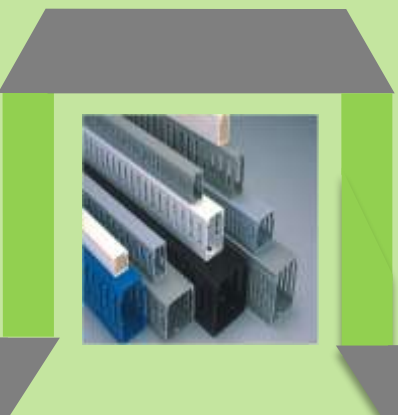




**Electronics Limited
Earnings Presentation
Q1 FY17**



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Joint Managing Director's Message



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

"We have witnessed growth in segments of Industrial Switchgear and Wires and Cables in this quarter.

I am happy to inform that we have been able to achieve the expected margins on account of higher operational efficiencies. We intend to improve it further in the coming quarters.

I am pleased to share that we have successfully shipped our first consignment to IPD global of Australia. We look at growing this association and expect revenue contribution from this new client to continue increasing.

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.."



Financials

Key Highlights – Q1 FY17 Vs. Q4 FY16

12.1% ↑

EBITDA

Rs 10.8 crore

220 bps ↑

EBITDA Margin

12.0%

16.5% ↑

Profit After Tax

Rs 4.6 crore

110 bps ↑

PAT Margin

5.1%

Quarterly Financial Highlights

Rs. in Crore	Q1 FY17	Q1 FY16	YoY %	Q4 FY16	QoQ %
Total Income from Operations	90.1	91.1	(1.1%)	98.8	(8.8%)
Raw Materials	65.2	64.5		71.4	
Employee Cost	4.3	3.9		4.9	
Other Cost	9.79	10.4		12.9	
Total Expenditure	79.3	78.7		89.2	
EBITDA	10.8	12.4	(12.7%)	9.7	12.1%
EBIDTA margin (%)	12.0%	13.6%		9.8%	
Interest	3.4	4.2		3.2	
Depreciation	2.3	2.0		2.2	
Other Income	0.6	0.6		1.9	
Profit Before Tax	5.8	6.8		6.3	
Tax	1.2	1.7		2.4	
Profit After Tax	4.6	5.1	(9.5%)	3.9	16.5%
PAT Margin (%)	5.1%	5.6%		4.0%	

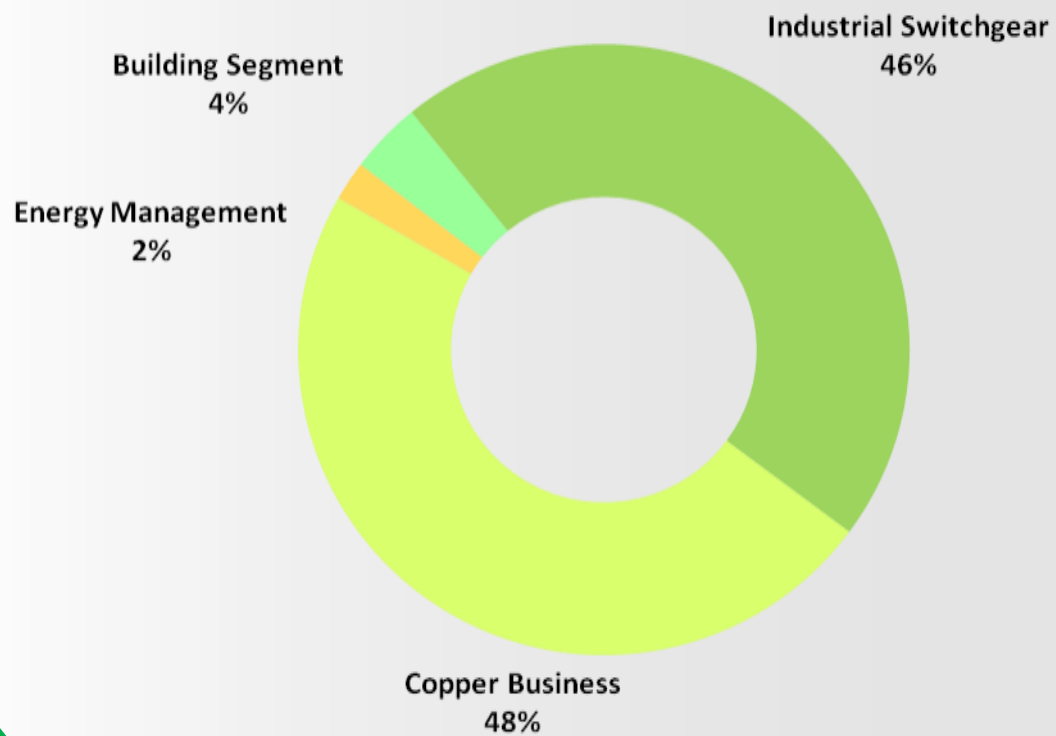
Revenue realisation of Rs. 1.9 cr in Q1FY17 vs. Rs.15.9 cr in Q1FY16 and PAT of Rs. 0.05 cr in Q1FY17 vs Rs. 1.9 cr in Q1FY16 from one time contract in Energy Management Business

