

annual report 2011



CONSISTENT
GROWTH



RESPONSIBLE
BUSINESS

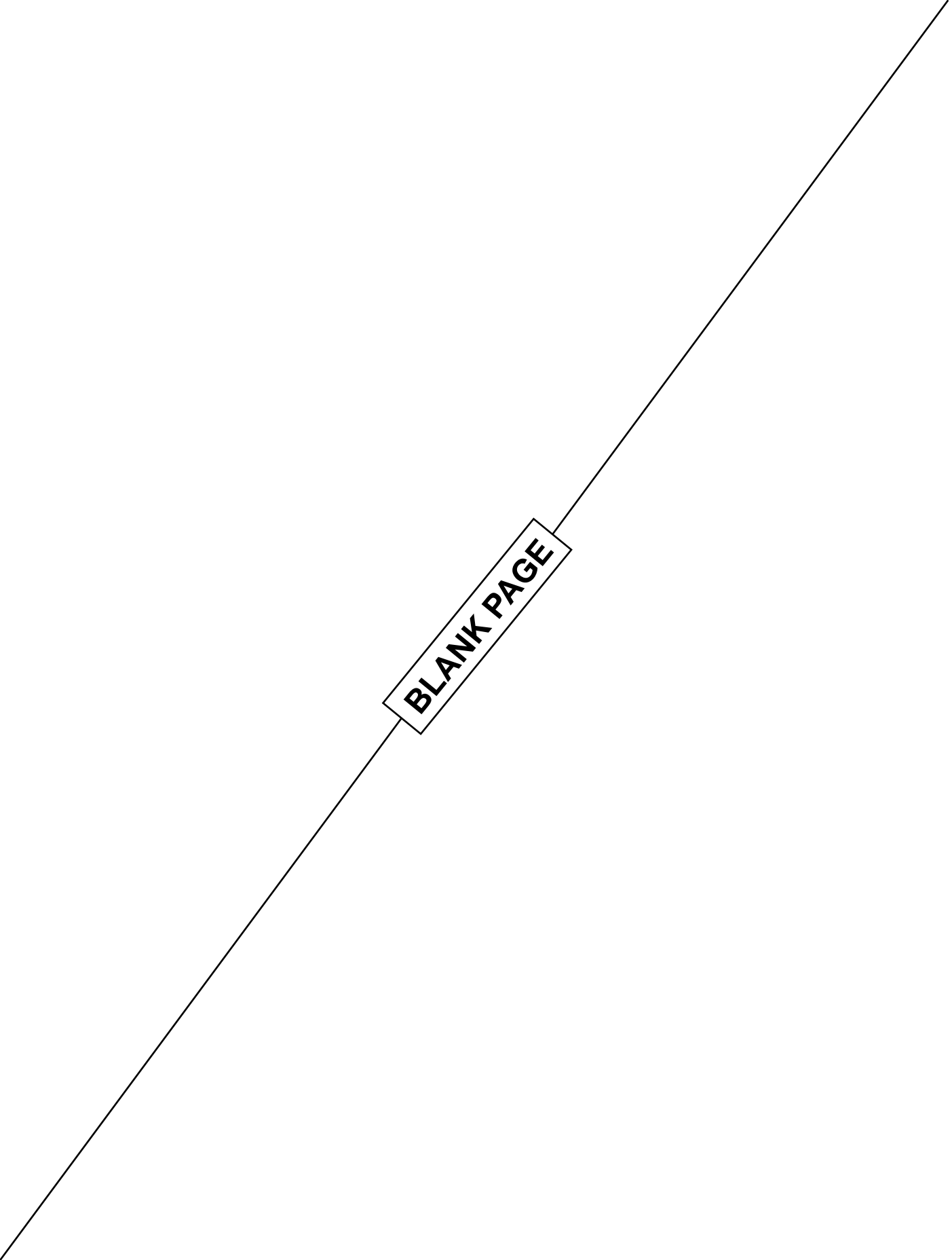


INNOVATION

SALZER ELECTRONICS LIMITED

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

Plant Locations	Unit-I	Unit-II	Unit-III	Unit-IV	UNA
	Samichettipalayam, Jothipuram via, Coimbatore-641047	Chinnamaddampalayam, Coimbatore 641 019.	# 2, Gudalur Village Samichettipalayam, Jothipuram via, Coimbatore-641047	No.882/3, Coimbatore Main Road, Bettathapuram, Coimbatore641104	Khasra No.554/2/1, 573/49, UNA - Chandigarh Road, Jalgran Tabba Rakkar Colony, Tehsil-174303 UNA Dist



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26th ANNUAL GENERAL MEETING

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

MANAGING DIRECTOR'S COMMUNIQUE

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

My Dear Shareholders,

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

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

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

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

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

I would like to take this opportunity to express my sincere gratitude and thanks, once gain, to all of you for your continuous support in our ventures at all times and also to my colleagues on the Board of Directors of the Company, customers, suppliers, our marketing associates, bankers and our employees at all levels for their continuous co-operation, unceasing confidence and support.

With kind regards

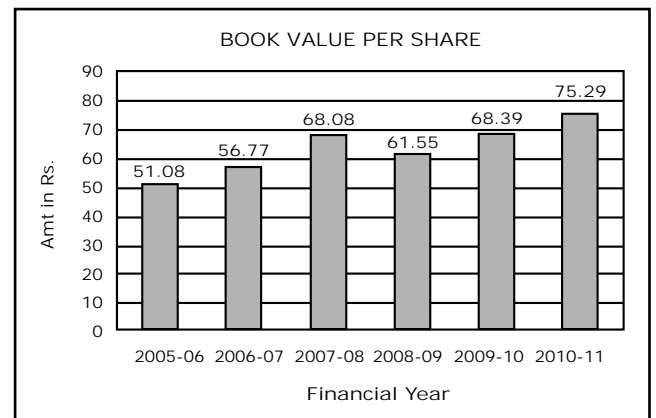
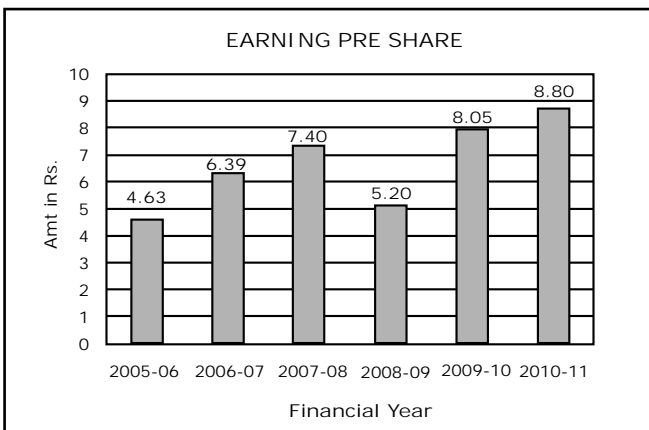
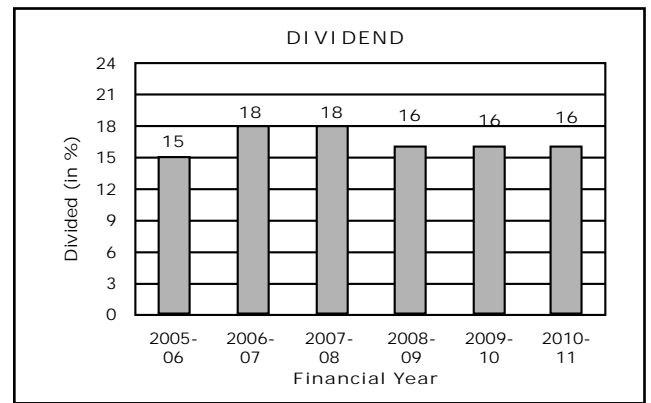
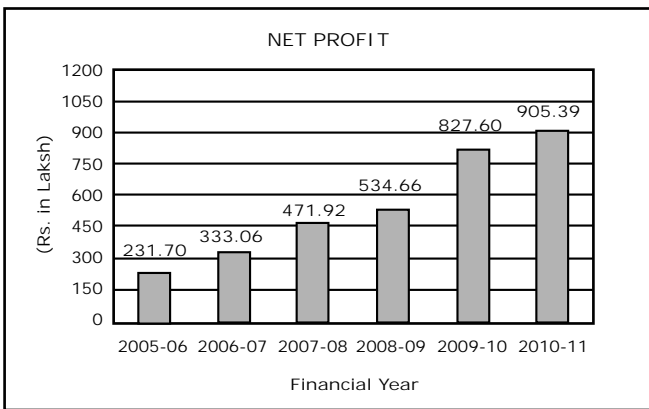
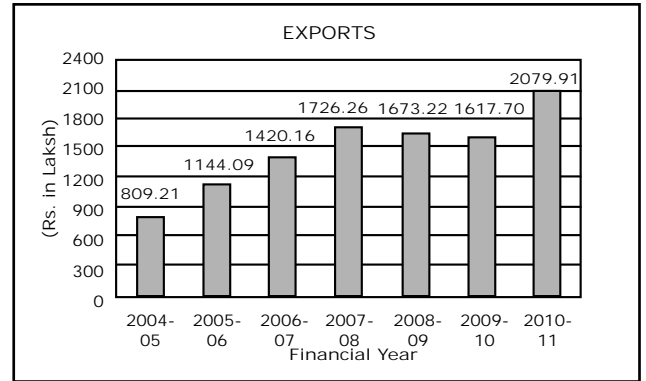
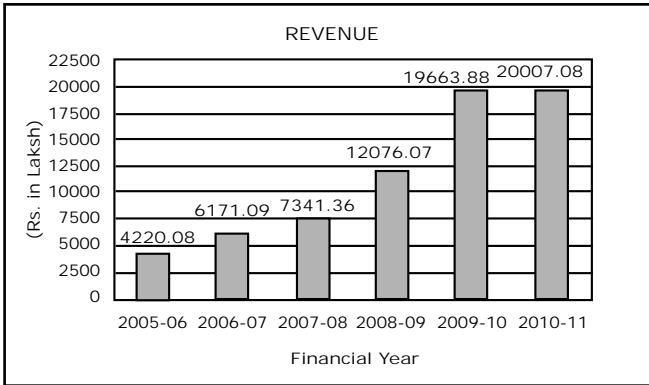


R DORAI SWAMY
MANAGING DIRECTOR

STRONG FUNDAMENTALS OF SALZER

- ❖ Going concern since January, 1985 with 26 years of success.
- ❖ Quality and Systems certified company
 - ISO 9001- 2008.
 - EMS Standards 14001.
 - OHSAS Management System 18001.
 - One of the first few companies in compliance of RoHS Directives for European markets.
- ❖ Having international quality standard certification - UL (Underwriters Laboratories Inc), CSA (Canadian Standards Association), Intertek Semko certification and CE (Conformite Europeenne) for its product profile.
- ❖ Having 40% market share in Rotary Switch segment.
- ❖ Highly competitive international markets have been well penetrated and having presence in more than 35 countries globally with 20% of export turnover and also another 20% as deemed exports.
- ❖ Asia's largest producer of Rotary Switches & Cable Ducts (Wiring Channels).
- ❖ Manufacturer of Toroidal Transformers in Collaboration with M/s.Plitron Manufacturing Inc., Toronto, Canada.
- ❖ Nuclear Power Corporation's only approved supplier from India for Rotary Switches.
- ❖ Largest Supplier to Indian Railways.
- ❖ Having marketing Tie-up with India's largest Engineering and Infrastructure major - M/s.L&T Ltd, to cater the Indian market through their market network across the length and breadth of our country with more than 300-400 Stockists / Dealers.
- ❖ Having self contained and fully equipped In-House Tool Room to meet the requirement of Dies and Tools both for the existing products and new products.
- ❖ Having full-fledged In-House R&D duly recognized by the Ministry of Science & Technology, Department of Scientific and Industrial Research, Govt. of India.
- ❖ Having Hi-tech Type-testing Laboratory for testing of product upto 200 amperes has been created in the factory.

