



Salzer Electronics Limited
Result Update Presentation
Q3 & 9M FY17



Disclaimer

This presentation has been prepared by Salzer Electronics Limited (the “Company”) solely for information purposes and does not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

Table of Contents

1

Joint Managing Director's Message

2

Quarterly Financial Performance

3

Q3 & 9M FY17 Financial Performance

4

Business Overview

Joint Managing Director's Message



Commenting on the results, Mr. R. Doraiswamy, Joint Managing Director, said :

"We have witnessed a flat growth this quarter. Despite the challenging conditions in the industry we have been able to show slight growth. Our Wires and Cables business and Building Segment business have shown robust growth. We are continuing to focus on more value added products in these segments.

The Industrial Switch gear side of our business has been flat primarily because of the tepid demand. Also, the margins were impacted in this quarter because of the unexpected sudden rise in the commodity prices. This however will be offset by the increase in pricing from January onwards. Though the market conditions in India as well as USA/EUROPE was very challenging, we have been able to sustain with minimal growth due to our association with large OEM's. Going forward we see a pickup in demand especially because of our association with companies like GE & Schneider.

In our Energy Management Business revenues have come in purely from Operations & Maintenance. This business has a higher margin as compared to other business segments and will continue to give us Operations & Maintenance revenues in the coming quarters. We have also received an LOI of Rs. 18.7 crs from EESL for this segment.

Going forward, we will continue to focus on adding new, niche and high margin products, enter new geography and offer total and customised electrical solutions to our existing and new customers.."



The image shows a variety of electronic components and modules arranged on white, tiered, semi-circular stands. The components include integrated circuits, microcontrollers, sensors, and other small electronic parts. Some are housed in black plastic enclosures, while others are bare chips or small modules. The stands are arranged in a cluster, creating a stepped effect. A green speech bubble with a white outline is positioned on the right side of the image, containing the text "Quarterly Financial Highlights".

Quarterly Financial Highlights

Key Highlights – Q3 FY17 Vs. Q3 FY16

1.0% ↑

Revenue

Rs 90.9 crore

(3.7)% ↓

EBITDA

Rs 9.6 crore

14.7% ↑

Profit After Tax

Rs 4.0 crore

- Decline in EBITDA due to increased contribution from low margin Wires & Cables business
- Only O&M revenue contributions from Energy Management Business

Quarterly Financial Highlights

Rs. in Crore	Q3 FY17	Q3 FY16	YoY %	Q2 FY17	QoQ %
Total Income from Operations	90.9	90.2	1.0%	91.0	(0.1%)
Raw Materials	65.6	65.2		64.7	
Employee Cost	4.8	4.3		4.6	
Other Cost	11.0	10.7		10.4	
Total Expenditure	81.3	80.2		79.7	
EBITDA	9.6	10.0	(3.7%)	11.4	(15.4%)
EBIDTA margin (%)	11%	11.1%		12.5%	
Interest	3.6	3.1		3.6	
Depreciation	2.5	2.2		2.4	
Other Income	2.4	0.2		1.5	
Profit Before Tax	5.9	4.9		6.9	
Tax	1.9	1.4		1.9	
Profit After Tax	4.0	3.4	14.5%	5.0	(19.8%)
PAT Margin (%)	4.4%	3.8%		5.5%	

- Sequential decline in EBITDA margins on account of sudden increase in commodity prices of Industrial Switchgear Business
- Increase in price has been passed on since Jan 2017

