p> <p>(c) During the year, the Company has not disposed off any significant value of Plant and Machinery.</p> <p>02. (a) The Management has conducted physical verification of inventory at reasonable intervals.</p> <p>(b) In our opinion, the procedure followed by the Management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the books and records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.</p> <p>03. According to the information and explanations given to us, the Company has taken and granted loans, unsecured, from or to Companies, firms or other parties, listed in the Register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions are not prima facie prejudicial to the interest of the Company.</p> <p>04. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.</p> <p>05. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:</p> <p>(a) To the best of our knowledge and belief and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register have been so entered.</p> | <p>(b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements exceeding the value of Rs.5 lakhs have been made at prices which are prima facie reasonable and having regard to the prevailing market prices at the relevant time.</p> <p>06. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956.</p> <p>07. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.</p> <p>08. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.</p> <p>09. According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:</p> <p>(a) The Company was regular in depositing Provident Fund and Employees' State Insurance dues, Excise duty, Service tax, Customs duty, CESS, Investor Education &amp; Protection Fund, Income Tax, Sales Tax and all other applicable statutory dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 months as at 31st March, 2010.</p> <p>(b) The Company has no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty that were outstanding, as at 31st March, 2010.</p> <p>10. The Company does not have any accumulated losses as at the year end nor has it incurred any cash losses during the current and immediately preceding financial years.</p> <p>11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.</p> |
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- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.</p> <p>14. In our opinion the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name.</p> <p>15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>16. As informed to us, the term loans were utilized by the Company for the purpose for which they were obtained.</p> <p>17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments and vice-versa.</p> | <p>18. According to the information and explanation given to us during the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.</p> <p>19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.</p> <p>20. According to the information and explanations given to us and the records examined by us, the Company has not raised money by public issues during the year.</p> <p>21. To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company was noticed or reported during the year.</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- In terms of our report attached
- |                                                                                                                                                                                   |                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>For Swamy &amp; Ravi</b><br/>Chartered Accountants<br/>FRN : 004317S</p> <p>(Sd/-) S.Ravichandran<br/>Partner<br/>Membership No.023783</p> <p>Coimbatore<br/>28.05.2010</p> | <p><b>M/s.JDS Associates</b><br/>Chartered Accountants<br/>FRN : 008735S</p> <p>(Sd/-) B.Jayaram<br/>Partner<br/>Membership No.028346</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|

## BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	Schedule No.	AS AT 31/03/2010 Rs.	AS AT 31/03/2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
1. Shares Holders' Funds			
a. Share Capital	01	102837370	102837370
b. Reserves and Surplus	02	600488868	530077838
2. Loan Funds			
a. Secured Loans	03	452368597	412628929
b. Unsecured Loans	04	8012308	7945352
3. Deferred Tax Liability		19525510	9259510
<b>TOTAL (1+2+3)</b>		<b>1183232653</b>	<b>1062748999</b>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets			
a. Gross Block	05	816452694	690904217
Less : Depreciation		300016991	247572580
b. Net Block		<b>516435703</b>	<b>443331637</b>
c. Capital Work in Progress		18759540	47598079
		<b>535195243</b>	<b>490929716</b>
2. Investments	06	<b>48378683</b>	<b>48378683</b>
3. Current Assets, Loans & Advances			
a. Inventories	07	294138747	252009874
b. Sundry Debtors	08	425778007	300979057
c. Cash & Bank Balance	09	123980298	81803258
d. Other Current Assets	10	8265843	4152370
e. Loans & Advances	11	162368879	138703212
		<b>1014531774</b>	<b>777647772</b>
Less : Current Liabilities & Provisions	12	414873047	254207172
		<b>599658727</b>	<b>523440600</b>
4. Miscellaneous Expenditure (To the extent not written off or adjusted)		—	—
<b>TOTAL (1+2+3+4)</b>		<b>1183232653</b>	<b>1062748999</b>
<b>III. NOTES FORMING PART OF ACCOUNTS</b>	17		

In terms of our report Attached,

(Sd/-) P.S. Santhanakrishnan  
Chairman(Sd/-) R. Doraiswamy  
Managing DirectorFor M/s. JDS Associates  
Chartered Accountants  
FRN : 008735SFor Swamy & Ravi  
Chartered Accountants  
FRN : 004317S(Sd/-) S. Baskarasubramanian  
Director (Corporate Affairs) &  
Company Secretary(Sd/-) B. Jayaram  
Partner  
Membership No.028346(Sd/-) S.Ravichandran  
Partner  
Membership No.023783Coimbatore - 47  
28.05.2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	Schedule No.	YEAR ENDED 31/03/2010 Rs.	YEAR ENDED 31/03/2009 Rs.
<b>I INCOME</b>			
Sales		1906735613	1174923181
Less : Duty & Taxes		195143408	148824037
<b>Net Sales</b>		<b>1711592205</b>	<b>1026099144</b>
Other Operating Income	13a	54372947	26834370
Other Income	13b	5280025	5849660
<b>TOTAL</b>		<b>1771245177</b>	<b>1058783174</b>
<b>II EXPENDITURE</b>			
Material Consumption	14	1240205320	663720528
Salaries, Wages, and Other Expenses	15	289390082	224269077
Finance Cost	16	76605971	62965205
Depreciation		52459656	46626662
<b>TOTAL</b>		<b>1658661029</b>	<b>997581472</b>
<b>III PROFIT BEFORE TAX</b>		<b>112584148</b>	<b>61201702</b>
<b>IV PROVISION FOR TAXATION</b>			
Current Tax		19558550	12552000
Deferred Tax		10266000	-5595861
FBT.		—	779356
<b>V PROFIT AFTER TAXATION</b>		<b>82759598</b>	<b>53466207</b>
Profit brought forward from previous year		132004957	98789083
		<b>214764555</b>	<b>152255290</b>
<b>VI APPROPRIATIONS</b>			
General Reserve		6500000	1000000
Proposed Dividend @ 16%		16453979	16453979
Tax on Proposed Dividend		2733006	2796354
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>189077570</b>	<b>132004957</b>
<b>TOTAL</b>		<b>214764555</b>	<b>152255290</b>
<b>VII. EARNING PER SHARE (BASIC &amp; DILUTED)</b>		<b>8.05</b>	<b>5.20</b>
<i>Please refer 17.2(t) of Notes on accounts</i>			
<b>VIII. NOTES FORMING PART OF ACCOUNTS</b>	17		