Segment-wise Breakup of Revenues – Q1 FY17 vs. Q1 FY16

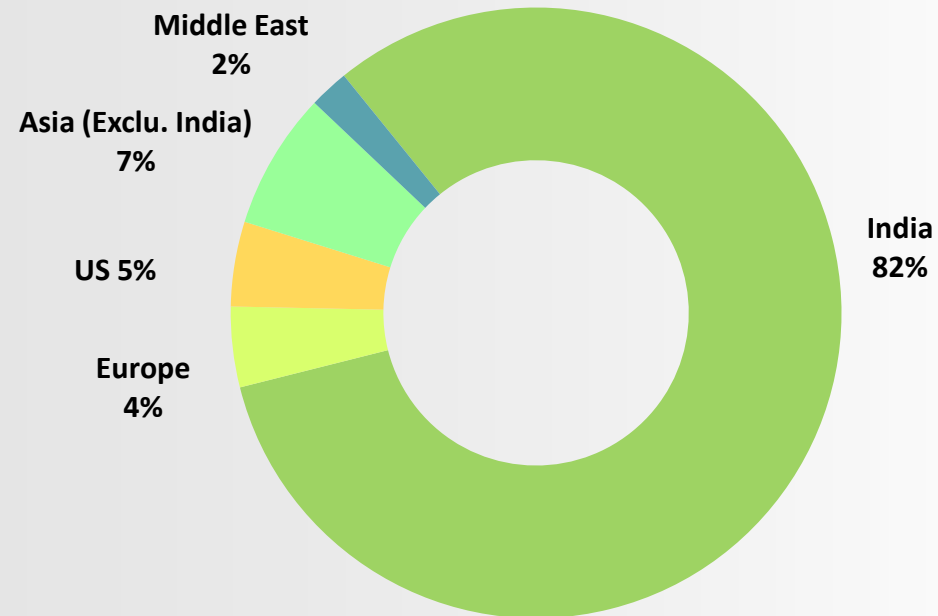
Products	Q1 FY17	Contribution (%)	Q4 FY16	Q3 FY16	Q2 FY16	Q1 FY16	Contribution (%)	YoY (%)
Industrial Switch Gear	41.8	46.0%	42.5	43.8	44.5	40.4	44.0%	3.5%
Copper Business	43.7	48.1%	42.1	32.9	26.7	32.1	35.0%	36.0%
Energy Management	1.9	2.1%	9.4	9.8	6.5	15.6	17.0%	(87.8%)
Building Segment	3.4	3.8%	4.3	4.1	3.2	3.7	4.0%	(7.1%)
Grand Total	90.7		98.3	90.2	80.9	91.7		