GRAPHICAL PRESENTATION ON FINANCIAL PERFORMANCE



FINANCIAL HIGHLIGHTS

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

NOTICE OF THE 26th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the Shareholders of the Company will be held on Saturday, the 24th day of September 2011 at 11.30 AM at Hotel Sree Annapoorna, R.S.Puram, Coimbatore - 641 002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at March 31, 2011 and the Auditor's Report thereon.
2. To declare a dividend on equity shares for the year 2010-2011.
3. To appoint a Director in the place of Mr.R.Dhamodharaswamy, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr.R.Narayanaswamy, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr.V Sankaran, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint a Director in the place of Mr. Howard M Gladstone, 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 for the financial year 2011-12.

"RESOLVED THAT M/s.JDS Associates, Coimbatore & M/s.Swamy & Ravi, Coimbatore, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

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

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

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

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

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

PERQUISITES AND OTHER ALLOWANCES AND BENEFITS

- House Rent Allowance:

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

- Medical Allowance:

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

- Leave Travel Concession:

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

- Personal Accident Insurance:

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

- Club Fees:

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

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

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

- Encashment of leave at the end of tenure."

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

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

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

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

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

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

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

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

PERQUISITES AND OTHER ALLOWANCES AND BENEFITS

- House Rent Allowance:

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

- Medical Allowance:

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

- Leave Travel Concession:

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

- Personal Accident Insurance:

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

- Club Fees:

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

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

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

- Encashment of leave at the end of tenure."

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

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

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

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

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

“RESOLVED THAT pursuant to Sec.257 of the Companies Act, 1956 read with Article 79 of Articles of Association of the Company, Mr. Swaminathan Sambavarvadakarai Raja (DIN 03327098), who was inducted into the Board as an Additional Director on 12.02.2011 with a term of Office till the conclusion of ensuing 26th Annual General Meeting, be and is hereby appointed as a Nominee Director on the Board of Directors of the Company, whose term of office shall not be liable to retirement by rotation.”

11. To consider and approve the appointment of Dr. Pushpangadan Mangari as a Nominee Director from M/s. L & T Capital Company Limited.

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

“RESOLVED THAT pursuant to Sec.257 of the Companies Act, 1956 read with Article 79 of Articles of Association of the Company, Dr. Pushpangadan Mangari (DIN 01667572) who was inducted into the Board as an Additional Director on 30.05.2011 with a term of Office till the conclusion of ensuing 26th Annual General Meeting, be and is hereby appointed as a Nominee Director on the Board of Directors of the Company, whose term of office shall not be liable to retirement by rotation.”

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 17th September 2011 to 24th September 2011 (both the days inclusive).
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 .

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.

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 2004 2005, Interim dividend & Final dividend for the year 2005-2006, 2006 2007, 2007 08 , 2008 09 & 2009-10, 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. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (“PAN”) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN card numbers/copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents, M/s. GNSA Infotech Limited.

12. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in toto, members are requested to send their Valid E-Mail Address to the Company for receiving all such notices/Annual Reports/ other communiqué by Electronic

Mode by filling up form annexed at the end of this report or register your E-Mail address with your Folio No. at investor_relations@salzergroup.com / sta@gnsaindia.com. Besides, the members holding shares in electronic mode are also requested to update their E-Mail address in their Demat Account with concerned Depository Participant.

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

Mr. R. DAMODHARASWAMY (NON EXECUTIVE DIRECTOR)

Mr. R. Damodharaswamy, aged 79 years, is a graduate and is a Non Executive Director on the Board of Directors of the Company for the last 25 years. He is a dynamic industrialist having wide exposure in business administration and Corporate Affairs and is well known in the society being an active member of social institutions like Lions Club etc., His acumen in business administration has helped the Company in its growth path all these years. He is also one of the Directors on the Board of M/s. Micro Controls Private Limited and M/s. Micro Instruments Limited.

Mr. R. NARAYANASWAMY (NON EXECUTIVE DIRECTOR)

Mr. R. Narayanaswamy, aged 83 years, is a Non Executive Director on the Board of the Directors for the last 25 years and he is an agriculturist turned into an industrialist. He is a senior partner of the firms connected with Cinema Theatres, Packages, etc, and he is also a member of Indian Chamber of Commerce & Industry, Coimbatore. His vast business acumen contributed lot to the business prospects of the company.

Mr. V. SANKARAN (INDEPENDENT AND NON EXECUTIVE DIRECTOR)

Mr. Sankaran is an Independent and Non Executive Director on the Board of Directors for the last 10 years and holds a Master's Degree in Commerce and is an Associate Member of both the Institute of Cost & Works Accountants of India and the Institute of Company Secretaries of India. He also holds a Postgraduate Diploma in Management Accounting from Jamnalal Bajaj Institute of Management Studies, Bombay (University of Bombay). He is well known in the Financial Services Industry. He has over 35 years of experience in reputed companies in various areas of Finance and General Management. Mr. V. Sankaran is a Director of Smile Electronics Limited.

Mr. HOWARD M GLADSTONE: (INDEPENDENT AND NON EXECUTIVE DIRECTOR)

Mr. Howard M Gladstone is a Canadian citizen and holding directorship as Non-Executive and Independent Director on the Board. He is the President of M/s. Plitron Manufacturing Inc., Canada, the Collaborator.

Mr. R. DORAI SWAMY (MANAGING DIRECTOR)

Mr. R Doraiswamy is a core promoter and Managing Director of the Company. He is a qualified Electrical Engineer and technocrat entrepreneur with wide experience in the leading engineering industries like M/s. Lakshmi Machine Works Limited, Coimbatore, M/s. Reiter Machine Works, M/s. Brown Boveri Baden and M/s. Sorecher + Schve Arrow, in Switzerland for more than two decades before promoting M/s. Salzer Electronics Limited. For the last twenty six years, the Company has grown leaps and bounds under his stewardship with his forward looking vision and strategic guidance. He is also a Director of M/s. Salzer Exports Limited, Coimbatore, M/s. Salzer Securities Holdings Limited, Coimbatore, M/s. Salzer Spinners Limited, Coimbatore, M/s. K R Health Care Private Limited, Coimbatore and M/s. Salzer Magnet Wires Limited, Coimbatore.

Mr. D. RAJESH KUMAR (JOINT MANAGING DIRECTOR)

Mr. D. Rajeshkumar is a Joint Managing Director of the Company. He is a graduate in Electrical Engineering with Post Graduation in Business Administration (MBA-Finance), a technocrat turned into an industrialist. Mr. D. Rajeshkumar did his post graduation in Business Administration in USA. He has been associating with the Management of the Company for the last more than one and a half decades and functioning as Joint Managing Director. He is a young and energetic entrepreneur with varied experience and exposures in managing the affairs of the Corporate Sector and has closely associated in the management of the Company for the last more than one and a half decades and with his dedication and involvement the Company is growing steadily under the prevailing economic and market conditions both in domestic and international market. He is son of Mr. R. Doraiswamy, Managing Director. He is also a Director in M/s. Salzer Magnet Wires Limited, M/s. Salzer Exports Limited, M/s. Salzer Securities Holdings Limited, M/s. S R V E Industries Limited and M/s. K R Health Care Private Limited.

MR. SWAMI NATHAN SAMBAVARVADAKARAI RAJA (NOMINEE DIRECTOR)

Mr. Swaminathan Sambavarvadakarai Raja is an engineering graduate BE., (Hons) in Electrical and Electronics from Regional Engineering College, Trichy and has joined M/s. L&T in the year 1987. He has held various positions as Branch Engineer, Section Head, Zonal Head (Southern and Western Region) and presently Joint General Manager, headquartered at M/s. L&T at Chennai. Under his leadership, he has contributed a lot in the areas of Channel Management and also looking after the training centre and customer interaction centre. Prior to joining M/s. L&T, he was associated with English Electrics, Chennai at its Relay and Control panel division. He is also a Director in M/s. J S K Electricals Pvt Limited.

Dr. PUSHPANGADAN MANGARI (NOMINEE DIRECTOR)

Dr. Pushpangadan Mangari, aged 56, is a Post Graduate in Business Administration with specialization in Finance and also a Doctorate in Management, having completed advance courses in M&A from New York Institute of Finance, New York and in Financial Derivatives from INSEAD, Paris. He has got a wide experience of more than three decades in Capital market and Securities services, heading the institutions like UTI Securities Exchange Ltd., and OTCEI. He is presently working as CEO of M/s.L&T Capital Company Ltd, Mumbai, a fully owned subsidiary of M/s.L&T Ltd.

He is also a Director in M/s. TNJ Moduletech Private Limited, M/s. Rishi Consfab Private Limited and M/s. J S K Electricals Private Limited.

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

Item No: 8

The present term of Mr.R.Doraiswamy, Managing Director, who had been re-appointed as Managing Director with approval at the Extra Ordinary General Body Meeting of the shareholders of the Company held on 16.02.2006, expired on 01.05.2011. Therefore, with due review and recommendation of the Remuneration Committee of the Board of Directors of the Company, the Board of Directors re-appointed Mr.R.Doraiswamy for further term of five years, as per the terms and conditions as stipulated in the resolution placed at this General Meeting for consideration and ratification of shareholders, pursuant to relevant Provisions of the Companies Act, 1956.

Taking into Account the efforts and contributions of Mr.R.Doraiswamy for the last 26 years in managing the affairs of the Company and also the growth of the Company all these years under his stewardship, your Board of Directors thought it prudent to re-appoint Mr.R.Doraiswamy for a further term of five years to manage the affairs of the Company effective from 02.05.2011, under the prevailing economic and market conditions viz-a-viz the potentials both in domestic and international markets and recommend the same for your consideration and ratification.

Except Mr. R.Doraiswamy, Managing Director of the Company, being the beneficiary, Mr. D.Rajesh Kumar, Joint Managing Director of the Company being son and Mr.R.Narayanaswamy and Mr.R.Dhamodharaswamy, being the brothers of Mr.R.Doraiswamy respectively, none of the other directors are having any pecuniary interest in the matter.

Item No: 9

The present tenure of office of Mr. D.Rajesh Kumar as Joint Managing Director of the Company, who had been re-appointed as such with your approval at your extra ordinary general body meeting held on 28.03.2007, is due to expire on 30.09.2011. Considering this, your

Board of Directors have decided to re-appoint Mr.D.Rajeshkumar as Joint Managing Director for further term of 5 years with effect from 01.10.2011 as per the terms and conditions as set out in the relevant resolutions placed before this meeting with due recommendations of the Remuneration Committee of the Board, at their meeting held on 30.05.2011 pursuant to relevant Provisions of Companies Act, 1956 and also subject to your consideration and approval.

