

Investor Presentation September 2017



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Company Overview



Business Overview



Q1 FY18 & Annual Financial Highlights



Way Ahead

Company Overview



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

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

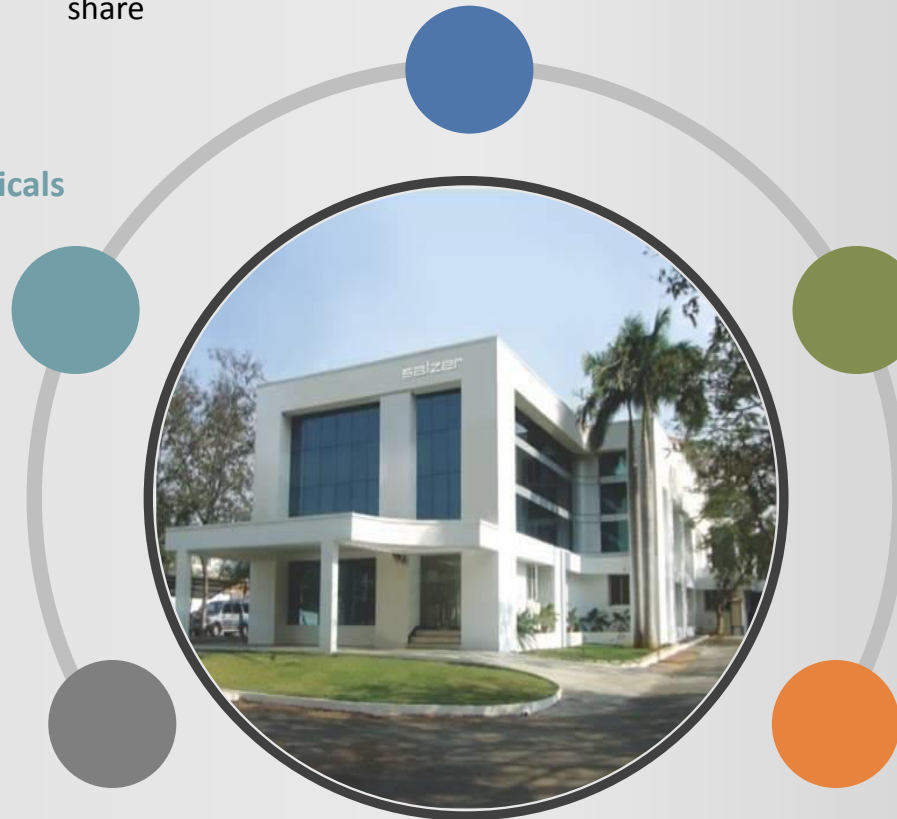
Wide Distribution network – local and global

- 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, 5 product patents in process

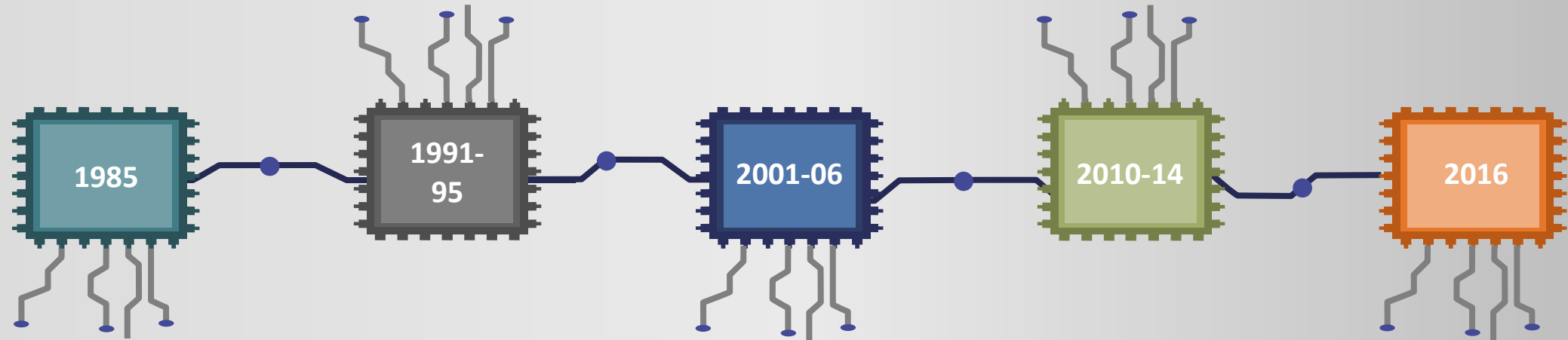
Consistent Dividend Payout Track Record for past 17 years



From a Single Product Company...

- 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 manufacture of CAM operated Rotary Switches

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


- Started commercial production of Three Phase Dry Type Transformers

... to manufacturing multiple products across sectors




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 & CS

- 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 Lakshminarayana
GM - 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



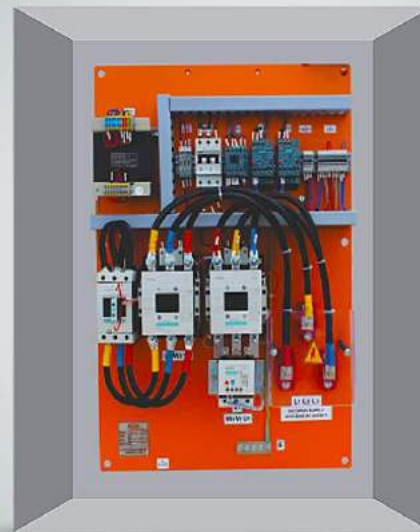
R Karunakaran
Sr. Manager -PR & Central Excise

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

Business Overview



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Copper products

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



Industrial Switch Gear Products

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

Energy Management products

- Energy Savers
- Street Light Controllers








Building products









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

Wide Product Suite – Industrial Switch gears









Products	Features	
Cable Ducts/ Wire Ducts	<ul style="list-style-type: none"> More than 75 sizes India's largest RoHS and Halogen Free Ducts UL and CSA Listed 	
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 	
General Purpose Relays	<ul style="list-style-type: none"> Plug-in, PCB and Solder type 1 Amp to 100 Amps 	
Load Break Isolators & Changeovers	<ul style="list-style-type: none"> 16 to 250 Amps Multiple mounting options, ABS / Aluminium / Sheet Steel enclosures / IP65 / NEMA Rated Upto 8 poles 	
Limit & Foot Switches	<ul style="list-style-type: none"> Available in Normal / Snap action types From Light to Heavy duty applications 	
Terminal connectors	<ul style="list-style-type: none"> 2.5 to 95 sq mm Screw-less Terminals All Accessories UL Listed 	
Customized Control Panel	<ul style="list-style-type: none"> Electrical Panels SCADA Panels 	

Products	Features	
Contractors & Overload Relays	<ul style="list-style-type: none"> ▪ 16 to 250 Amps ▪ UL 50 rated Enclosed mounting ▪ Changeover Switches ▪ DC – PV Isolators ▪ CB Tested 	
Motor Protection Circuit Breaker(MPCB)	<ul style="list-style-type: none"> Two Frames ▪ 0.1 amps to 63 Amps ▪ Type F Co-ordinated ▪ UL Listed 	
Miniature Circuit Breaker(MCB's)	<ul style="list-style-type: none"> ▪ High Performance ▪ Easy Installation ▪ No Overload & Short Circuit 	
CT's & Rogowski Coils	<ul style="list-style-type: none"> ▪ CT's ▪ Rogowski Coils of Class 0.5% 	
Inductors, Chokes & Filters	<ul style="list-style-type: none"> ▪ Custom Built High frequency Inductors, & Chokes 	
Single Phase Toroidal Transformers	<ul style="list-style-type: none"> ▪ 15va to 60 Kva ▪ 1 and 3 Phase ▪ Custom built Assemblies ▪ Wide CT Range ▪ UL Listed 	
Three Phase Laminations Transformers	<ul style="list-style-type: none"> ▪ Lamination Transformers upto 800 KVA 	