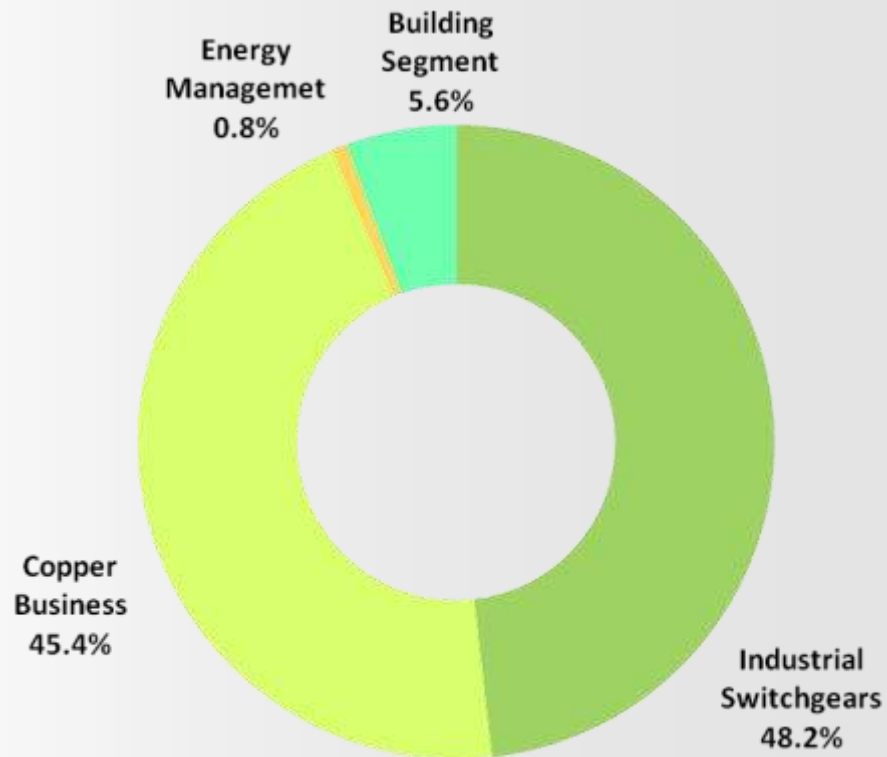
Segment-wise Breakup of Revenues – Q3 FY17 vs. Q3 FY16

Products	Q3 FY17	Contribution (%)	Q2 FY17	Q1 FY17	Q4 FY16	Q3 FY16	Contribution (%)	YoY (%)
Industrial Switch Gears	43.8	48.0%	46.6	41.8	42.5	43.8	55.0%	0.1%
Copper Business	41.2	45.0%	33.2	43.7	42.1	32.9	33.0%	25.3%
Energy Management	0.7	1.0%	5.8	1.9	9.4	9.8	8.0%	(92.5%)
Building Segment	5.1	6.0%	7.0	3.4	4.3	4.1	4.0%	25.2%
Grand Total	90.9		92.5	90.7	98.3	90.2		

