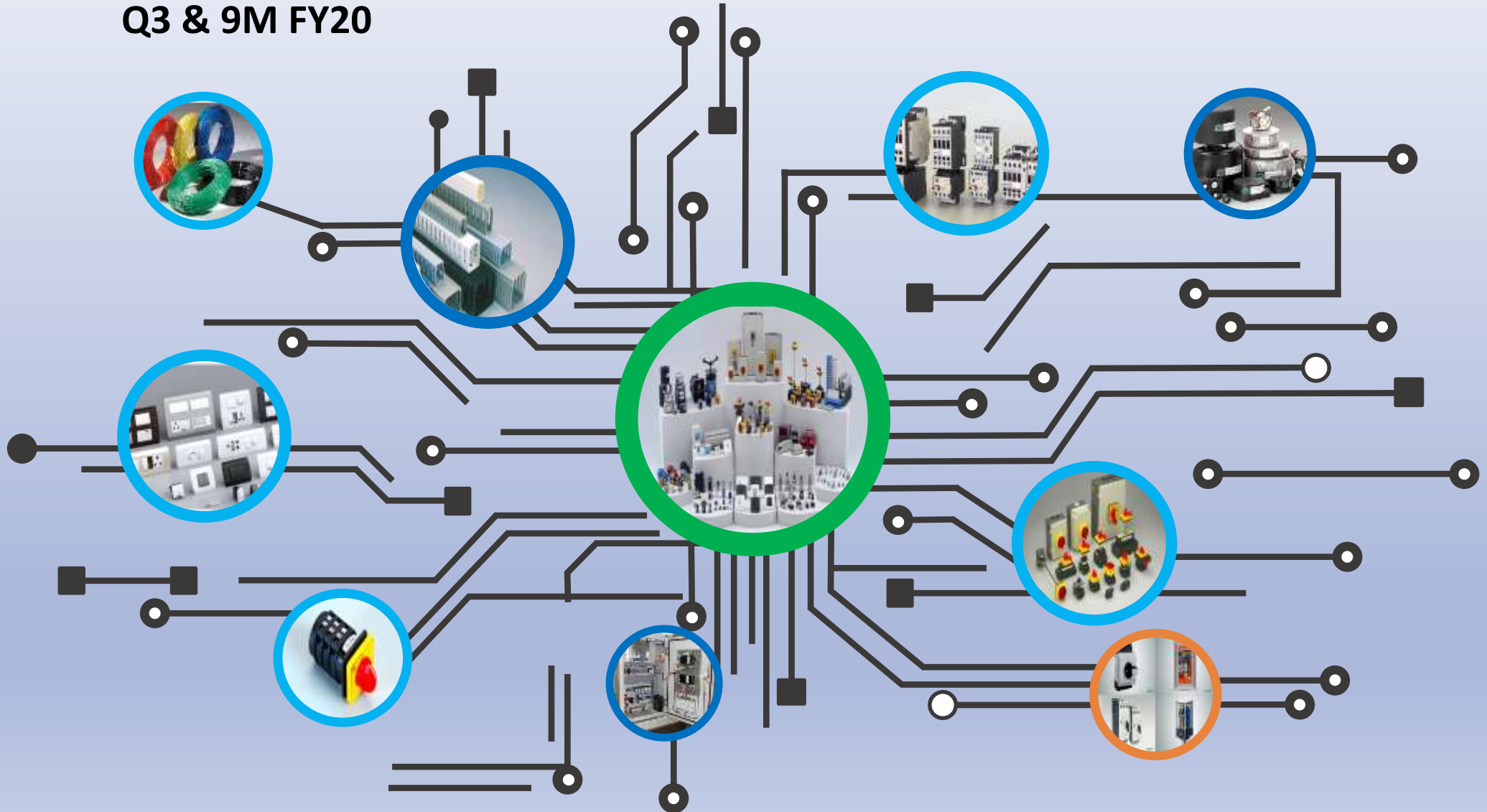
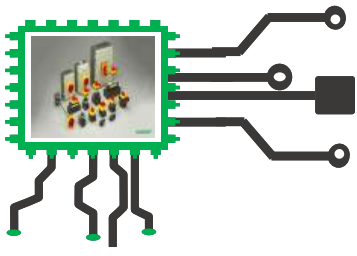


Salzer Electronics Limited

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Result Update Presentation Q3 & 9M FY20





Disclaimer

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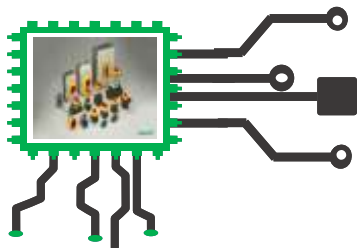
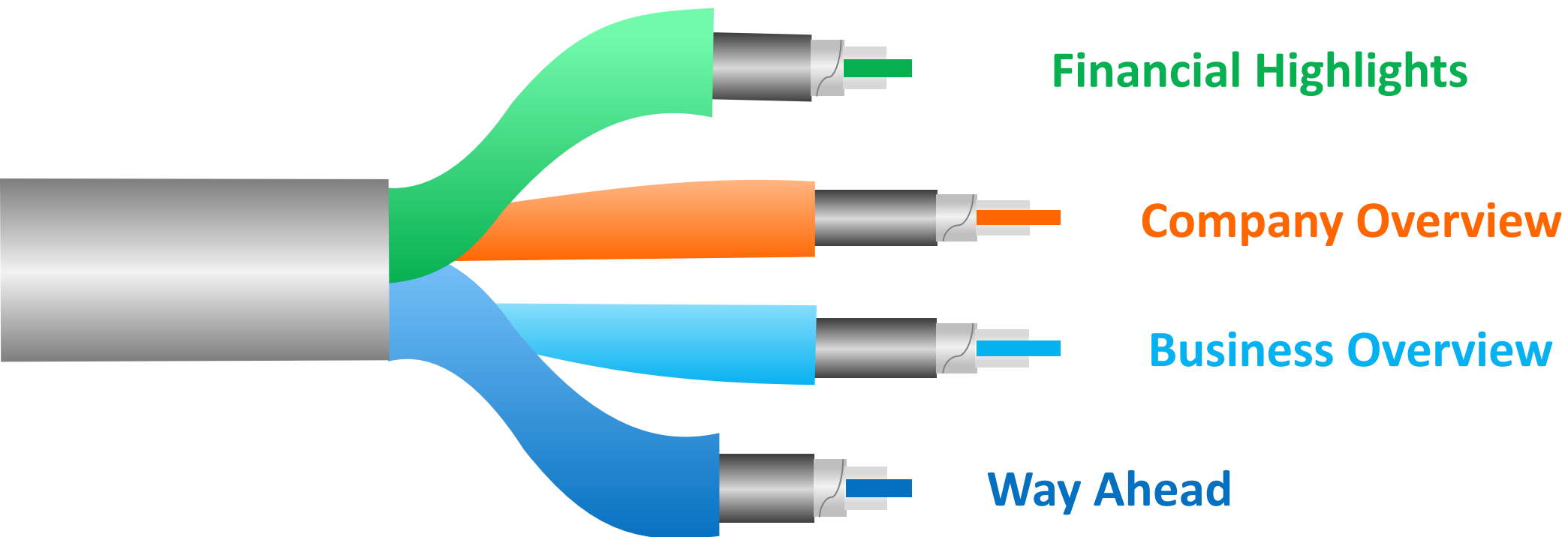
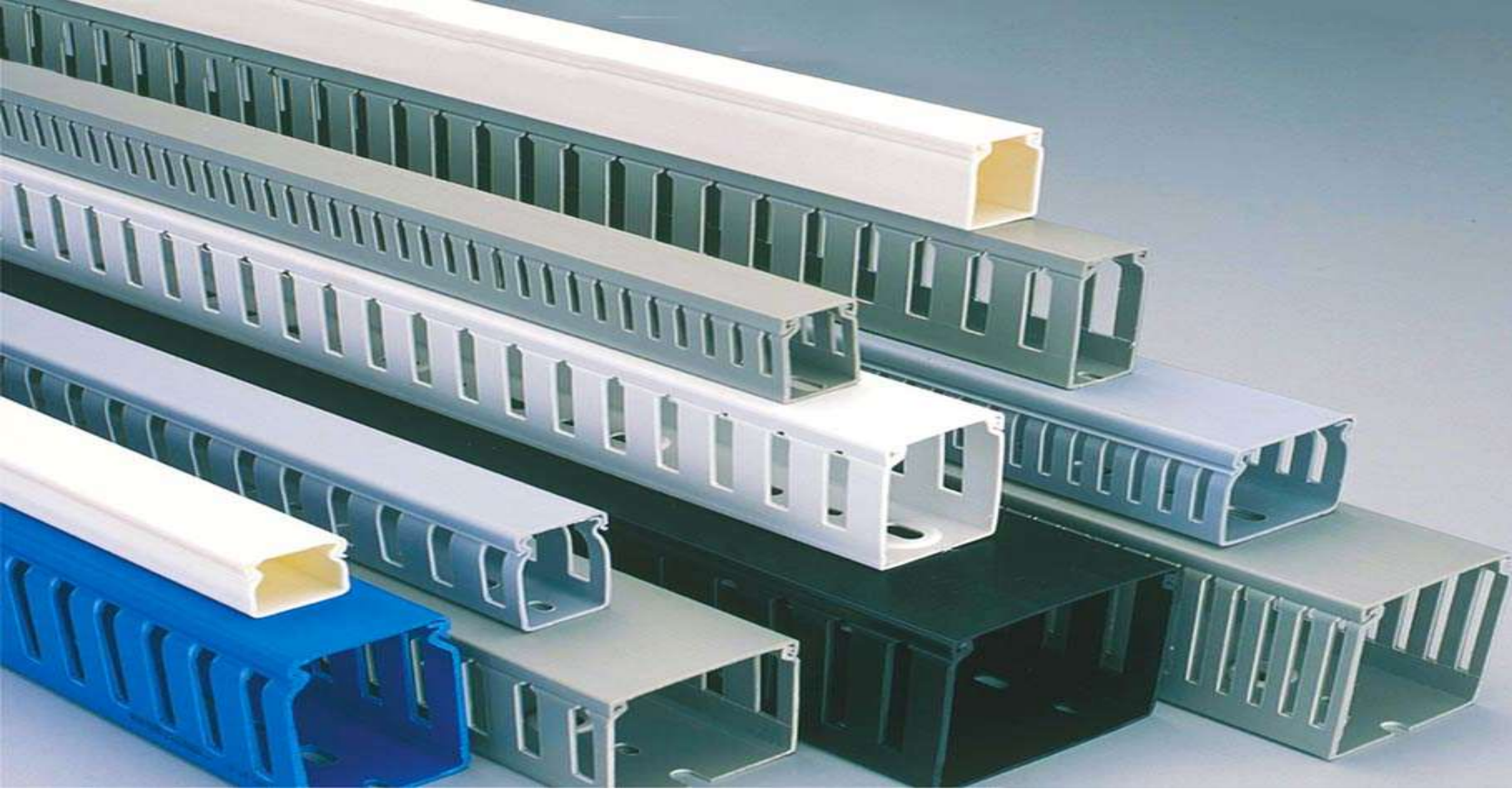