Products	Features	
Automatic Source Changeover with Current Limiter	<ul style="list-style-type: none"> ▪ Unique - patented design - Contactor based ACCL ▪ Heavy Duty - AC 32A and AC22A utilization category 	
Distribution Board	<ul style="list-style-type: none"> ▪ Easy to Install ▪ User Friendly ▪ Durable 	
Miniature Circuit Breakers(MCB)	<ul style="list-style-type: none"> ▪ High Performance – 10KA ▪ Easy Installation ▪ No Overload & Short Circuit 	
Modular Switches & Speciality	<ul style="list-style-type: none"> ▪ Contemporary & Aesthetically Sleek Modular ▪ 10, 20 & 32 Amps AC suitable for Standard ▪ Anti Spark shield & Finger Protected 	
Movement Sensors	<ul style="list-style-type: none"> ▪ Detects intrusion in all directions ▪ Adjustable time/lux 	
Remote Switches	<ul style="list-style-type: none"> ▪ Compact Design ▪ High Performance ▪ Low Maintenance 	
Single Phase Motor Starter	<ul style="list-style-type: none"> ▪ Controls voltage fluctuation ▪ Protection against phase imbalance and reversal 	
House Wires	<ul style="list-style-type: none"> ▪ From 0.5- 240 Sq mm ▪ Single & Multi Core ▪ FR, FRLS, Halogen Free ▪ UL Listed 	

Wide Product Suite – Copper Products

Products	Features	
PVC Insulated Copper wires & Cables	<ul style="list-style-type: none"> From 0.5- 240 Sq mm Single & Multi Core FR, FRLS, Halogen Free UL Listed 	
Flexible Busbars	<ul style="list-style-type: none"> Upto 1000 Amps Only Manufacturer in India UL Listed 	
Wire Harness	<ul style="list-style-type: none"> Power Cable Harness Control cable harness RoHS Compliant 	
Enameled Copper Wire	<ul style="list-style-type: none"> 0.3 to 3 mm (9-29 AWG) Upto 200 Deg Cent UL Listed 	
Bunched Copper Conductors	<ul style="list-style-type: none"> Flexible Rerouting Low Power Loss Low Maintenance Cost 	
Tinned Copper Wires	<ul style="list-style-type: none"> High electrical and thermal conductivity Highly flexible wires Soft and annealed Highly conductive 	



Energy Saver & Panels



- Increases lamp-life by an average of 20% for HPSV lamps
- 30% reduction in energy consumption under normal working conditions
- Reduces the power consumption by optimizing the voltage to the lamps
- State of the art GSM/ GPRS technology is used for monitoring and controlling the street lights
- Eco-Friendly : SES reduces the emission of CO and is eligible for Carbon Credits



Street Light Controllers



- Automatic On/Off based on Sunrise/Sunset or on programmed timings
- Wireless control and monitoring through sophisticated web-based/ Terminal based software
- Reduces operational, maintenance and running cost
- Detection of Energy theft or leakage
- Maintains a high power factor of above 0.85
- Eco-friendly - First in India to adhere to RoHS compliance

Wide Product Suite- Customised for OEM's



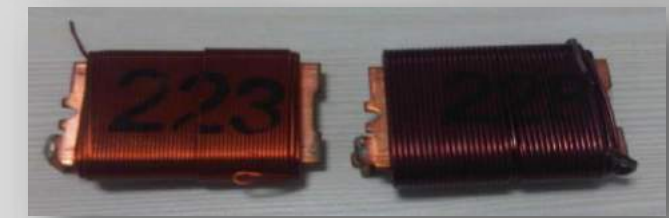
CT's



Terminal Socket



Coils / Inductors



Panels



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

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

Four Manufacturing facilities...

UNIT 1



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

UNIT 2



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

UNIT 3



- Wiring Accessories

UNIT 4



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

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

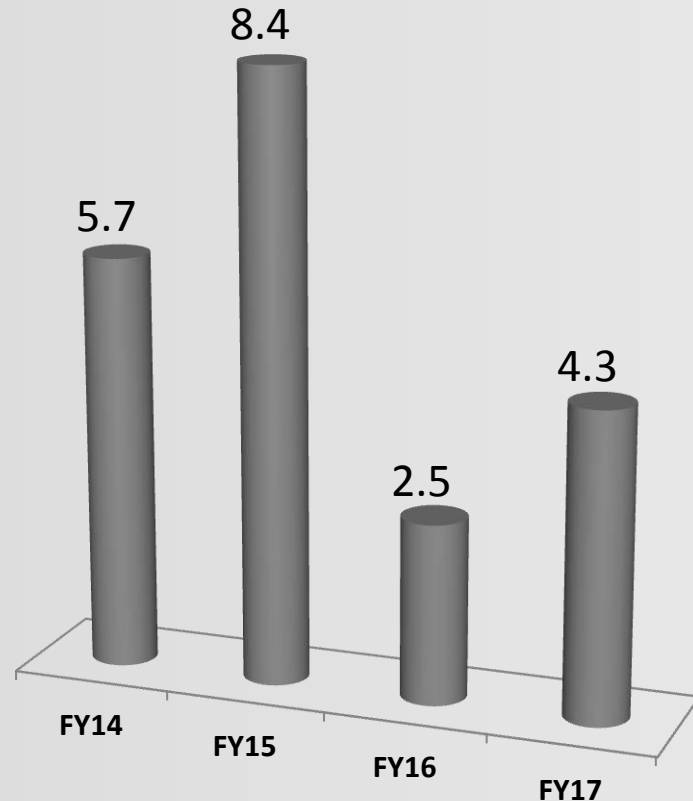
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- Full fledged **Type testing laboratory**
 - Loads up to 500Amps
 - Environmental test chamber for humidity test
 - Salt spray test & all other basic tests as per UL Standards
- **In-house tool room** facility for manufacturing and servicing of Moulds 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 Divisionca