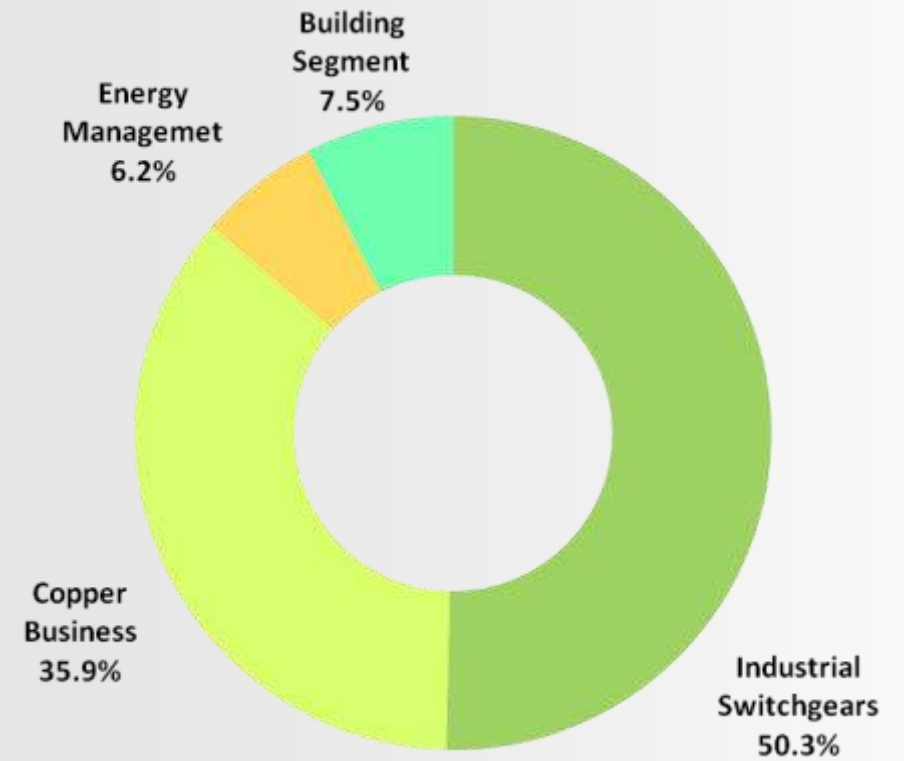
Revenue Breakup – Q3 FY17 vs. Q2 FY17

As per Business Segment

Q3 FY17



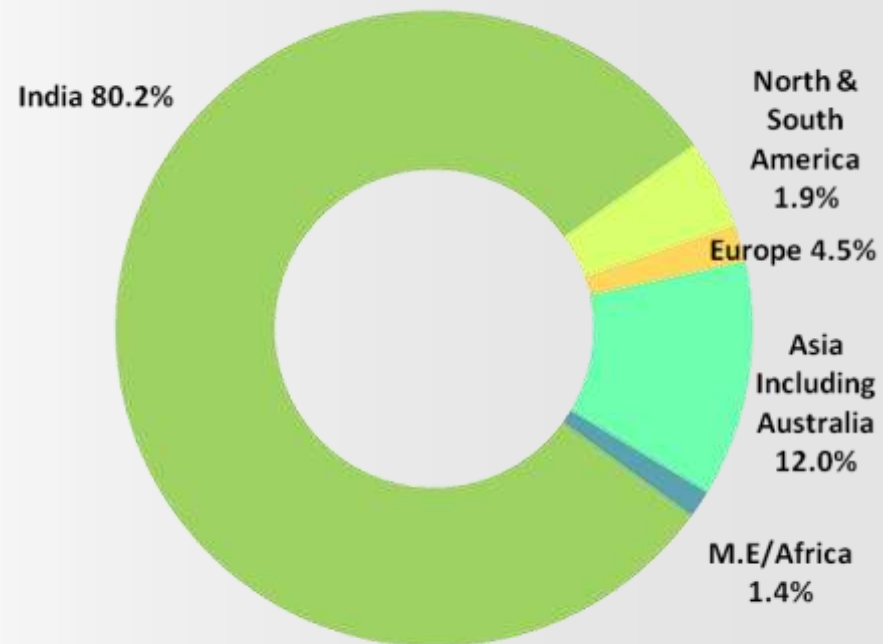
Q2 FY17



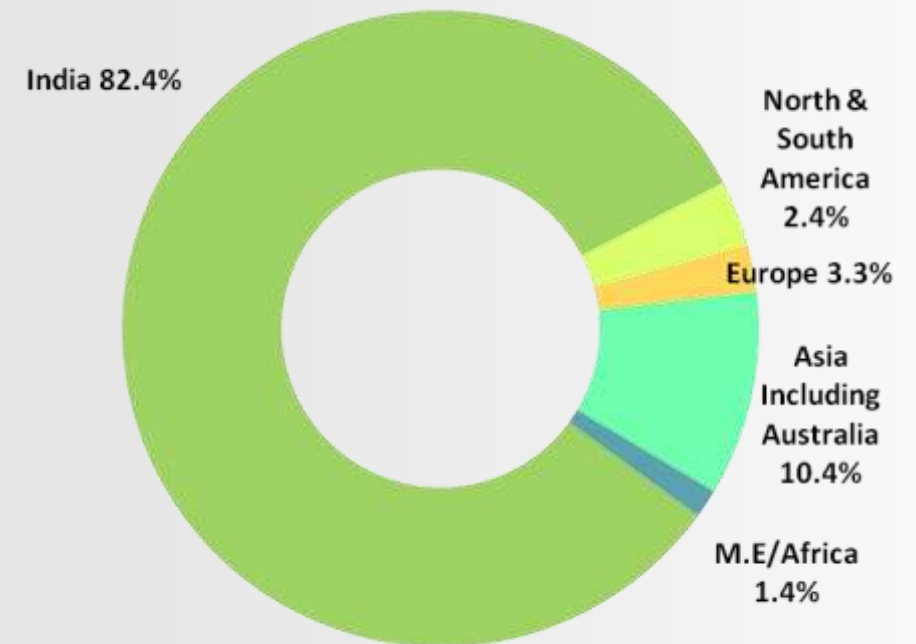
Revenue Breakup – Q3 FY17 vs. Q2 FY17

As per Geography

Q3 FY17



Q2 FY17



The image displays a variety of industrial electrical components. On the left is a large blue and black control unit with a black panel and two large black knobs. To its right is a grey rectangular unit with a yellow square and a red knob. Further right are several smaller units, some with yellow squares and red knobs, and others with black bodies and red or black knobs. Some units have multiple stacked sections. A green speech bubble with a white border is positioned in the upper right area, containing the text '9M FY17 Financial Highlights'.