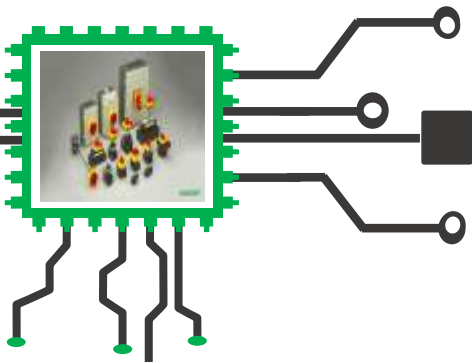
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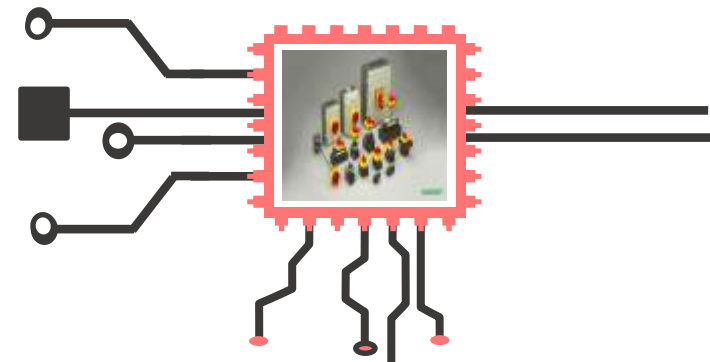


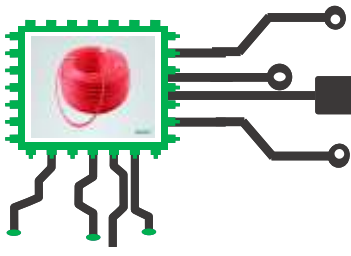


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Financial Highlights





Joint Managing Director's Message

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

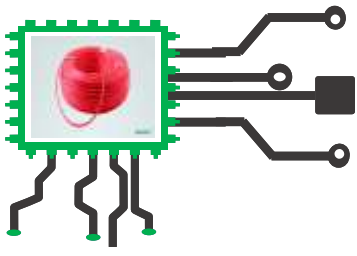
"I am happy to share that during the 9M FY20 we have registered a 7.4% Y-o-Y growth in our revenues. This growth was mainly driven by demand in our switchgear business segment mainly in Export markets. The increase in contribution from exports of Industrial Switchgears helped us to improve our margins and also helped create visibility for the Salzer brand in different geographies.

The market sentiments in India continue to be sluggish and demand outlook remains challenging across categories as we have seen during the quarter as the wires & Cables business has declined by 19% Y-o-Y. We continue to take necessary action in order to tackle this and are confident of achieving our yearly targets of revenue on back of our quality products and long-term relations with our clients.

We continue to focus on adding new, niche and high margin products, enter new geographies and offer total and customised electrical solutions to our existing and new customers. To aid to this we are constantly on the lookout for any new opportunities for technical associations to strengthen the base for our product offerings.

Overall, we remain committed to our set agenda of delivering sustainable growth. I thank all our stakeholders for their continued support and faith in our Company"

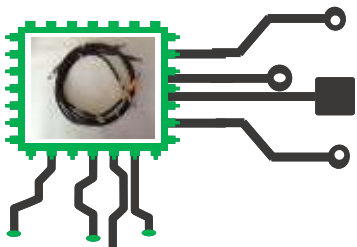




Key Developments till date

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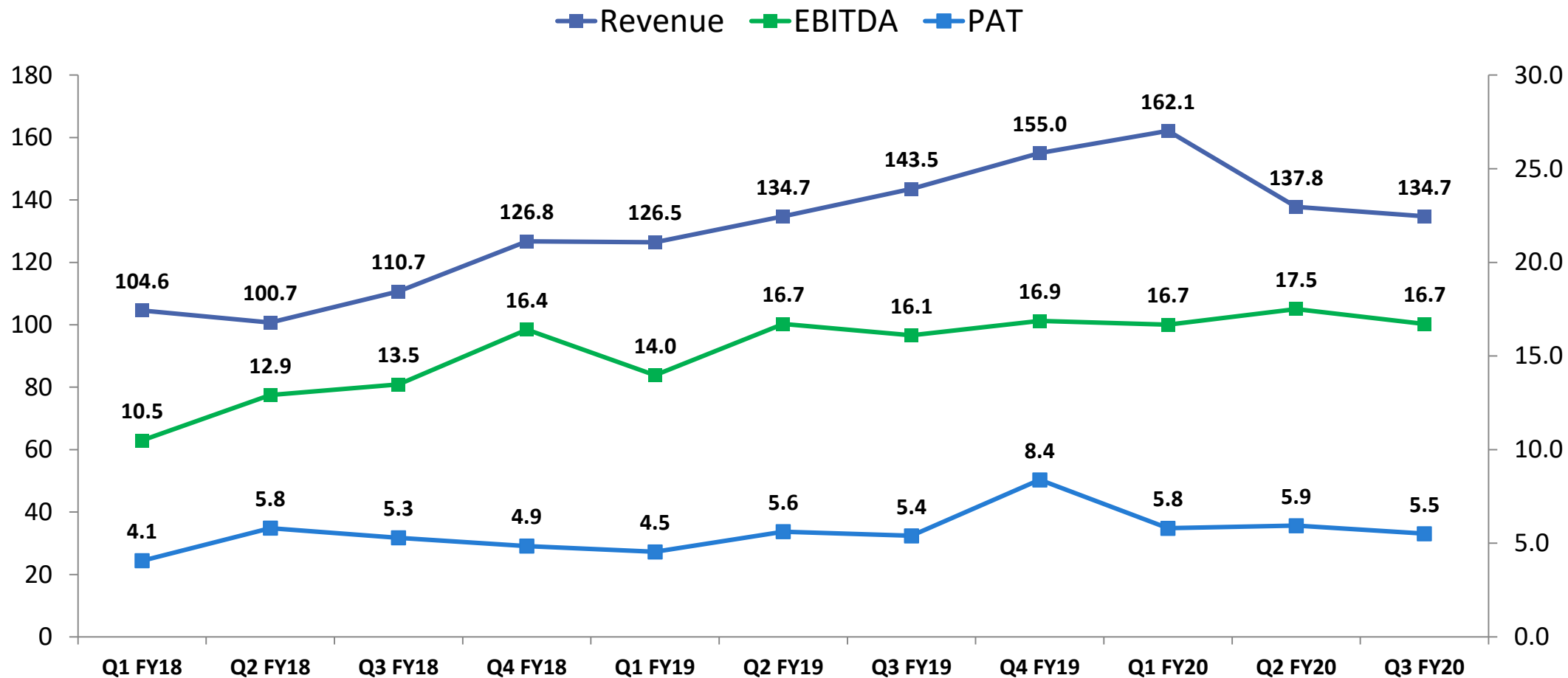
- *Salzer Electronics - an approved vendor for Schneider - was awarded the Best Collaborative Supplier for 2019*
- *In line with the focus on increasing product offerings and expanding footprint into newer segments along with access to all India dealer network, the Company acquired 72.32% stake in Kaycee Industries Ltd for a total consideration of Rs 18.10 crore*
 - *Kaycee Industries Limited a “pre-independence” Company with a legacy of “three quarter of a century”, being pioneer in Industrial Switchgear business and among the leading provider of electrical and electric component in India with manufacturing facility located at Ambernath – Thane*
 - *Appointed Mr. Raman Krishnamoorthy as Vice President Finance & Operations of Kaycee Industries. Mr. Raman is a Finance Professional with over 21 years of experience in various aspects of financial and operational Management – Cost optimization, operating Controls, Accounting, Tax, Reporting, Budgeting, Cash & Treasury Management, Legal & Compliance, Insurance and Risk Management*