More than 80% components made in-house

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

salzer



ISO 9001



ISO 14001



ISO 18001



CE Certification



UL Certification



CB certification



RoHS



Intertek
Intertek Semko approval



CSA Certification

... Across entire product portfolio

Blue Chip Customers

salzer



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

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



International

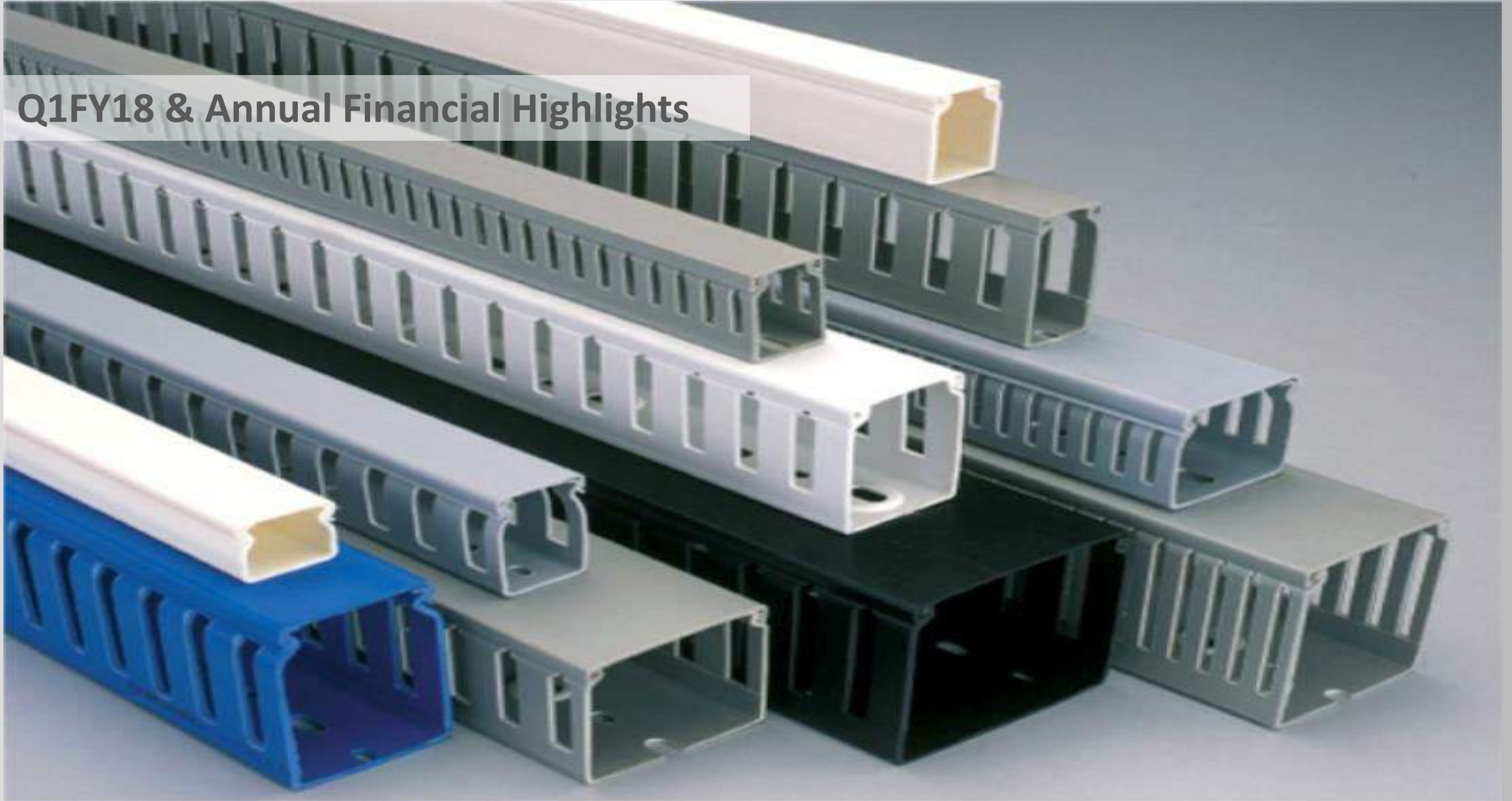
- Direct network across 50 countries
 - 23% of sales from global distribution
 - 40 international distributors
- Plans to expand in US, Africa and Middle east

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

Q1FY18 & Annual Financial Highlights



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

"We have been able to showcase a healthy growth of over 16% this quarter despite the numerous macro-economic headwinds. Although we witnessed some teething problems with implementation of the very ambitious GST regime, we are confident that it will have very positive impact in the long term. Other than a slight decline in our Industrial Switchgear products, all other business of Wires & Cables, Building products and Energy Management have shown robust growth.

The market conditions in India as well as USA and Europe continue to be very challenging, despite this we have been able to sustain and achieve this growth because of our long term association with large OEM's. Looking ahead, we expect to see a pickup in demand especially because of our association with large and reputed companies like GE, Schneider, Honeywell, ABB & Siemens. We are confident that with our products of international standards, consistency in quality, timely delivery and some revival in the industry we will be able to achieve much healthier growth. We believe streamlining of GST will also prove to be advantageous to organised players like Salzer.

In our Energy Management Business we have been able to book revenues from the recently implemented EESL project apart from the Operations & Maintenance of the earlier project. This business has a higher margin as compared to other business verticals and will continue to give us Operations & Maintenance revenues in the coming quarters.

Going forward, we will 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."



Key Financial Highlights- Q1FY18



15.8% ↑

Revenue Rs 115.1 crore

(6.7%) ↓

EBITDA Rs 10.5 crore

(6.0%) ↓

PAT Rs 4.1 crore

- *Growth driven by all key business Verticals of Wires and Cables, Energy Management and Building Products*
- *Decline in EBIDTA on account of increased contribution from lower margin business of Wires & Cables and decline in contribution from higher margin Industrial Switchgear verticals*

Consolidated Q1FY18 Financial Highlights



Rs. in Crore	Q1 FY18#	Q1 FY17#	Y-o-Y %	Q4 FY17*
Total Income from Operations	115.1	99.4	15.8%	129.7
Raw Materials	78.1	64.8		84.6
Employee Cost	4.6	4.3		5.2
Excise Duty	10.6	9.4		17.7
Other Cost	11.3	9.7		11.0
Total Expenditure	104.7	88.2		118.5
EBITDA	10.5	11.3	(6.7)%	11.1
EBIDTA margin (%)	9.1%	11.3%		8.6%
Interest	4.0	3.3		4.1
Depreciation	2.7	2.3		2.5
Other Income	2.0	0.7		2.3
Profit Before Tax	5.8	6.3		6.8
Tax	1.8	2.0		3.2
Profit After Tax	4.1	4.3	(6.0)%	3.6
PAT Margin (%)	3.5%	4.3%		2.8%

