SALZER ELECTRONICS LTD.

CIN: L03210TZ1985PLC001535

Media Release

Salzer Electronics Limited, INR 550cr revenue Coimbatore based company, acquires 72.32% stake in Kaycee Industries Limited (part of CMS group), a pioneer in Industrial Switches for more than 75 years

- **Strategic acquisition in line with company's focus to strengthen Salzer's position in the Industrial Switchgear market by increasing its product offering and expand its footprint in Railway business, manufacturing set up in western India and access to all India dealer network.**
- **Acquisition to aid Salzer expand its presence into Electrical Equipment sector.**
- **Last few years, homegrown CMS group, being leading player in IT/ ITES , Traffic Signaling, Cash Management , E-Governance, Surveillance etc has been churning its portfolio of businesses. In the past the group sold controlling stake in their Cash Management business to buy-out fund Black-Stone and now with Baring Asia .**
- **Categorized as Non-core business, CMS Group agrees to exit Kaycee Industries Ltd which was acquired by CMS in 2002 from Bajaj Electricals.**
- **Singhi Advisors, a global Investment banking firm, focussed on M&A's, acted as an exclusive advisors to the transaction.**

Coimbatore, May 24th, 2019: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), among leading players offering total and customised electrical solutions, today entered into a definitive agreement with the promoter (CMS Group) of Kaycee to acquire its stake of 72.32% in Kaycee Industries Limited in an all cash deal, and make an additional offer to purchase 26% from public for an total Equity Value of INR 22 crores. Salzer Electronics has adequate financial flexibility to fund this transaction. The acquisition is subject to inter alia receipt of necessary regulatory approvals and satisfaction of other conditions as specified in the offer documents.

Mumbai based global Investment Banking firm, focussed on niche domestic and cross border M&A's acted as sole advisor to both CMS & Salzer. Incidentally, Singhi Advisors also advised CMS Group when they first acquired Kaycee from Bajaj Electricals in 2002.

Kaycee Industries Limited, a "**pre-independence**" company with a legacy of "**three quarter of a century**", being pioneer in Industrial Switchgear, was controlled by homegrown CMS group which is one of the largest IT/ ITES & Enterprise solution firms in India.

Having is corporate office at Mumbai and manufacturing unit at Ambarnath near Mumbai, Kaycee's principal products which include Rotary Switches, Rotary Cam Switches, Micro and Toggle Switches, Weather Tight Switches, Breaker Control Switches, Counters and Fuse Fittings adds to Salzer's attractive product offerings making it complementary & synergistic to the existing line of business. This will also strengthen Salzer's position in Industrial Switchgear segment which constitutes ~42% of Salzer's current revenue and help Salzer expand its footprint into Railways, access to all India dealer network and manufacturing set up in western India.

Going forward, Kaycee Industries Limited would continue to remain a listed entity and both the Companies would share technological support & know-how with each other especially in the niche product offerings of the industrial switchgear & other allied business segments. The resulting synergies from this acquisition would benefit both the Companies on the back of enhanced product portfolio and access to a larger client base.

Management Comment:

Commenting on this development, Mr. R. Doraiswamy, Managing Director, Salzer Electronics Ltd said:

"I am happy to share that we have entered into a definitive agreement with promoters of Kaycee Industries to acquire 72.32% stake in the Company. Kaycee being pioneers in the cam operated rotary switch will help our Company further to increase our market share in the industrial switchgear industry and consolidate our market leadership in this niche product. This acquisition is in line with our strategy of strengthening and growing our suite of product offerings. The resulting synergy would enable us to penetrate further into the market on the back of enhanced product offerings. We expect that this strategic acquisition to enable us to generate long term value for all our stakeholders."

About Salzer Electronics Limited

- 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.

About Kaycee Industries Limited

- Kaycee Industries (BSE: 504084), is a leading provider of electrical and electronic components in India and has a history of more than 75 years. The Company has been leading the electrical industry by way of consistent quality performance in the switches market along with development of existing and new products as per the applications. Companies manufacturing facility is located at Ambernath, Thane and employs highly motivated and skilled workforce to deliver quality products as per customers requirement.

- Kaycee's principal products are Rotary Switches, Rotary Cam Switches, Micro and Toggle Switches, Weather Tight Switches, Breaker Control Switches, Counter and Fuse Fitting, etc. All its products are as per international and Indian Standards like RCS, DEF, JSS and ISS. The company clocked revenue of INR 25 crores in FY18 and INR 20 crores for 9m FY19.

SALZER ELECTRONICS LTD.

CIN: L03210TZ1985PLC001535

For further information, please contact:

Mr. Baskarasubramaniam	**Ms. Savli Mangle / Mr. Smit Shah**
Salzer Electronics Ltd.	**Bridge Investor Relations Pvt. Ltd.**
Email: baskarasubramanian@salzergroup.com	Email: savli@bridge-ir.com / smit@bridge-ir.com
www.salzergroup.net	www.bridge-ir.com

Caution Concerning Forward- Looking Statements:

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. The Company 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.