



salzer

Electronics Limited

Investor Presentation
May 2015

Safe Harbor

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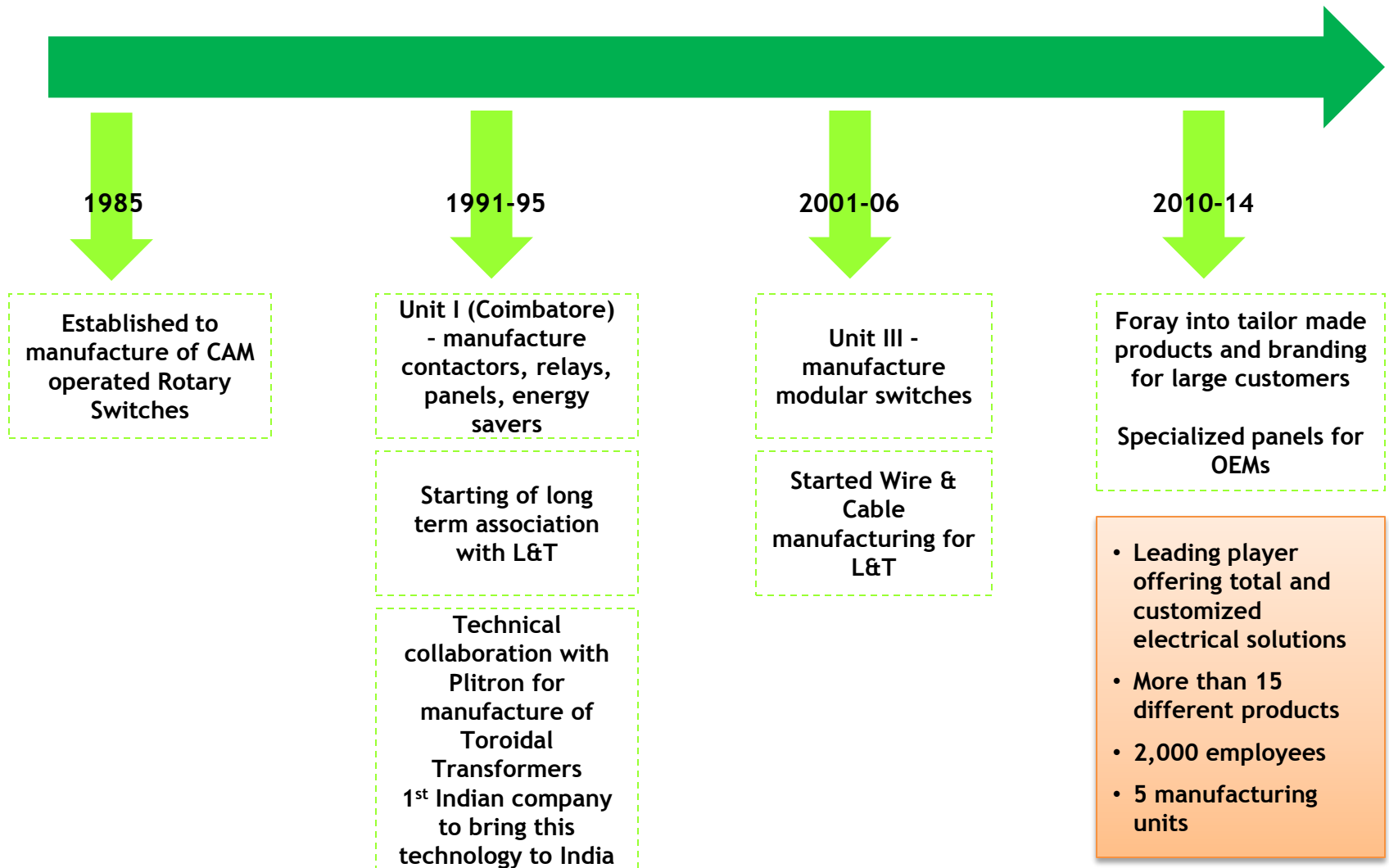
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Business Overview

- **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
- **Long term Business Relations with L&T**
 - L&T owns 26% stake in SALZER
- **Consistent Dividend Payout Track Record for past 15 years**

From a Single product company...