Revenue Breakup – Q1FY17

As per Business Segment

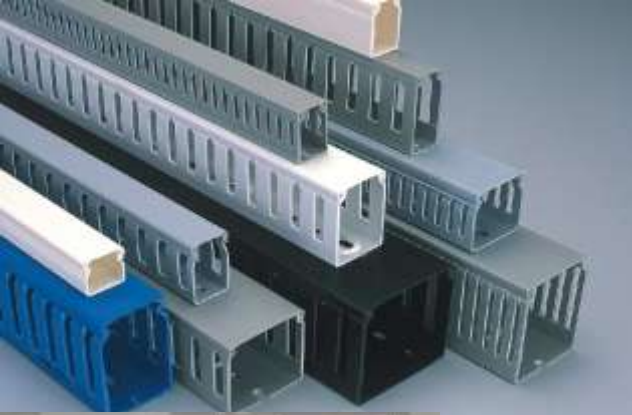


As per Geography

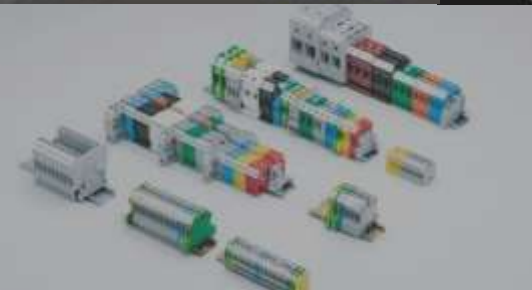


Balance Sheet Highlights

Rs. in Crore	Mar-16	Mar-15	Rs. in Crore	Mar-16	Mar-15
Shareholder's Funds	195.4	107.1	Non-Current Assets	136.0	89.2
Share Capital	13.6	10.3	Fixed Assets	110.4	83.4
Money Against Warrants	4.1	-	Non-Current Investments	5.5	4.9
Reserves & Surplus	177.6	96.8	Long-Term Loans & Advances	0.9	0.7
Non-Current Liabilities	22.3	22.8	Other Non-Current Assets	19.3	0.2
Long Term Borrowings	17.7	17.6	Current Assets	239.4	186.0
Defer Tax Liabilities	3.9	1.9	Current Investments	12.0	0.8
Other Long-Term Liabilities	0.0	2.5	Inventories	66.7	66.1
Current Liabilities	157.6	144.3	Trade Receivables	99.8	77.9
Short Term Borrowings	81.3	75.0	Cash & Cash Equivalents	12.5	9.0
Trade Payables	32.9	27.1	Short-Term Loans & Advances	38.8	22.9
Other Current Liabilities	35.5	36.7	Other Current Assets	9.5	9.3
Short-Term Provisions	7.9	5.5	Total Assets	375.4	275.1
Total Equities & Liabilities	375.4	275.1			