In terms of our report Attached,

(Sd/-) P.S. Santhanakrishnan  
Chairman(Sd/-) R. Doraiswamy  
Managing DirectorFor M/s. JDS Associates  
Chartered Accountants  
FRN : 008735SFor Swamy & Ravi  
Chartered Accountants  
FRN : 004317S(Sd/-) S. Baskarasubramanian  
Director (Corporate Affairs) &  
Company Secretary(Sd/-) B. Jayaram  
Partner  
Membership No.028346(Sd/-) S.Ravichandran  
Partner  
Membership No.023783Coimbatore - 47  
28.05.2010

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

PARTICULARS	AS AT 31/03/2010 Rs.	AS AT 31/03/2009 Rs.
<b>SCHEDULE : 1 - SHARE CAPITAL</b>		
<b>a) Authorized Share Capital</b>		
Equity Shares of 1,50,00,000 Rs.10/- each	<b>150000000</b>	<b>150000000</b>
<b>b) Issued, Subscribed and Paid-up Capital</b>		
1,02,83,737 Equity Shares of Rs.10/- each fully paid up	102837370	102837370
	<b>102837370</b>	<b>102837370</b>
<b>SCHEDULE : 2 - RESERVES &amp; SURPLUS</b>		
a) Share Premium	252918270	252918270
b) Reserve for doubtful debts and Investment	2500000	—
c) General Reserve	155993028	145154611
d) Profit & Loss A/c.	189077570	132004957
	<b>600488868</b>	<b>530077838</b>
<b>SCHEDULE : 03 - SECURED LOANS</b>		
<b>A. Term Loan</b>		
<b>a. Banks</b>		
1. Canara Bank	53170327	39802282
2. Bank of India	15751549	30871210
3. ICICI Bank	—	143679
4. Citi Bank	3194898	—
<b>b. Other Financial Institution</b>		
1. Larsen & Toubro Finance Ltd	35784997	49554828
<b>B. Working Capital Loan</b>		
1. Canara Bank (Open Cash Credit)	84184891	54971267
2. Bank of India (Open Cash Credit)	104485166	102222209
3. Bank of India (Packing Credit)	2490000	—
4. Union Bank of India (Open Cash Credit)	145134676	130162876
5. Citi Bank (Open Cash Credit)	7523183	—
<b>C. Others</b>		
1. LIC Loan Against Keyman Policy	648910	4900578
	<b>452368597</b>	<b>412628929</b>
<b>SCHEDULE : 04- UNSECURED LOANS</b>		
Directors and Others	8012308	7945352
	<b>8012308</b>	<b>7945352</b>

**SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31- MARCH, 2010**

**SCHEDULE : 05 FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	Cost Upto 01.04.09 Rs.	Additions Rs.	Sale Rs.	Cost Up To 31.03.10 Rs.	Up To 31.03.09 Rs.	With Drawn Rs.	For the Year Rs.	Up To 31.03.10 Rs.	As At 31.03.10 Rs.	As at 31.03.09 Rs.
LAND & DEVELOPMENT	10445417	—	—	10445417	—	—	—	—	10445417	10445417
BUILDINGS	91718450	5306515	—	97024965	13912388	—	3193452	17105840	79919125	77806062
PLANT & MACHINERY	494375587	114319958	—	608695545	183849846	—	43938516	227788362	380907183	310525741
WIND MILL	59523172	—	—	59523172	36698706	—	3174884	39873590	19649582	22824466
FURNITURE & FITTINGS	25847689	3488373	—	29336062	8891702	—	1636768	10528470	18807592	16955987
VEHICLES	8993902	2583631	150000	11427533	4219938	15245	516036	4720729	6706804	4773964
Total	690904217	125698477	150000	816452694	247572580	15245	52459656	300016991	516435703	443331637
Previous Year	629609429	61814788	520000	690904217	201087943	142025	46626662	247572580	443331637	260815081

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010**

PARTICULARS	AS AT 31/03/2010 Rs.	AS AT 31/03/2009 Rs.
<b>SCHEDULE : 06 - INVESTMENT AT COST</b>		
<b>Unquoted</b>		
M/s.Salzer Spinners Ltd - 18,65,500 Equity Shares of Rs.10/- each.( at realisable value)	5596500	5596500
M/s. Salzer Global Services LLC., USA New Hampshire 10,00,000 US Dollars (Present Market Value as per Prevailing Foreign Exchange Rate as at 31.03.2010 Rs. 4,48,95,000)	41846183	41846183
M/s.Salzer Technologies Ltd - 83,250 Equity Shares of Rs. 10/- each	832500	832500
<b>Quoted</b>		
Bank of India - 2300 Share of Rs.10/- each at a Premium of Rs.35/- Per Share. (Market value as At 31.03.2010 (Closing) Rs.340.75 Per Share Aggregate Market value Rs.7,83,725/-)	103500	103500
	<b>48378683</b>	<b>48378683</b>
Aggregate Book Value of Quoted Investments (At Cost)	103500	103500
Aggregate Market Value of Quoted Investments	783725	505770
Aggregate Book Value of Unquoted Investments	48275183	48275183
<b>SCHEDULE : 07 - INVENTORIES</b>		
Raw materials	48276669	34889409
Components	61513128	45947954
Packing Materials	3131613	2602663
Work-in-process	90148118	97860121
Finished goods	91069219	70709727
	<b>294138747</b>	<b>252009874</b>
<b>SCHEDULE : 08 - SUNDRY DEBTORS</b>		
Unsecured - (Considered good)		
i. Outstanding more than 6 months	3625884	2393008
ii. Other Debtors	422152123	298586049
	<b>425778007</b>	<b>300979057</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