... to manufacturing multiple products across sectors

Professional Management

R.Doraiswamy Managing Director	• Core Promoter for over 2 decades of experience • Qualified Electrical Engineer and Technocrat Entrepreneur • Vast Experience in Foreign Collaboration & wide global contacts
D.Rajeshkumar Joint Managing Director	• Electrical Engineer , India; Post Graduate in Business Management, US • JMD and CEO of Company - responsible for driving the vision of company
S.Baskarasubramanian Director-Corporate Affairs & Company Secretary	• Qualified Company Secretary & member of FCS India • Wide experience in company law/ corporate affairs
P.Sivakumar GM – Marketing Corporate	• Bachelors in Engineering with 22 years of experience • Responsible for Sales & Marketing division
M Laksminarayana GM - Operations	• B.E (Electrical) with 17 years of experience • Responsible for Production, Planning, Inventory Management, Maintenance & General Administration
D.Govindaraj Sr. Manager-Corporate Accounts & Projects	• Masters in Commerce, DLL and DTL with 26 years of experience • Responsible for project finance and corporate accounts
R Karunakaran Sr. Manager -PR & Central Excise	• BSc, Diploma in Marketing Management with 24 years of experience • Responsible for Central Excise and Public Relations of Company

Led by a 15 member experienced Board

Business Overview

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 (Under Development)
- Changeovers

Copper Business

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

Key Business Strengths

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

Complete Backward Integration

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

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

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 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



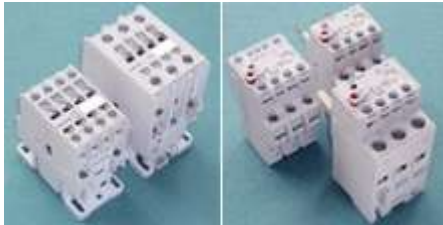
Rotary Switch

- 6A to 400 Amps
- > 2500 ranges
- Largest in India
- UL & CB Tested



Isolators (Dis-connectors)

- 16 to 250 Amps
- UL 50 rated Enclosed mounting
- Changeover Switches
- DC - PV Isolators
- CB Tested



Contactors

- 9A to 105 Amps
- 5 ranges of OLR
- Mini Contactor range
- UL & CB Tested



Terminals

- 2.5 to 95 sqmm
- 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 contd...



Control Relays

- Plug-in, PCB and Solder type
- 1 Amp to 100 Amps



Wire Harnesses



Wires & Cables

- from 0.5- 240 Sqmm
- 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



MPCB

- Two Frames
- 0.1 amps to 63 Amps
- Type F Co-ordinated
- UL Listed

Wide Product Suite

Customized for OEMs

CT's



Terminal Socket



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

Product Suite

Customized for OEMs

Coils / Inductors



Panels



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

5 Manufacturing facilities...

UNIT 1 (Coimbatore)



- Rotary Switch
- Contactors & Relays
- Panel Assembly
- Lighting Energy Savers
- Automatic Meter Reading

UNIT 2 (Coimbatore)



- Toroidal Transformers
- Isolators (Dis-connectors)
- Terminals
- Wiring Ducts
- MPCB
- Wire Harness

5 Manufacturing facilities...

UNIT 3 (Coimbatore)



- Wiring Accessories

UNIT 4 (Coimbatore)



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

UNIT 5 (Una)



- Wiring Accessories

...With In-house process capabilities...



- **Full fledged Type testing laboratory**
 - Loads up to 500Amps
 - Environmental test chamber for humidity test
 - Salt spray test & all other basic tests as per UL Standards