9M FY17 Financial Highlights

Key Highlights – 9M FY17 Vs. 9M FY16

3.7% ↑

Revenue

Rs 272.1 crore

(4.3%) ↓

EBITDA

Rs 31.8 crore

3.2% ↑

Profit After Tax

Rs 13.5 crore

- Growth driven by all three key business of Industrial Switchgears, Building Segment and Copper Business
- Only O&M revenues from Energy Management Business
- Decline in EBITDA on account of lower contribution from higher margin EMS business

9M FY17 Financial Highlights

Rs. in Crore	9M FY17	9M FY16	YoY %
Total Income from Operations	272.1	262.3	3.7%
Raw Materials	195.4	185.2	
Employee Cost	13.7	12.8	
Other Cost	31.1	31.1	
Total Expenditure	240.3	229.1	
EBITDA	31.8	33.2	(4.3%)
EBIDTA margin (%)	11.7%	12.7%	
Interest	10.5	10.0	
Depreciation	7.3	6.2	
Other Income	4.5	0.9	
Profit Before Tax	18.5	18.0	
Tax	5.0	4.9	
Profit After Tax	13.5	13.1	3.2%
PAT Margin (%)	5.0%	5.0%	

Balance Sheet Highlights- September 16

Rs. in Crore	Sep -16	Sep-15
Shareholder's Funds	204.2	189.8
Share Capital	13.9	13.5
Money Against Warrants	0.0	3.9
Reserves & Surplus	190.4	172.4
Share application money allotment	3.0	0.0
Non-Current Liabilities	21.8	21.6
Long Term Borrowings	17.1	18.2
Defer Tax Liabilities	4.3	2.6
Other Long-Term Liabilities	0.0	0.0
Long Term Provision	0.5	0.6
Current Liabilities	167.4	155.7
Short Term Borrowings	94.1	82.6
Trade Payables	29.6	29.5
Other Current Liabilities	41.0	40.9
Short-Term Provisions	2.7	2.8
Total Equities & Liabilities	396.5	367.1

Rs. in Crore	Sep -16	Sep -15
Non-Current Assets	142.2	100.1
Fixed Assets	115.9	94.4
Non-Current Investments	5.3	4.9
Long-Term Loans & Advances	1.1	0.9
Other Non-Current Assets	19.9	0.0
Current Assets	254.3	267.0
Current Investments	5.5	21.0
Inventories	77.9	70.9
Trade Receivables	97.9	107.0
Cash & Cash Equivalents	13.5	19.4
Short-Term Loans & Advances	50.3	39.0
Other Current Assets	9.3	9.6
Total Assets	396.5	367.1

Annual Financial Highlights

Rs. in Crore	FY16	FY15	YoY %
Total Income from Operations	361.1	283.3	27.5%
Raw Materials	256.6	195.9	
Employee Cost	17.7	15.5	
Other Cost	44.0	36.4	
Total Expenditure	318.2	247.9	
EBITDA	42.9	35.5	21.0%
EBIDTA margin (%)	11.9%	12.5%	(60) bps
Interest	13.1	12.3	
Depreciation	8.3	7.1	
Other Income	2.8	1.0	
Profit Before Tax	24.2	17.0	
Tax	7.2	5.0	
Profit After Tax	17.0	11.9	42.2%
PAT Margin (%)	4.7%	4.2%	50 bps