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



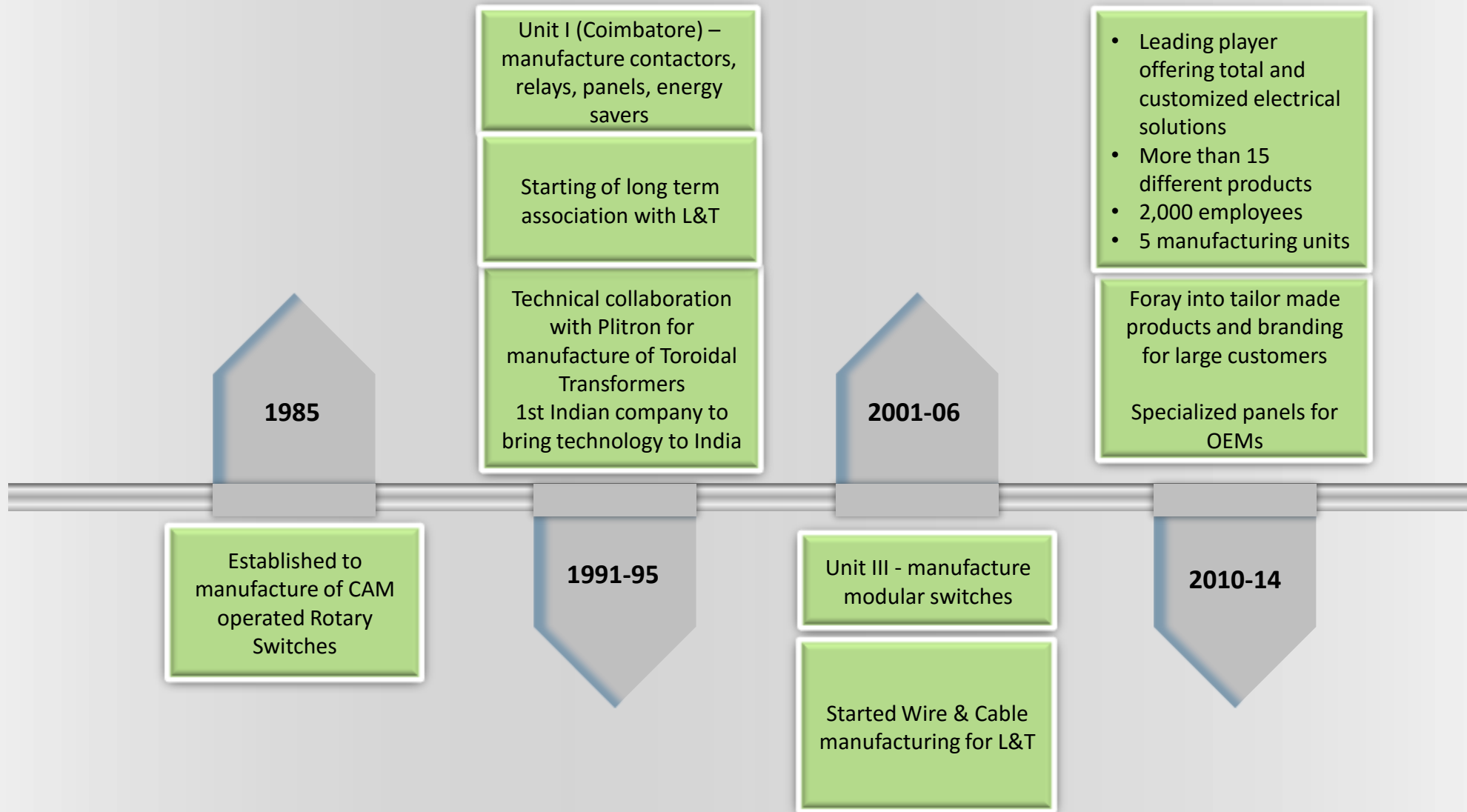
Wide Distribution network – local and global

- 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 (Under Development)
- 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	<ul style="list-style-type: none"> • 6A to 400 Amps • > 2500 ranges • UL & CB Tested 	
Isolators (Dis-connectors)	<ul style="list-style-type: none"> • 16 to 250 Amps • UL 50 rated Enclosed mounting • Changeover Switches • DC – PV Isolators • CB Tested 	
Contactors	<ul style="list-style-type: none"> • 16 to 250 Amps • UL 50 rated Enclosed mounting • Changeover Switches • DC – PV Isolators • CB Tested 	
Terminals	<ul style="list-style-type: none"> • 2.5 to 95 sq mm • Screw-less Terminals • All Accessories • UL Listed 	
Wiring Ducts	<ul style="list-style-type: none"> • More than 75 sizes • India's largest RoHS and Halogen Free Ducts • UL and CSA Listed 	
Toroidal Transformers	<ul style="list-style-type: none"> • 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

