

Media Release

Long term Borrowing Rating – Upgraded by CRISIL from A Minus/Positive to ‘A/Stable’

Short Term Borrowing Rating reaffirmed at ‘CRISIL A1’

Resulting in better terms for borrowings

Coimbatore, 1st October 2018: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), among leading players offering total and customised electrical solutions, is happy to announce that the Company’s credit rating has been upgraded.

The credit ratings have upgraded to **‘CRISIL A/Stable’** from **‘CRISIL A-/Positive’** for **long term borrowing** and **‘CRISIL A1’** reaffirmed for **short term borrowings**.

The rating continues to reflect a leading market position in the domestic rotary switches market and an adequate financial risk profile. These strengths are partially offset by working capital-intensive operations and exposure to intense competition in the electrical cables industry.

Key drivers in Revision of CRISIL Rating

- **Leading market position in the domestic rotary switches market** - Healthy revenue growth over medium term, supported by market leadership in cam-operated rotary switches segment; launch of higher margin products in wires and cables business, and new products such as three-phase dry-type air-cooled transformers and motor controls
- **Marketing tie-up** - 25 years of strong relationship with **Larsen & Toubro Ltd (L&T; ‘CRISIL AAA/FAAA/Stable/CRISIL A1+’)** for distribution of products across segments
- **Sustained focus on research and development (R&D)** - Continued focus on R&D and technology tie-ups with global majors that enable the Company to maintain and improve their technology competitiveness
- **Adequate financial risk profile:** Healthy financial risk profile, marked by a comfortable net worth of Rs 268 crores and gearing of 0.54 times as on March 31, 2018. The Debt protection metrics are expected to improve over the medium term, with net cash accruals to total debt and interest coverage ratios estimated to improve to 30% and 5.01 times, respectively, by fiscal 2020

Management Comment:

Mr. Rajesh Doraiswamy, Joint Managing Director, Salzer Electronics Ltd said:

"I am happy to share that our financial and business performance for the full year ended FY18 and Q1 FY19 has been the key for our upgrade in CRISIL ratings. This has been our second rating upgrade over three years indicating the Company's comfortable risk profile and confidence in our strategy of profitable growth and improvement in quality of its financial parameters through better operational performance. We expect that going ahead; this can enable us to access capital at more efficient terms for our growth initiatives."

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 in-house manufacturing facilities, located in Coimbatore
- The Company has a wide distribution network locally and globally, exporting to many countries in different regions. 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:

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