PARTICULARS	AS AT 31/03/2010 Rs.	AS AT 31/03/2009 Rs.
<b>SCHEDULE : 09 - CASH &amp; BANK BALANCES</b>		
<b>i) Cash on Hand</b>	157944	355327
<b>ii) With scheduled Banks</b>		
a. On Current Account	30581243	8261965
b. On Deposit Account	79801082	57606280
C. On Unpaid Dividend Account	261361	263190
<b>iii) With Non-scheduled Banks</b>		
a. On Current Account	909386	1042909
b. On Deposit Account	10275000	13000000
C. On Unpaid Dividend Account	1994282	1273587
	<b>123980298</b>	<b>81803258</b>
<b>SCHEDULE : 10 - OTHER CURRENT ASSETS</b>		
<b>UNSECURED - (Considered good)</b>		
Prepays	1670743	982630
Receivables	6595100	3169740
	<b>8265843</b>	<b>4152370</b>
<b>SCHEDULE : 11 - LOANS &amp; ADVANCES</b>		
<b>UNSECURED - (Considered good)</b>		
Advances recoverable in Cash or in kind or value to be received	146249978	131205696
Deposits	16118901	7497516
	<b>162368879</b>	<b>138703212</b>
<b>SCHEDULE : 12 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Sundry Creditors:</b>		
a. Due to micro, medium and small enterprises	-	3536939
b. Total outstanding to creditors other than micro, medium and small enterprises	365865933	205208627
c. Advances from the customers	-	63433
d. Interest accrued but not due on secured loans	22712	171516
e. Unpaid dividend	2050352	1534811
<b>Provisions</b>		
Provision for Gratuity	8188515	11110157
Provision for Taxation	19558550	12552000
Provision for FBT	-	779356
Provision for Dividend	16453979	16453979
Provision for Distribution Tax on Dividend	2733006	2796354
	<b>414873047</b>	<b>254207172</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	YEAR ENDED 31/03/2010 Rs.	YEAR ENDED 31/03/2009 Rs.
<b>SCHEDULE : 13A - OTHER OPERATING INCOME</b>		
Conversion Charges Received	1638299	378885
Income by Power Generation	6550955	5625641
Income by Energy saver	7232400	2797686
Income by Street Light Maintenance	37141863	9143742
Sale of DEPB Licence	1809430	2304141
Gain on Export Sales Realisation	—	6584275
	<b>54372947</b>	<b>26834370</b>
<b>SCHEDULE : 13B - OTHER INCOME</b>		
Interest Received	4479569	4653053
Profit on Sale of Investment	—	1000000
Dividend Income	11500	73674
Miscellaneous Income	788956	122933
	<b>5280025</b>	<b>5849660</b>
<b>SCHEDULE : 14 -MATERIAL CONSUMPTION</b>		
<b>OPENING BALANCE</b>		
Raw Materials	34889409	36202693
Components	45947954	63900845
Packing Materials	2602663	2472780
Work in progress	97860121	48500254
Finished Goods	70709727	35650357
<b>TOTAL (A)</b>	<b>252009874</b>	<b>186726929</b>
<b>ADD :- PURCHASE</b>		
Raw Materials	1072956608	584419311
Components	176801263	121688280
Packing Materials	32576322	22895882
<b>TOTAL (B)</b>	<b>1282334193</b>	<b>729003473</b>
<b>TOTAL (C) = (A)+(B)</b>	<b>1534344067</b>	<b>915730402</b>
<b>LESS :- CLOSING BALANCE</b>		
Raw Materials	48276669	34889409
Components	61513128	45947954
Packing Materials	3131613	2602663
Work in Progress	90148118	97860121
Finished Goods	91069219	70709727
<b>TOTAL (D)</b>	<b>294138747</b>	<b>252009874</b>
<b>CONSUMPTION TOTAL (E) = (C)-(D)</b>	<b>1240205320</b>	<b>663720528</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	YEAR ENDED 31/03/2010 Rs.	YEAR ENDED 31/03/2009 Rs.
<b>SCHEDULE : 15 - SALARIES, WAGES AND OTHER EXPENSES</b>		
Stores & Tools Consumables	7067600	5742808
Conversion Charges	28881725	33226654
Power & Fuel	33360474	21918799
Freight, Cartage & Coolie	18371584	17266798
Wages & Salary	57755514	51613710
Staff & Labour welfare expenses	6976693	8106156
Provision for Gratuity	1061643	789817
Repairs & Maintenance	13286285	9473075
Energy Saver Expenses	7142555	1470989
Street Light Maintenance Expenses	29692174	8777992
Subscriptions & Periodicals	309606	506104
Donation	69000	26500
General Expenses	4245979	3520771
Postage, Telephone & Telegrams	2043749	1802164
Auditor Fee & Expenses	394353	175048
Insurance	1174187	1228829
Advertisement Expenses	1264695	402769
Research & Development Expenses	18289232	15569972
Sales Promotional Expenses	28602720	21268241
Travelling Expenses	8156639	7586561
Director Sitting Fees	50000	50000
Printing & Stationery	2040293	1443625
Consultation Fees	3505617	4114565
ISO 9000 Expenses	198957	377992
Rates & Taxes	10784594	6013677
Loss on Foreign Exchange Realization	693729	—
Bad Debts Written off	417893	25029
Royalty	1052592	867672
Amortization of Preliminary Expenses	—	902760
Reserve for doubtful debts and Investment	2500000	—
	<b>289390082</b>	<b>224269077</b>
<b>SCHEDULE : 16 - FINANCE COST</b>		
Interest on Term Loan	15226366	13470930
Interest on Working Capital	39496219	37503452
Bank Charges	21883386	11990823
	<b>76605971</b>	<b>62965205</b>

**SCHEDULE : 17 - NOTES FORMING PART OF ACCOUNTS****1. Significant accounting policies:****(A) Basis of preparation of financial statements**

The financial statements are prepared under the historical cost conception, on the accrual basis of accounting, and comply with the Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards, under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, ('the Act') to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest rupee.