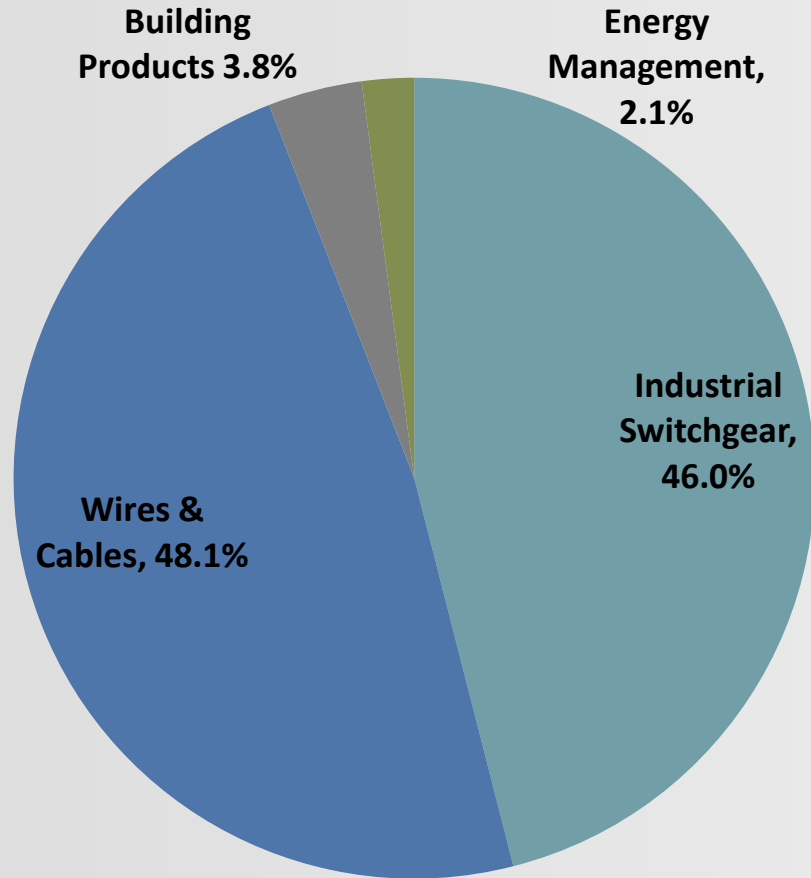
Numbers as per Ind AS

* Numbers as per IGAAP

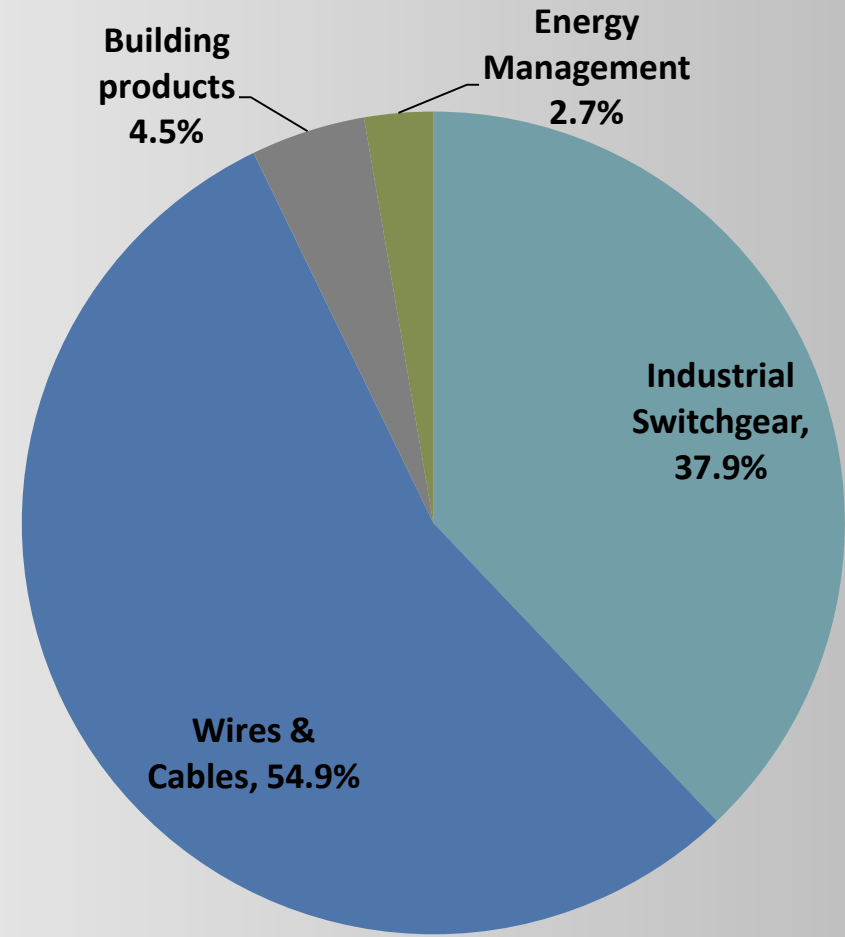
Q1FY18 Revenue Breakup – Business Verticals