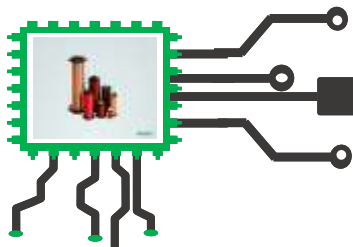


Key Financial Highlights – Quarterly

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Revenue, EBITDA, PAT (Rs. Crore)





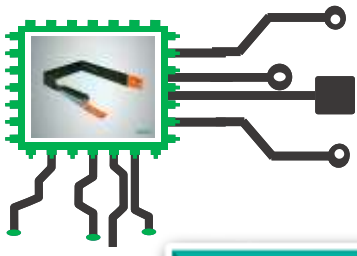
Q3 FY20 Financial Highlights

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Rs. in Crore	Standalone				Consolidated
	Q3 FY20	Q3 FY19	Y-o-Y %	Q2 FY20	Q3 FY20
Net Revenue	134.7	143.5	(6.1%)	137.8	140.4
Raw Materials	96.3	106.6		101.8	99.1
Employee Cost	7.2	7.6		6.2	8.4
Other Expenses	14.5	13.2		12.3	15.8
Total Expenditure	118.0	127.4		120.3	123.2
EBITDA	16.7	16.1	3.8%	17.5	17.1
EBIDTA Margin (%)	12.40%	11.21%	119 bps	12.70%	12.21%
Other Income	0.1	0.1		0.3	0.1
Depreciation	3.7	3.4		3.6	3.8
Interest / Finance Cost	5.0	4.9		5.4	5.0
Profit Before Tax	8.1	8.0		8.8	8.5
Tax	2.6	2.6		2.8	2.6
Profit After Tax	5.5	5.4	1.9%	5.9	5.8
Profit After Tax Margin (%)	4.09%	3.76%	33 bps	4.31%	4.14%
Basic EPS (Rs.)	3.44	3.39	1.5%	3.72	3.59

- **Increase in EBITDA Margin driven by higher exports of industrial switch gear products**
- **Contribution from exports increased to 20.7%, as against 15.6%**

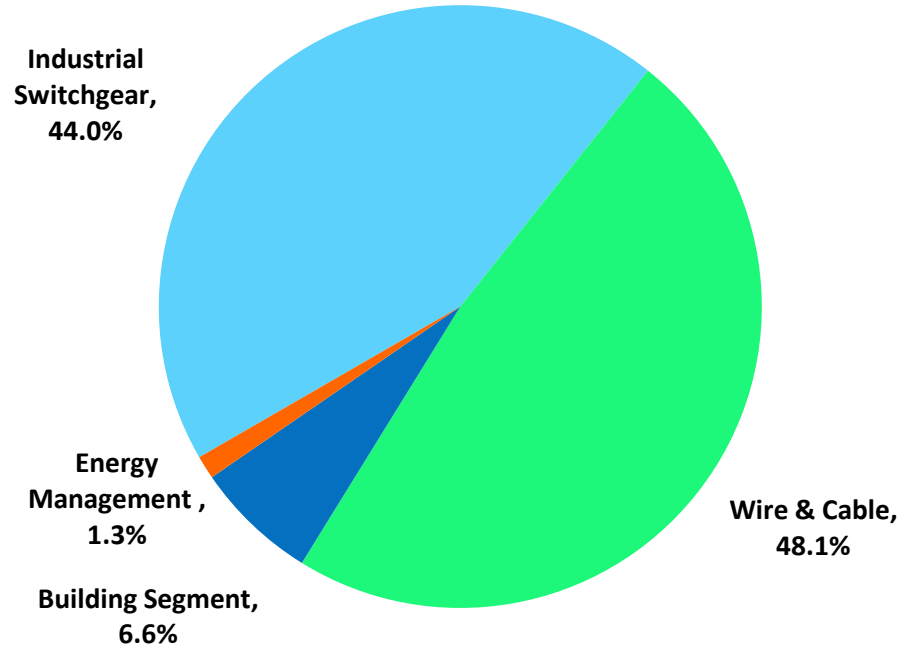
Consolidated – on account of acquisition of 74.8% shares of Kaycee Industries in Q2 FY20



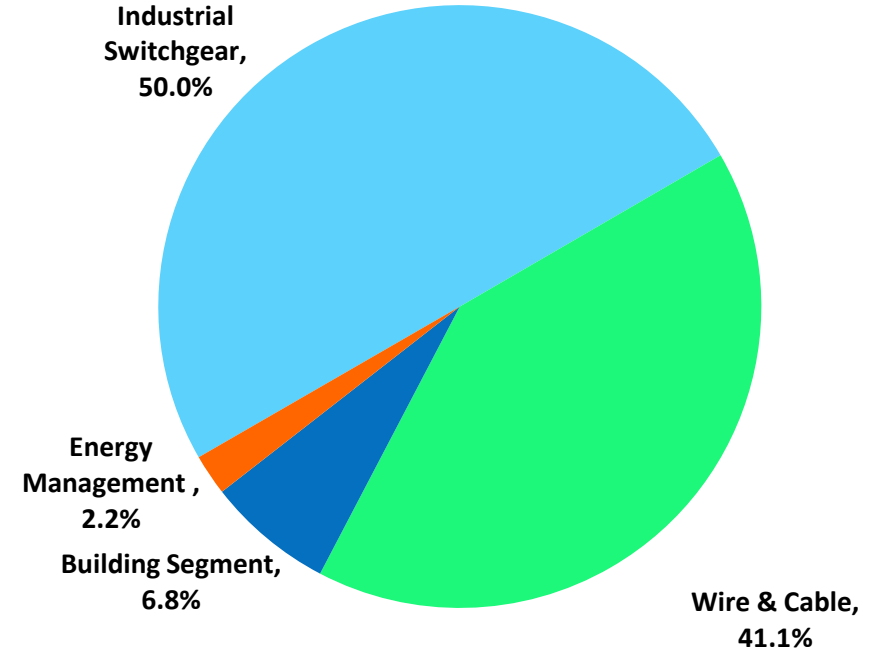
Q3 FY20 Revenue Breakup – Business Verticals

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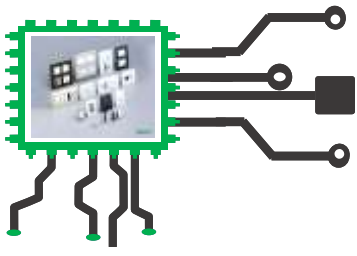
Q3 FY19



Q3 FY20



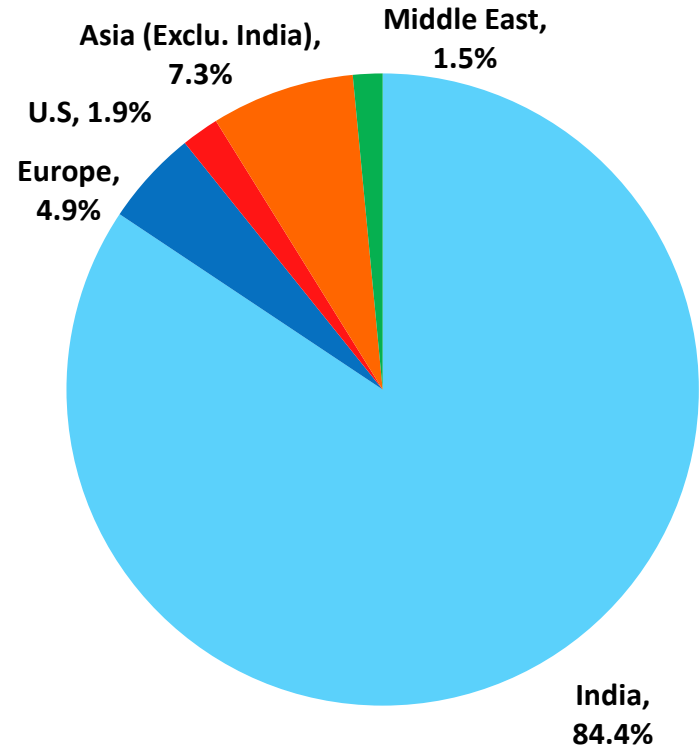
- **Industrial Switchgear** – 50.0% of net revenues, YoY increase of 6.7%, driven by increase in demand for three phase dry type transformers and higher exports
- **Wires & Cables** – 41.1% of net revenues, a y-o-y decline of 19%, on account of low demand in domestic market
- **Buildings Products** – 6.8% of net revenues. The revenue decreased by 3% on account of sluggish demand in domestic real estate industry
- **Energy Management** – 2.2% of net revenue – order book driven business; revenue incurred from AMC charges for the past orders executed