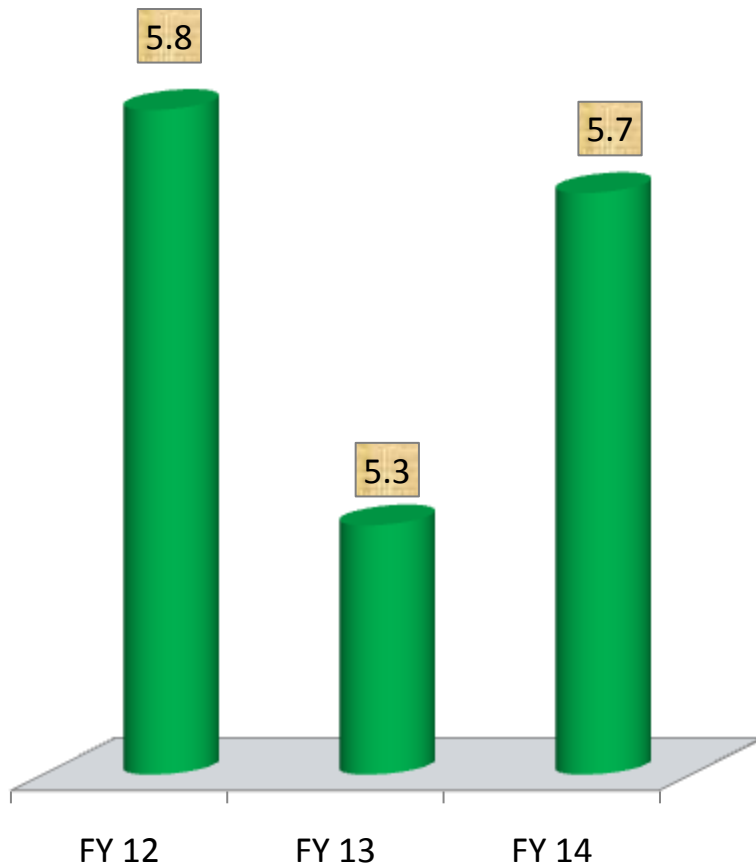


- **In-house tool room facility for manufacturing and servicing of Moulds and press tools**
 - CNC Wire Cut Machines and Spark erosion machines
 - CNC Machining center, EDM Drilling
 - Conventional machines
 - Latest digital measuring equipment
 - Inspected and certified by GE Tool Division

More than 80% components made in-house

...And a strong R&D team

R&D expenses (Rs crore)



- In-house R&D Center
 - More than 35 engineers
 - Recognized by Department of Science, Govt of India
- Patented Rotary switches
- 5 patents in process
 - Manual Single Phase Starter with no voltage tripping, Energy Saver System for Street Lighting, Integrated ammeter / volt meter selectro CAM operated rotary switch, Track Feed Battery Change Over System and Fuse Automatic Changeover System
- 1st of its kind product in India
 - Designed and manufactured - Load Break Switches, Single Hole Mounting Switches, Halogen Free Cable Ducts, Flat Wire Ducts, Flexible Bus Bars etc

Continuous product innovation

Internationally certified



ISO 9001



ISO 14001



ISO 18001



CE Certification



UL Certification



CB certification by IE

CB certification



RoHS



Intertek

Intertek Semko approval



CSA Certification

... Across entire product portfolio

Blue Chip Customers



- Collaboration with Plitron Manufacturing, Canada for Toroidal Transformers
- Marketing Tie-up with L&T for Indian Market - L&T has 26% stake in Salzer
- Largest supplier of rotary & load break switches to Indian Railways
- Joint venture with American Company C3 Controls, to manufacture and market contactors & over load relays
- Preferred supplier to:
 - Nuclear Power Corporation
 - Schneider Electric
 - GE Energy

Wide Distribution Network



International

- Direct network across 50 countries
 - 22% of sales from global distribution
 - 40 international distributors
- Plans to expand in US, Africa and Middle east

Domestic

- Tie up with L&T - access to more than 350 dealers in India
- Direct network for Modular Switches - 50 stockists in 4 southern & western states

Direct network across 50 countries

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**
- **Energy management business - huge growth potential**

Future Growth Drivers...

Expansion in existing product range

Toroidal Transformer



- Collaboration with Plitron Manufacturing, Canada
- Developed inductors & chokes using aluminum wires which finds application in large UPS
- New customers - other UPS manufacturers

Contactors & Overload Relays



- Tie up with C3 Controls, US - leading player in electrical switch gears in US
- Product developed and under validation with UL
- Will target US and Asia as key markets

Railway Business



- Innovated 'Fuse Change over system' for railway signaling division
- Designed new product - Track Feed Battery System' for changing over battery chargers in railway track feeding system

DC Load Break Switches (PV)



- High potential - very few manufacturers in the world
- 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...