Q1FY17



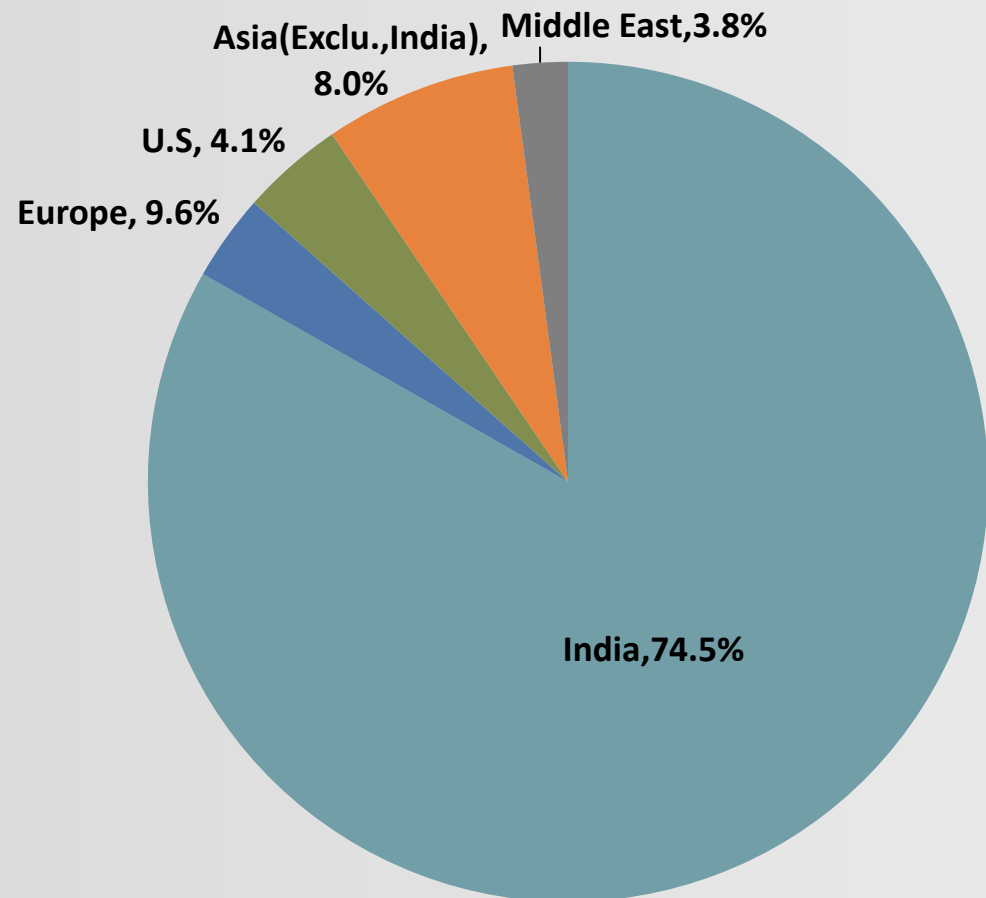
Q1FY18



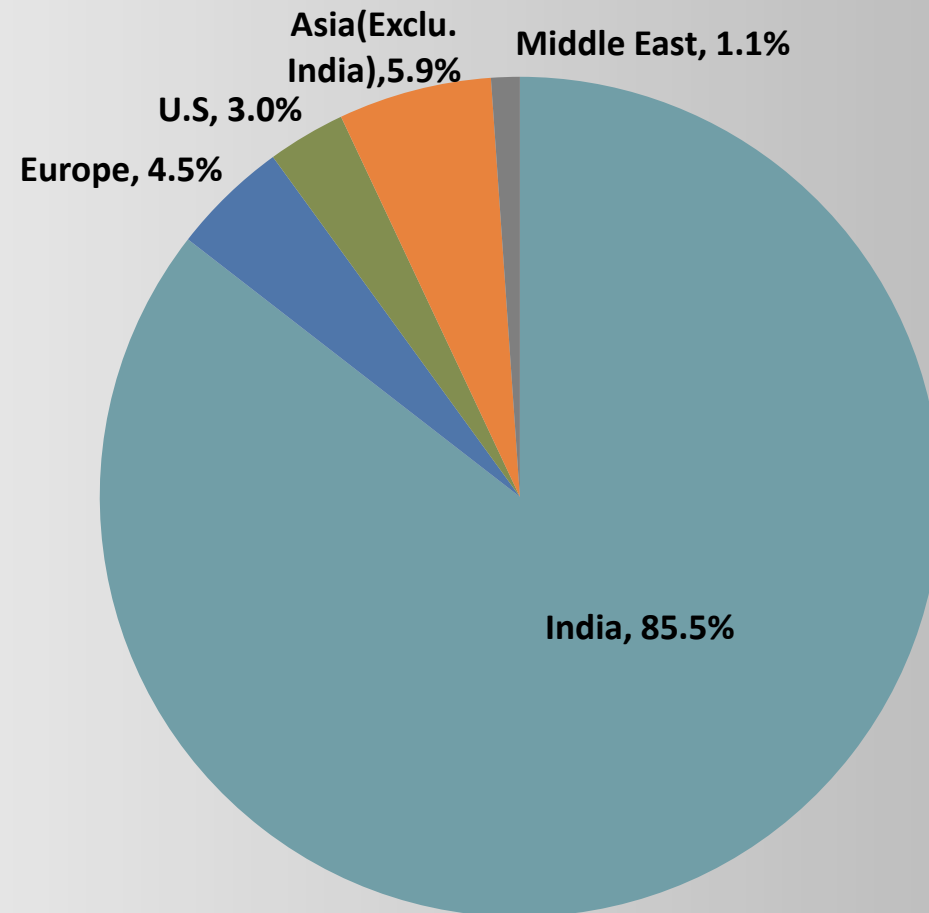
Q1FY18 Revenue Breakup – Geography



Q1FY17



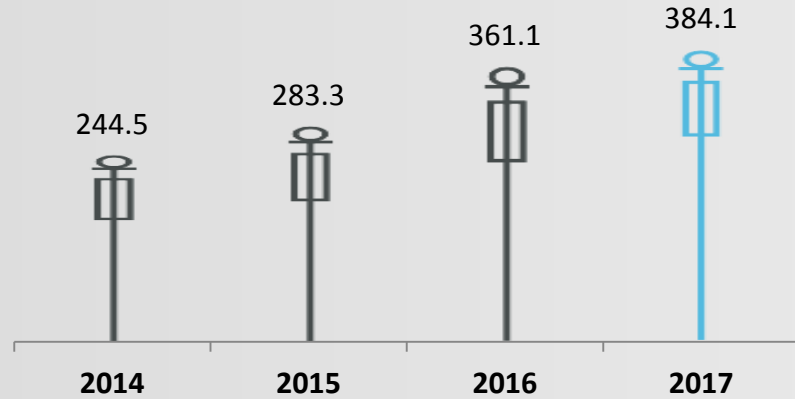
Q1FY18



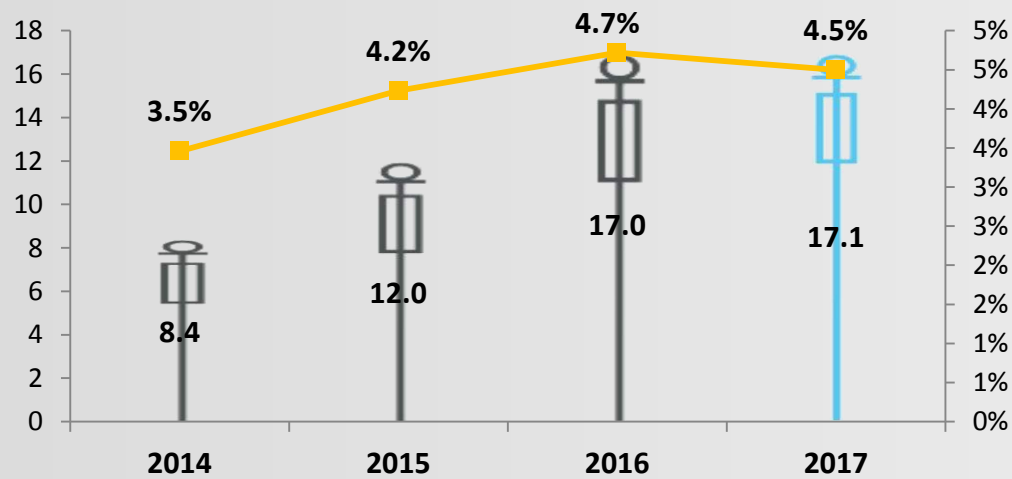
Annual Financial Highlights



Revenue (Rs. Cr)

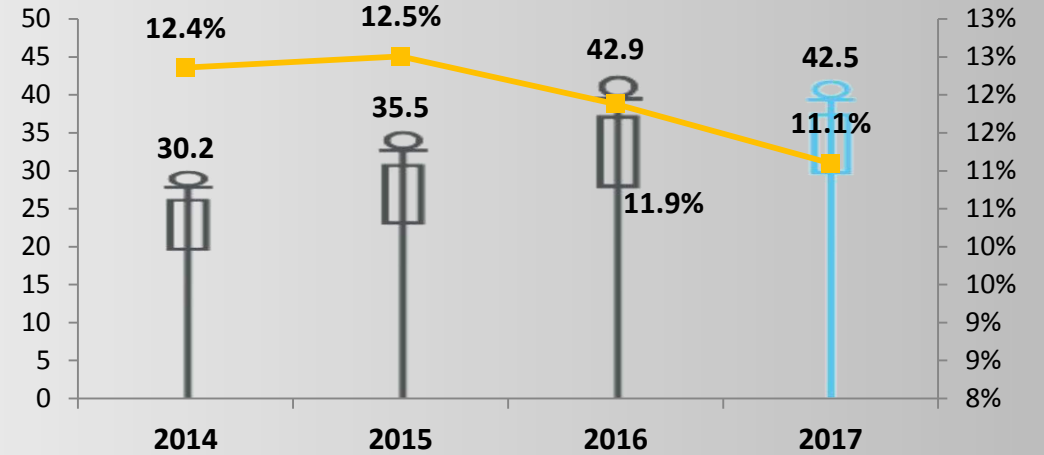


Net Profit (Rs. Cr)

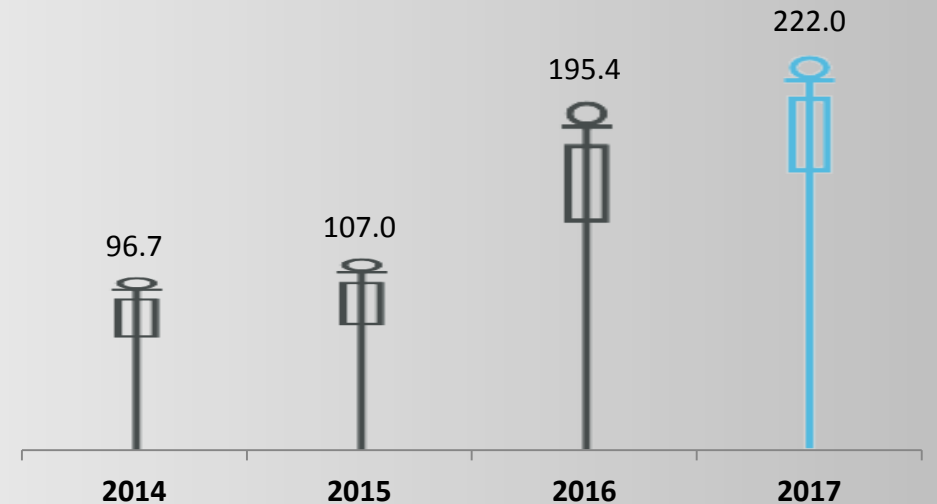


Revenue excluding Excise Duty

EBITDA (Rs. Cr) / Margins (%)