**(b) Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision of accounting estimates is recognized prospectively in current and future period.

**(c) Fixed assets:**

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses if any and net of Cenvat / Value Added Tax. Cost includes all attributable expenses in bringing the assets to its working condition.

**(d) Impairment**

The carrying amount of asset is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

**(e) Depreciation:**

Depreciation on fixed assets other than Wind Mill is provided on straight-line method in accordance with Schedule XIV of the Companies Act, 1956. Depreciation on Wind Mills are provided on WDV method at the rate specified in Schedule XIV. In respect of additions made during the year, depreciation is charged on pro-rata basis from the month of addition.

**(f) Investments:**

Long term investments are valued at cost less diminution in value, if any. Short Term investments are valued at cost/ net realisable value whichever is less. Provisions for diminution in the value of long-term investments are made only if such a decline is other than temporary in the opinion of the management.

**(g) Inventories:**

- (i) Raw materials including consumables and stores & spares are valued at cost. The cost is determined on the basis of FIFO method.
- (ii) Work-in-process is valued at cost of materials and labour together with relevant factory overheads. The cost of work in progress is determined on the basis of weighted average method.
- (iii) The finished goods are valued at cost inclusive of excise duty (or) net realizable value whichever is less.

**(h) Research and Development:**

Revenue expenditure on Research and Development is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of fixed assets. The capital expenditure on R&D incurred during the year by the Company was Rs.281.65 lakhs and shown as additions to fixed assets of the Company.

**(i) Foreign Currency Transactions:**

- a) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.
- b) Monetary items (i.e. receivables, payables, loans, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.
- c) The exchange difference arising on the settlement of monetary items on reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income/expense in the period in which they arise.

**(j) Taxation:****1. Current Tax:**

Provision for taxation has been made on assessable profits of the Company as determined Under the Income Tax Act, 1961.

## 2. Deferred Tax:

In terms of AS.22, the deferred tax for timing differences between the book and tax profit arising out of capital expenditure on research and development, depreciation and provisions for the year is accounted by using the tax rates and laws that have been in force as of the Balance Sheet date.

Deferred Tax liability as at 31.03.2010

Timing difference on a/c of:	
Depreciation	- Rs.100.08 lakhs
Research & Development	- Rs. 95.17 lakhs
Deferred Tax Liability	- Rs.195.25 lakhs

## (k) Revenue Recognition:

- i. Revenue in respect of sale of products is recognized at the point of despatch to customers.
- ii. Sales comprise of value of sale of goods (Net of returns) excluding Sales Tax and Excise Duty.
- iii. Revenue in respect of investments is recognized as and when these incomes are ascertained and quantified.
- iv. Income from Services is recognized as and when the services are rendered.
- v. Export benefits are recognized in the profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made.
- vi. Dividend income is recognized when the right to receive dividend is established.
- vii. Lease income under operating lease is recognized in Profit and Loss Account on the basis of accrual of income as per terms of the agreement.

## (l) Employees Benefits:

## 1. Defined contribution plans:

The Company makes contribution towards employees' provident fund and employees' state insurance plan scheme. The Company during the year recognized Rs.55.92 lakhs (previous year Rs.52.57 lakhs) as expense towards contribution to Provident Fund and Rs.13.94 lakhs (previous year Rs.14.48 lakhs) towards ESI.

## 2. Defined benefit plan (gratuity):

The employees' gratuity scheme is a defined benefit plan. The Company has taken Group Gratuity Policies with the Life Insurance Corporation of India ('LIC') for future payment of gratuities. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. Actuarial gains and losses and past service costs are recognized immediately in the Profit and Loss account.

## 3. Pension &amp; Leave Salaries:

## Pension:

The scheme is discretionary in nature. The Company operates a funded pension defined benefit scheme for qualifying employees. The scheme is funded with LIC of India – Pension and Group scheme.

## Leave Salaries:

No provision has been made for leave salaries as the Company does not have any leave encashment scheme and the same is at the discretion of management.

## (m) Earnings Per Share (EPS):

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

## (n) Borrowing Costs

Borrowing costs, which are directly attributable to the acquisition / constructions of fixed assets, till the time such assets are ready for intended use, are capitalized as part of the assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

## (o) Leases:

Lease income is treated as operating lease in accordance with AS 19 of ICAI and the income is recognized on accrual basis as per the terms of agreement with Municipal Corporation.

Since the income has the character of fluctuations and not pre determined, straight line basis of adopting the income is not possible.

respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(p) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in

(q) Segment Reporting:

Based on the guiding principles given in Accounting Standards on "Segment Reporting (AS-17)" issued by the ICAI and on the basis of Management Certification, the Company's primary business segment is Electrical installation products. As the Company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard does not arise.

(r) Cash and Cash Equivalents:

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## 2. Notes on Accounts

(a) Notes to the profit and loss account and Balance Sheet as at 31st March 2010

### I. SALES BY CLASS OF GOODS

	(2009 – 2010)		(2008 – 2009)	
	Nos.	Rs.	Nos.	Rs.
Cam Operated Rotary Switches	1658320	296686082	1919375	300193220
Accessories for Cam Operated Rotary Switches	97461	3345306	19255	776908
Conduit Tubing (Mtrs)	1653339	108874147	2227888	139975905
Load Break Switches	305402	87255175	255255	69712287
Connectors	7343668	26523601	5817937	28235052
Toroidal Transformer	42523	106995134	32130	95555236
Relay	384845	27912011	157681	14663067
Accessories for Relays	94432	2372874	1070	21444
PVC Compound (Kgs)	37500	2003472	7700	357205
Moulds and Dies	35	3670424	9	2354570
Modular Switches	634035	19222033	429336	14383378
Accessories for Modular Switches	815945	47434749	718261	35936377
Automatic Meter Reader	322	2881757	—	—
Automatic Electrical Load Monitoring System	16	2152321	5	217501
Insulated copper Wires (Coils)	1163725	1162980518	454772	468290508
MCB	1707	269321	—	—
Wire Hardness	1454	943788	—	—
Scrap (Kgs)	199088	5212900	151160	4250523
<b>Total</b>		<b>1906735613</b>		<b>1174923181</b>