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
- Salzer - In discussion with large MNCs like Schneider, ABB, GE who import the Product and have shown interest to source locally

Latching Relays



- New kind of relays used in various applications, particularly in Smart Meters
- Smart meter business - future business with high potential in developing economies Every Smart Meter has one latch relay
- Expected CAGR of 40% over next 5 years

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

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

Financial Highlights



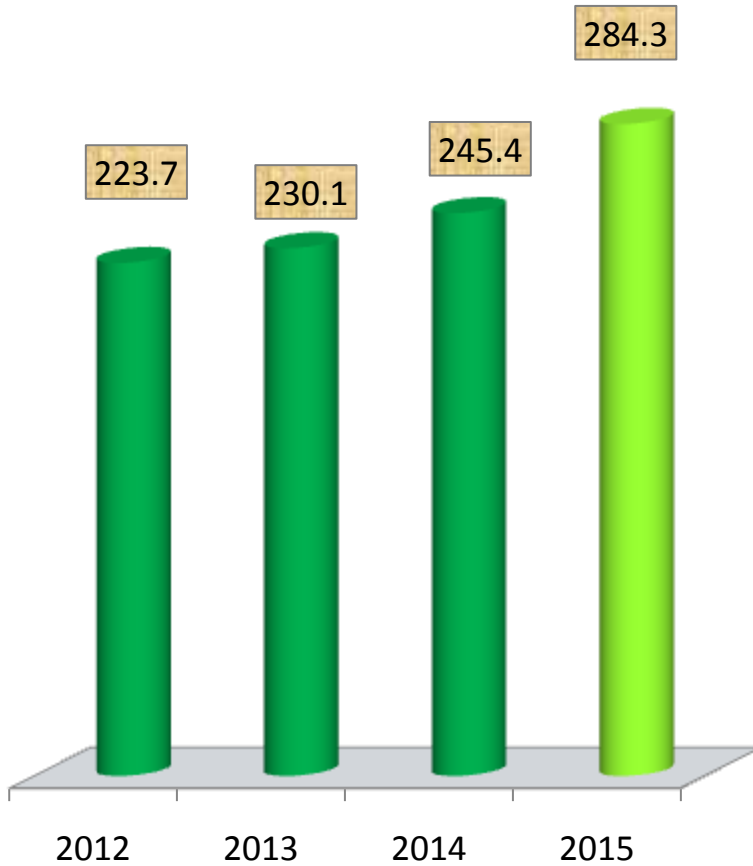
Profitability Highlights - Q4 FY15

INR Crore	Q4 FY15	Q4 FY14	Y-o-Y
Revenue from Operations	77.5	65.7	
Other Income	0.4	0.3	
Total Income	77.9	66.0	18%
Raw Material & Fuel costs	53.7	45.4	
Employee Cost	4.0	3.6	
Other costs	10.2	8.7	
Total Expenditure	67.9	57.7	
EBIDTA	9.6	8.0	20%
EBITDA Margin (%)	12.3%	12.2%	
Depreciation	1.5	1.3	
Interest	3.2	3.3	
Profit Before Tax	5.3	3.7	
Tax	1.9	1.8	
Profit After Tax	3.4	1.9	79%
Margin (%)	4.4%	2.9%	

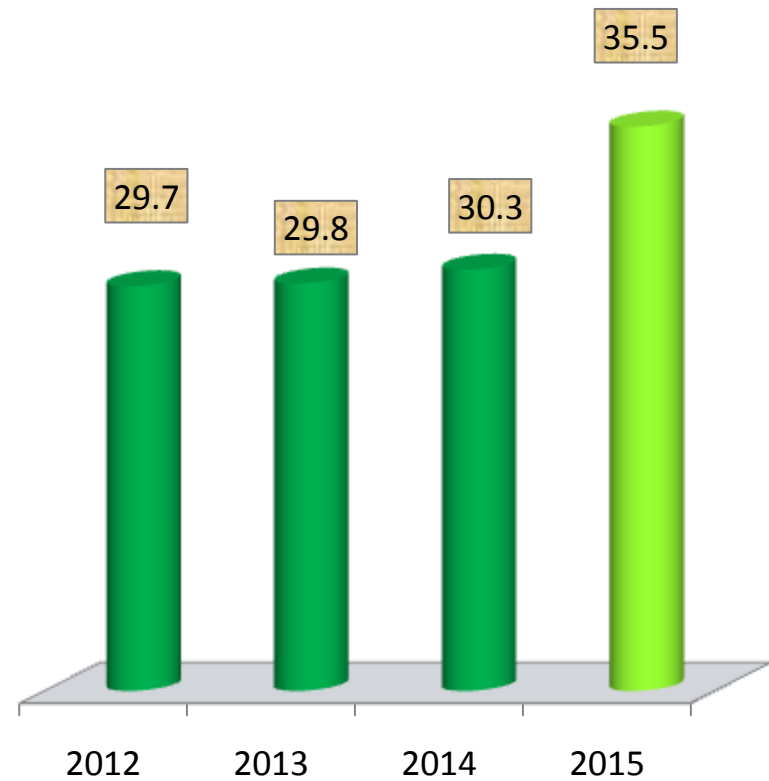
* Other costs in Q4FY15 includes one time expenses of Rs. 1.7 crore towards product testing & CSR expenses