Mr.D.Rajeshkumar is a technocrat entrepreneur with graduation electrical engineering and also post graduation (MBA) in Business Administration with specialization in Finance in USA. He has been at the helm of the affairs of the Company for the last more than one and a half decades with total involvement and dedication. His technical proficiency coupled with post graduation in Business Administration has helped the Company in its growth path all these years. Taking into account the prevailing economic and market conditions viz-a-viz the potentials both in domestic and international markets, your Board of Directors thought prudent to re-appoint Mr.D.Rajesh Kumar as Joint Managing Director for a further term of five years effective from 01.10.2011 and recommend re-appointment of Mr.D.Rajeshkumar as Joint Managing Director for your consideration and approval.

Except Mr.D.Rajesh Kumar being the beneficiary, Mr.R.Doraiswamy, Managing Director, being father of Mr.D.Rajesh Kumar, and Mr.R.Narayanaswamy and Mr.R.Dhamodharaswamy, Directors of the Company, being the brother of Mr.R.Doraiswamy, none of the other directors are having any pecuniary interest in the matter.

Item No: 10

Based on the nomination of M/s. L & T Capital Company Limited, Mumbai being the 26% stakeholder, allotted to them on private placement through preferential issue, Mr. Swaminathan Sambavarvadakarai Raja, was inducted on the Board of Directors of the Company pursuant to the Provisions of Section 260 of the Companies Act, 1956 by the Board of Directors of the Company at their meeting held on 12.02.2011. As per the Provisions of Section 257 of the Companies Act, 1956, his nomination to the office of the Director on the Board of Directors of the Company has to be confirmed and ratified by the shareholders of the Company. Accordingly, your Board of Directors is placing this resolution for your consideration and ratification as per the terms set out in the resolution and recommends the same. Mr.Swaminathan Sambavarvadakarai Raja is an Engineering graduate in Electrical and Electronics with honors and presently working as Joint General Manager of M/s.L & T Limited at Chennai. He is associated with M/s.L & T Limited for the last 23 years and has got wide proficiency in electrical and electronic engineering coupled with vast experience in the industry and his induction on the Board of the Directors of the Company will help in the growth aspects of the Company.

Except Mr. Swaminathan Sambavarvadakarai Raja, none of the Directors is having any pecuniary interest in the matter.

Item No.11

Consequent upon the relinquishment of office of Director by Mr. Sarad Anant Kulkani, a nominee director of M/s. L & T Capital Company Limited, Mumbai, the said M/s. L & T Capital Company Limited has nominated Dr. Pushpangadan Mangari in the place of Mr. Sarad Anant Kulkarni. Accordingly, pursuant to the Provisions of Section 260 of the Companies Act, 1956, your Board of Directors have inducted Dr. Pushpangadan Mangari as Director on the Board of Directors of the Company at their meeting held on 30.05.2011.

As per the Provisions of Section 257 of the Companies Act, 1956, his nomination to the office of the Director on the Board of Directors of the Company has to be confirmed and ratified by the shareholders of the Company. Accordingly, your Board of Directors is placing this resolution for your consideration and ratification as per the terms set out in the resolution and recommend the same.

Dr. Pushpangadan Mangari, aged 56, is a Post Graduate in Business Administration with specialization in Finance and also a Doctorate in Management, having completed advance courses in M&A from New York Institute of Finance, New York and in Financial Derivatives from INSEAD, Paris. He has got a wide experience of more than three decades in Capital market and Securities services, heading the institutions like UTI Securities Exchange Ltd., and OTCEI. He is presently working as CEO of M/s. L&T Capital Company Ltd, Mumbai a fully owned subsidiary of M/s. L&T Ltd.

He is also a Director in M/s. TNJ Moduletech Private Limited, M/s. Rishi Consfab Private Limited and M/s. J S K Electricals Private Limited.

Except Dr. Pushpangadan Mangari, none of the Directors is having any pecuniary interest in the matter.

Place: Coimbatore
Date: 30.05.2011

(Sd/-) D RAJESHKUMAR
JOINT MANAGING DIRECTOR

DIRECTORS' REPORT

With great pleasure your Directors are presenting this 26th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011.

PERFORMANCE

During the year your Company could maintain its sustainability in its performance with a marginal increase and have achieved gross revenue of Rs.200.07 crores as against Rs.196.64 crores during the last year, with a resultant growth of 9.40% in PAT over the last year. The high volatility of the input cost such as Copper, PVC, Silver and other input costs, etc, the segment of Cables and Wires market has suffered a set-back in the performance of the company during the year under review. 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:

FINANCIAL RESULTS:

	Year ended 31.03.2011 (Rs. in Lakhs)		Year ended 31.03.2010 (Rs. in Lakhs)	
Turnover and Other Income		20007.07		19663.89
Less: Excise duty		1873.89		1951.43
		18133.18		17712.46
Profit before Interest & Depreciation		2648.44		2416.51
Less:				
Interest & Financial charges	889.95		766.06	
Depreciation	690.10	1580.05	524.60	1290.66
Profit after Interest & Depreciation		1068.39		1125.85
Add:				
Previous Year's Surplus B/f		1890.77		1320.05
		2959.16		2445.90
Less:				
Transfer to General Reserve	68.00		65.00	
Provision for tax	222.62		195.59	
Deferred Tax	-59.62		102.66	
<i>Dividend</i>				
Proposed dividend (@16%)	164.54		164.54	
Dividend Tax on Proposed dividend	27.33	422.87	27.33	555.12
Balance C/F to Balance Sheet		2536.29		1890.78

DIVIDEND:

With due regard to the prevailing economic and market conditions both in domestic and international markets and also the performance of the company during the year under review viz-a-viz the potentials under the competitive environment, your Board of Directors have thought it prudent to maintain the dividend at the last year's level and accordingly recommending a dividend @16% - Rs.1.60 per equity share of Rs.10/- each, for

the year ended 31.03.2011 on the paid up capital of Rs.10,28,37,370/- to all the eligible shareholders whose name appear as on 24.09.2011 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 in M/s. Salzer Global Services, LLC, USA (SGS) is strategically made to keep the furtherance of market share in the international markets particularly USA and Canada, where the company's products have been well received and also to provide proximity of contacts at these markets. During its operations SGS has taken all efforts to further strengthen the brand image of the company in these markets. SGS is presently holding controllable interest in M/s. Global Technical Talent Inc, USA a company providing IT and IT enabled services in the areas of Human Resources for the IT sector in USA & Canada. In view of the economic and financial recessionary conditions prevailing in USA for the last couple of years, resulting in IT slowdown with resultant impact on the financials of these companies. Now the economy is in the process of recovery progressively, M/s. SGS is confident that in addition to brand building of Salzer, the IT and IT enabled services will also provide good potentials in the coming years and will generate profit. Moreover, as per the international experience, such companies have a long gestation period. As such the management feels that the company's investments in SGS will provide returns on the long run.

MANAGEMENT DISCUSSION AND ANALYSIS OF RISKS

A. IMPACT OF THE INDIAN ECONOMY ON YOUR COMPANY

Though the Indian economy and market condition could wherewithal the impact of global economic and financial crises to a great extent, in view of the fact that the global economy and financial crises is still reeling under severe pressure and the reversal of such recessionary condition is being taking place in a very slow phase, the Corporate India is following the strategy of conservatism. Moreover, the inflationary conditions in Indian economy on account of oil prices is also one of the vital factor resulting in inevitable increase in input cost of raw materials and components, being the input factors for any productive processes and manufacture. To overcome this, 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. Your company, being in the electrical equipment general industry, is ceased of the prevailing economic and market conditions and taking all efforts to manage the situation by various strategic and cost effective measures to ensure its sustainability and also to increase its market share both in domestic and international markets.

B. INDUSTRIAL SCENARIO AND OPPORTUNITIES

In view of the strong commitment of Government of India to develop infrastructure facilities all around particularly, the power sector for augmenting the generation of power to ensure sustained industrial and economic growth of our nation, your company being in the electrical equipment industry manufacturing all related electrical and electronics installation products has got a progressive potential and opportunity. Accordingly, your company is sparing no efforts to encash the situation suitably.

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.,

According to the available information, the Indian electrical equipment industry has registered a growth of 14% in the fiscal 2010-11 and the fourth quarter has registered a growth of around 30%. The switchgear sector has registered a growth of 28%. Further cable industry showed an overall growth of 16% mostly driven by control cables. Your Company being in the segment of Electrical Equipment Industry General, such progressive state has helped the Company to sustain and register a marginal growth during the year 2010-11, due to lower performance in its wires and cables product line. However, other electrical installation product line such as switches, relays, transformers, etc., has registered a good growth during the year under review. Further the initiatives of Government of India to develop the economic and industrial growth particularly the growth of infrastructure sector such as power and other infrastructure facilities is providing good potentials for the engineering industries particularly electrical equipment industry in the coming years. Your company is therefore having very progressive potentials in the coming years.

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 etc., which in turn will guide the Company to formulate its policies for the growth of the Company.

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, is a continual phenomena and your Company has to face the situation. Besides, the cost escalation of inputs such as PVC materials, Brass, Silver, Copper and other input materials such as packing materials, components etc., is also a factor of concern. Your company is well conscious of the situation and taking every effort to be cost effective so as to enable to improve its market share and better performance by way of turnover and profitability on a continuous basis by appropriate strategic and aggressive marketing and also developing higher variants of the existing products with compact design and development of new products to meet the customers' satisfaction 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

In-house Research and Development department, duly recognized by the Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, fully equipped with qualified people, continues with its efforts on improvement of process specifications to ensure cost reduction and the rejection levels constantly in addition to development of new products with innovative design and utility to meet the market preferences with power efficient and high-tech products. This continuous effort of the Research and Development Department will definitely not only add the new product profile but also to ensure the continuous growth of the company.

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

Your Company not being a power intensive one continues to ensure measures for conservation of energy wherever possible. Your Company is having Four Wind Mills to generate power to the extent of 1.2 MW through renewable resources – wind and generated 19.14 lakhs units of power and earned an income of Rs.70.35 lakhs. The low generation of power through wind mill is attributable to the low velocity of the wind during the year

under review as well as frequent shut-down of the grid. Details are furnished in Annexure – 1 for your information pursuant to the provisions of Sec.217(1)(e) of the Companies Act, 1956.

Your company's operations 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.
- ❖ to actively use global work safety management systems for continuous improvement.
- ❖ to pay special emphasis on ergonomic design.
- ❖ to observe all legislation and specifications regarding work safety.
- ❖ to take comprehensive measures to protect our employees against health hazards.
- ❖ to ensure Comprehensive and effective emergency measures are in place at all locations so that our employees and visitors receive proper treatment in case of injury.
- ❖ to continue to maintain quality standard certifications viz., ISO 9001 – 2008, Environmental Management System (EMS) -14001, OHSAS (Occupational Health and Safety) Management System 18001.

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.R.Dhamodaraswamy, Mr.R.Narayanaswamy, Mr.V.Sankaran and Mr.Howard M Gladstone Directors of the Company are retiring by rotation and being eligible offer themselves for re-appointment.

During the year under review, Mr.Ajit Singh and Mr.S A Kulkarni, nominee directors of M/s.L&T Capital Company Limited relinquished their office of the Directors on the Board of Directors of the Company with due consent of M/s.L&T Capital Company Limited. Accordingly, M/s.L&T Capital Company Limited nominated the following personalities in their places.