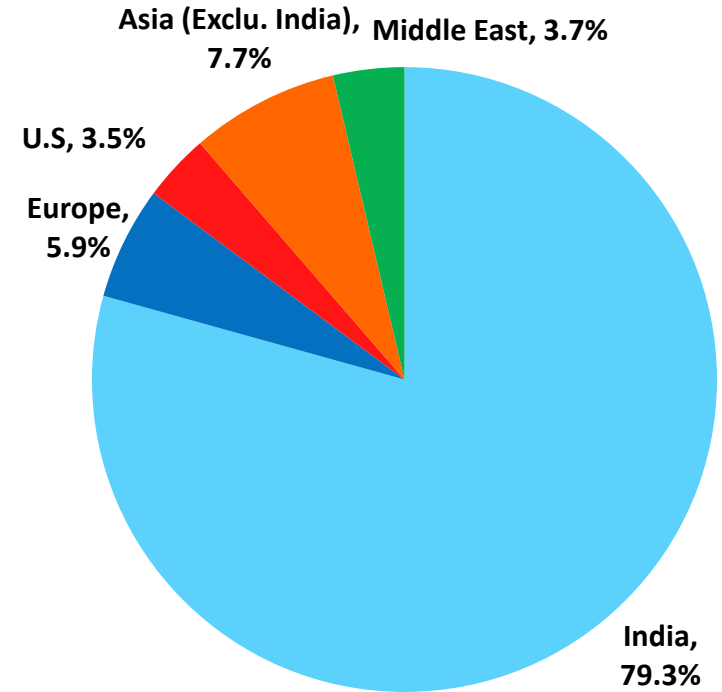
Q3 FY20 Revenue Breakup – Geographical

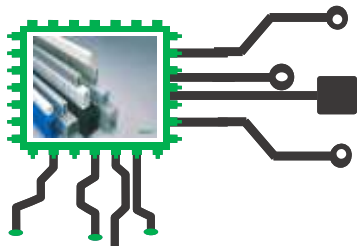


Q3 FY19



Q3 FY20



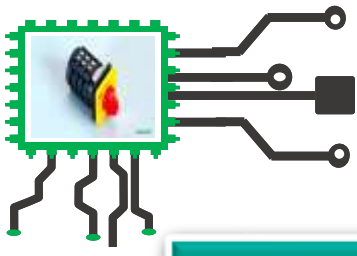


9M FY20 Financial Highlights

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Rs. in Crore	9M FY20	9M FY19	Y-o-Y %
Net Revenue	434.6	404.7	7.4%
Raw Material Expenses	324.6	301.2	
Employee Expenses	19.7	17.5	
Other Expenses	39.4	39.2	
Total Expenditure	383.8	357.9	
EBITDA	50.9	46.8	8.8%
EBITDA Margin (%)	11.71%	11.56%	15 bps
Other Income	1.0	0.4	
Depreciation	10.8	9.7	
Interest / Finance Cost	15.7	14.3	
PBT	25.4	23.1	
Tax	8.2	8.2	
PAT	17.2	14.9	15.4%
PAT Margin (%)	3.97%	3.69%	28 bps
Basic EPS (Rs.)	10.79	9.93	8.7%

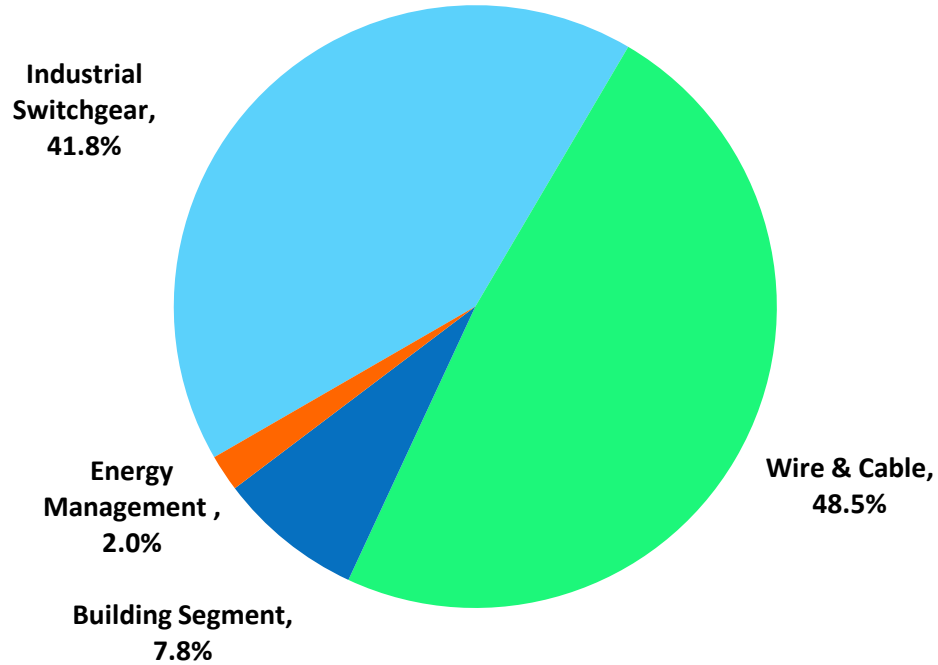
- Increase in Revenue and EBITDA mainly driven by growth in Industrial Switch Gear and Wires & Cables businesses
- Contribution from exports was **16.9% in 9M FY20**



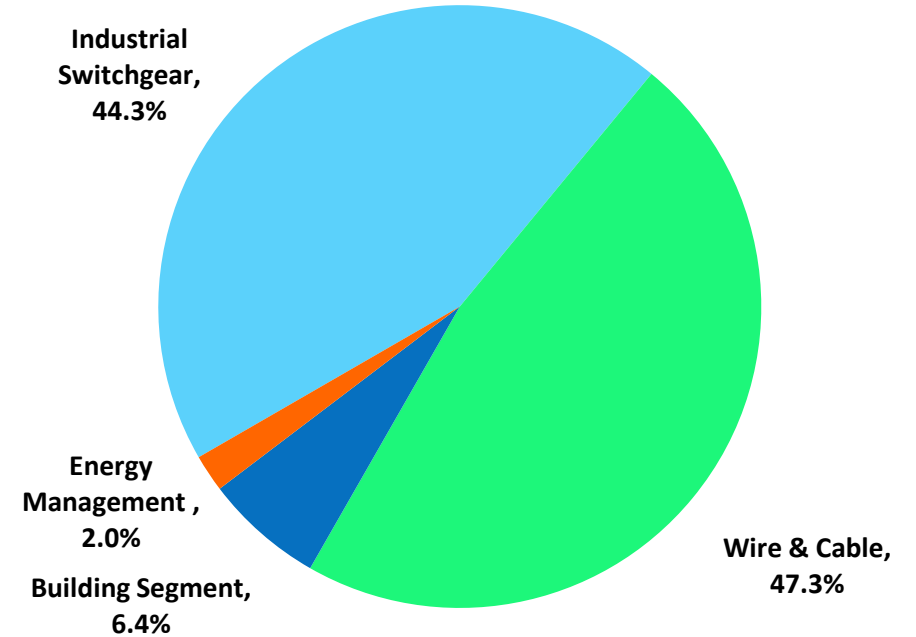
9M FY20 Revenue Breakup – Business Verticals

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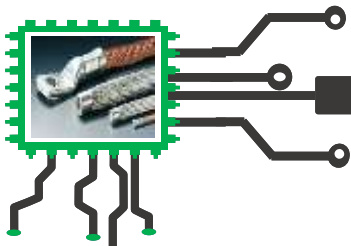
9M FY19



9M FY20



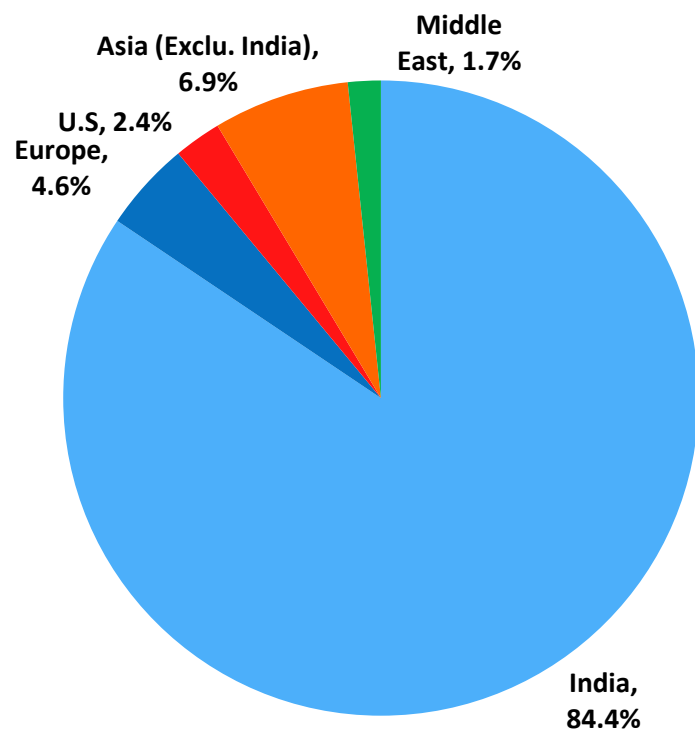
- **Industrial Switchgear** – 44.3% of total revenues, YoY increase of 13.7%, driven by exports and Three Phased Dry Typed Transformer
- **Wires & Cables** – 47.3% of total revenues, YoY increase of 4.9%
- **Buildings Products** – 6.4% of total revenues, YoY decline of 11%
- **Energy Management** – 2.0% of total revenue. This is an order book driven business and increase in revenues have been drive from increase in AMC