Annual Financial Highlights

Revenue (Rs. Cr)

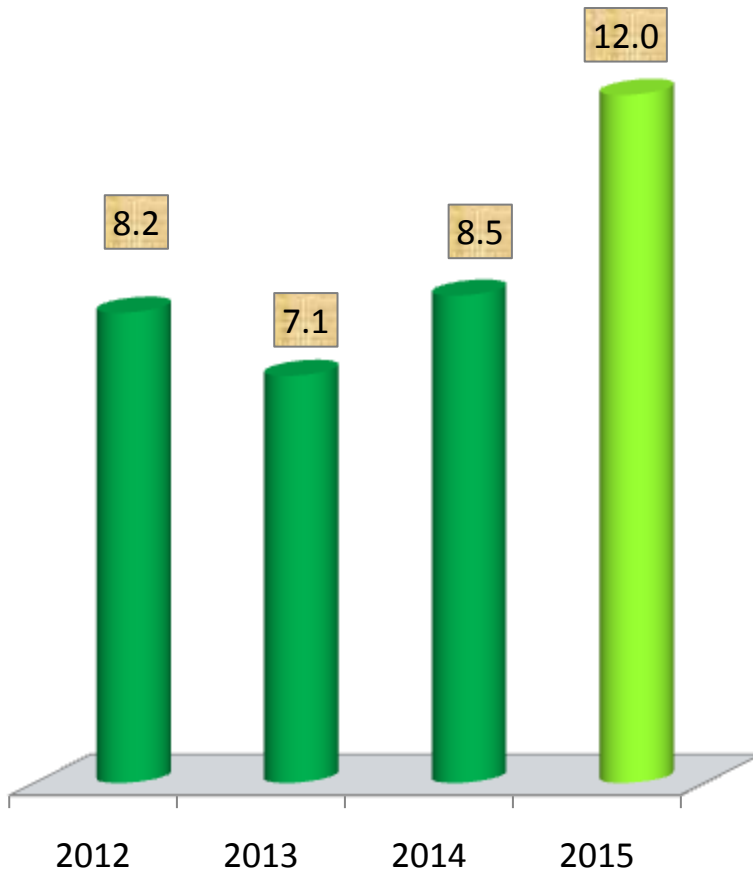


EBITDA (Rs. Cr)