Mr.S.R.Swaminathan being nominated by M/s.L&T Capital Company Ltd, has been inducted on the Board of

Directors of the Company pursuant to Sec.260 of the Companies Act, 1956 and necessary proposal has been placed in this Annual General meeting scheduled to be held on 24.09.2011 to regularize his induction pursuant to provisions of Sec.257 of the Companies Act, 1956.

Dr. Pushpangadan Mangari, Chief Executive of M/s. L& T Capital Company Limited, being nominated by the said Company is inducted on the Board of Directors of the Company effective from 30.05.2011 and necessary proposal has been placed in this Annual General Meeting scheduled to be held on 24.09.2011 to regularize his induction pursuant to the Provisions of Section 257 of the Companies Act, 1956.

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, 2011 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 31.03.2011.

INDUSTRIAL RELATIONS

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

BANK LOAN RATING

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

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

(Sd/-)V.SANKARAN (Sd/-)D RAJESHKUMAR
DIRECTOR JOINT MANAGING DIRECTOR

Place : Coimbatore
Date : 30.05.2011

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 OUTGO.

A. CONSERVATION OF ENERGY

Your Company, not being a power intensive one, continues to ensure measures for conservation of energy wherever possible.

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-know 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.

The Energy Saver equipment developed by our R&D and implemented in Madurai and Coimbatore Municipal Corporations have already proved the saving in the consumption of electricity in such areas not less than 30% in the mass / street lighting system. Your company could further enlarge this system either on sale basis or on contract basis to the leading city / municipal corporations in the country like Navi Mumbai / Chennai Corporation. This system not only on go-green concept but also helps to reduce the emission of Carbon, which is also contributing to reduce 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 to Buildings, Machines, Tools, Dies etc.,	-	Rs. 280.49 Lakhs
● New Products and Process development	-	Rs. 190.51 Lakhs
● Salary and other expenses for R&D personnel	-	Rs. 20.51 Lakhs

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 : Yes, Fully absorbed. been fully absorbed

A. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Foreign Exchange earned during the year (Direct export Rs. 1346.34 Merchant Export Rs. 733.57 Lakhs) - Rs.1346.34 Lakhs
- b) Foreign Exchange outgo - Rs.1329.87 Lakhs

For and On behalf of the Board

(Sd/-)V.SANKARAN (Sd/-)D RAJESHKUMAR
DIRECTOR JOINT MANAGING DIRECTOR

Place : Coimbatore

Date : 30.05.2011

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, etc.,

POSITION OF BOARD OF DIRECTORS

DIRECTORS	CATEGORY	ATTENDANCE PARTICULARS		No. OF MEMBERSHIP IN THE BOARDS AND COMMITTEES OF OTHER COMPANIES
		Board meeting (08.09.10)	Last AGM	
P.S.Santhanakrishnan * & ***	Non-Executive Independent Chairman	5	✓	0
R.Doraiswamy **	Managing Director	4	✓	5
D.Rajeshkumar **	Joint Managing Director	5	✓	6
N.Jayabal * & **	Non-Executive Independent Director	5	✓	1
P.Ramachandran	Whole-time Director (Marketing)	4	✓	1
R.Narayanaswamy	Non-Executive Director	4	✓	0
R.Dhamodharaswamy	Non-Executive Director	4	✓	2
L.Venkatapathy *, ** & ***	Non-Executive Independent Director	4	✓	0
Nirmal Kumar K Chandria	Non-Executive Independent Director	4	✓	1
P.K.Shah	Non-Executive Independent Director	4	✓	1
Kantilal V Vakharia	Non-Executive Independent Director	3	✓	4
Howard M Gladstone	Non-Executive Independent Director	0	☒	1
V.Sankaran ***	Non-Executive Independent Director	4	✓	2
Ajit Singh #	Non-Executive Nominee Director	2	✓	1
S.A.Kulkarni @	Non-Executive Nominee Director	3	☒	1
S.R.Swaminathan ****	Non-Executive Nominee Director	1	-	1
Dr.Pushpangadan Mangari @	Non-Executive Nominee Director	-	-	3
S.Baskarasubramanian*, ** & ***	Director (Corporate Affairs) & Company Secretary	5	✓	0

* Member of Audit Committee.

** Member of the Shareholders/ Investors Grievance Committee.

*** Member of the Remuneration Committee.

**** Appointed as a Director on the Board with effect from 12.02.2011 in the place of Mr.Ajit Singh.

Mr.Ajit Singh, Nominee Director ceased to be a Director with effect from 12.02.2011.

@ Mr.S.A.Kulkarni, Nominee Director is ceased to be a Director with effect from 30.05.2011 and Dr.Pushpangadan Mangari has been inducted as Nominee Director in the place of Mr.S.A.Kulkarni with effect from 30.05.2011.

MEETING OF THE BOARD OF DIRECTORS

During the year under report, five Board Meetings were held on 28.05.2010, 11.08.2010, 08.09.2010, 28.10.2010 and 12.02.2011.

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 12.02.2011 to consider the re-appointment of the Managing Director Mr.R.Doraiswamy for a further period of five years from 02.05.2011 and to increase the remuneration of the Managing Director to Rs.1,60,000/- per month with an increase of Rs.10,000/- every year. Based on the recommendations of the committee, the board approved the re-appointment of Mr.R.Doraiswamy as Managing Director and increased the remuneration of the Managing Director to Rs.1,60,000/- per month with effect from 02.05.2011 subject to the ratification and approval of the shareholders at their ensuing meeting. Necessary resolutions for ratification and approval are placed at the 26th AGM scheduled to be held on 24.09.2011.

2. AUDIT COMMITTEE:

The Audit Committee consisting of the following independent Directors met four times on 27.05.2010, 04.08.2010, 22.10.2010 & 07.02.2011 during the year under review, to consider 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	3
N.Jayabal	Member	Non-Executive Independent Director	4
S.Baskarasubramanian	Secretary to the Committee	Director (Corporate Affairs) & Company Secretary	4

3. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders' / Investors' Grievance Committee consisting the following Directors met twice on 25.09.2010 & 24.03.2011 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 31.03.2011.

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 resolution passed
Hotel Sree Annapoorna, R.S.Puram, Coimbatore 02	23rd 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 capital of SEL. To pass necessary resolution under Sec.81(1)(A) of the Companies Act, 1956.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore 02	24 th 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.
Hotel Sree Annapoorna, R.S.Puram, Coimbatore 02	25 th AGM	Wednesday	08/09/10	11.30 am	Increase in remuneration payable to the Whole Time Director - Mr.P.Ramachandran

- ❖ No special resolution was passed last year through 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.

DISCLOSURES

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

Mr. R.DAMODHARASWAMY (NON EXECUTIVE DIRECTOR)

Mr. R.Damodharaswamy, aged 79 years, is a graduate and is a Non Executive Director on the Board of Directors of the Company for the last 25 years. He is a dynamic industrialist having wide exposure in business administration and Corporate Affairs and is well known in the society being an active member of social institutions like Lions Club etc., His acumen in business administration has helped the Company in its growth path all these years. He is also one of the Directors on the Board of M/s.Micro Controls Private Limited and M/s Micro Instruments Limited.

Mr. R.NARAYANASWAMY (NON EXECUTIVE DIRECTOR)

Mr.R.Narayanaswamy, aged 83 years, is a Non Executive Director on the Board of the Directors for the last 25 years and he is an agriculturist turned into an industrialist. He is a senior partner of the firms connected with Cinema Theatres, Packages, etc, and he is also a member of Indian Chamber of Commerce & Industry, Coimbatore. His vast business acumen contributed lot to the business prospects of the company.

Special Resolutions / Business Scheduled to be transacted at the AGM scheduled on 24th September 2011 :

1. To consider, confirm and approve the re-appointment of Mr.R.Doraiswamy as a Managing Director of the Company for the further period of five years.
2. To consider and approve the re-appointment of Mr.D.Rajesh Kumar as a Joint Managing Director of the Company for the further period of five years.
3. To consider and approve the appointment of Mr.Swaminathan Sambavarvadakarai Raja as a Nominee Director from M/s. L & T Capital Company Limited.
4. To consider and approve the appointment of Dr.Pushpangadan Mangari as a Nominee Director from M/s. L & T Capital Company Limited.

Mr.V.SANKARAN (INDEPENDENT AND NON EXECUTIVE DIRECTOR)

Mr.V.Sankaran is an Independent and Non Executive Director on the Board of Directors for the last 10 years and holds a Master's Degree in Commerce and is an Associate Member of both the Institute of Cost & Works Accountants of India and the Institute of Company Secretaries of India. He also holds a Postgraduate Diploma in Management Accounting from Jamnalal Bajaj Institute of Management Studies, Bombay (University of Bombay). He is well known in the Financial Services Industry. He has over 35 years of experience in reputed companies in various areas of Finance and General Management. Mr.V.Sankaran is a Director of Smile Electronics Limited.

Mr.HOWARD M GLADSTONE: (INDEPENDENT AND NON EXECUTIVE DIRECTOR)

Mr.Howard M Gladstone is a Canadian citizen and holding directorship as Non-Executive and Independent Director on the Board. He is the President of M/s.Plitron Manufacturing Inc., Canada, the Collaborator.

Mr. R.DORAI SWAMY (MANAGING DIRECTOR)

Mr. R Doraiswamy is a core promoter and Managing Director of the Company. He is a qualified Electrical Engineer and technocrat entrepreneur with wide experience in the leading engineering industries like M/s.Lakshmi Machine Works Limited, Coimbatore, M/s.Reiter Machine Works, M/s.Brown Boverly Baden and M/s.Sorecher + Schve Arrow, in Switzerland for more than two decades before promoting M/s.Salzer Electronics Limited. For the last twenty six years, the Company has grown leaps and bounds under his stewardship with his forward looking vision and strategic guidance. He is also a Director of M/s.Salzer Exports Limited, Coimbatore, M/s.Salzer Securities Holdings Limited, Coimbatore, M/s.Salzer Spinners Limited, Coimbatore, M/s.K R Health Care Private Limited, Coimbatore and M/s.Salzer Magnet Wires Limited, Coimbatore.

Mr. D.RAJESHKUMAR (JOINT MANAGING DIRECTOR)

Mr.D.Rajeshkumar is a Joint Managing Director of the Company. He is a graduate in Electrical Engineering with Post Graduation in Business Administration (MBA-Finance), a technocrat turned into an industrialist. Mr.D.Rajeshkumar did his post graduation in Business Administration in States. He has been associating with the Management of the Company for the last more than one and a half decades and functioning as Joint Managing Director. He is a young and energetic entrepreneur with varied experience and exposures in managing the affairs of the Corporate Sector and has closely associated in the management of the Company for the last more than one and a half decades and with his dedication and involvement, the Company is growing steadily under the prevailing economic and market conditions both in

domestic and international market. He is son of Mr.R.Doraiswamy, Managing Director. He is also a Director in M/s. Salzer Magnet Wires Limited, M/s.Salzer Exports Limited, M/s.Salzer Securities Holdings Limited, M/s. K R Health Care Private Limited and M/s. S R V E Industries Limited.