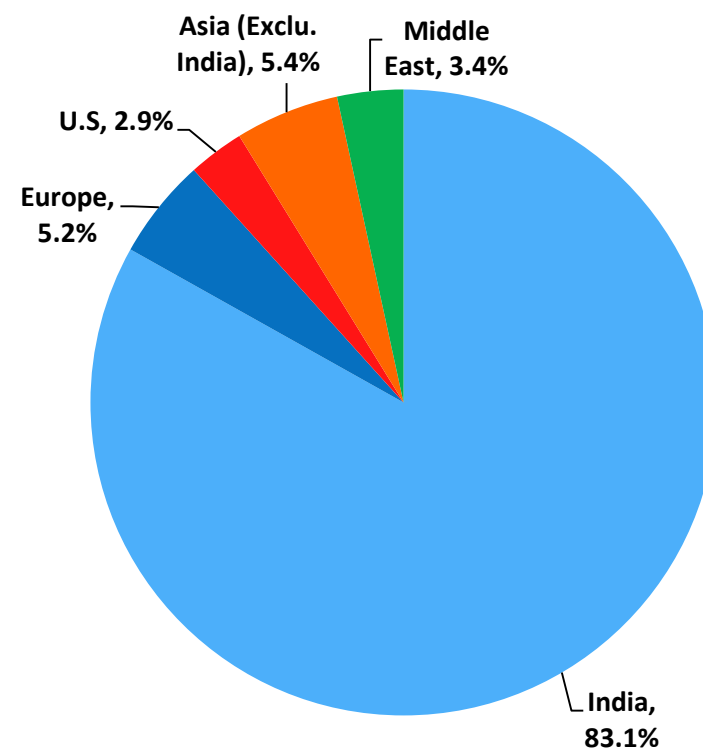
9M FY20 Revenue Breakup – Geographical

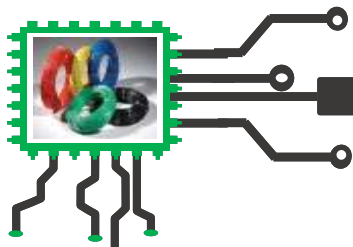
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9M FY19



9M FY20



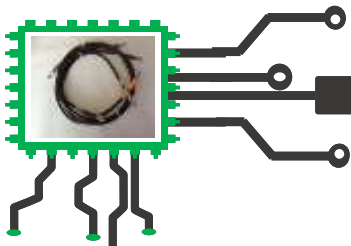


Balance Sheet as on 30th Sept'19

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Rs. Crore	As on 30 th Sept' 19	As on 31 st Mar' 19	As on 30 th Sept' 18
Shareholder's Funds	295.2	287.2	275.6
Share capital	16.0	16.0	15.9
Other Equity	279.3	271.2	259.7
Non-current liabilities	39.1	24.6	27.2
Financial Liabilities			
Borrowing	17.4	4.2	4.0
Provisions	0.3	0.6	0.4
Deferred Tax Liabilities (Net)	21.4	19.7	22.8
Other Non-Current Liabilities	0.0	0.0	0.0
Current liabilities	277.4	253.8	256.5
Financial Liabilities			
Borrowing	163.8	135.6	117.7
Trade Payable	52.8	53.8	64.0
Others	6.2	8.2	11.8
Other Current Liabilities	52.7	53.8	58.5
Provisions	0.9	0.7	0.6
Current tax liability (Net)	1.0	1.7	3.9
Total Equities & Liabilities	611.7	565.6	559.3

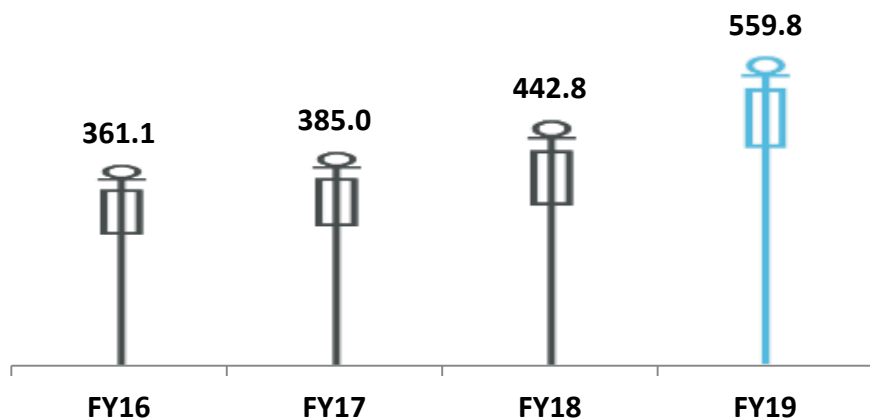
Rs. Crore	As on 30 th Sept' 19	As on 31 st Mar' 19	As on 30 th Sept' 18
Non-current assets	239.1	215.9	213.4
Property, Plant & Equipment	179.5	178.4	169.3
Capital WIP	15.7	6.1	1.7
Investments Property	0.0	0.0	0.0
Intangible Assets	4.6	4.6	4.5
FA - Investments	16.0	0.7	0.7
FA - Trade Receivables	8.6	11.2	18.6
FA - Others	12.2	9.4	15.5
Other Non Current Assets	2.5	5.5	3.1
Current assets	372.5	349.7	346.0
Inventories	152.9	142.7	139.7
Financial Assets			
Investments	3.5	3.0	2.5
Trade receivables	142.2	146.3	122.3
Cash & Cash equivalent	5.7	7.1	9.1
Bank Balance other than above	6.5	7.0	9.4
Loans	40.2	25.4	38.9
Other	0.5	0.5	0.5
Other Current Assets	20.9	17.8	23.4
Total Assets	611.7	565.6	559.3



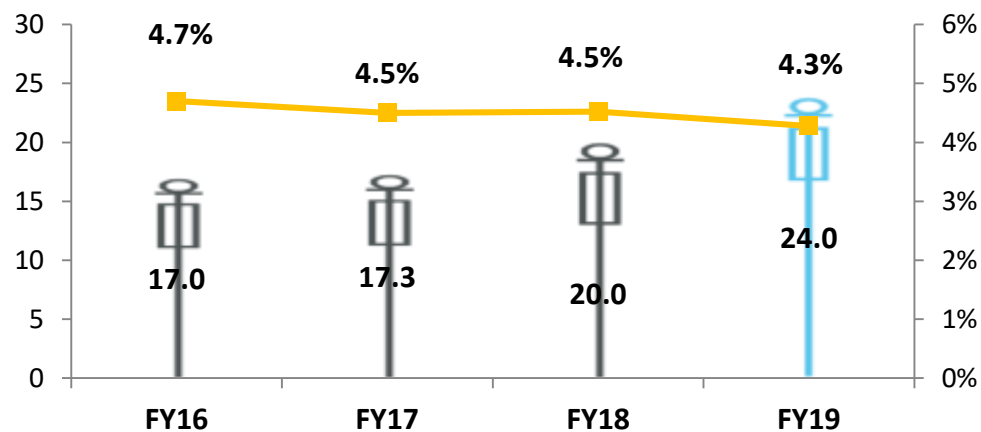
Key Financial Highlights – Annual

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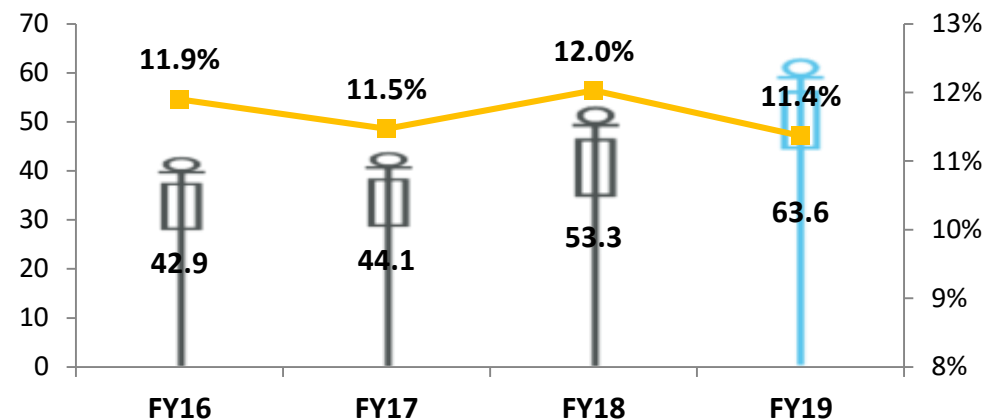
Revenue (Rs. Crore)