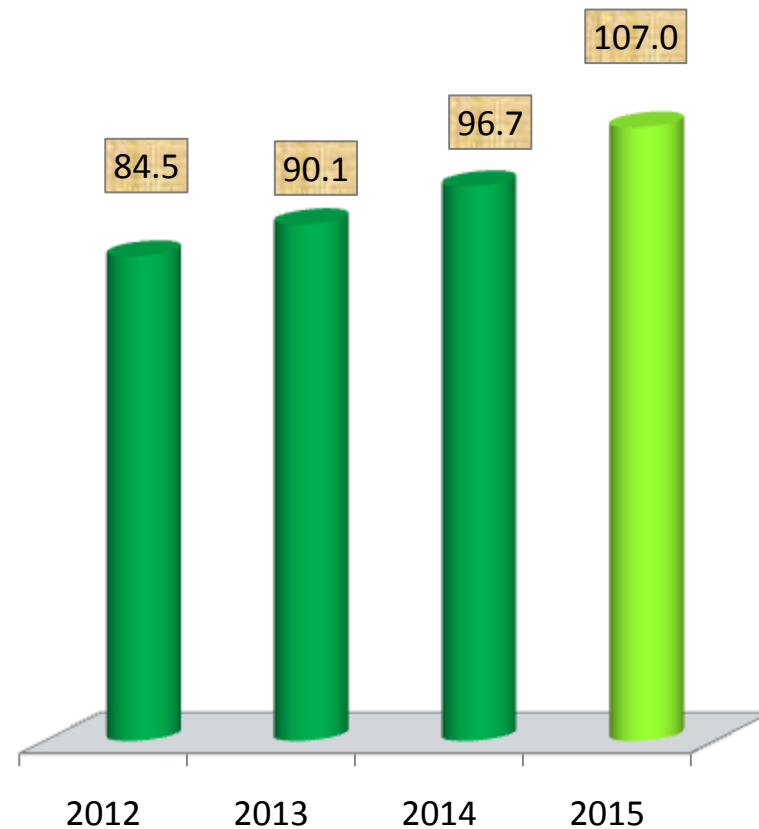


Annual Financial Highlights

Net Profit (Rs. Cr)



Net Worth (Rs. Cr)



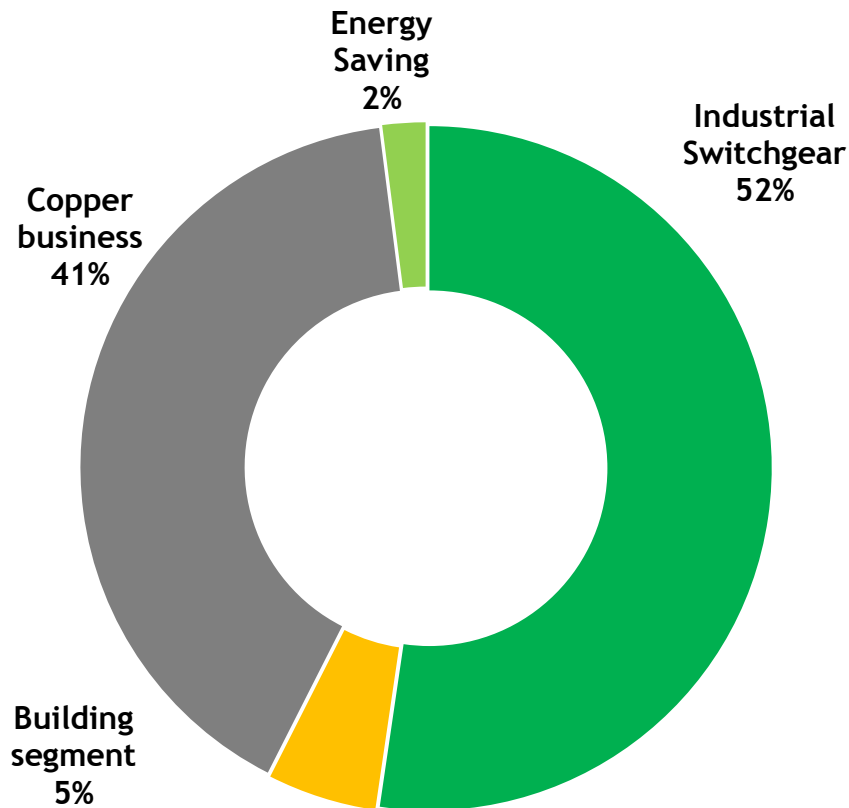
Profitability Highlights

INR-Crore	FY-15	FY-14
Revenue from Operations	283.3	244.5
Other Income	1.0	0.9
Total Income	284.3	245.5
Raw Material & Fuel Costs	195.9	168.2
Employee Cost	15.5	13.1
Other Cost	36.4	32.9
Total Expenditure	247.9	214.3
EBITDA	35.5	30.2
EBIDTA margin (%)	12.5%	12.4%
Interest	12.3	11.9
Depreciation	7.1	7.5
Profit Before Tax	17.0	11.7
Tax	5.0	3.2
Profit After Tax	12.0	8.4
PAT Margin (%)	4.2%	3.4%