MR. SWAMINATHAN SAMBAVARVADAKARAI RAJA (NOMINEE DIRECTOR)

Mr. Swaminathan Sambavarvadakarai Raja is an engineering graduate BE., (Hons) in Electrical and Electronics from Regional Engineering College, Trichy and has joined M/s.L&T in the year 1987. He has held various positions as Branch Engineer, Section Head, Zonal Head (Southern and Western Region) and presently Joint General Manager, headquartered at M/s. L&T at Chennai. Under his leadership, he has contributed a lot in the areas of Channel Management and also looking after the training centre and customer interaction centre. Prior to joining M/s.L&T, he was associated with English Electrics, Chennai at its Relay and Control panel division. He is also a Director in M/s. J S K Electricals Pvt Limited.

Dr. PUSHPANGADAN MANGARI (NOMINEE DIRECTOR)

Dr. Pushpangadan Mangari, aged 56, is a Post Graduate in Business Administration with specialization in Finance and also a Doctorate in Management, having completed advance courses in M&A from New York Institute of Finance, New York and in Financial Derivatives from INSEAD, Paris. He has got a wide experience of more than three decades in Capital market and Securities services, heading the institutions like UTI Securities Exchange Ltd., and OTCEI. He is presently working as CEO of M/s.L&T Capital Company Ltd, Mumbai, a fully owned subsidiary of M/s,L&T Ltd.

He is also a Director in M/s. TNJ Moduletech Private Limited, M/s. Rishi Consfab Private Limited and M/s. J S K Electricals Private Limited.

❖ Equity shares in suspense account

The Company did not have any of its 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 last 16 years. Hence, furnishing of details of aggregate number of shareholders viz-a-viz 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 2010-11, and aggregate number of shareholders viz-a-viz 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.

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, 2011 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 II.(c) of Schedule 17 of the audited accounts for the year ended 31.03.2011 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 31.03.2011.

❖ 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	Saturday, 24.09.2011
Time	11.30 AM
Venue	Hotel Sree Annapoorna, R.S.Puram, Coimbatore-02
Audited Financial Results Announced	30.05.2011
Posting of Annual Reports	As per the recent regulations announced by Government of India, Ministry of Corporate Affairs, New Delhi, the service of notice and other documents will be through e-mail for those shareholders who have already registered their e-mail id with the company with the option of getting Annual Report in physical form on request and for the shareholders not having either e-mail id or not registered their e-mail id with the company, the service of Notice and other documents will be sent in physical form through post. Despatch of physical report 29.08.2011
Last date of receipt of Proxy forms	21.09.2011
Announcement of Quarterly Results	28.05.2010, 11.08.2010, 28.10.2010 & 12.02.2011
Date of Book Closure	17.09.2011 - 24.09.2011 (Both the days inclusive)
Listing on Stock Exchanges	Bombay and Coimbatore

MARKET PRICE DATA

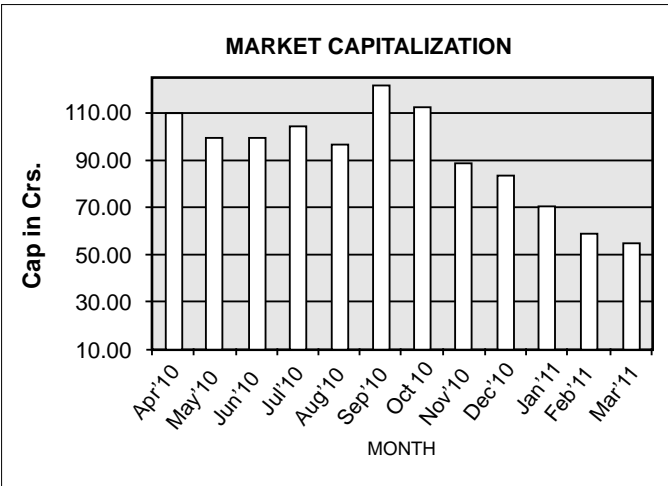
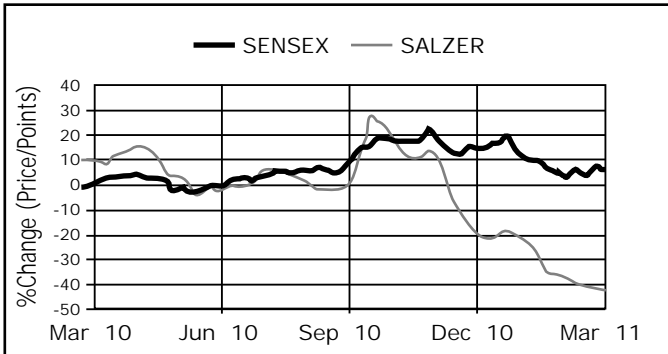
SHARE TRADING DETAILS IN BOMBAY STOCK EXCHANGE

For the period: 1-Apr-2010 to 31-Mar-2011

(Amt in Rs.)

MONTH	HIGH	DATE	LOW	DATE	CLOSING
April '10	119.00	06.04.2010	102.00	29.04.2010	106.00
May '10	109.95	10.05.2010	86.00	27.05.2010	96.90
June '10	103.70	28.06.2010	92.80	07.06.2010	97.35
July '10	109.00	13.07.2010	96.00	05.07.2010	101.30
August '10	106.00	05.08.2010	93.20	31.08.2010	94.15
September '10	131.00	23.09.2010	92.00	03.09.2010	118.10
October '10	128.00	08.10.2010	106.00	29.10.2010	109.40
November '10	121.10	01.11.2010	81.25	29.11.2010	86.10
December '10	94.00	01.12.2010	67.20	09.12.2010	81.40
January '11	88.00	27.01.2011	63.00	28.01.2011	66.60
February '11	68.95	03.02.2011	54.05	21.02.2011	57.30
March '11	61.60	25.03.2011	47.15	21.03.2011	53.20

SALZER Vs SENSEX



The company's market capitalization has been progressively increased during the first half year of the fiscal 2010-11 and due to the volatility of the capital market trend during the second half year, there has been ups and downs in the market capitalization of corporate in the capital market and your company is not an exception to that, and accordingly, the average market capitalization works out to Rs.91.51 crores during the year under review.

REGISTRAR & SHARE TRANSFER AGENT

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

The shares of the Company are admitted dematerialization Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) under I S I N No.: I NE457F01013.

**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-Member- 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 31.03.2011)**

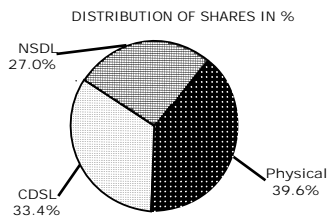
Range	No. of share holders	No. of shares	% of holding
Upto - 5000	12398	905435	8.80
5000 - 10000	338	274288	2.67
10001 - 20000	164	263552	2.56
20001 - 30000	71	180478	1.75
30001 - 40000	32	115267	1.12
40001 - 50000	26	123955	1.21
50001 - 100000	83	678433	6.60
100001 & above	85	7742329	72.29
TOTAL	13197	10283737	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

Category		No. of Shares held	Percentage of Share Holding
A	Promoter's holding		
1	Promoters		
a.	Indian Promoters	3137868	30.51
b.	Foreign Promoters	290077	2.82
2	Persons acting in concert	-	-
	Sub-Total	3427945	33.33
B	Non-Promoters Holding		
3	Institutional Investors		
a.	Mutual Funds and UTI	-	-
b.	Banks, Financial Institutions, Insurance companies (Central/State Govt, Institutions / Non-Government Institutions)	100	-
c.	Foreign Institutional	-	-
	Sub-Total	100	-
4	Others		
	Private Corporate Bodies	3878137	37.72
	Indian Public	2810310	27.33
	NRIs / OCBs	85532	0.83
	Any other (Foreign Collaborator/National)	81713	0.79
	Sub-Total	6855692	66.67
	Grand Total	10283737	100.00

DEMAT INFORMATION (AS ON 31.03.2011)

	CDSL	NSDL	TOTAL
No. of Shares Dematerialized	3429846	2777984	6207830
% of Total Capital	33.35	27.01	60.37



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.882/3, 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.

ADDRESS FOR CORRESPONDENCE

All correspondence should be addressed to:
The Managing Director / Company Secretary,
Salzer Electronics Ltd, Samichettipalayam,
Jothipuram via, Coimbatore - 641 047

Website: The Company's website www.salzergroup.com contains a separate dedicated section "Investors" where shareholders information is available. The Annual Report of the Company along with Directors' Report, Auditors' Report and Balance Sheet and Profit & Loss account is also available on the website in a user-friendly manner.

The Company has designated exclusive following e-mail id : for investor services.

e-mail: investor_relations@salzergroup.com

Compliance Officer id : baskarasubramanian@salzergroup.com

Phone : 0422 4233600 / 0422 4233614

The above report has been placed before the Board at its meeting held on 30th May, 2011 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 and On behalf of the Board

Place: Coimbatore (Sd/-) V.SANKARAN (Sd/-) D RAJESHKUMAR
Date: 30.05.2011 DIRECTOR JOINT MANAGING DIRECTOR

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 2011 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

(Sd/-)R.DORAI SWAMY
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 31.03.2011, 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 31st March 2011, 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

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

Place : Coimbatore - 01.

(SD/-)S.RAVICHANDRAN
Partner
Membership No.023783

(Sd/-)B.JAYARAM
Partner

Date : 30.05.2011

Membership No.028346

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of SALZER ELECTRONICS LIMITED as at 31st March, 2011 together with the annexed Profit and Loss Account and cash flow statement of the Company for the year ended on that date. 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 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, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the statement referred to in paragraph (3) above, we report as follows:
- (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 31.03.2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2011 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 in conformity with the accounting principles generally accepted in India.
- (a) In the case of Balance Sheet, the state of affairs of the Company as at 31st March, 2011 and
- (b) In the case of the Profit and Loss Account, the profit of the company for the year ended on that date and
- (c) In the case of the Cash Flow Statements, the cash flows for the year ended on that date.

In terms of our report attached

For Swamy & Ravi
Chartered Accountants
FRN : 004317S

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

(Sd/-) S.RAVI CHANDRAN
Partner
Membership No.023783

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

Place : Coimbatore - 01.
Date : 30.05.2011

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, 2011.

- 01.
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (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.
 - (c) During the year, the Company has not disposed off any significant value of Plant and Machinery.
- 02.
- (a) The Management has conducted physical verification of inventory at reasonable intervals.
 - (b) In our opinion, the procedure followed by the Management for such physical verifications are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (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.
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.
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.
05. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
- (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.
 - (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.
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.
07. The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
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.
09. According to the records of the Company and the information and explanations given to us in respect of statutory and other dues:
- (a) The Company was regular in depositing Provident Fund and Employees' State Insurance dues, Excise duty, Service tax, Customs duty, CESS, Investor Education & 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, 2011.
 - (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, 2011.

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.
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.
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.
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.
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.
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.
16. As informed to us, the term loans were utilized by the Company for the purpose for which they were obtained.
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.
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.
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.
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.
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.