Balance Sheet Highlights

Rs. in Crore	Mar -16	Mar -15
Shareholder's Funds	195.4	107.1
Share Capital	13.6	10.3
Money Against Warrants	4.1	-
Reserves & Surplus	177.6	96.8
Non-Current Liabilities	22.3	22.8
Long Term Borrowings	17.7	17.6
Defer Tax Liabilities	3.9	1.9
Other Long-Term Liabilities	0.0	2.5
Current Liabilities	157.6	144.3
Short Term Borrowings	81.3	75.0
Trade Payables	32.9	27.1
Other Current Liabilities	35.5	36.7
Short-Term Provisions	7.9	5.5
Total Equities & Liabilities	375.4	275.1

Rs. in Crore	Mar -16	Mar -15
Non-Current Assets	136.0	89.2
Fixed Assets	110.4	83.4
Non-Current Investments	5.5	4.9
Long-Term Loans & Advances	0.9	0.7
Other Non-Current Assets	19.3	0.2
Current Assets	239.4	186.0
Current Investments	12.0	0.8
Inventories	66.7	66.1
Trade Receivables	99.8	77.9
Cash & Cash Equivalents	12.5	9.0
Short-Term Loans & Advances	38.8	22.9
Other Current Assets	9.5	9.3
Total Assets	375.4	275.1

Recent Developments

- Secured a Letter of Intent valuing Rs. 18.7 crs from Energy Efficiency Services Ltd. (EESL)
 - EESL- Joint Venture Company of PSU's of Ministry of Power, Government of India
 - LOI to Design, Manufacture, Supply, Install, Commission, Test and Maintain Lighting Controls (Centralized Control & Monitoring System- CCMS) for installed LED street lighting systems
 - To be implemented in Urban Local Bodies- Varanasi (Uttar Pradesh), Jalna (Maharashtra) and Jharkhand
- Three Phase Dry Type Transformers
 - Started commercial production and invoicing from January 2017

Recent Developments

- Received first order from Smith's Detection
 - Germany based company manufacturing Airport Security X-ray machines
 - Order received to supply Wire Harness
- Received first order from Alstom
 - To supply large CT's in power stations
- Started supplies to KONE Elevators of Special Travelling Cables



Business Overview

Company Overview



Leading player offering total and customized electrical solutions

- Presence in Switchgears, Wires & Cables and Energy management business
- Largest manufacturer of Cam Operated Rotary Switches – Market leader with 25% share



Extensive Product portfolio across segments with In-house manufacturing facilities

- 5 manufacturing units located in Tamil Nadu & Himachal Pradesh
- More than 15 products catering to Industrial / Building / Automobile segments



