



Salzer Electronics Limited

Result Update Presentation

Q1 FY24

salzer®

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Financial Highlights

Joint Managing Director's Message



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

“During the First quarter of the financial year, we registered a revenue of Rs. 288.67 crores with EBITDA (excluding other income) and PAT of Rs. 26.07 crore and Rs. 10.17 crore, respectively. This growth was mainly driven by the higher margin switchgear business that led to margin improvement. Our revenues from exports were largely from Asia, North & South America as well as Europe.

We expect to continue with a similar growth trajectory with our strong product offerings and brand position in the market. Based on domestic and export outlook, we are cautiously optimistic about the overall business performance.

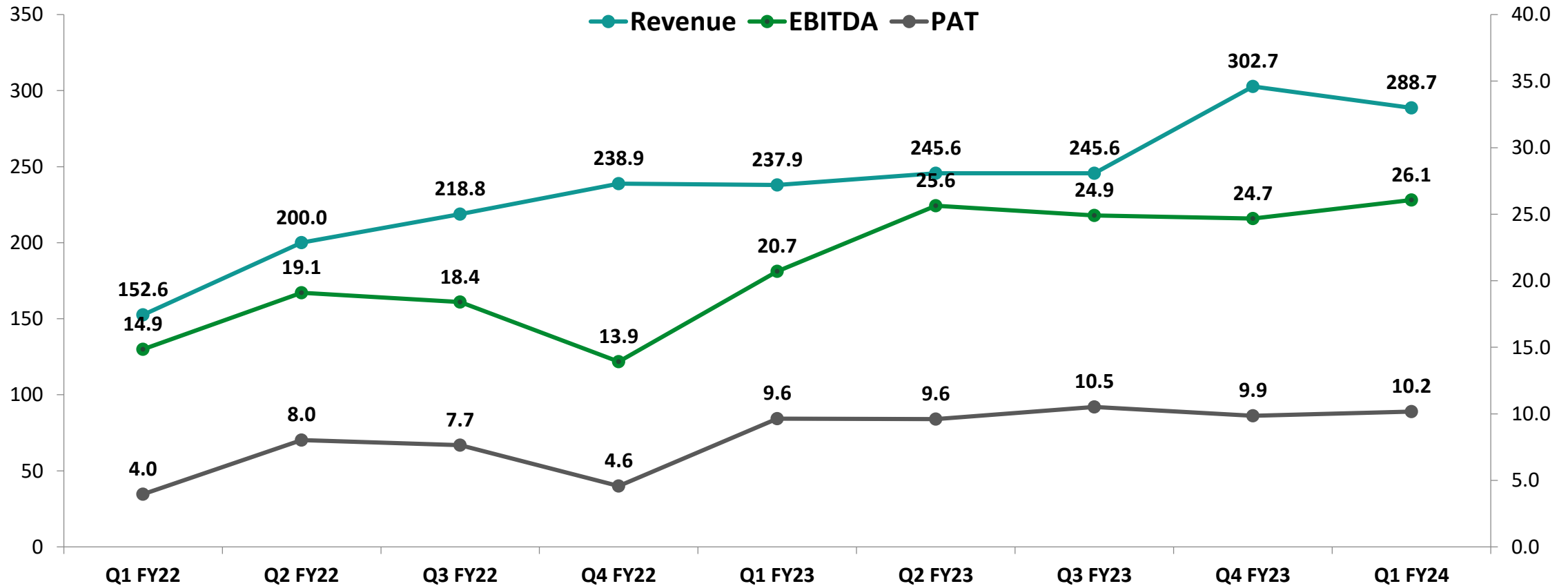
I am also happy to share that to further strengthen & professionalize our Board, we have appointed two non Executive Independent Directors – Mr Sharat Chandra Bhargav and Ms Priya Bhansali. Both are experienced professionals with over two decades of experience and hold directorship positions in various capacities in Indian organizations. Sharat, an engineer from IIT Kharagpur with a Management degree from Wharton Business School while Priya is a CA and a Managing Partner in Kumbhat & Co. I welcome them both and look forward to their valued inputs to help us take our Company to new heights.

I thank the entire team at Salzer Electronics for their untiring efforts and all our stakeholders for their continued support and faith in our Company.”