In terms of our report attached

For Swamy & Ravi
Chartered Accountants
FRN : 004317S

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

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

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

Place : Coimbatore - 01.
Date : 30.05.2011

BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	Schedule No.	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.
I. SOURCES OF FUNDS			
1 Share Holders' Funds			
a. Share Capital	1	102837370	102837370
b. Reserves and Surplus	2	671413648	600488868
2 Loan Funds			
a. Secured Loans	3	568488731	452368597
b. Unsecured Loans	4	6005956	8012308
3 Deferred Tax Liability		13563887	19525510
TOTAL (1+2+3)		1362309592	1183232653
II. APPLICATION OF FUNDS			
1 Fixed Assets			
a. Gross Block	5	914330706	816452694
b. Less : Depreciation		366252190	300016991
c. Net Block		548078516	516435703
d. Capital Work in Progress		14119502	18759540
		562198018	535195243
2 Investments	6	48378683	48378683
3 Current Assets, Loans & Advances			
a. Inventories	7	388631727	294138747
b. Sundry Debtors	8	527795968	425778007
c. Cash & Bank Balance	9	103532488	123980298
d. Other Current Assets	10	29784571	8265843
e. Loans & Advances	11	174391763	162368879
		1224136517	1014531774
Less : Current Liabilities and Provisions	12	472403626	414873047
		751732891	599658727
4 Miscellaneous Expenditure (To the extent not written off or adjusted)		-	-
TOTAL (1+2+3+4)		1362309592	1183232653
III NOTES FORMING PART OF ACCOUNTS	17		

In terms of our report attached

(Sd/-) V. SANKARAN
Director(Sd/-) D. RAJESHKUMAR
Joint Managing DirectorFor Swamy & Ravi
Chartered Accountants
FRN : 0043175For M/s. JDS Associates
Chartered Accountants
FRN : 0087355(Sd/-) S. BASKARASUBRAMANIAN
Director (Corporate Affairs)
& Company Secretary(Sd/-) S. RAVI CHANDRAN
Partner
Membership No. 023783(Sd/-) B. JAYARAM
Partner
Membership No. 028346Date : 30.05.2011
Place : Coimbatore

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	Schedule No.	YEAR ENDED 31/03/2011 Rs.	YEAR ENDED 31/03/2010 Rs.
I INCOME			
Sales		1913503575	1906735613
Less : Duty & Taxes		187389375	195143408
Net Sales		1726114200	1711592205
Other Operating Income	13a	80429905	54372947
Other Income	13b	6773634	5280025
TOTAL		1813317739	1771245177
II EXPENDITURE			
Material Consumption	14	1176594351	1240205320
Salaries, wages and Other Expenses	15	371880048	289390082
Finance Cost	16	88995089	76605971
Depreciation		69009648	52459656
TOTAL		1706479136	1658661029
III PROFIT BEFORE TAX		106838603	112584148
IV PROVISION FOR TAXATION			
Current Tax		22261665	19558550
Deferred Tax		(+)5961623	10266000
V PROFIT AFTER TAXATION		90538561	82759598
Profit brought forward from previous year		189077570	132004957
		279616131	214764555
VI APPROPRIATIONS			
General Reserve		6800000	6500000
Proposed Dividend @ 16%		16453979	16453979
Tax on Proposed Dividend		2733006	2733006
BALANCE CARRIED TO BALANCE SHEET		253629146	189077570
TOTAL		279616131	214764555
VII EARNING PER SHARE (BASIC & DILUTED)		8.80	8.05
<i>Please refer II(v) of notes on accounts</i>			
VIII NOTES FORMING PART OF ACCOUNTS	17		

In terms of our report attached

(Sd/-) V. SANKARAN
Director(Sd/-) D. RAJESHKUMAR
Joint Managing DirectorFor Swamy & Ravi
Chartered Accountants
FRN : 004317SFor M/s. JDS Associates
Chartered Accountants
FRN : 008735S(Sd/-) S. BASKARASUBRAMANIAN
Director (Corporate Affairs)
& Company Secretary(Sd/-) S. RAVICHANDRAN
Partner
Membership No. 023783(Sd/-) B. JAYARAM
Partner
Membership No. 028346Date : 30.05.2011
Place : Coimbatore

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2011

	AS AT 31/03/2011 RS.	AS AT 31/03/2010 Rs.
SCHEDULE : 01 - SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
Equity Shares of 1,50,00,000 Rs.10/- EACH	150000000	150000000
Issued, Subscribed and Paid-up Capital		
1,02,83,737 Enquiry Shares of Rs.10/- each fully paid up	102837370	102837370
	102837370	102837370
SCHEDULE : 02 - RESERVES & SURPLUS		
a) Share Premium	252918270	252918270
b) Reserve for doubtful debts and Investment	4500000	2500000
c) General Reserve	160366232	155993028
d) Profit & Loss A/c.	253629146	189077570
	671413648	600488868
SCHEDULE : 03 - SECURED LOANS		
A. Term Loan		
a. Banks		
1. Canara Bank	49423089	53170327
2. Bank of India	8959064	15751549
3. Union Bank of India	5708933	0
4. Citi Bank	949389	3194898
b. Other Financial Institution		
Larsen & Toubro Finance Ltd	20211562	35784997
B. Working Capital Loan		
1. Canara Bank (Open Cash Credit)	142941147	84184891
2. Bank of India (Open Cash Credit)	141977883	104485166
3. Bank of India (Packing Credit)	2500000	2490000
4. Union Bank of India (Open Cash Credit)	172993177	145134676
5. Citi Bank (Open Cash Credit)	22175577	7523183
C. Others		
LIC Loan Against Keyman Policy	648910	648910
	568488731	452368597
SCHEDULE:04 - UNSECURED LOANS		
Directors and Others	6005956	8012308
	6005956	8012308

SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31/03/2011

SCHEDULE : 5 - Fixed Assets

Particulars	Gross Block			Depreciation			Net block			
	As at 01.04.2010 Rs.	Additions Rs.	Sale Rs.	As at 31.03.2011 Rs.	Upto 31.03.2010 Rs.	Withdrawn Rs.	For the Year Rs.	Upto 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Land & Development	10445417	11463200	-	21908617	-	-	-	-	21908617	10445417
Building	97024966	11401754	-	108426720	17105841	-	3481969	20587810	87838910	79919125
Plant & Machinery	608695544	72096169	1309413	679482300	227788361	557798	60097761	287328324	392153976	380907183
Windmill	59523172	924715	-	60447887	39873590	-	2853766	42727356	17720531	19649582
Furniture & Fittings	29336062	5401827	-	34737889	10528470	-	1928994	12457464	22280425	18807592
Vehicles	11427533	910537	3010777	9327293	4720729	2216651	647158	3151236	6176057	6706804
Total	816452694	102198202	4320190	914330706	300016991	2774449	69009648	366252190	548078516	516435703
Capital Work In Progress	-	-	-	-	-	-	-	-	14119502	-
Total	816452694	102198202	4320190	914330706	300016991	2774449	69009648	366252190	562198018	516435703
Previous Year	690904217	125698477	150000	816452694	247572580	15245	52459656	300016991	516435703	443331637

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2011

	AS AT 31/03/2011 Rs	AS AT 31/03/2010 Rs
SCHEDULE : 06 - INVESTMENT AT COST		
Unquoted		
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 NewHampshire 10,00,000 US Dollars. (Present Market Value as per Prevailing Foreign Exchange Rate as at 31.03.2011 Rs.4,45,87,200/-)	41846183	41846183
M/s.Salzer Technologies Ltd - 83,250 Equity Shares of Rs. 10/- each	832500	832500
Quoted		
Bank of India - 2300 Share of Rs.10/- each at a Premium of Rs.35/- Per Share (Market Value as at 31.03.2011 (Closing) Rs.478.10 Per Share Aggregate Market Value Rs.10,99,630/-)	103500	103500
	48378683	48378683
Aggregate Book Value of Quoted Investments (At Cost)	103500	103500
Aggregate Market Value of Quoted Investments	1099630	783725
Aggregate Book Value of Unquoted Investments	48275183	48275183
SCHEDULE :07-INVENTORIES AT COST		
Raw Materials	49212014	48276669
Components	64422720	61513128
Packing Materials	3568717	3131613
Work-in-Process	165452476	90148118
Finished goods	105975800	91069219
	388631727	294138747
SCHEDULE : 08 - SUNDRY DEBTORS		
Unsecured - (Considered Good)		
i. Outstanding more than 6 months	11539404	3625884
ii. Other Debtors	516256564	422152123
	527795968	425778007

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.
SCHEDULE : 09 - CASH & BANK BALANCES		
(i) Cash on Hand	647667	157944
(ii) With scheduled Banks		
a. On Current Account	38787167	31490629
b. On Deposit Account	62122446	90076082
c. On Unpaid Dividend Account	1975208	2255643
	103532488	123980298
SCHEDULE : 10-OTHER CURRENT ASSETS		
UNSECURED - (Considered good)		
Prepaid	1266931	1670743
Receivables	28517640	6595100
	29784571	8265843
SCHEDULE : 11 LOANS & ADVANCES		
UNSECURED - (Considered good)		
Advances recoverable in Cash or in Kind or Value to be received	158075501	146249978
Deposits	16316262	16118901
	174391763	162368879
SCHEDULE : 12 - CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors :		
a. Due to Micro, Medium and Small Enterprises	0	0
b. Total Outstanding to Creditor other than Micro, Medium and Small Enterprises	406351132	365865933
c. Advance from Customers	13738254	0
d. Interest Accrued but not due on Secured Loans	22712	22712
e. Unpaid Dividend	1975208	2050352
Provisions		
Provision for Gratuity	8867670	8188515
Provision for Taxation	22261665	19558550
Provision for Dividend	16453979	16453979
Provision for Distribution Tax on Dividend	2733006	2733006
	472403626	414873047

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	YEAR ENDED 31/03/2011 Rs.	YEAR ENDED 31/03/2010 Rs.
SCHEDULE : 13A OTHER OPERATING INCOME		
Conversion Charges Received	2749861	1638299
Income by Power Generation	7034912	6550955
Income by Energy saver	14642887	7232400
Income by Street Light Maintenance	48911437	37141863
Sale of DEPB License	1987625	1809430
Technical Services	5103183	0
	80429905	54372947
SCHEDULE : 13B OTHER INCOME		
Interest Received(Tax deducted at source Rs. 3,63,440/- Previous year Rs. 4,70,384/-)	5410222	4479569
Dividend Income	16100	11500
Miscellaneous Income	1347312	788956
	6773634	5280025
SCHEDULE : 14 - MATERIAL CONSUMPTION		
OPENING BALANCE		
Raw Materials	48276669	34889409
Components	61513128	45947954
Packing Materials	3131613	2602663
Work in process	90148118	97860121
Finished Goods	91069219	70709727
TOTAL (A)	294138747	252009874
ADD :- PURCHASE		
Raw Materials	1002900526	1072956608
Components	235157955	176801263
Packing Materials	33028850	32576322
TOTAL (B)	1271087331	1282334193
TOTAL (C) = (A) + (B)	1565226078	1534344067
LESS :- CLOSING BALANCE		
Raw Materials	49212014	48276669
Components	64422720	61513128
Packing Materials	3568717	3131613
Work in process	165452476	90148118
Finished Goods	105975800	91069219
TOTAL (D)	388631727	294138747
CONSUMPTION TOTAL (E) = (C)-(D)	1176594351	1240205320

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	YEAR ENDED 31/03/2011 Rs.	YEAR ENDED 31/03/2010 Rs.
SCHEDULE: 15-SALARIES, WAGES AND OTHER EXPENSES		
Stores & Tools Consumables	8964775	7067600
Conversion charges	45629343	28881725
Power & Fuel	36472552	33360474
Freight, Cartage & Coolie	26388221	18371584
Wages & Salary	72236897	57755514
Staff & Labour Welfare Expenses	10422036	6976693
Employee's Gratuity	1850826	1061643
Repairs & Maintenance	14211709	13286285
Energy Saver Expenses	12431080	7142555
Street Light Maintenance Expenses	45435007	29692174
Subscripition & Periodicals	253676	309606
Donation	84500	69000
General Expenses	4591566	4245979
Postage, Telephone & Telegrams	3027409	2043749
Auditors Fee & Expenses	394875	394353
Insurance	1783872	1174187
Advertisement Expenses	787396	1264695
Research & Development Expenses	19051108	18289232
Sales Promotional Expenses	35445657	28602720
Travelling Expenses	8904769	8156639
Directors' Sitting Fees	64000	50000
Printing & Stationery	1922425	2040293
Consultation fees	4840298	3505617
ISO 9001 expenses	313445	198957
Rates & Taxes	8909974	10784594
Loss on Foreign Exchange Realisation	3211973	693729
Bad Debts Written off	136866	417893
Loss on Sale of Assets	192314	-
Royalty	1921479	1052592
Reserve for doubtful debts and Investment	2000000	2500000
	371880048	289390082
SCHEDULE : 16-FINANCE COST		
Interest on Term Loan	12534657	15226366
Interest on Working Capital	51185605	35302182
Bank Charges	25274827	26077423
	88995089	76605971

SCHEDULE 17: - NOTES FORMING PART OF ACCOUNTS

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. 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.