Strong focus on product development and innovation

- Registered Patent for Rotary Switches, 5 product patents in process



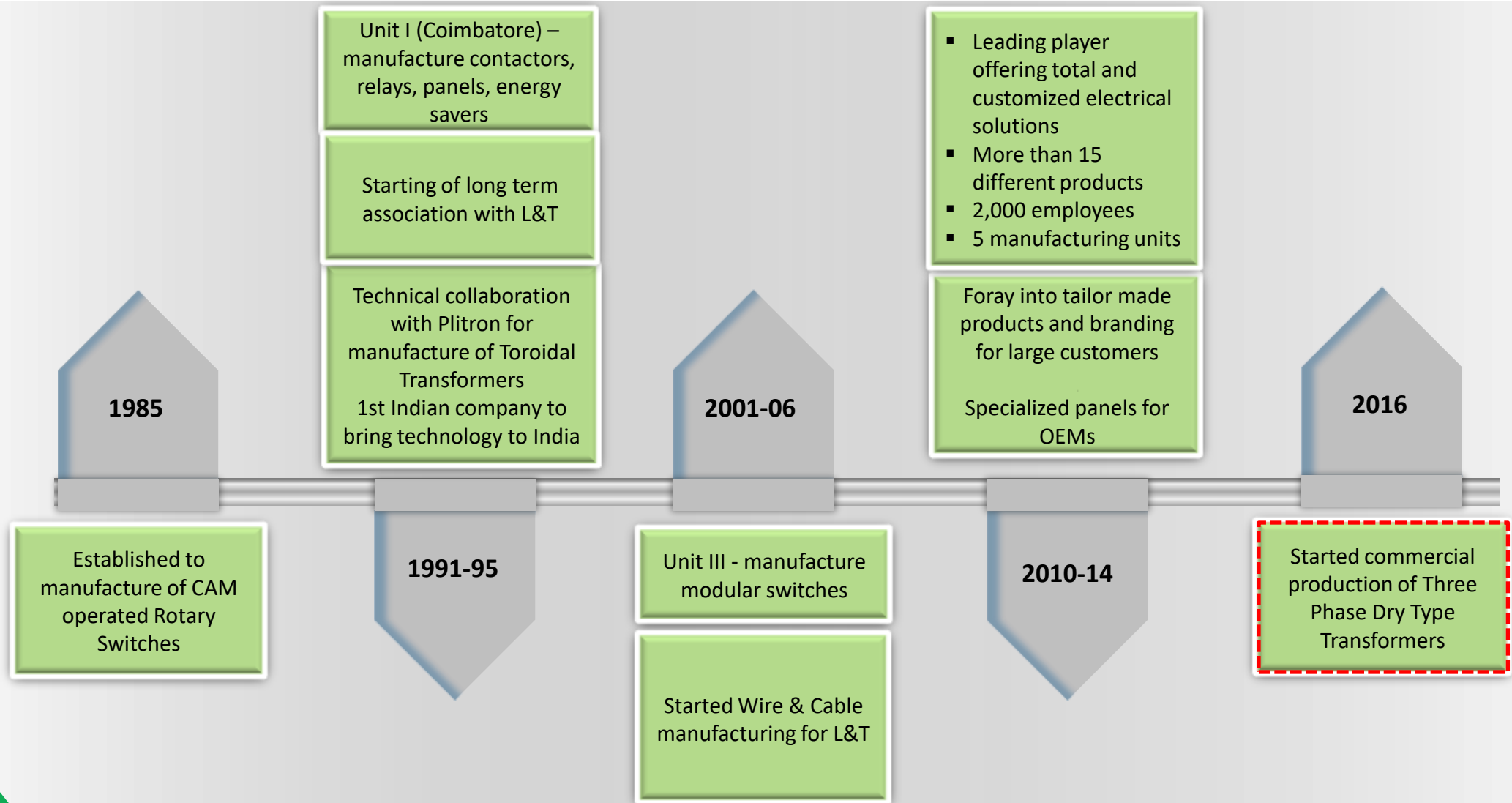
Wide Distribution network – local and global

- Own distribution network – local and global – export to 50 countries
- Access to L&T's local network through more than 350 distributors



Consistent Dividend Payout Track Record for past 16 years

From a Single Product Company...



... to manufacturing multiple products across sectors

Business Overview

Copper Business

- Wires & Cables
- Flexible Bus Bars
- Enamelled Wires
- Bunched Conductors
- Tinned Copper Wires



Industrial Switch Gear Business

- Transformers
- Terminal Blocks
- Rotary Switches
- Isolators
- General Purpose relays
- Wiring Ducts
- MPCB's
- Contactors & OLR's
- Control Panels

Energy Management Business

- Energy Savers
- Street Light Controllers



Building segment Business

- Modular Switches
- Wires & Cables
- MCB's **(Launching in Mar 2017)**
- Changeovers

Key Business Strengths

Complete Backward Integration

- In-house manufacturing facilities with process capabilities ensures better product development and customization
- Well developed R&D enables continual product innovation

Strong Customer Relationships

- Strong customer relationships across the world
- Preferred supplier to GE, Schneider and only approved supplier of Nuclear Power Corporation
- Largest supplier of rotary and load break switches to Indian Railways



Wide Product Suite

- Amongst few players in India, to offer total & customized electrical solutions
- Wide product basket – 15 products developed in-house
- Largest manufacturer and market leader in CAM operated rotary switches

Advanced Engineering Capabilities

- Strong engineering capabilities backed by in-house manufacturing and R&D team
- Technical collaboration with Plitron for Toroidal transformers – 1st company to bring technology to India, Joint Venture with C3Controls for contactors and relays
- Resulting in all products been international certified and universal acceptance

Wide Distribution Network

- Wide distribution network – international and domestic
- Tie up with L&T – access to over 350 dealers in India; own network for modular switches with 50 stockist in 4 southern & western states
- Direct network across 50 countries with 40 international distributors