**II. RAW MATERIAL CONSUMED**

	Qty in M.T.	Value Rs.	Qty in M.T.	Value Rs
<b>Basic Raw Materials :</b>				
Brass and Copper Strips, M.S. Bits & Strips	2753.15	872881361	1286.47	427253670
Nylon	328.82	42578992	269.18	37288713
Moulding Powder	14.12	1231315	11.94	1140630
PVC Resin, TBLS, DBLS, CaCo3	2993.90	142877680	2105.41	120049582
Components (Individual value not exceeding 10% of Total Value)	—	161236089	—	139641171

**III. CONSUMPTION OF RAW MATERIALS, COMPONENTS, PACKING MATERIALS, STORES AND SPARES**

	% of Total consumption	Value Rs.	% of Total consumption	Value Rs
a. Raw Materials and components				
Imported	8.12	99141165	8.25	59813758
Indigenous	91.88	1121664272	91.75	665560008
b. Packing materials				
Imported	—	—	—	—
Indigenous	100	32047373	100	22765999
c. Stores and Spares				
Imported	—	—	—	—
Indigenous	100	7067600	100	5742808

**IV. INSTALLED CAPACITY (PER ANNUM) AND ACTUAL PRODUCTION**

a. Installed Capacity	Qty. in Nos.	b. Actual Production Class of goods:	(Nos./Mtrs)
Cam Operated Rotary Switches	30,00,000	Cam Operated Rotary Switches	1638134
Terminal Connectors	86,00,000	Accessories for Cam Operated Rotary Switches	97461
On Load Isolators	1,00,000	Conduit Tubing (Mtrs)	1664849
Conduit Tubing (Mtrs)	30,00,000	Load Break Switches	303055
Selector Switches	2,00,000	Connectors	7207258
Load Break Switches	5,00,000	Toroidal Transformers	43112
Switch fuse unit	36,000	PVC Compound (Kgs)	39315
Proximity Switches	1,00,000	Moulds & Dies	35
Toroidal Transformers	1,00,000	Relays	384845
Insulated copper Wires (coils)	12,00,000	Accessories for Relays	94432
Switches Modular / Plate	15,00,000	Switches Modular/Plate	572260
		Accessories for Switches Modular/Plate	883845
		Automatic Meter Reader	322
		Automatic Electrical Load Monitring System	16
		Insulated copper Wires (coils)	1160230
		MCB	6537
		Wire Hardness	1795
		Scrap sales (Kgs)	176206



**V. OPENING AND CLOSING STOCK OF FINISHED GOODS:**

	(2009 – 2010)		(2008 – 2009)	
<b>I. OPENING STOCK</b>	<b>Qty. Nos.</b>	<b>Value Rs.</b>	<b>Qty. Nos.</b>	<b>Value Rs.</b>
CAM Operated Rotary Switches	20676	4206872	35	4900
Accessories for CAM Operated Rotary Switches	71	6532	85	3342
Conduit Tubing	45163	1937541	29098	1797965
Load Break Switches	6728	1079240	14953	3989311
Connectors	742006	2178866	485102	1775473
Toroidal Transformers	778	1104760	767	4952475
PVC Compound	385	15785	—	—
Switches Modular / Plates	91520	3973884	147144	3678600
Accessories for Modular Switches	35	439	126743	722435
Insulated copper Wires (Coils)	18471	53526480	10005	14382729
Scraps (Kgs)	80006	2679328	46281	4343126
<b>II. CLOSING STOCK</b>				
CAM Operated Rotary Switches	490	122270	20676	4206872
Accessories for CAM Operated Rotary Switches	71	6532	71	6532
Conduit Tubing	56673	10350282	45163	1937541
Load Break Switches	4381	1370108	6728	1079240
Connectors	605596	2524281	742006	2178866
Toroidal Transformers	1367	3378222	778	1104760
PVC Compound	2200	99000	385	15785
Switches Modular / Plates	29745	897527	91520	3973884
Accessories for Modular Switches	67935	2963076	35	439
Insulated copper Wires (Coils)	14976	67874193	18471	53526480
MCB	4830	439502	—	—
Wire Hardness	341	14990	—	—
Scraps (Kgs)	57124	1028236	80006	2679328

**(b) Directors Remuneration :**

	R.Doraiswamy Managing Director	D.Rajeshkumar Joint Managing Director	P.Ramachandran Whole Time Director
1 Salary	14,22,307	14,26,258	1,66,500
2 Bonus	10,000	10,000	10,000
3 Commission	0	0	0
4 Employer Share of PF	9,360	9,360	7,848
5 Employer share of Pension Fund	0	15,000	0
<b>Total</b>	<b>14,41,667</b>	<b>14,60,618</b>	<b>1,84,348</b>
<b>Grand Total</b>			<b>30,86,633</b>

Computation of the Net Profit in accordance with Section 349 read with Section 198 of the Companies Act, 1956.