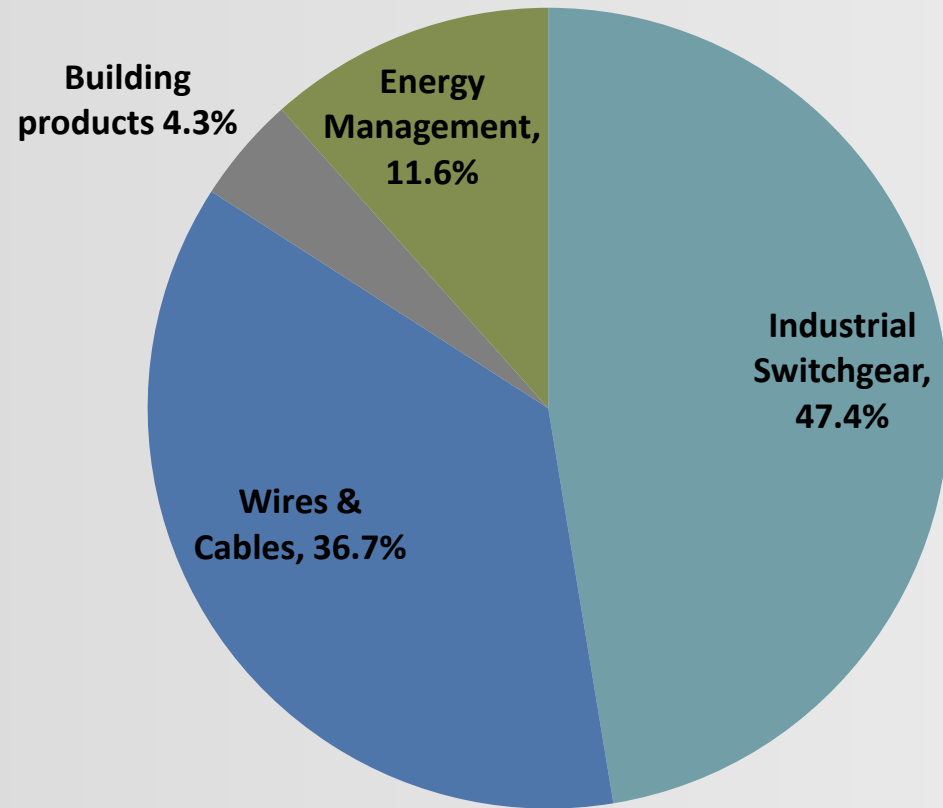
Networth (Rs. Cr)