Wide Product Suite

Products	Features	
Rotary Switches	6A to 400 Amps > 2500 ranges - UL & CB Tested	
Isolators (Dis-connectors)	16 to 250 Amps - UL 50 rated Enclosed mounting - Changeover Switches - DC – PV Isolators - CB Tested	
Contactors	16 to 250 Amps - UL 50 rated Enclosed mounting - Changeover Switches - DC – PV Isolators - CB Tested	
Terminals	2.5 to 95 sq mm - Screw-less Terminals - All Accessories - UL Listed	
Wiring Ducts	- More than 75 sizes - India's largest RoHS and Halogen Free Ducts - UL and CSA Listed	
Toroidal Transformers	15va to 60 Kva 1 and 3 Phase - Custom built Assemblies - Wide CT Range - UL Listed	

Wide Product Suite

Products	Features	
Control Relays	Plug-in, PCB and Solder type ▪ 1 Amp to 100 Amps	
Wire Harnesses		
Wires & Cables	From 0.5- 240 Sq mm ▪ Single & Multi Core ▪ FR, FRLS, Halogen Free ▪ UL Listed	
Flexible Bus Bars	Upto 1000 Amps ▪ Only Manufacturer in India ▪ UL Listed	
Enamelled Wires	0.3 to 3 mm (9-29 AWG) ▪ Upto 200 Deg Cent ▪ UL Listed	
MPCBs	Two Frames ▪ 0.1 amps to 63 Amps ▪ Type F Co-ordinated ▪ UL Listed	

Wide Product Suite- Customised for OEM's

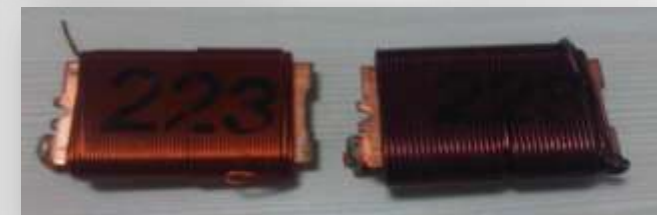
CT's



Terminal Socket



Coils / Inductors



Panels



In-house manufacturing and R&D enables superior customization of products

Future Growth Drivers

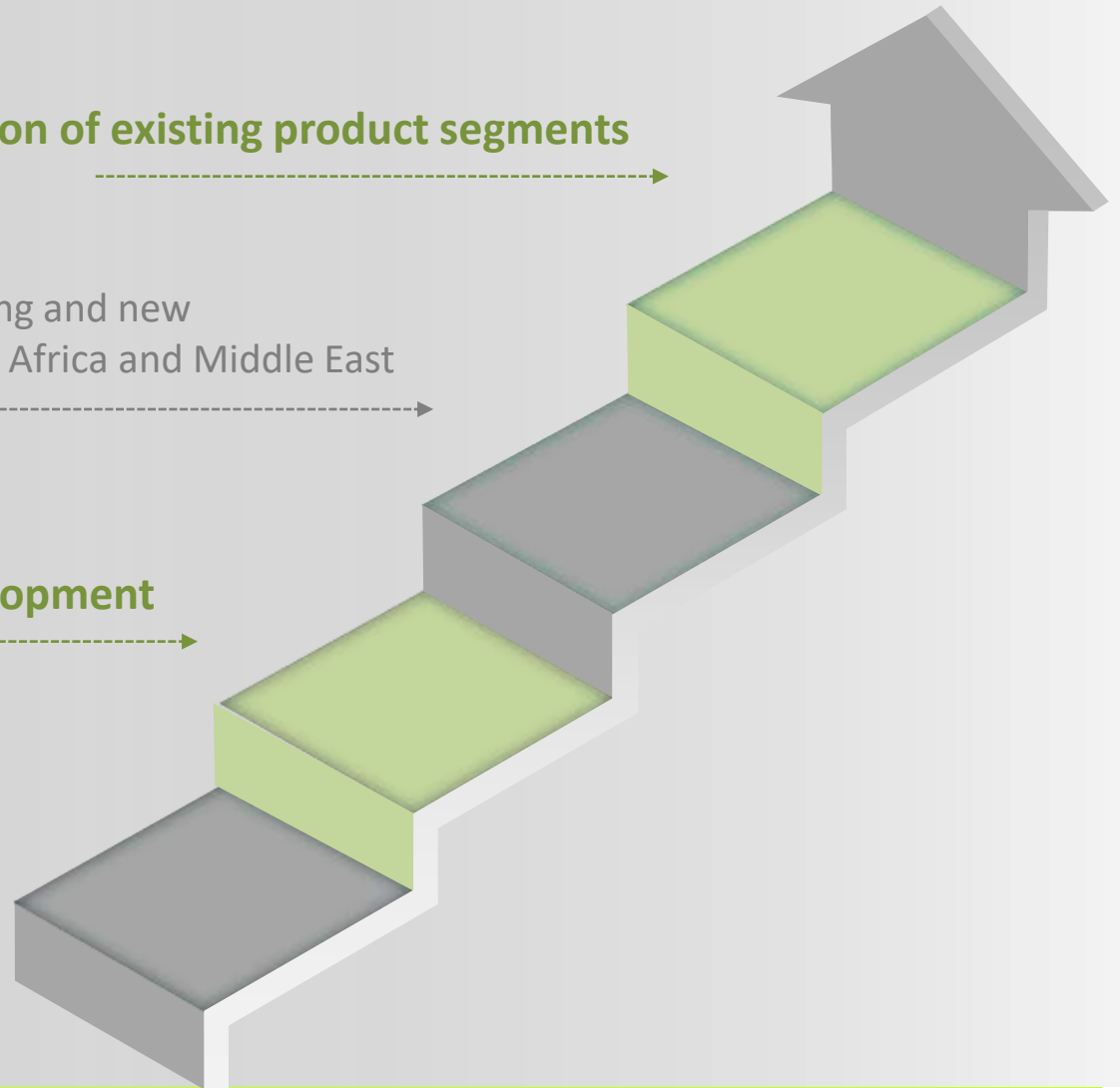
Growth and expansion of existing product segments