(Rs.in Lakhs)	
Net Profit as per Profit and Loss Account	: 827.60
Add : Directors Remuneration	: 30.87
	858.47
Less : Capital Profit	: 35.48
	<b>822.99</b>

Maximum remuneration payable is 10% of the above profit of Rs.82.30Lakhs



(c) **A list of related parties and relationships  
(as identified and certified by the Management).**

- 1. Parties where control exists : NIL**
- 2. Other related parties with whom transactions have taken place during the year.**

Party Name	Relationship
Micro Instruments Ltd	: Director's Interested Company
Salzer Exports Ltd	: Director's Interested Company
Salzer Spinners Ltd	: Director's Interested Company
Plitron Mfg. Inc	: Director's Interested Firm (Collaborator)
K.Rangaswamy Naidu & Sons	: Director's Interested Firm
Plitron Global Corp.	: Director's Interested Company

**Key Management Personnel :**

R.Doraiswamy	: Managing Director
D.Rajeshkumar	: Joint Managing Director
P.Ramachandran	: Whole Time Director

**Transactions with related parties:****Summary of transactions**

i. Sales	- Rs. 19729182/-
ii. Purchases	- Rs. 5453880/-
iii. Royalty paid	- Rs. 1052592/-
iv. Remuneration Paid	- Rs. 3086633/-
v. Dividend Paid	- Rs. 130741/-
vi. Labour charges received	- Rs. 178277/-
vii. Sale of power	- Rs. 4161192/-
viii. Fuel Purchase	- Rs. 15345543/-

**Related party-wise transactions**

Party Name	Nature of Transaction	Value of Transaction (in Rs.)	
Micro Instruments Ltd	Sale of Materials	9294855	—
	Material Purchased	—	5453880
	Labour Charges	—	178277
Salzer Exports Ltd	Sale of Materials	5472321	—
Salzer Spinners Ltd	Sale of Power & Others	4161192	—
Plitron Mfg.Inc	Sale of Materials	4962006	—
Plitron Global Corp.	Royalty	—	1052592
	Dividend	—	130741
K.Rangaswamy Naidu & Sons	Fuel Purchase	—	15345543
R.Doraiswamy	Remuneration	—	1441667
D.Rajeshkumar	Remuneration	—	1460618
P.Ramachandran	Remuneration	—	184348

- (d) As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**I. Table showing changes in present value of obligation as on 31.03.2010**

Present value of obligations as at beginning of year	10320340.00
Interest cost	825627.00
Current service cost	789817.00
Benefits paid	(80922.00)
Actuarial (gain)/ loss on obligations	(431026.00)
Present value of obligations as at end of year	11423836.00

**II. Table showing changes in the fair value of plan assets as on 31.03.2010**

Fair value of plan assets at beginning of year	789971.00
Expected return on plan assets	122775.00
Contributions	2403497.00
Benefits paid	(80922.00)
Actuarial gain/(loss) on Plan assets	NIL
Fair value of plan assets at the year end	3235321.00

**III. Table showing fair value of plan assets**

Fair value of plan assets at beginning of year	789971.00
Actual return on plan assets	122775.00
Contributions	2403497.00
Benefits paid	(80922.00)
Fair value of plan assets at the end of year	3235321.00
Funded status	(8188515.00)
Excess of Actual over estimated return on plan assets	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)	

**IV. Actuarial Gain/Loss recognized**

Actuarial (gain)/loss on obligations	431026.00
Actuarial (gain)/loss for the year-plan assets	NIL
Total (gain)/loss for the year	(431026.00)
Actuarial (gain)/loss recognized in the year	(431026.00)

**V. The amounts to be recognized in the balance sheet and statements of profit and loss**

Present value of obligations as at the end of year	11423836.00
Fair value of plan assets as at the end of the year	3235321.00
Funded status	(8188515.00)
Net asset/(liability) recognized in balance sheet	8188515.00

**VI. Expenses recognized in statement of profit and loss**

Current service cost	789817.00
Interest cost	825627.00
Expected return on plan assets	(122775.00)
Net Actuarial (gain)/loss recognized in the year	(431026.00)
Expenses recognized in statement of profit and loss	1061643.00

**VII. Investment Details:**

	% Invested As at 31 <sup>st</sup> March 2010	% Invested As at 31 <sup>st</sup> March 2009
L.I.C	100%	100%

**VIII. Actuarial assumptions**

	31.03.2010	31.03.2009
<b>Mortality Table (LIC)</b>		
Discount rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	5.00%	5.00%
Rate of escalation in salary (per annum)	5.00%	5.00%

**(e) Expenditure/Earnings in foreign currencies  
(disclosed on accrual basis)****Outflow:**

Purchase of Material	:	Rs.	99141165/-
Purchase of Assets	:	Rs.	8376627/-
Royalty	:	Rs.	1052592/-
Warehouse Charges	:	Rs.	116800/-
Foreign Travel Expenses	:	Rs.	1878217/-
Certification Fees	:	Rs.	157243/-
Sales Commission	:	Rs.	735319/-

**Inflow:**

Export of Goodsat FOB value	:	Rs.	100951495/-
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**(f) Dividend remittances in foreign currency****2010 2009**

Number of non-resident shareholders to whom remittance was made	3	2
Number of shares on which remittance was made	171976	96187
Net amount remitted	275162	173136

**(g) Contingent Liabilities not provided for in the accounts :**

1. Towards Import obligation under EPCG Scheme Bank guarantees (expiring in 2013-14)	Rs.6.14 lakhs
2. Letter of credit (foreign and inland) for Import And purchase of raw materials	Nil
3. Obligation towards Bank Guarantee	Rs.329.39 lakhs

(h) Estimated amount of the contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. NIL (Previous Year – Rs. NIL)

(i) Open Cash Credit facility from Canara Bank has been secured on hypothecation of Raw materials, Stock-in-process and Finished goods and first charge on Land & Building and Plant & Machinery. (Unit-I)

(j) Term Loan from Canara Bank, IF Branch, Coimbatore, includes funding of Wind Mill-IV, funding of Energy Saver Project. Loan is secured by assets purchased on the loans and extension of equitable mortgage of land and building of the Company.

(k) Term Loan from Bank of India, Saibaba Colony branch is for funding Windmill-III and purchase of Plant & Machineries. Loans are secured by the assets

purchased under the loan and extension of equitable mortgage of land and building of the Company.

(l) Term loan for L & T Finance Ltd is secured by first charge on Plant & Machineries of Unit IV purchased out of L&T funding.

