

Media Release

CRISIL reaffirms both Long term and Short-term Borrowing Ratings

Long Term Borrowing Reaffirmed at 'CRISIL A/Stable'

Short Term Borrowing Rating reaffirmed at 'CRISIL A1'

Resulting in better terms for borrowings

Coimbatore, 30th September 2019: 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 reaffirmed by CRISIL.

The credit ratings on the Bank facilities of the Company have been reaffirmed by the Rating Agency CRISIL at '**CRISIL A/Stable**' for **long term borrowing** and '**CRISIL A1**' for **short term borrowings**. The ratings continue 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 for Ratings Reaffirmation by CRISIL:

- **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** – over 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)** - Continuing focus on R&D and technology tie-up with global majors will help maintain technology competitiveness
- **Adequate financial risk profile:** Healthy financial risk profile, marked by a comfortable networth of Rs 284 crore and gearing of 0.52 time as on March 31, 2019. Followed by Debt protection metrics expected to improve over the medium term, with net cash accrual to total debt and interest coverage ratios estimated to improve to 40% and 5.74 times, respectively, by fiscal 2021

Management Comment:

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

"I am happy to share that our financial and business performance for the full year ended FY19 and Q1 FY20 has been the key for our reaffirmation in CRISIL ratings. We have demonstrated good growth in our industrial switchgear and wires & cables segment. This long term & short-term rating indicates Company's comfortable risk profile and are in line with our strategy of profitable growth and improvement in quality of our financial parameters through better operational performance.

These reaffirmed ratings will help all stakeholders especially financial institutions to appreciate the improved credit quality of the Company. In turn, the Company, going forward, will be able to access debt and capital at more efficient terms for its 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. The Company caters to a wide range of products with four in-house manufacturing facilities, located in Coimbatore
- The Company has a wide distribution network locally and globally, exporting to many 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.

For further information, please contact:

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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.