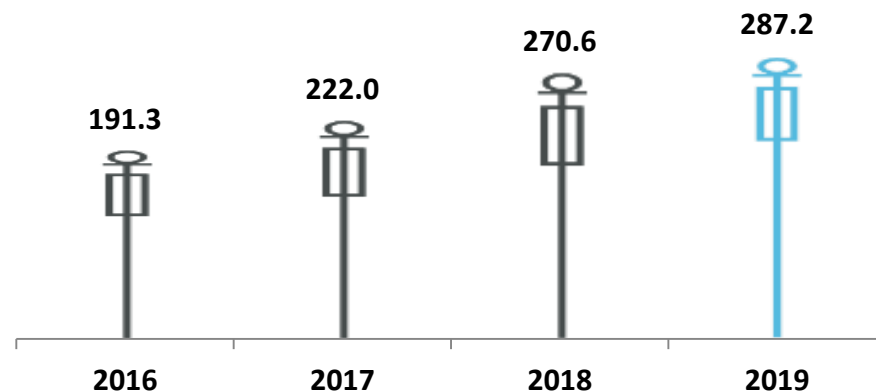
Net Profit (Rs. Crore)

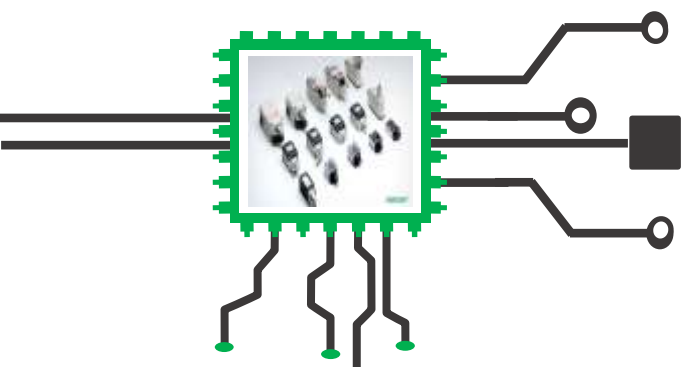


EBITDA (Rs. Crore) / Margins (%)

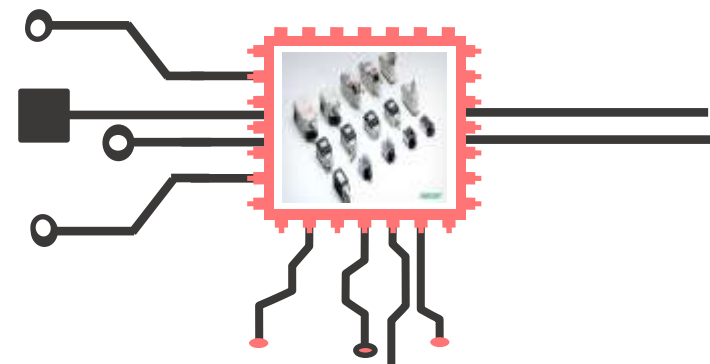


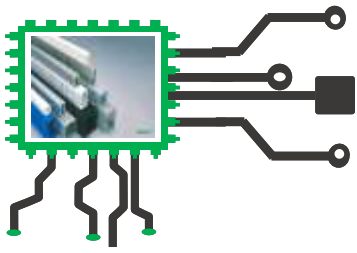
Networth as on 31st March (Rs. Crore)





Company Overview





Company Overview

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Leading player offering total and customized electrical solutions

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



Extensive Product portfolio across verticals with In-house manufacturing facilities

- Five manufacturing units located in Tamil Nadu
- More than 15 products catering to Industrial / Building / Automobile verticals



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



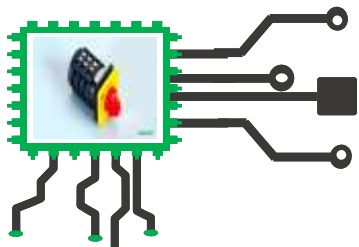
Strong focus on product development and innovation

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



Consistent Dividend Payout Track Record for past 25 years



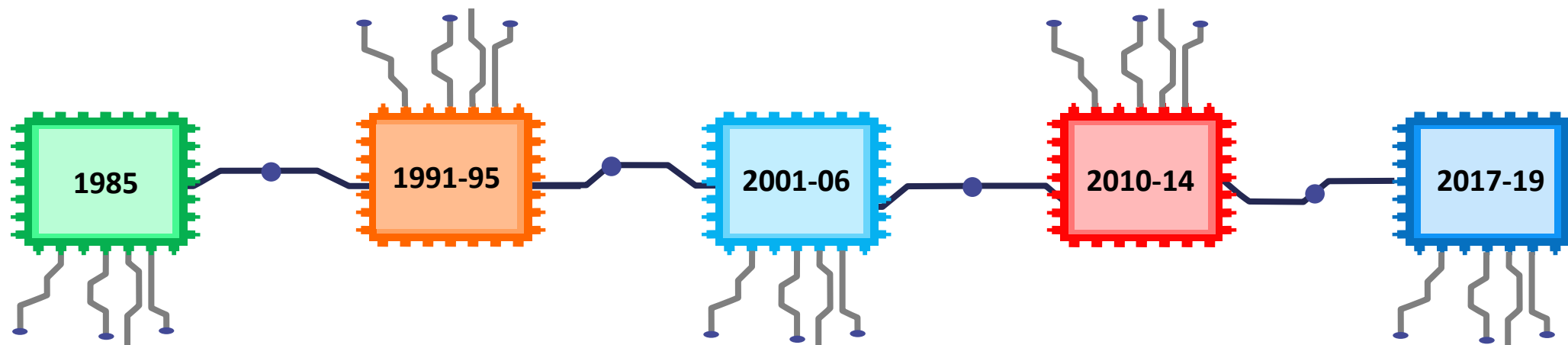


From a Single Product Company...

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- Unit I (Coimbatore) – manufacture contactors, relays, panels, energy savers
- Starting of long term association with L&T
- Technical collaboration with Plitron for manufacture of Toroidal Transformers
- 1st Indian company to bring technology to India

- Leading player offering total and customized electrical solutions
- More than 15 different products
- 2,000 employees
- 4 manufacturing units
- Foray into tailor made products and branding for large customers
- Specialized panels for OEMs

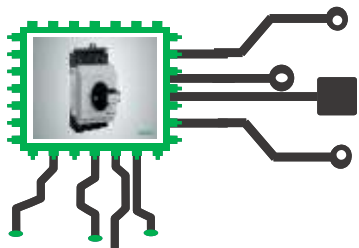


- Established to manufacturer of CAM operated Rotary Switches

- Unit III - manufacture modular switches
- Started manufacturing of Wire & Cable for L&T

- Started commercial production of Three Phase Dry Type Transformers
- Acquired Salzer Magnet Wires
- Upgrade in Credit Rating for long term borrowing to '**CRISIL A/Stable**'
- Acquired Kaycee Industries Ltd.

... to manufacturing multiple products across sectors



Professional Management

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R.Doraiswamy **Managing Director**

- Qualified Electrical Engineer and Technocrat Entrepreneur with over 2 decades of experience
- 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 & CS**

- Qualified Company Secretary & member of FCS India
- Wide experience in company law/ corporate affairs

P.Sivakumar **AVP – Marketing Corporate**

- Bachelors in Engineering with 22 years of experience
- Responsible for Sales & Marketing division

M Lakshminarayana **VP - Operations**

- B.E (Electrical) with 17 years of experience
- Responsible for Production, Planning, Inventory Management, Maintenance & General Administration

D.Govindaraj **Sr. Manager-Corp. Accounts & Projects**

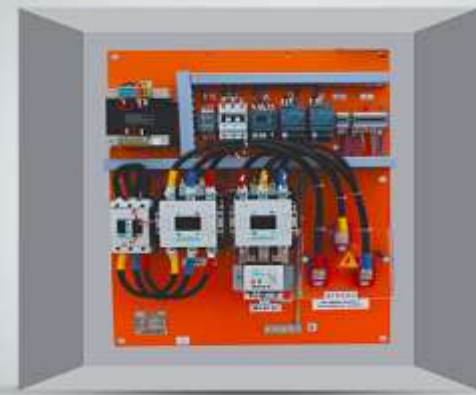
- Masters in Commerce, DLL and DTL with 26 years of experience
- Responsible for project finance and corporate accounts

R Karunakaran **GM - PR & Central Excise**

- BSc, Diploma in Marketing Management with 24 years of experience
- Responsible for Central Excise and Public Relations of Company