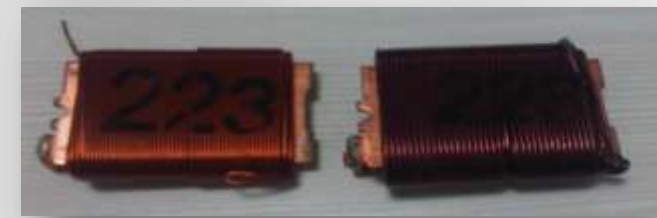
CT's



Terminal Socket



Coils / Inductors



Panels



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

Future Growth Drivers

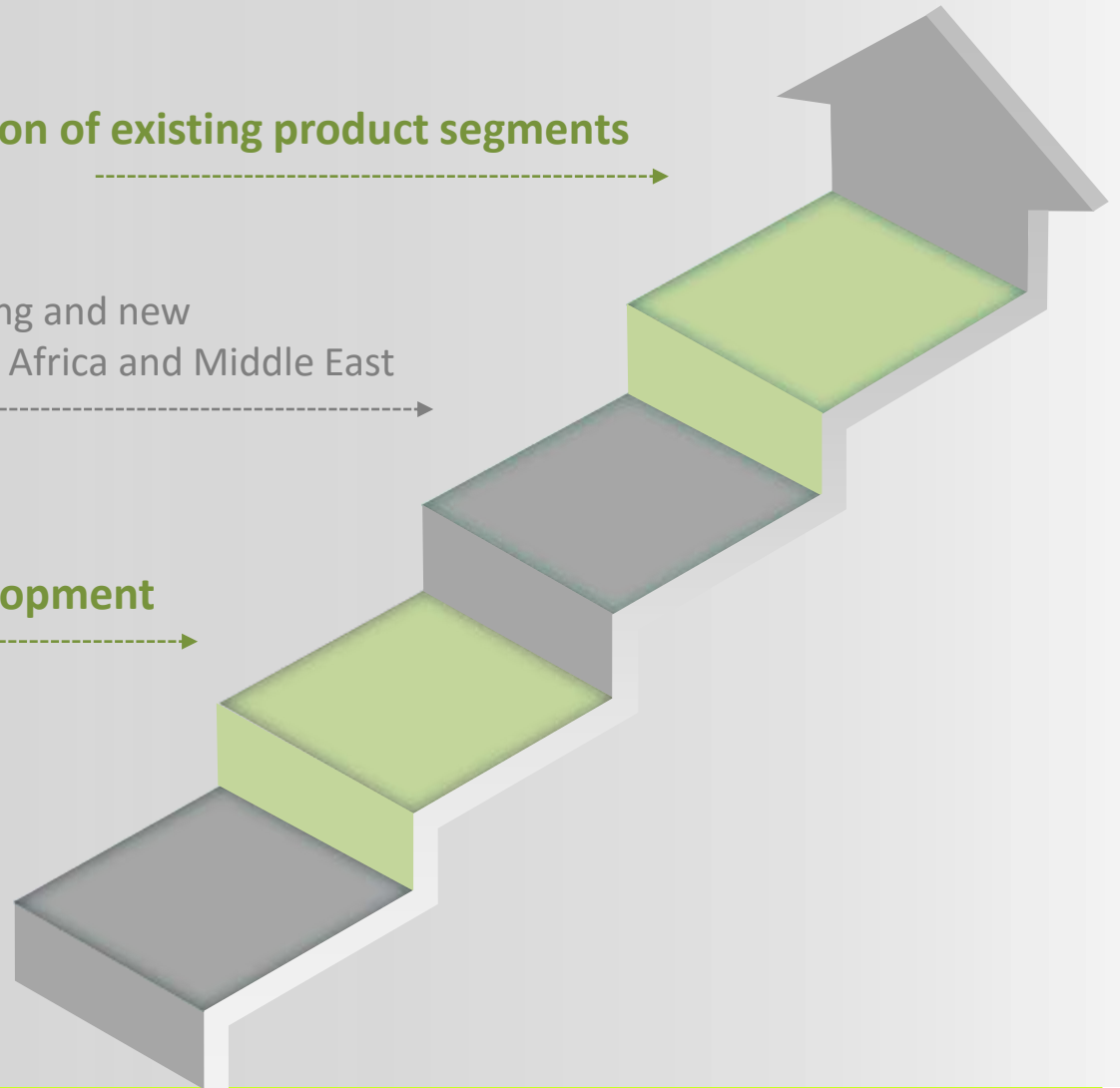
Growth and expansion of existing product segments

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- Expansion in Existing Product Range

Toroidal Transformer



- Collaboration with Plitron Manufacturing, Canada
- Developed inductors & chokes using aluminium 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 signalling 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
- Technical alliance signed with Trafomodern an Austrian company - one of leading manufacturers of transformers in Europe

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



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