

Media Release

Salzer Board approves proposal to acquire Salzer Magnet Wires Limited

Salzer Magnet Wires – offers wide range of enamel coated Copper wires suitable for winding application in Transformers, Motors, Alternators, Contactors, Relays and Auto electrical

EPS accretive acquisition – will strengthen Salzer's Products Portfolio combined with opportunity for increased domestic market penetration and entry into new global markets offering wider range of products

Coimbatore, November 20th, 2017: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), a leading player offering total and customised electrical solutions, has announced that the Board of Directors have approved the proposal to acquire Salzer Magnet Wires Limited (SMW), as a going concern on a slump sale basis dated April 01 2017. This acquisition is subject to the necessary further consent from the shareholders of both the companies and clearance from the required regulatory authorities.

About Salzer Magnet Wires (SMW):

Salzer Magnet Wires was founded in 2008 and offers extensive range of enamel coated Copper wires suitable for winding applications in Transformers, Motors, Alternators, Contactors, Relays and Auto electricals. Apart from Enameled copper wires, the company also manufactures Polyester coated Wires for Deep Well Pumps and Fine Enamelled Copper wires. The business of this Company has witnessed a compounded annual growth of around 20% since its inception.

Rationale of acquisition:

- The acquisition will strengthen Salzer's product portfolio, adding more products like Enamelled Copper Wires, Fine Enamelled Copper Wires, & Polyester Coated Winding wires. This will give the Company, an opportunity to further increase its market penetration in India and target the global markets with a wider product range over a period of time
- The acquisition will be volume, revenue & EPS accretive. The proposed increase in Capital towards acquisition will be 10.30 lakhs shares (on a fully converted basis)
- Integration of SMW's acquisition to be smooth and well transitioned as cables and wires made by Salzer and enamelled copper wires made by SMW are similar in nature. This integration will enable Salzer to get a better pricing leverage with copper suppliers on account of increased volumes, bringing in cost efficiencies in certain areas of manufacturing and improve operational synergies of the wire and cables business

- Salzer's specialized products in the industrial switch gear segment like Three Phase Transformers and Toroidal Transformers to benefit from better pricing and margins as these products consume materials from SMW
- SMW's products will have more scope for innovation and application of refinement with the support of Salzer's In-House R & D Facility
- SMW would add customers enabling Salzer to expand its customer base and enable an opportunity to offer total and customized electrical solutions to SMW's customers

Management Comments:

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

"We are pleased to share that our Board has approved the proposal to acquire Salzer Magnet Wires, subject to shareholder and regulatory approvals. This acquisition will be a big boost to Salzer, not just in terms of immediate revenue and profit growth, but more in line with our growth vision, to add new products, customers and markets, and offer complete electrical solutions as well as becoming a preferred partner for our customers.

This acquisition will enable us to better leverage on pricing with suppliers; bring in operational synergies helping us grow profitably. We will also expand our customer base and will be able to offer total and complete electrical solutions to a wider set of customers, that will enable us to increase and strengthen our market penetration in India and over time, target offering new products globally as well."

About Salzer Electronics

- Salzer is a Leading player offering Total and Customized Electrical Solutions in Switchgears, Wires & Cables and Energy Management business. It is the largest manufacturer of CAM Operated Rotary switches & Wire Ducts in India, with a market share of 25% & 20% respectively. The Company caters to a wide range of products with five In-house manufacturing facilities, located in Coimbatore and Himachal Pradesh
- The Company has a wide distribution network locally and globally, exporting to more than 40 countries. In India, Salzer markets its products through its own distributors and more than 350 local distributors of L&T. The Company has a strong R&D team that focuses on developing and commercializing the technologies of the products, and as a result, can offer total customized electrical solutions to its customers.

For further information, please contact:

Mr. Baskarasubramaniam Salzer Electronics Ltd Email: baskarasubramanian@salzergroup.com www.salzergroup.net	Mr. Rahul Menon Bridge Investor Relations Pvt. Ltd. Phone: +91 9769045504 Email: rahul@bridge-ir.com www.bridge-ir.com
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This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. Salzer Electronics is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.