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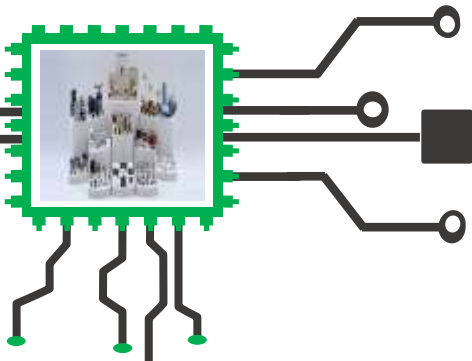
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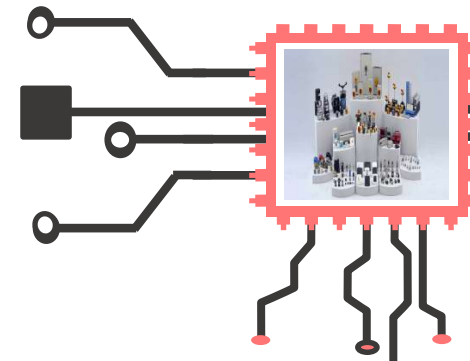
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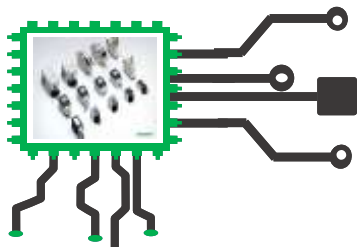


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Business Overview





Business Overview

salzer

Industrial Switch Gear Products

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



Building products

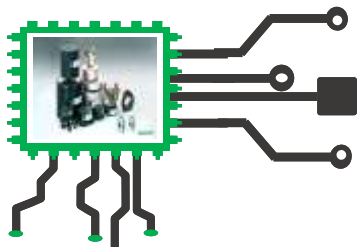
- Modular Switches
- Wires & Cables
- MCB's
- Changeovers

Copper Products

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

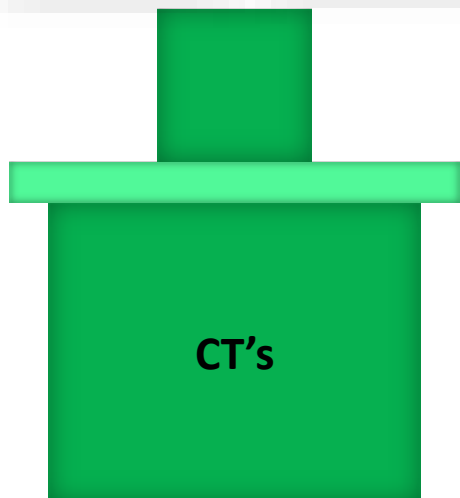
Energy Management products

- Energy Savers
- Street Light Controllers



Wide Product Suite- Customized for OEM's

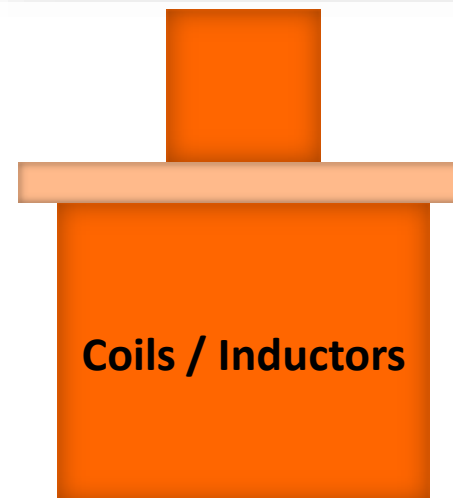
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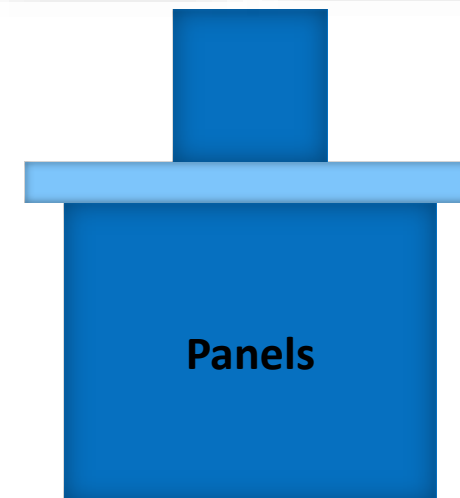
CT's



Terminal Socket

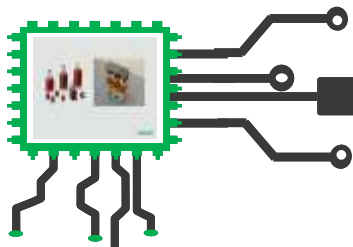


Coils / Inductors



Panels

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



Key Strengths

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Complete Backward Integration

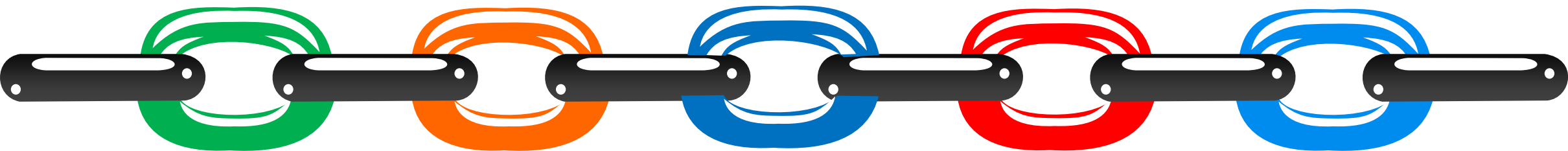
- In-house manufacturing facilities with process capabilities ensures better product development and customization
- Well developed R&D enables continual product innovation

Strong Customer Relationships

- Strong customer relationships across globe
- 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

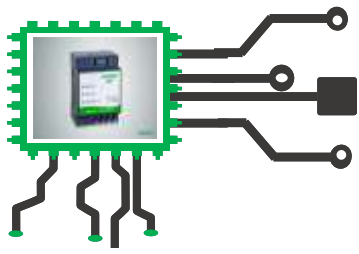


Wide Product Suite

- 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



Five Manufacturing facilities...



UNIT 1



- Rotary Switch
- Contactors & Relays
- Panel Assembly
- Lighting Energy Savers
- Automatic Meter Reading
- Three Phase Dry Type Transformers

UNIT 2



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

UNIT 3



- Wiring Accessories

UNIT 4

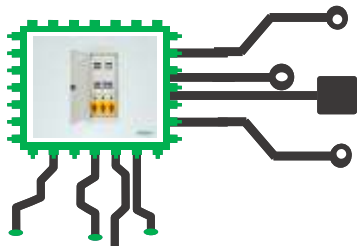


- Wires & Cables
- Flexible Bus Bars
- Bunched Conductors
- Tinned Wires

UNIT 5



- Enamelled Copper Wires
- Fine Enamelled Copper Wires
- Polyester Coated Winding wires



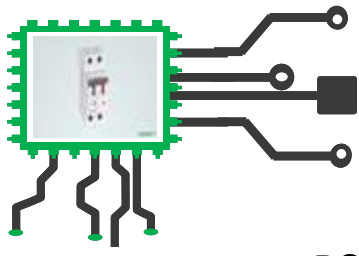
...With In-house process capabilities...

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- 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

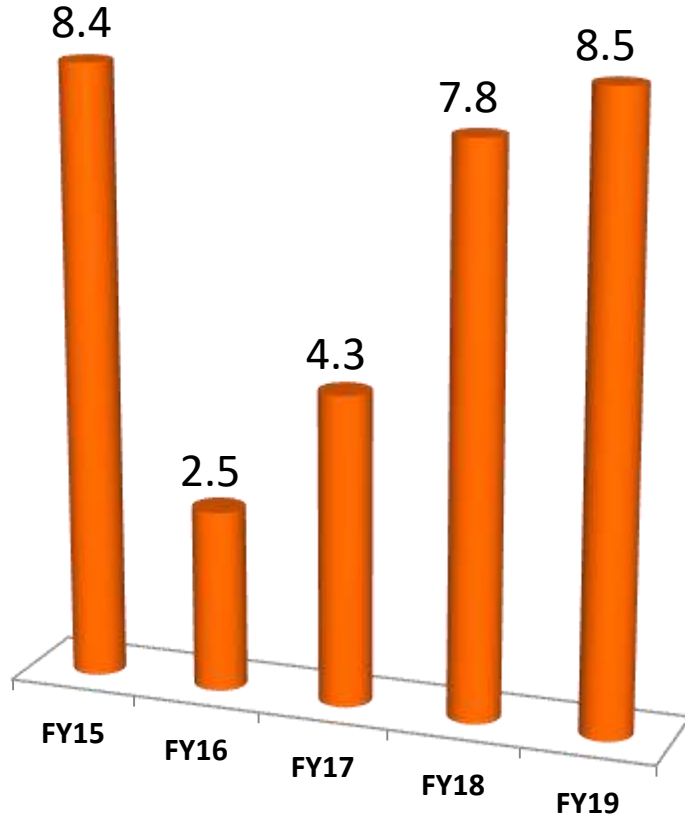
More than 80% components made in-house



...And a strong R&D team

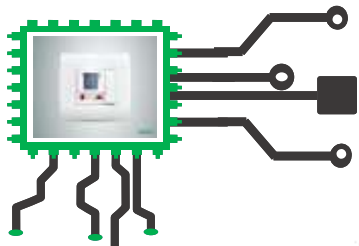
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R&D expenses (Rs crore)



- In-house R&D Center
 - More than 35 engineers
 - Recognized by Department of Science, Govt of India
- Patented Rotary switches
- Five patents in process
 - Manual Single-Phase Starter with no voltage tripping, Energy Saver System for Street Lighting, Integrated ammeter / voltmeter 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