(m) Working Capital facilities from Bank of India is secured by First Charge on Land, Building and Plant & Machinery of the Company and hypothecation of Stocks and Debtors and extension of Hypothecation of Wind Mill-III. (Unit-II)

(n) Working capital facility from Union Bank of India is secured by First Charge on inventories including imported stocks of Unit-IV and first charge on Fixed Assets of Unit – IV except machineries items financed by L&T.

(o) All the Term loans and working capital loans are guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.

(p) There is no overdue interest or principal amount as on 31st March 2010 in respect of Term loan and working Capital loan.

(q) In the opinion of the Board, the Current Assets, Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

(r) In respect of debtors, creditors and other parties request for confirmations of balances were sent and reconciliations with the parties are carried out as an ongoing process.

(s) Sales include direct export of Rs.1009.52 lakhs, indirect export of Rs.608.18 lakhs.

**(t) Earning per share:****2010 2009**

1. Net profit after tax for the year in Rs.	82759598	53466207
2. Weighted average number of equity shares	10283737	10283737
3. Nominal value per share in Rs.	10/-	10/-
4. Earning per share in Rs.	8.05	5.20

(u) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

The Company has sent request letter to all its suppliers calling for their status under MSMED Act, 2006 and since many of them have not responded, the amount payable to these parties could not be disclosed. However, no party has claimed any interest for the due payable by the Company.

(v) The composition of Audit fees are as under:

		Rs.
Audit fees	(2009 - 2010) :	264500
Tax Audit fees	(2009 - 2010) :	55150
Certification and others	(2009 - 2010) :	66400
Expenses reimbursement	(2009 - 2010) :	8303
		<u>394353</u>

(w) Salary & Wages include Remuneration of Rs.3086633/- paid to Whole time Directors – Managing Director, Joint Managing Director and Whole time Director, as stated under note 2(a) on accounts. No person was paid remuneration of Rs.200000/- per month or Rs.2400000/- per annum during the year.

(x) In the opinion of the Management there is no impairment loss on fixed assets during the year.

(y) The income tax assessment has been completed upto the Financial Year 2006 - 2007 (Assessment Year 2007 - 2008) and there is no disputed liability or arrears of tax to be paid. The Sales tax Assessment has been completed upto the year 2007 - 2008 and there is no disputed liability or pending appeals.

(z) Previous year's figures have been regrouped/ rearranged wherever necessary, to confirm with current year's presentation.

(za) Figures have been rounded off to the nearest rupee

In terms of our report Attached,

**(Sd/-) P.S. Santhanakrishnan**  
Chairman

**(Sd/-) R. Doraiswamy**  
Managing Director

**For M/s. JDS Associates**  
Chartered Accountants  
FRN : 008735S

**For Swamy & Ravi**  
Chartered Accountants  
FRN : 004317S

**(Sd/-) S. Baskarasubramanian**  
Director (Corporate Affairs) &  
Company Secretary

**(Sd/-) B. Jayaram**  
Partner  
Membership No.028346

**(Sd/-) S.Ravichandran**  
Partner  
Membership No.023783

Coimbatore - 47  
28.05.2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

<b>A. Cash flow from Operating Activities</b>	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
	Rs. In lakhs	
Profit before Tax	1125.84	612.02
<i>Adjusted for:</i>		
Depreciation	524.60	466.27
Interest received	-44.79	-46.53
Interest & Finance Charges	766.06	629.65
Lease Income	-0.24	-0.24
Windmill Income	-65.51	-56.26
Profit on sale of assets	—	—
Miscellaneous Expenditure	—	9.03
Exchange Rate Differences	6.94	-65.84
Bad Debts written off	29.18	0.25
Profit on sale of investment	—	-10.00
Dividend Income	-0.11	-0.74
<b>Operating Profit before Working Capital Changes</b>	<b>2341.97</b>	<b>1537.61</b>
<b>Adjusted for working capital changes</b>		
Inventories	-421.29	-1081.42
Debtors	-1247.99	-729.59
Trade & Other receivables	-236.66	-374.68
Trade Payables	1574.24	1067.42
Provisions	9.82	291.56
Other Current Assets	-41.13	0.06
<b>Cash generated from Operations</b>	<b>1978.96</b>	<b>710.96</b>
<i>Activities</i>		
Exchange Rate difference (on export sales)	-6.94	65.84
Direct Taxes Paid	-133.31	-107.53
<b>Net Cash flow from operating activities</b>	<b>1838.71</b>	<b>669.27</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	-1256.98	-1394.22
Capital Work in process reversed	288.38	—
Sale of Fixed Assets	1.50	5.20
Investment in Securities	—	-8.32
Sale of Investments	—	100.00
Interest received	44.79	46.53
Lease income	0.24	0.24
Income from Electricity Generation	65.51	56.26
Dividend income	0.11	0.74
Other non-operating income	—	—
Profit on sale of assets /investments	—	10.00
<b>Net Cash used in investing activities</b>	<b>-856.45</b>	<b>-1183.57</b>

**C. Cash flow from financing activities****Year ended  
31.03.2010****Year ended  
31.03.2009**

Rs. In lakhs

Amalgamation Adjustment	—	388.91
Preferential Issue	—	102.55
Long Term Borrowings	324.55	1294.47
Working Capital Loan	564.64	1045.12
Repayment of Bank Loans	-491.79	-569.84
Interest & Finance Charges	-766.06	-629.65
Unsecured Loans from Directors & Others	0.67	-291.66
Dividend & Dividend Tax Paid	-192.50	-134.27
Net Cash generated Financing Activities	-560.49	1205.63
Net Decrease in Cash and Cash Equivalents	421.77	691.33
Cash & equivalent at the beginning of the year	818.03	126.70
Cash & equivalent at the end of the year	1239.80	818.03

