

Press Release

Revenues from operations at Rs. 80.9 crore, YoY growth of 19%

Normalized EBITDA at Rs. 11.5 crore, YoY growth of 21%

Normalized EBITDA margins at 14.1% - YoY improvement of 19 bps

PAT at Rs. 4.6 crore, YoY growth of 44%

Coimbatore, November 13, 2015: Salzer Electronics Limited (BSE: 517059), a leading player offering total and customised electrical solutions, announced its results for the quarter and half year ended 30th September 2015.

Key Financials (Rs. In Crore) :

Particulars	Q2FY16	Q2FY15	YoY	H1FY16	H1FY15	YoY
Revenue from operations	80.9	67.8	19%	172.0	136.5	26%
Normalized EBITDA*	11.5	9.5	21%	24.3	18.3	32%
PAT	4.6	3.2	44%	9.7	6.4	51%

* Post adjusting for onetime TDS expense of Rs 46 lakhs on account of Employee Stock Options in Q2FY16 & H1FY16

Performance Highlights

For the quarter ended September 30, 2015:

- **Revenue from operations was at Rs. 80.9 crore** in Q2FY16, as against Rs. 67.8 crore in the corresponding previous period, a **YoY growth of 19%**. **Exports contributed to 23% of revenues**
- Breakup of revenue as per business segments:
 - **Industrial Switchgear business - 55% of the total revenues, with YoY growth of 36%**, in line with business strategy of focusing on profitable and high growth products
 - **Buildings Products business – 4%**, with **YoY decline of 9%**
 - **Copper business – 33%**, with **muted YoY growth of 1%**
 - **Energy Management business – 8%**, with **YoY growth of over 600%**
- **Normalized EBITDA at Rs. 11.5 crore** in Q2FY16 as against Rs. 9.5 crore in the corresponding previous period, **grew by 21% YoY**. This is after adjusting for onetime TDS expense of Rs 46 lakhs on account of Employee Stock Options
- **Normalized EBITDA margins at 14.1%, an improvement of 19 basis points**

- **Profit After Tax was at Rs. 4.6 crore** in Q2FY16 as against Rs. 3.2 crore in Q2FY15, **YoY growth of 44%**

For the half year ended September 30, 2015:

- **Revenue from operations was at Rs. 172.0 crore** in H1FY16, as against Rs. 136.5 crore in the corresponding previous period, a **YoY growth of 26%**. **Exports** contributed to **24% of revenues**
- Breakup of revenue as per business segments:
 - **Industrial Switchgear business – 49% of the total revenues**, with YoY growth of 26%
 - **Buildings Products business – 4%**, with YoY growth of -9%
 - **Copper business – 34%**, with muted YoY growth of 6.3%, in line with business strategy
 - **Energy Management business – 13%**, with YoY growth of 892%
- **Normalized EBITDA at Rs. 24.3 crore** in H1FY16 as against Rs. 18.3 crore in the corresponding previous period, **grew by 32% YoY**. This is after adjusting for onetime TDS expense of Rs 46 lakhs on account of Employee Stock Options in Q2FY16
- **EBITDA margins increased to 14.1%, an improvement of 65 basis points**
- **Profit After Tax was at Rs. 9.7 crore** in H1FY16 as against Rs. 6.4 crore in Q2FY15, **YoY growth of 51%**
- The Company reported **Earnings Per Share at Rs. 7.16** in H2FY16 as compared to Rs. 6.23 in H1FY15, **YoY increase of 15.5%**

Balance Sheet as on September 30, 2015:

- The **networth** stood at **Rs. 190 crore** as against Rs. 107 crore as on March 31, 2015
- **The total debt** was at **Rs. 101 crore** as against Rs. 93 crore as on March 31, 2015, mainly on account of increase in short term borrowings

Management Comments:

Commenting on the results, Mr. R. Doraiswamy, Joint Managing Director, Salzer Electronics Ltd said: *“The revenues have grown in line with our expectations especially from the more profitable segment of industrial switchgear. The successful raising of funds through the QIP has provided us capital to invest in on-going as well as new projects. We are very positive about our technical alliance with Trafomodern and are in talking with other leading manufacturers to add more niche products to our suite of offerings.”*

Developments during H1FY16

- Salzer entered into a **technical alliance with Trafomodern, Austria**
 - Trafomodern, an Austrian company, is one of the leading manufacturers of transformers in Europe
 - Salzer will use Trafomodern's Technology and design to manufacture Dry Type, Air Cooled Transformers, Chokes and Inductors in India
 - The Company will set up manufacturing facilities for transformers in Coimbatore
- Salzer **raised Rs. 62.06 crore of capital successfully** through Qualified Institutional Placement (QIP)
 - The Company issued **26.41 lac shares at Rs 235 per share, resulting in dilution of 24%** of the capital base
 - The QIP was very well received resulting in well diversified representation and demand. Allocation – **55% FII and 45% domestic mutual funds**
 - Post issue, book value stood at ~ Rs. 132.73 per share
 - The QIP proceeds will be used for **new product development and growth plans of Company**

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.

Earnings Conference Call – Q2 FY16

Systematix Institutional Equities is organising an Earnings Conference Call to discuss the Quarterly Financial performance of the Company. The conference call details are as under:

Date: **Monday, November 16, 2015**

Time: **04:00 PM**

Dial-in Numbers: **+91 22 6746 5995 / +91 22 3960 0695**

For further information, please contact:

<p>Mr. Baskarasubramaniam Salzer Electronics Ltd Email: baskarasubramanian@salzergroup.com www.salzergroup.net</p>	<p>Mr. Savli Mangle / Vikash Verma Stellar IR Advisors Pvt. Ltd. Phone: +91-22-2823 0380/81 Email: msavli@stellar-ir.com / vikash.verma@stellar-ir.com www.stellar-ir.com</p>
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