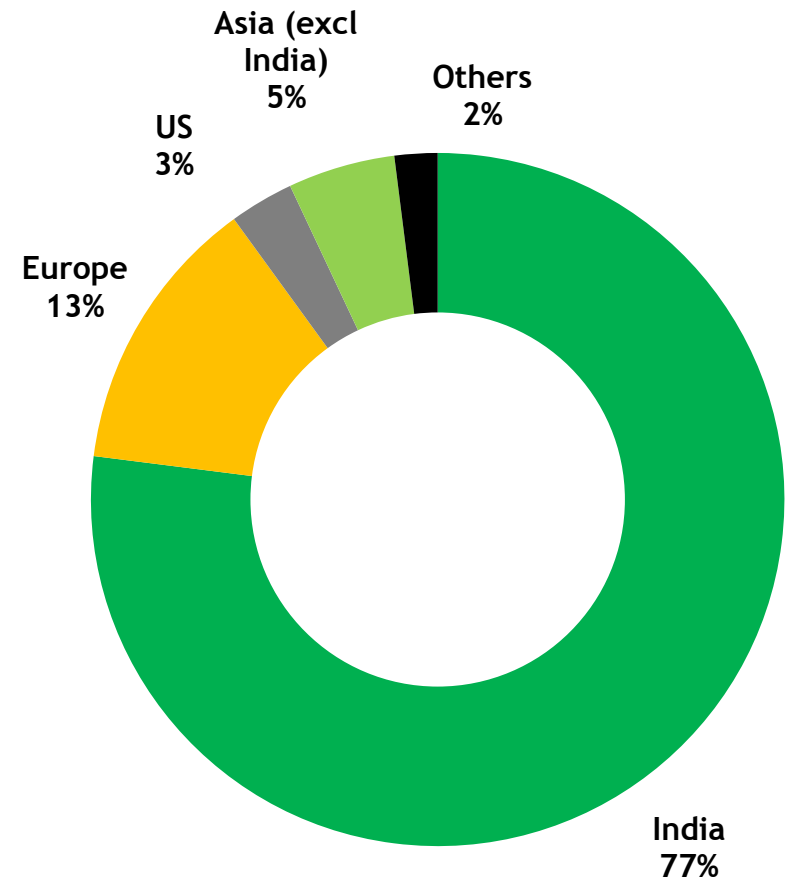
* Other costs in FY15 includes one time expenses of Rs. 1.7 crore towards product testing & CSR expenses