The investments made in M/s.Salzer Global Services LLC, USA (SGS) is strategically made to keep the furtherance of market share in the international markets particularly USA and Canada, where the company's products have been well received and also to provide proximity of contacts at these markets. During its operations the SGS has taken all efforts to further strengthen the brand image of the company in these markets and also presently holding controllable interest in an Incorporate company viz., M/s.Global Technical Talent Inc, USA providing IT and IT enabled services in the areas of Human Resources for the IT sector in USA & Canada. The economic and financial recessionary conditions prevailing in USA for the last couple of years, resulted in IT slowdown with resultant impact on the financials of these companies. Now the economy is in the process of recovery progressively & M/s.SGS is confident that in addition to brand building of Salzer, the IT and IT enabled services will also provide good potentials in the coming years and will generate profit. Moreover, as per the international experience, such companies have a long gestation period. As such the management feels that the company's investments in SGS will provide returns on the long run and hence the investment has been stated at cost.

(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 process 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.225.34 lakhs and shown as additions to fixed assets of the Company.

(i) Foreign Currency Transactions:

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 31.03.2011

Timing difference on a/c of:

Depreciation	- Rs. 59.94 lakhs
Research & Development	- Rs. 74.86 lakhs
Provisions	- Rs. 0.84 lakhs

Deferred Tax Liability	- Rs.135.64 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.32.71 lakhs (previous year Rs.26.57 lakhs) as expense towards contribution to Provident Fund and Rs.15.13 lakh (previous year Rs.10.62 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 & 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.

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

(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) Consolidation of accounts (AS23)

The company has made investments in three other bodies corporate. The management feels, as these investments are being strategic in nature and the company has no control or significant influence in the financial / operating policies and in decisions of these investee companies, these bodies corporate will not come under associate companies.

(s) 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.

II. NOTES ON ACCOUNTS:

a. Notes to the profit and loss account and balance sheet as at 31st March, 2011.

1. SALES BY CLASS OF GOODS

	Nos. (2010 – 2011)	Rs.	Nos. (2009 – 2010)	Rs.
Cam Operated Rotary Switches	1946154	335308132	1658320	296686082
Accessories for Cam Operated - Rotary Switches	43625	8651163	97461	3345306
Conduit Tubing (Mtrs)	1907343	136928253	1653339	108874147
Load Break Switches	396172	109953345	305402	87255175
Push Buttons	2113	55557	-	-
Connectors	5618583	26567891	7343668	26523601
Toroidal transformers	52212	163501643	42523	106995134
End caps	12150	191429	-	-
Relays	355823	30615402	384845	27912011
Accessories for Relays	23467	392553	94432	2372874
PVC Compound (Kgs)	-	-	37500	2003472
Moulds and Dies	1	219388	35	3670424
Modular Switches	1322659	41639867	634035	19222033
Accessories for Modular Switches	1901961	78236011	815945	47434749
Automatic Meter Reader	153	1588486	322	2881757
Automatic Electrical Load- Monitoring System	297	28321578	16	2152321
Insulated copper Wires (Mtrs)	53459359	926727642	1163725	1162980518
MCB	2395	194360	1707	269321
Wire Hardness	14773	15540873	1454	943788
Scrap (Kgs)	135269	8870002	199088	5212900
Total		<u>1913503575</u>		<u>1906735613</u>

2. RAW MATERIAL CONSUMED

	Qty.in M.T.	Value Rs.	Qty.in M.T.	Value Rs.
Basic Raw Materials				
Brass and Copper Strips, M.S. Bits & Strips	2295.78	802823144	2753.15	872881361
Nylon	374.41	54382369	328.82	42578992
Moulding Powder	20.16	1972689	14.12	1231315
PVC Resin, TBLS, DBLS, CaCo3	2757.03	142786979	2993.90	142877680
Components (Individual value not exceeding 10% of Total Value)	-	232248363	-	161236089

3. CONSUMPTION OF RAW MATERIALS, COMPONENTS, PACKING MATERIALS, STORES AND SPARES

	(2010 – 2011)		(2009 – 2010)	
	% of Total consumption	Value Rs.	% of Total consumption	Value Rs.
a. Raw Materials and components				
Imported	10.03	123823941	8.12	99141165
Indigenous	89.97	1110389603	91.88	1121664272
b. Packing materials				
Imported	-	-	-	-
Indigenous	100	32591746	100	32047372
c. Stores and Spares				
Imported	-	-	-	-
Indigenous	100	8964775	100	7067600

4. INSTALLED CAPACITY (PER ANNUM) AND ACTUAL PRODUCTION

a. Installed Capacity	Qty. in Nos.	b. Actual Production Class of goods:	(Nos./Mt)
Cam Operated Rotary Switches	30,00,000	Cam Operated Rotary Switches	1945949
Terminal Connectors	86,00,000	Accessories for Cam Operated Rotary Switches	43554
On Load Isolators	1,00,000	Conduit Tubing (Mtrs)	1919875
Conduit Tubing (Mtrs)	30,00,000	Load Break Switches	405383
Selector Switches	2,00,000	Push Buttons	2601
Load Break Switches	5,00,000	Connectors	6473722
Switch fuse unit	36,000	Toroidal Transformers	55548
Proximity Switches	1,00,000	End Caps	12300
Toroidal Transformers	1,00,000	PVC Compound (Kgs)	-
Insulated copper Wires (Mtrs)	12,50,00,000	Moulds & Dies	1
Switches Modular / plate	15,00,000	Relays	355823
Relays	11,50,000	Accessories for Relays switches Modular/plate	23467
		Accessories for switches- Modular/plate	1302239
		Automatic Meter Reader	2019229
		Automatic Electrical Load	153
		Monitoring System	297
		Insulated copper Wires (Mtrs)	55135216
		MCB	5300
		Wire Hardness	16708
		Scrap sales (Kgs)	150288

5. OPENING AND CLOSING STOCK OF FINISHED GOODS:

	(2010 - 2011)		(2009 - 2010)	
	Qty No.	Value Rs.	Qty No.	Value Rs.
1. OPENING STOCK				
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 (Mtrs)	1446853	67874193	1823720	53526480
MCB	4830	439502	80006	2679328
Wire Hardness	341	14990	-	-
Scraps (Kgs)	57124	1029236	-	-
2. CLOSING STOCK				
CAM Operated Rotary Switches	285	88250	490	122270
Accessories for CAM Operated Rotary Switches	-	-	71	6532
Conduit Tubing	69205	11472211	56673	10350282
Load Break Switches	13592	907108	4381	1370108
Push Buttons	488	18210	-	-
Connectors	1460735	11613442	605596	2524281
Toroidal Transformers	4703	1610873	1367	3378222
End Caps	150	3090	-	-
PVC Compound	2200	99000	2200	99000
Switches Modular / Plates	9325	296044	29745	897527
Accessories for Modular Switches	185203	5843186	67935	2963076
Insulated copper Wires (Mtrs)	3122710	69382101	1446853	67874193
MCB	7735	681940	4830	439502
Wire Hardness	2276	168312	341	14990
Scraps (Kgs)	72143	3792033	57124	1029236

b). Directors Remuneration:

Amount in Rs.

		R.Doraiswamy Managing Director	D.Rajeshkumar Joint Managing Director	P.Ramachandran Whole Time Director
1	Salary	15,70,000	15,70,000	3,60,000
2	Bonus	10,000	10,000	10,000
3	Commission	-	-	-
4	Employer Share of PF	9,360	9,360	9,360
5	Employer share of Pension Fund	-	15,000	-
	Total	15,89,360	16,04,360	3,79,360
	Grand Total		35,73,080	

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	:	905.39
Add : Directors Remuneration	:	35.73

		941.12
Less: Capital Profit	:	-

		941.12

Maximum remuneration payable is 10% of the above profit - Rs.94.11 lakhs.

(c) Related party disclosure :

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

- Parties where control exists: NIL
- 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 Company(Collaborator)
K.Rangaswamy Naidu & Sons	Director's Interested Firm
Plitron Global Corporation	Director's Interested Company
Salzer Magnetic Wires Ltd	Director's Interested Company

Key Management Personnel:

R.Doraiswamy	Managing Director
D.Rajeshkumar	Joint Managing Director
P.Ramchandran	Whole Time Director

Transactions with related parties:

Summery of transactions

Amount in Rs.

1.	Sales	117218722
2.	Purchases	12447218
3.	Royalty paid	1921479
4.	Remuneration Paid	3573080
5.	Dividend Paid	130741
6.	Labour charges Received	2862392
7.	Sale of power	4484654
8.	Fuel purchase	11961174

Related party-wise transactions

Value in Rs.