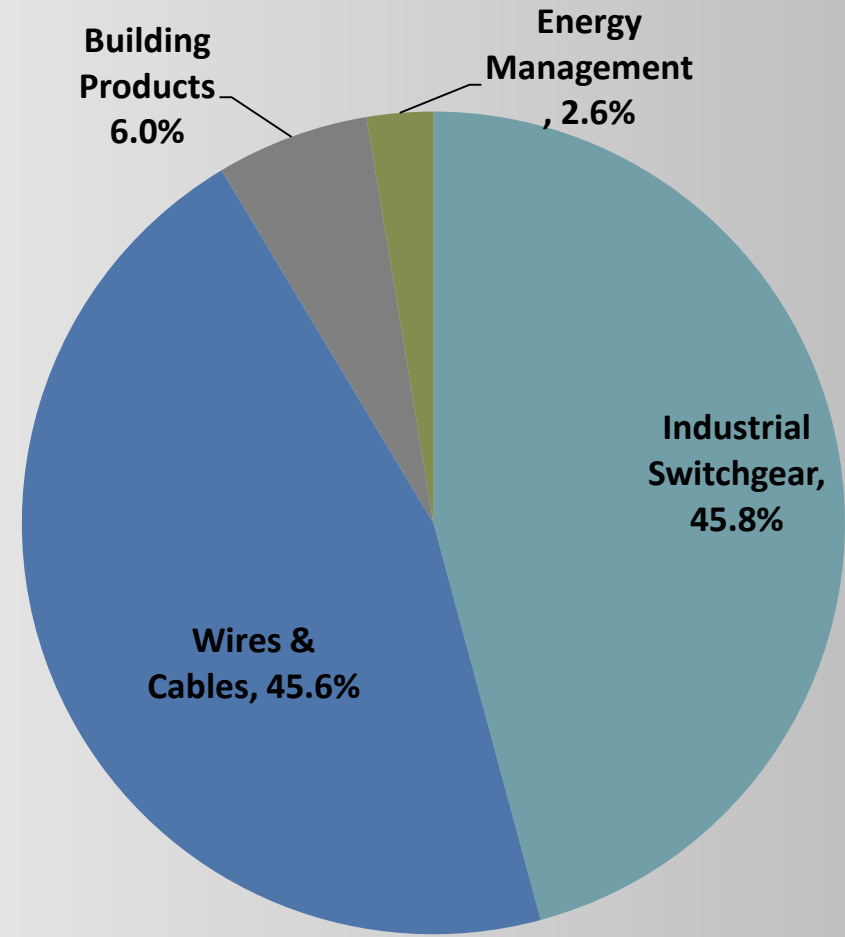
Annual Revenue Breakup– Vertical wise



FY-2016



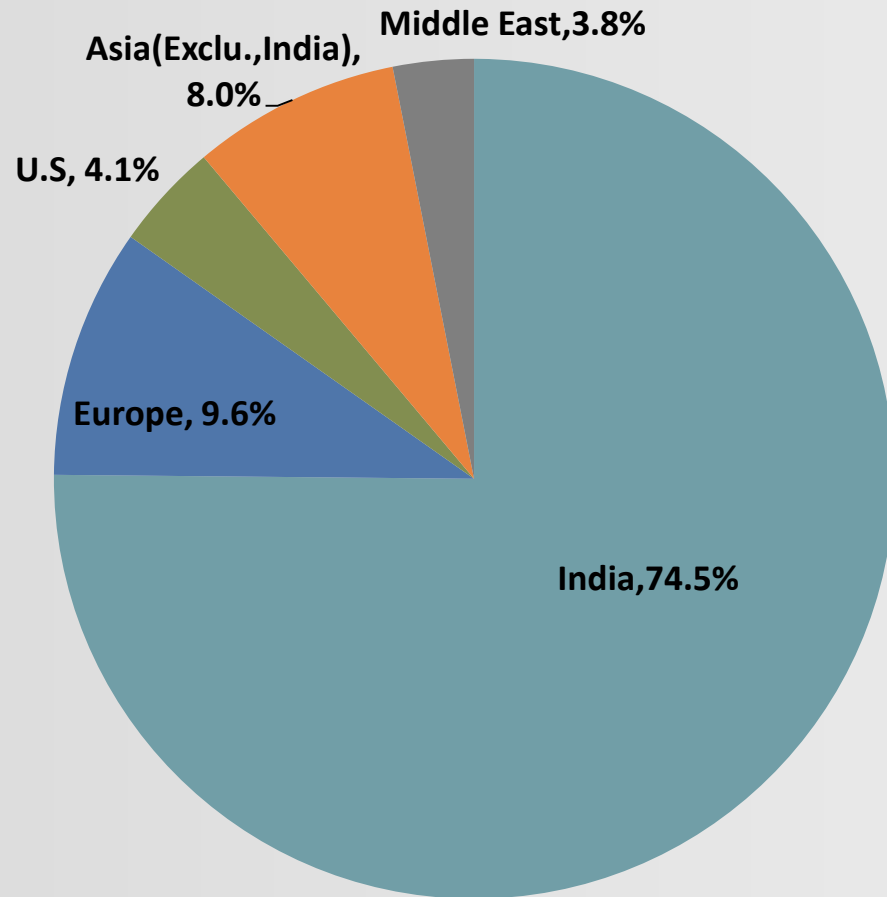
FY-2017



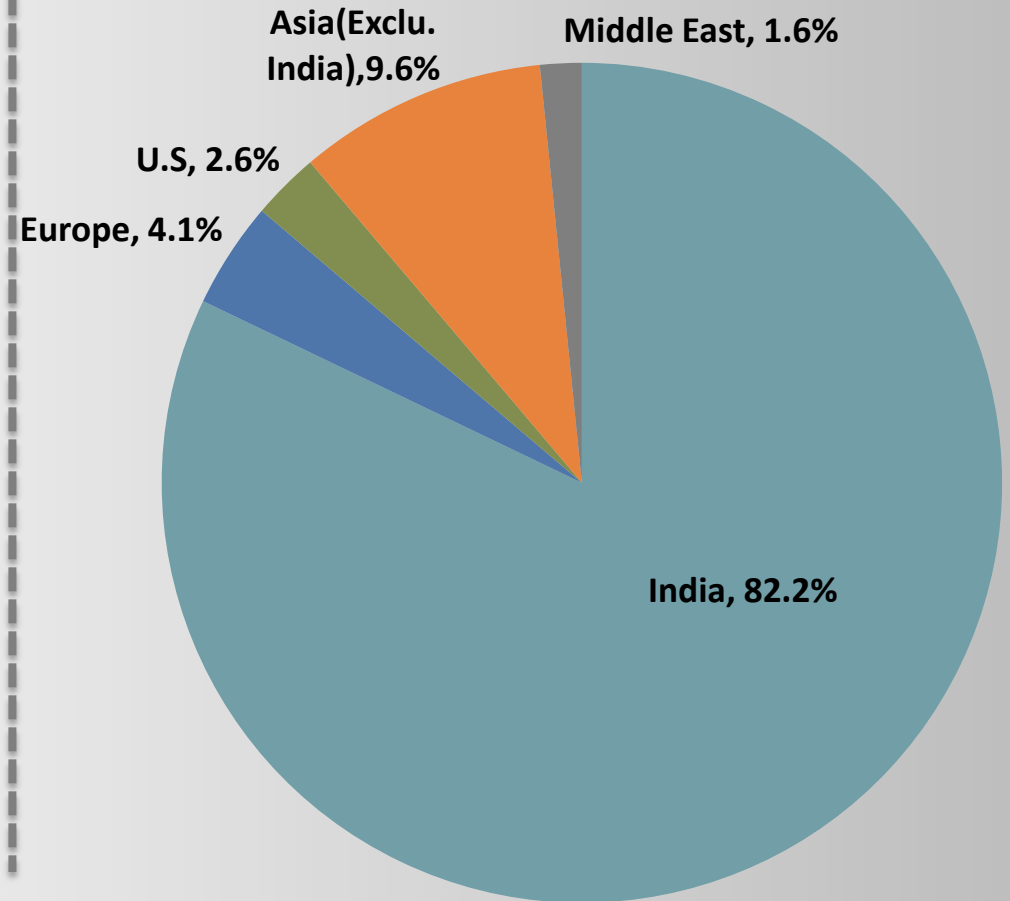
Annual Revenue Breakup– Geography



FY-2016



FY-2017



17.2% ↑

Revenue- FY17

Rs 373.9 crore

13.1% ↑

EBITDA- FY17

Rs 40.5 crore

20.2% ↑

PAT –FY17

Rs 16.3 crore

- *17% YoY growth from key business verticals of Industrial Switchgear, Wires & Cables and Building Products*
- *EBIDTA maintained despite low contribution from Energy Management business and decline in Industrial Switchgear Industry*

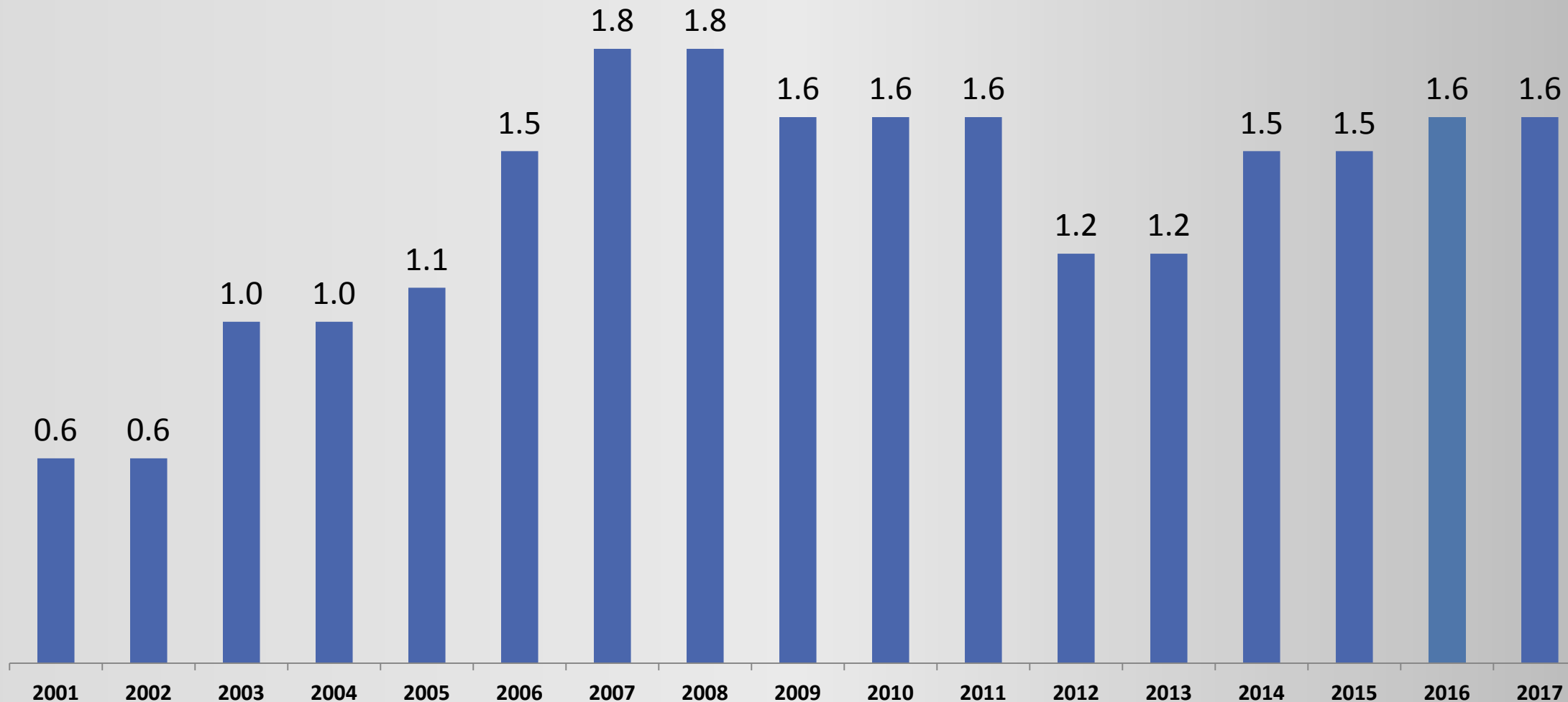
Balance Sheet as on March 31st 2017



Rs. in Crore	Mar -17	Mar -16
Shareholder's Funds	222.0	195.4
Share Capital	14.4	13.6
Money Against Warrants	0.0	4.1
Reserves & Surplus	207.7	177.6
Non-Current Liabilities	18.2	22.3
Long Term Borrowings	11.8	17.7
Defer Tax Liabilities	5.9	3.9
Other Long-Term Liabilities	0.0	0.0
Long Term Provisions	0.5	0.7
Current Liabilities	195.4	157.6
Short Term Borrowings	103.0	81.3
Trade Payables	31.8	32.9
Other Current Liabilities	54.3	35.5
Short-Term Provisions	6.2	7.9
Total Equities & Liabilities	435.6	375.4