Revenue breakup - FY15

As per Business Segment



As per Geography

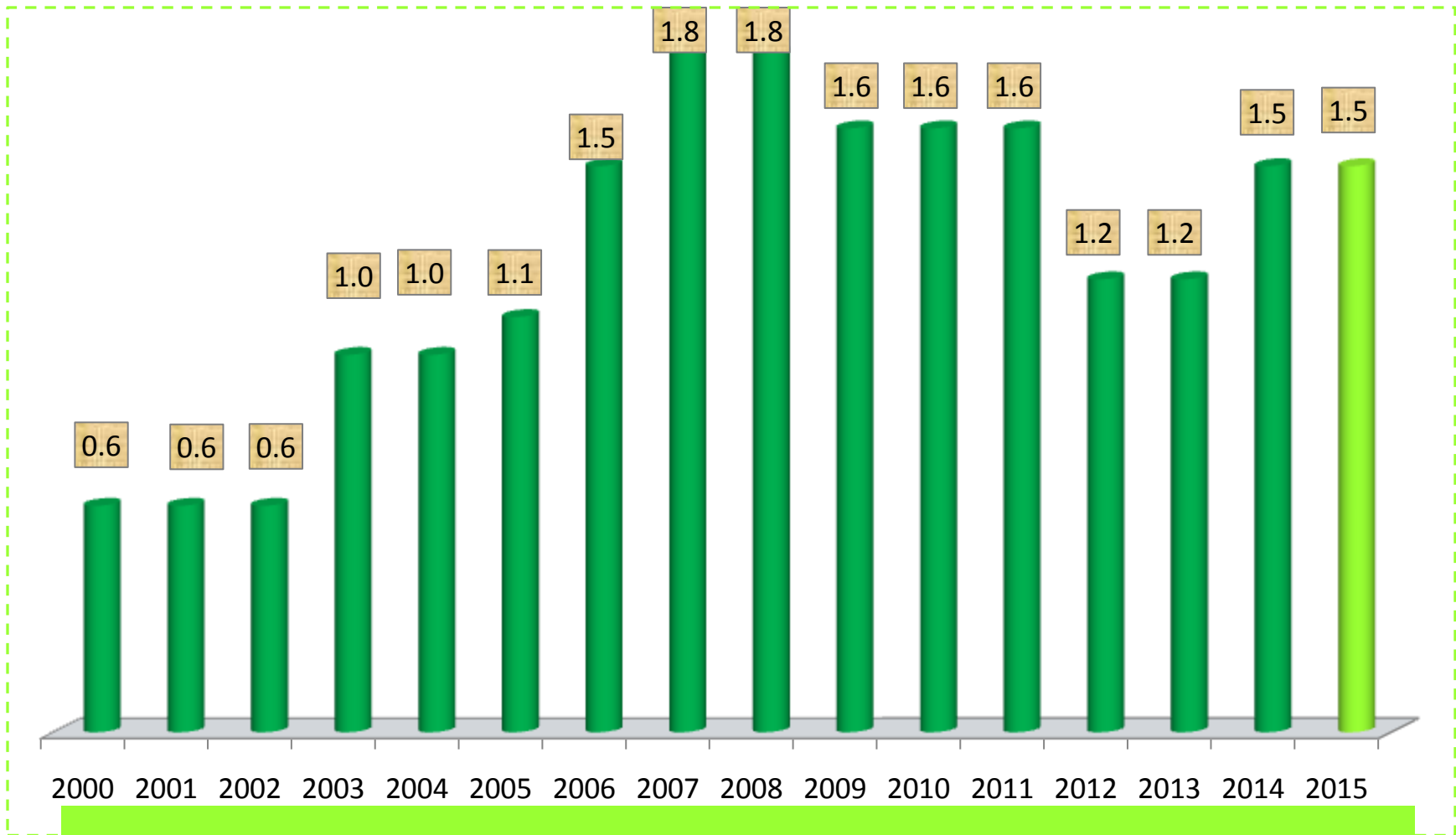


Balance Sheet Highlights

INR Crore	Mar-15	Mar-14
Shareholder's Funds	107.0	96.7
Share capital	10.3	10.3
Reserves & Surplus	96.8	86.4
Non-current liabilities	22.8	10.7
Long term borrowings	17.6	4.8
Defer Tax liabilities	1.9	0.9
Other Long-Term liabilities	2.5	4.5
Long-Term Provisions	0.8	0.5
Current liabilities	144.3	124.6
Short Term Borrowings	75.0	74.8
Trade Payables	27.1	23.1
Other Current liabilities	36.7	21.9
Short-term provisions	5.5	4.8
Total Equities & Liabilities	275.1	232.1
Non-current assets	89.1	75.5
Fixed assets	83.4	68.4
Non-current Investments	4.8	4.9
Long-term loans & advances	0.7	1.9
Other non-current assets	0.2	0.3
Current assets	185.9	156.6
Current investments	0.8	1.2
Inventories	66.1	57.8
Trade receivables	77.9	57.6
Cash & Cash equivalents	9.0	11.4
Short-term loans & Advances	22.8	21.0
Other Current Assets	9.3	7.6
Total Assets	275.1	232.1

Consistent Dividend Pay

Dividend per share (Rs)



... For the past 16 years

New Developments/ Achievements - FY15

- **'Preferred Supplier'** status by GE and Schneider for their international operations
- Awarded **'Best Emerging Supplier'** by GE Energy
- Entered into a **strategic alliance with C3Controls**, a leading electrical switch gear player in the US, to manufacture contactors
 - Developed product under validation with UL
 - Has started to manufacture contactors and targeting US and Asia as key markets for this product
- Received International **'UL'** certification for MPCB and DC LB Products
- Innovated and designed two new products for their customer - Indian Railways.
 - Products are **'Fuse Change over System'** and **'Track Feed Battery System'** for changing over the battery chargers in railway track feeding system



For further information, please contact:

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