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ISO 9001



ISO 14001



ISO 18001



CE Certification



UL Certification



CB certification by IE

CB certification



RoHS



Intertek

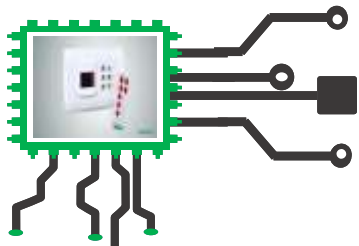
Intertek Semko approval



CSA Certification



... Across entire product portfolio



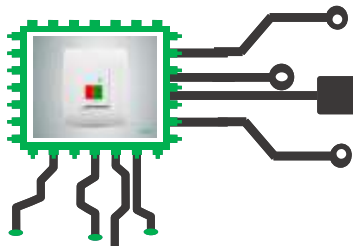
Blue Chip Customers

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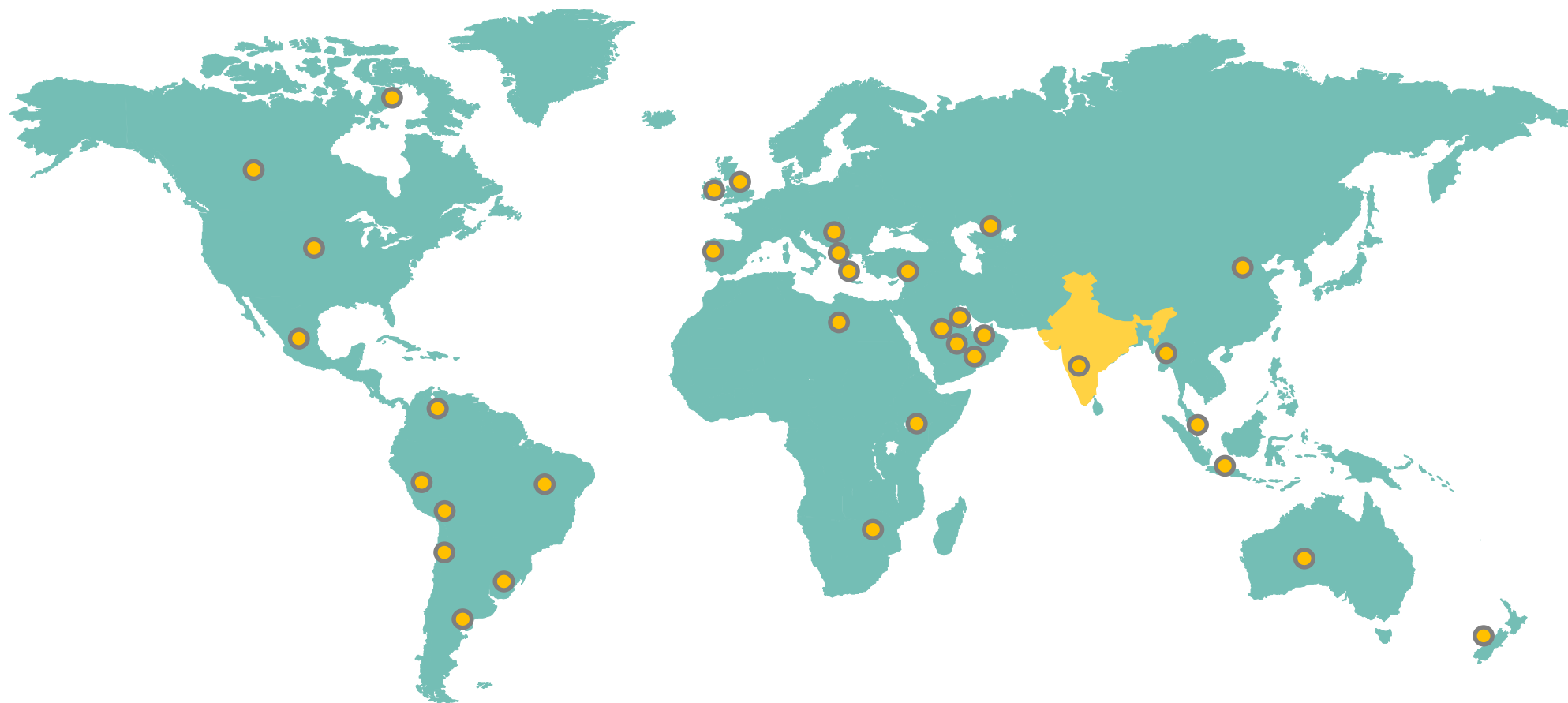
- Marketing Tie-up with L&T for Indian Market
- Largest supplier of rotary switches to Indian Railways
- Branding partner to various large OEM's in India

- Technical Tie-up with American Company C3Controls, to manufacture & market contactors & overload relays
- Technical Tie-up with Trafomodern for Three Phase Transformers
- Preferred supplier to:
 - Nuclear Power Corporation
 - Schneider Electric
 - GE Energy



Wide Distribution Network

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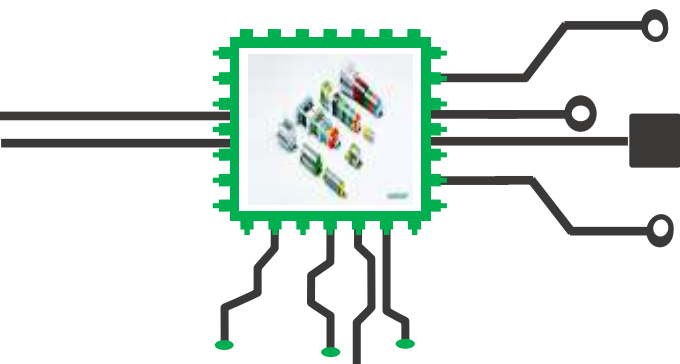
International

- Direct network across 50 countries
 - 23% of sales from global distribution
 - 40 international distributors
- Plans to expand in US, Africa and Middle east

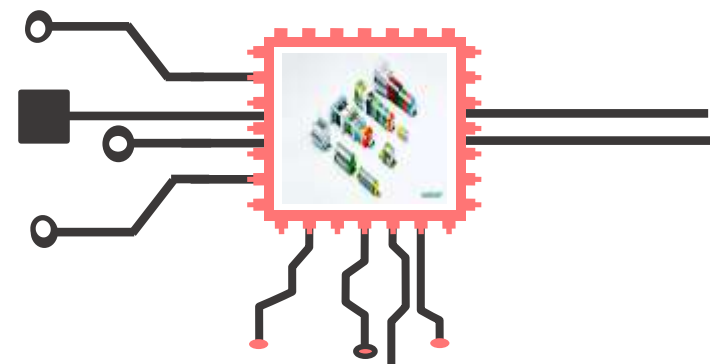
**Direct network
across 50
countries**

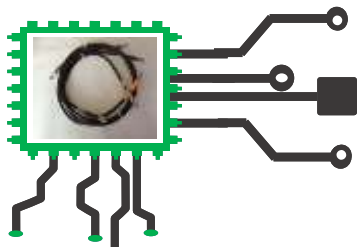
Domestic

- 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



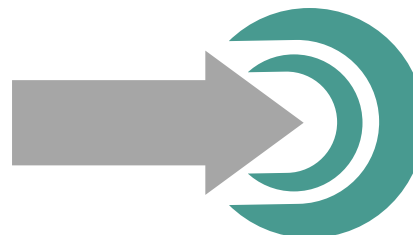
Way Ahead





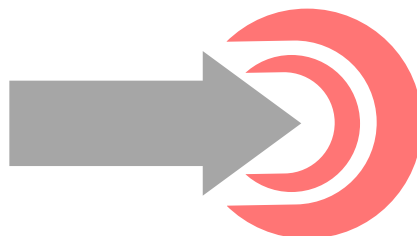
Way Ahead

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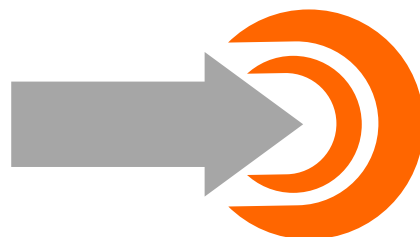
Operational Excellence

- Consistently executing business strategy and continued focus on improving operating costs by sourcing quality raw materials and efficient manpower



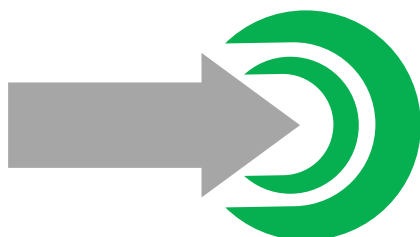
Venture into new project/ product development

- Look for Technical alliances to develop newer and technically advanced products
- Acquired Kaycee Industries enabling newer product development, entering new ventures and leveraging its brand and distribution network



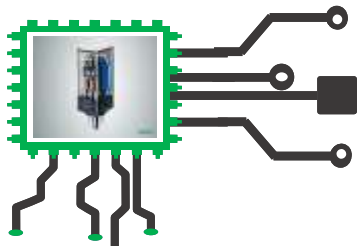
Focus on margin improvement

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



Growth and expansion of existing product verticals

- Constantly develop new products through in-house R&D
- Expand existing product portfolio to newer geographies



Thank You

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