Margin improvement through

- Increase sales of high margin products – existing and new
- Increase exports – fast growing markets of US, Africa and Middle East

Venture into new project/ product development

Venture into new project/ product development



Future Growth Drivers- Proposed New Projects/ Product Development

Three Phase Dry Type Transformer



- High tech product with application in large MW UPS, renewable energy business, railways, power generation and marine industry
- Expected CAGR of 35% over next 5 years
- Technical alliance signed with Trafomodern an Austrian company - one of leading manufacturers of transformers in Europe

Capacitors



- Widely used in electronic units for power conditioning, power factor correction, motor starter application, smoothing, filtering, bypassing etc
- Increasing need across industries as it saves energy
- IEEMA estimates market to grow at 30% CAGR from Rs 750 Cr

Industrial Plugs & Sockets



- Industrial Plugs & Sockets are an imminent part of the general Industrial usage.
- Logical addition to the industrial product segment.
- Increasing standardisation across Industries will drive growth of the product.

Future Growth Drivers- Expansion in Existing Product Range

MCB's



- As part of product expansion under the Building and Industrial segment MCB's are being planned as an addition.
- Expected Launch of product March 2017

GE Transportation



- Secured 10 Year contract with GE transportation for supply of High power contactors for India requirements.
- Negotiating with GE Transportation for Three Phase Transformers for both India and US

DC Load Break Switches (PV)



- Product developed and Invoicing started
- Very good potential for this product in Australasia region
- Our switches – best available in market, exporting good volume to Europe & US
- Due to lower costs – can compete with good quality high cost European & low price Chinese manufacturers

Future Growth Drivers- Energy Management Business

Only manufacturer in India:

- Energy savers
- Street light controllers

CRISIL rated Grade I ESCO Operator for street lighting

Significant opportunity in power starved country

Successfully implemented for:

- Madurai Corporation
- Coimbatore Corporation
- Navi Mumbai Corporation
- Tirupur Corporation
- Erode Corporation
- Vellore Corporation

In talks with other states to incorporate energy savers and street light controllers



For further information, please contact:

Company :

Salzer Electronics Ltd.
CIN: L03210TZ1985PLC001535

Mr. Baskarasubramanian
baskarasubramanian@salzergroup.com

www.salzergroup.net

Investor Relations Advisors :

Bridge Investor Relations Pvt. Ltd.
CIN: U74900MH2016PTC273679

Mr. Rahul Menon
rahul@bridge-ir.com

www.bridge-ir.com