In terms of our report Attached,

**(Sd/-) P.S. Santhanakrishnan**  
Chairman**(Sd/-) R. Doraiswamy**  
Managing Director**For M/s. JDS Associates**  
Chartered Accountants  
FRN : 008735S**For Swamy & Ravi**  
Chartered Accountants  
FRN : 004317S**(Sd/-) S. Baskarasubramanian**  
Director (Corporate Affairs) &  
Company Secretary**(Sd/-) B. Jayaram**  
Partner  
Membership No.028346**(Sd/-) S.Ravichandran**  
Partner  
Membership No.023783Coimbatore - 47  
28.05.2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details :  
 Registration No. : L03210TZ1985PLC001535  
 State Code : 18  
 Balance Sheet Date : March 31, 2010

## II. Capital raised during the year : (Rs.in '000)

Public Issue	: Nil	Rights Issue	: Nil
		(including share premium)	
Bonus Issue	: Nil	Private Placement	: Nil

## III. Position of Mobilisation and Deployment of Funds (Rs. in '000s)

## III. Position of Mobilisation and Deployment of Funds (Rs. in '000s)

Total Liabilities	1183233	Total Assets	1183233
Sources of Funds		Application of Funds	
Paid up Capital	102837	Net Fixed Assets	535195
Reserves & Surplus	600489	Investments	48379
Secured Loans	452369	Net Current Assets	599659
Unsecured Loans	8012	Misc. Expenditure	—
Deferred tax	19526	Accumulated Losses	—

## IV. Performance of the Company (Rs. in '000s)

Total Income	:	17,71,245
Total Expenditure	:	16,58,661
Profit/(Loss) before Tax	:	1,12,584
Profit/(Loss) after Tax	:	82,759
Earnings per share (in Rs.)	:	8.05

## V. Generic names of three principal products/service of the Company

Item Code No.(ITC Code)	Product Description
a. 853650.90	CAM Operated Rotary Switches
b. 853890.00	Terminal Connectors
c. 853650.90	On Load Isolators
d. 392690.99	Conduit Tubing
e. 850410.90	Toroidal Transformers
f. 853650.90	Switches Modular/Plates
g. 854411.90	Cable
h. 740811.90	Copper Scrap
i. 390421.90	PVC Compound Scrap

In terms of our report Attached,

(Sd/-) **P.S. Santhanakrishnan**  
Chairman

(Sd/-) **R. Doraiswamy**  
Managing Director

For **M/s. JDS Associates**  
Chartered Accountants  
FRN : 008735S

For **Swamy & Ravi**  
Chartered Accountants  
FRN : 004317S

(Sd/-) **S. Baskarasubramanian**  
Director (Corporate Affairs) &  
Company Secretary

(Sd/-) **B. Jayaram**  
Partner  
Membership No.028346

(Sd/-) **S.Ravichandran**  
Partner  
Membership No.023783

Coimbatore - 47  
28.05.2010



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M/s. GNSA Infotech Limited,  
G R MANSION, #11, Srinivasan Road,  
Pondy Bazar, T.Nagar, Chennai - 600 017.  
Tel: 044-4296 2209 / 2222. e-mail : sta@gnsaindia.com

**SALZER ELECTRONICS LIMITED  
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)**

**1. Particulars of the Shareholder**

- a) Regd. Folio No. : .....
- b) Name of the First Regd. Holder (in block letter) : .....

**2. Particulars of the Bank**

- a) Name of your Bank : .....
- b) Address of the branch : .....
- c) Account No. (as appearing in your cheque book) : .....
- d) Ledger Folio No. (if any) of your bank account : .....

- e) Account Type (Saving Account, Current Account or Cash Credit) :

Please Tick relevant box

Savings	Current	Cash Credit
---------	---------	-------------

- f) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number) :

--	--	--	--	--	--	--	--	--	--

**DECLARATION**

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the company responsible.

(Signature of the first Regd. Holder)  
as per specimen signature with the company.

Name : .....

Place : Coimbatore

Address: .....

Date :

.....

**Note :**

1. Please send the Form to the address mentioned above.
2. ECS Mode of payment is valid only for payments upto Rs. 5,00,000/-
3. In case the scheme dose not meet with the desired response or due to any other operational reasons it is found to be unviable, the company reserves the right to pay divided by issue of Warrants.

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**SALZER ELECTRONICS LIMITED,**  
Samichettipalayam (PO), Jothipuram, Coimbatore - 641 047

**PROXY FORM**

Reg. Folio No. ....

I/We .....  
of ..... being a  
Member / Members of **SALZER ELECTRONICS LIMITED** hereby appoint .....  
..... of ..... as my/our  
Proxy to vote for me/us on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on  
Wednesday, 8<sup>th</sup> September, 2010 at 11.30 AM, at Hotel Sree Annapoorna, R.S.Puram, Coimbatore - 641 002  
or at any adjournment thereof.

Signed this ..... day of ..... 2010

on Re.1/-  
Revenue  
stamp to be  
affixed here

Note : The Form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 Hours before the Meeting.

**SALZER ELECTRONICS LIMITED,**  
Samichettipalayam (PO), Jothipuram, Coimbatore - 641 047

**Attendance Slip**

(25<sup>th</sup> Annual General Meeting - September 8 , 2010)

Reg. Folio No. : .....

D.P. ID\* : .....

Client ID\* : .....

I certify that I am a registered Shareholder/Proxy for the Registered shareholder of the Company and I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company held at Hotel Sree Annapoorna, R.S.Puram, Coimbatore - 641 002, on Wednesday the 8<sup>th</sup> September, 2010 at 11.30.A.M.

.....  
**Member's/Proxy's Name in BLOCK Letters**

.....  
**Member's/Proxy's Signature**

Note: Please fill in this attendance slip and hand it over at the Entrance of the Meeting Hall.



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

# Salzer Electronics Limited

Samichettipalayam, Coimbatore - 641047

Tel : +91-422-4233600, +91-422-2692531. Fax : +91 - 422 - 2692170.

[www.salzergroup.com](http://www.salzergroup.com) | e-mail : [salzer@salzergroup.com](mailto:salzer@salzergroup.com)