Party Name	Nature of Transaction	Value of Transaction	
		Dr.	Cr.
Micro Instruments Ltd	Sale of Materials	1263081	
	Material Purchased		6028921
	Labour Charges		204034
Salzer Exports Ltd	Sale of Materials	4850336	
Salzer Spinners Ltd	Sale of Power	4484654	
Plitron Mfg. Inc	Sale of Materials	949307	
Plitron Global Corporation	Royalty Paid		1921479
	Dividend Paid		130741
K.Rangaswamy Naidu & Sons	Fuel Purchase		11961174
Salzer Magnetic Wires Ltd	Sale of Materials	110155998	
	Material Purchased		6418297
	Labour Charges		2658358
R.Doraiswamy	Remuneration		1589360
D.Rajeshkumar	Remuneration		1604360
P.Ramachandran	Remuneration		379360

(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 31/03/2011

	<i>In Rs.</i>
Present value of obligations as at beginning of year	11423836.00
Interest cost	913907.00
Current service cost	936919.00
Benefits paid	(485206.00)
Actuarial (gain)/ loss on obligations	2785426.00
Present value of obligations as at end of year	15574882.00

II. Table showing changes in the fair value of plan assets as on 31/03/2011

	<i>In Rs.</i>
Fair value of plan assets at beginning of year	3235321.00
Expected return on plan assets	358630.00
Contributions	3598467.00
Benefits paid	(485206.00)
Actuarial gain/(loss) on Plan assets	-
Fair value of plan assets at the year end	6707212.00

III. Table showing fair value of plan assets

	<i>In Rs.</i>
Fair value of plan assets at beginning of year	3235321.00
Actual return on plan assets	358630.00
Contributions	3598467.00
Benefits paid	(485206.00)
Fair value of plan assets at the end of year	6707212.00
Funded status	(8867670.00)
Excess of Actual over estimated return on plan assets	-
<i>(Actual rate of return = Estimated rate of return as ARD falls on 31st March)</i>	

IV. Actuarial Gain/Loss recognized as on 31/03/2011

	<i>In Rs.</i>
Actuarial (gain)/loss on obligations	(2785426.00)
Actuarial (gain)/loss for the year plan assets	-
Total (gain)/loss for the year	2785426.00
Actuarial (gain)/loss- recognized in the year	2785426.00

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

	<i>In Rs.</i>
Present value of obligations as at the end of year	15574882.00
Fair value of plan assets as at the end of the year	6707212.00
Funded status	(8867670.00)
Net asset/(liability) recognized in balance sheet	8867670.00

VI. Expenses recognized in statement of profit and loss

	<i>In Rs.</i>
Current service cost	936919.00
Interest cost	913907.00
Expected return on plan assets	(358630.00)
Net Actuarial (gain)/loss recognized in the year	2785426.00
Expenses recognized in statement of profit and loss	4277622.00

VII. Investment Details:

	% Invested As at 31st March 2011	% Invested As at 31st March 2010
L.I.C	100%	100%

VIII. Actuarial assumptions

	31st March 2011	31st March 2010
Mortality Table (LIC)		
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)

	<i>In Rs.</i>
Outflow:	
Purchase of Material	124002123
Purchase of Assets	3400051
Royalty	1921479
Warehouse Charges	288596
Foreign Travel Expenses	2196554
Certification Fees	97085
Sales Commission	950162
Dividend	130741
Inflow:	
Export of Goods at FOB:	134640342

(f) Dividend remittances in foreign currency

	2011	2010
Number of non-resident Shareholders to whom remittance was made	3	3
Number of shares on which remittance was made	171976	171976
Net amount remitted (In Rs.)	275162	275162

(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.210.02 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 under 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 from 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 and Term Loan facilities 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) The credit facilities being availed from Citibank NA is secured by hypothecation of all current assets including book debts, stocks and other movable assets of Unit III, and equitable Mortgage of the factory premises belonging to Unit III.

- (p) All the Term loans and working capital loans are guaranteed by Mr.R.Doraiswamy, Managing Director and Mr.D.Rajeshkumar, Joint Managing Director.
- (q) There is no overdue interest or principal amount as on 31st March 2011 in respect of Term loan and working Capital loan.
- (r) 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.
- (s) In respect of debtors, creditors and other parties request for confirmation of balances were sent and reconciliations with the parties are carried out as an ongoing process.
- (t) The outstanding debtors for more than six months include Rs.79.78 lakhs due from M/s.Crompton Greaves Ltd, Mumbai. The company has already taken legal course of action in the matter for recovery of the same. The company is confident of recovering this amount in full and so considered the debt is good.
- (u) Sales include direct export of Rs.1346.34 lakhs & indirect export of Rs.733.57 lakhs.
- (v) Earning per share:
- | | (Rs. in lakhs) | |
|--|----------------|----------|
| | 2011 | 2010 |
| i. Net profit after tax for the year | 905.39 | 827.60 |
| ii. Weighted average number of equity shares | 10283737 | 10283737 |
| iii. Nominal value per share | Rs.10/- | Rs.10/- |
| iv. Earning per share | 8.80 | 8.05 |
- (w) 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.
- (x) The composition of Audit fees for the financial year 2010 - 2011 as under.
- | | Rs. |
|------------------------|------------|
| Audit fees | - 330900/- |
| Tax Audit fees | - 55150/- |
| Expenses reimbursement | - 8825/- |
| Total | 394875/- |
- (y) Salary & Wages include Remuneration of Rs.3573080/- paid to Whole time Directors – Managing Director, Joint Managing Director and Whole time Director, as stated under note II(b) on accounts. No person was paid remuneration of Rs.500000/- per month or Rs.6000000/- per annum during the year.
- (z) In the opinion of the Management there is no impairment loss on fixed assets during the year.
- (aa) The income tax assessment has been completed upto the Financial Year 2008 - 2009 (Assessment Year 2009 - 2010) 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.
- (bb) Previous year's figures have been regrouped / rearranged wherever necessary, to confirm with current year's presentation.
- (cc) Figures have been rounded off to the nearest rupee.

In terms of our report attached

(Sd/-)V.SANKARAN
Director(Sd/-)D.RAJESHKUMAR
Joint Managing DirectorFor Swamy & Ravi
Chartered Accountants
FRN : 004317SFor M/s.JDS Associates
Chartered Accountants
FRN : 008735S(Sd/-)S.BASKARASUBRAMANIAN
Director (Corporate Affairs)
&Company Secretary(Sd/-)S.RAVI CHANDRAN
Partner
Membership No.023783(Sd/-)B.JAYARAM
Partner
Membership No.028346Date : 30.05.2011
Place : Coimbatore

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	Year ended 31.03.2011	Year ended 31.03.2010
	Rs. In lakhs	
A. Cash flow from Operating Activities		
Profit before Tax	1068.39	1125.84
<i>Adjusted for:</i>		
Depreciation	690.10	524.60
Interest received	-54.10	-44.79
Interest & Finance Charges	889.95	766.06
Lease Income	-22.36	-1.14
Windmill Income	-70.35	-65.51
Loss on sale of assets	1.92	-
Miscellaneous Income	-13.23	-
Exchange Rate Differences	32.12	6.94
Bad Debts written off & Provisions	21.37	29.18
Dividend Income	-0.16	-0.11
Operating Profit before Working Capital Changes	2543.65	2341.07
Adjusted for working capital changes		
Inventories	-944.93	-421.29
Debtors	-1020.18	-1247.99
Trade & Other receivables	-120.23	236.66
Trade Payables	542.23	1574.24
Provisions	33.07	9.82
Other Current Assets	-215.19	-41.13
Cash generated from Operations	752.28	1978.06
<i>Activities</i>		
Exchange Rate difference (on export sales)	-	-6.94
Direct Taxes Paid	-195.58	-133.31
Net Cash flow from operating activities	556.70	1837.81
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	-1021.98	-1256.98
Capital work in process reversed	-	288.38
Sale of Fixed Assets	43.20	1.50
Interest received	54.10	44.79
Lease income	22.36	1.24
Income from Electricity Generation	70.35	65.51
Dividend income	0.16	0.11
Other non-operating income	13.23	-
Loss on sale of assets /investment	-1.92	-
Net Cash used in investing activities	-820.50	-855.55

	Year ended 31.03.2011	Year ended 31.03.2010
	Rs. In lakhs	
C. Cash flow from financing activities		
Amalgamation Adjustment	-	-
Preferential Issue	-	-
Long Term Borrowings	73.50	324.55
Working Capital Loan	1387.70	564.64
Repayment of Bank Loans	-300.00	-491.79
Interest and Finance Charges	-889.95	-766.06
Unsecured Loans from Directors & Others	-20.06	0.67
Dividend & Dividend Tax Paid	-191.87	-192.50
Net Cash generated Financing Activities	-59.32	-560.49
Net Increase in Cash and Cash Equivalents	-204.48	421.77
Cash & equivalent at the beginning of the year	1239.80	818.03
Cash & equivalent at the end of the year	1035.32	1239.80

In terms of our report attached

(Sd/-)V.SANKARAN
Director

(Sd/-)D.RAJESHKUMAR
Joint Managing Director

For Swamy & Ravi
Chartered Accountants
FRN : 004317S

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

(Sd/-)S.BASKARASUBRAMANI AN
Director (Corporate Affairs)
&Company Secretary

(Sd/-)S.RAVI CHANDRAN
Partner
Membership No.023783

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

Date : 30.05.2011
Place : Coimbatore

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :
 Registration No. : L03210TZ1985PLC001535
 State Code : 18
 Balance Sheet Date : March 31, 2011

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

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

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

Total Liabilities	1362310	Total Assets	1362310
Sources of Funds		Application of Funds	
Paid up Capital	102837	Net Fixed Assets	562198
Reserves & Surplus	671414	Investments	48379
Secured Loans	568489	Net Current Assets	751733
Unsecured Loans	6006	Misc. Expenditure	0
Deferred tax	13564	Accumulated Losses	0

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

Total Income : 18,13,318
 Total Expenditure : 17,06,479
 Profit/(Loss) before Tax : 1,06,839
 profit/(Loss) after Tax : 90,539
 Earnings per share (in Rs.) : 8.80

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/-) V. SANKARAN
 Director

(Sd/-) D. RAJESHKUMAR
 Joint Managing Director

For Swamy & Ravi
 Chartered Accountants
 FRN : 004317S

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

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

(Sd/-) S. RAVI CHANDRAN
 Partner
 Membership No. 023783

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

Date : 30.05.2011
 Place : Coimbatore



To,

GNSA Infotech Limited,
G R MANSION, #11, Srinivasan Road,
Pondy Bazar, T.Nagar,
Chennai - 600 017.

SALZER ELECTRONICS LIMITED
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)

1. Particulars of the Shareholder

- a) Regd. Folio No./Client ID :
- 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) :

Savings	Current	Cash Credit
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Please Tick relevant box

- 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) :

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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

Place : Coimbatore
Date :

Name :
Address :
.....
.....

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 meets 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. /Client ID _____

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 26th Annual General Meeting of the Company to be held on Saturday the 24th September 2011, at 11.30 AM, at Hotel Sree Annapoorna, R.S.Puram, Coimbatore 641 002, and at any adjournment thereof.

Signed this day of 2011.

Signature

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

(26th Annual General Meeting September 24, 2011)

Reg. Folio No./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 26th Annual General Meeting of the Company held at Hotel Sree Annapoorna, R.S.Puram, Coimbatore 641 002, on Saturday the 24th September 2011, at 11.30 AM.

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.



Form for Registration of E-Mail Address

To

Date:

The Company Secretary
Salzer Electronics Limited
Samichettipalayam
Coimbatore -641047

Dear Sir,

I / We Mr/ Ms/ M/s. _____ am / are holding _____ Equity Shares under the Folio No./Client ID _____ in your Company. I / we hereby would like to exercise the following option for receiving all future Meeting Notices / Annual Reports/ other communiqué intended for the shareholders from the Company

 Physical Mode Electronic Mode E-Mail Address :

Kindly acknowledge the receipt and forward your response.

Thanking You

Yours faithfully

Signature

Name :

Note :

1. All the fields are mandatory
2. Tick the relevant box of your choice
3. Alternatively you may also register your E-Mail address at investor_relations@salzergroup.com / sta@gnsaindia.com

To

The Company Secretary
Salzer Electronics Limited
Samichettipalayam
Coimbatore - 641047



Samichettipalayam, Coimbatore - 47

Tel : +91-422-423 3600, +91-422-269 2531 Fax : +91 - 422 - 2692170.

www.salzergroup.com | salzer@salzergroup.com