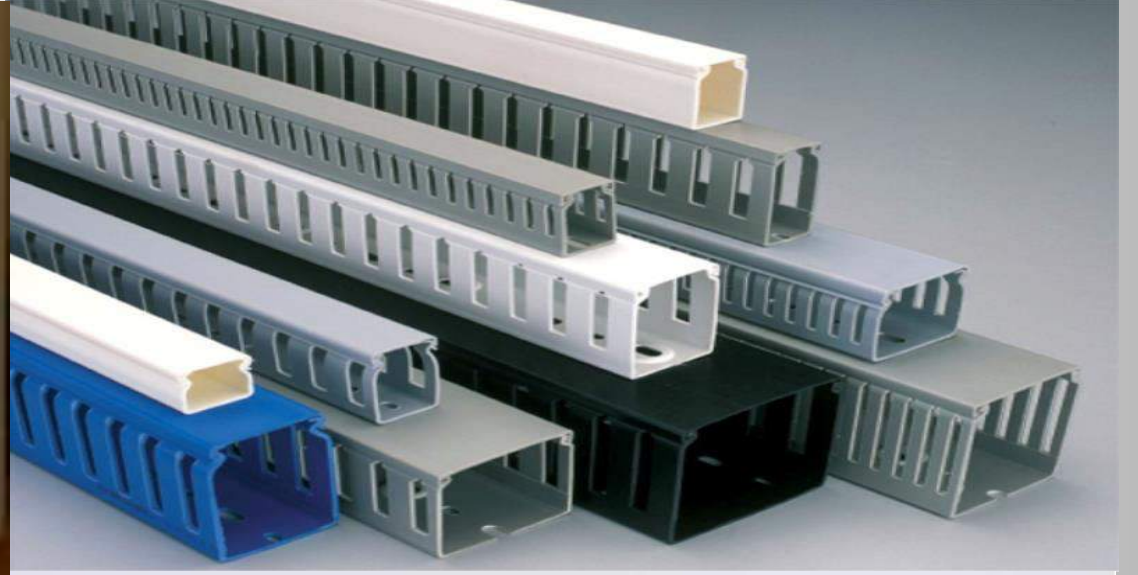
Rs. in Crore	Mar -17	Mar -16
Non-Current Assets	153.1	136.1
Fixed Assets	129.5	110.4
Non-Current Investments	0.8	5.5
Long-Term Loans & Advances	1.1	0.9
Other Non-Current Assets	21.7	19.3
Current Assets	282.6	239.4
Current Investments	3.7	12.0
Inventories	90.9	66.7
Trade Receivables	121.1	99.8
Cash & Cash Equivalents	12.4	12.5
Short-Term Loans & Advances	43.8	38.8
Other Current Assets	10.7	9.5
Total Assets	435.6	375.4

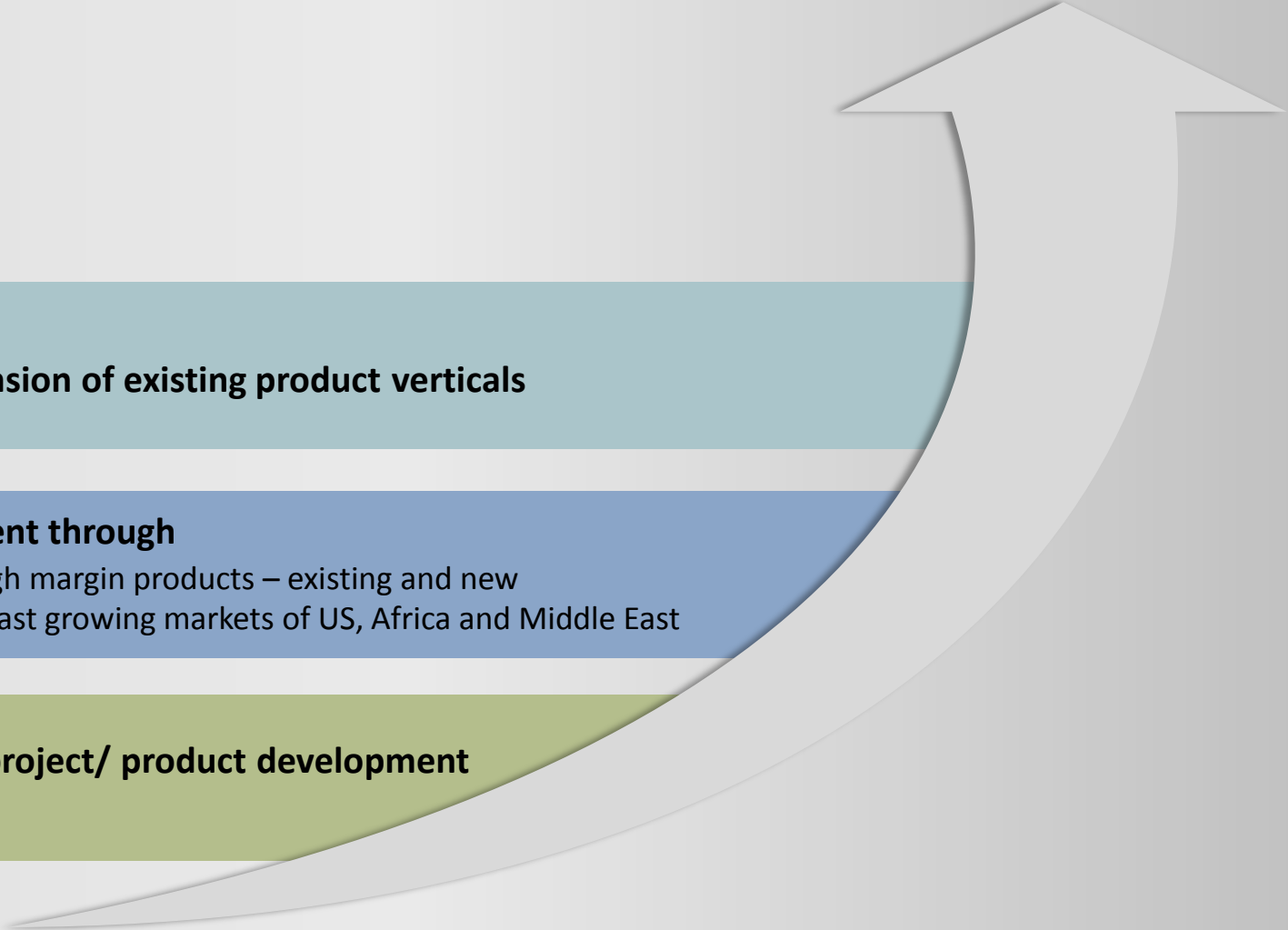
Consistent Dividend Performance



... For the past 17 years

Way Ahead





Growth and expansion of existing product verticals

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

2017-18 – Proposed new products to be launched

MCB's



- As part of product expansion under the Building and Industrial switch gears , MCB's are being planned as an addition.
- Expected Launch of product March 2017

GE Transportation



- Secured 10 Year contract with GE transportation for supply of High power contactors for India requirements.
- Negotiating with GE Transportation for Three Phase Transformers for both India and US

DC Load Break Switches (PV)



- Product developed and Invoicing started
- Very good potential for this product in Australasia region
- 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

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
- Tirupur Corporation
- Erode Corporation
- Vellore Corporation

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





For further information, please contact:

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