Key Consolidated Financial Highlights – Quarterly



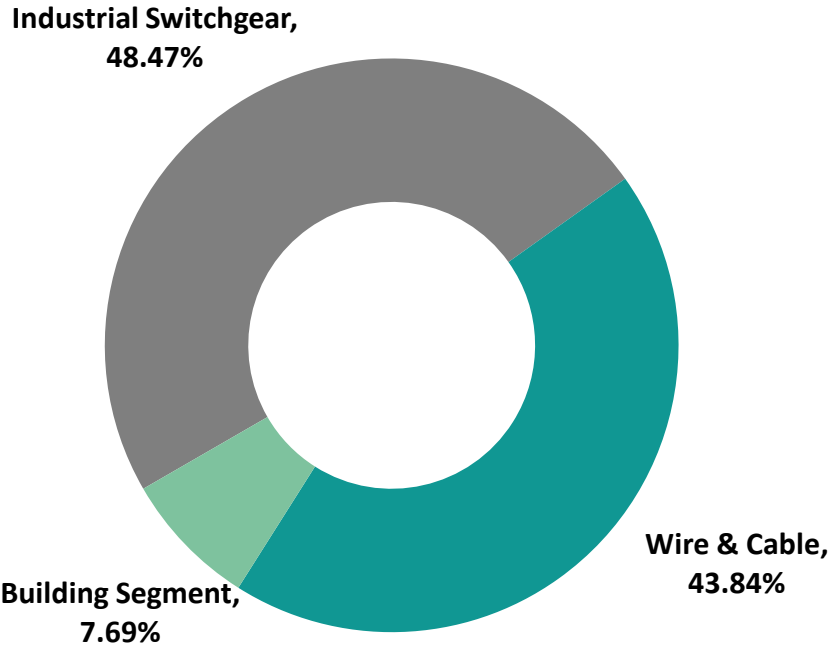
Revenue, EBITDA (excluding other income), PAT (Rs. Crore)



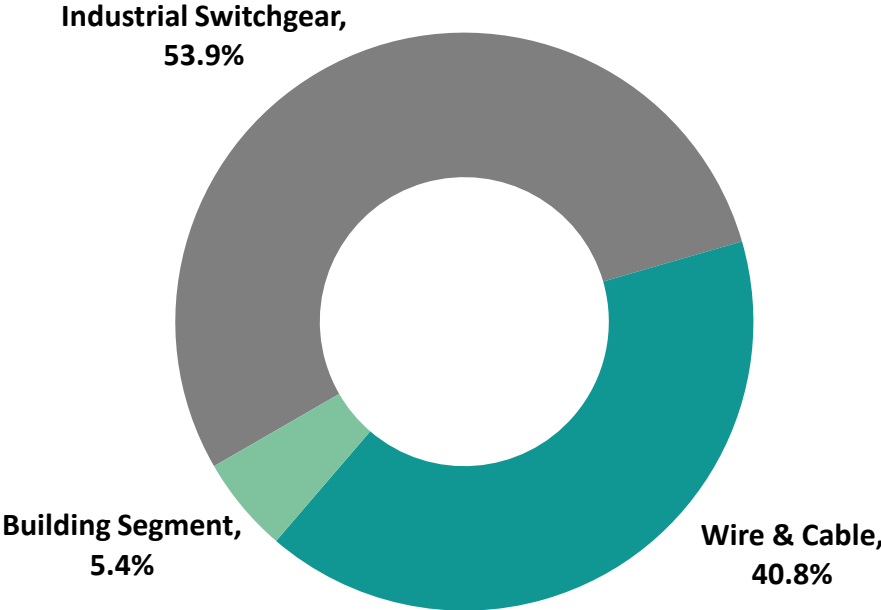
Q1 FY24 Revenue Breakup – Business Verticals



Q1 FY23



Q1 FY24

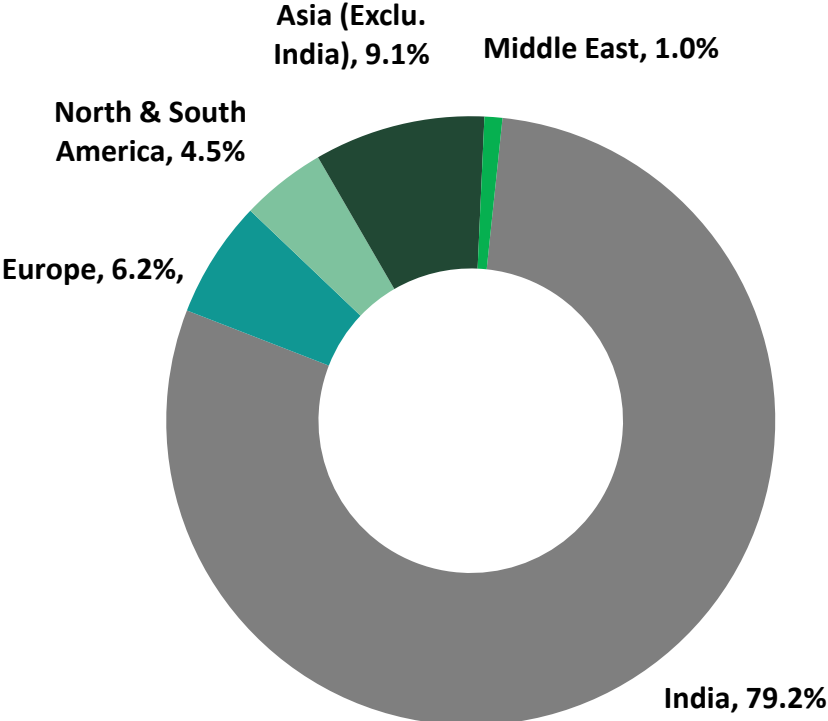


- *Industrial Switchgear – 53.86% of net revenues*
- *Wires & Cables – 40.77% of net revenues*
- *Building Electrical Products – 5.38% of net revenues*

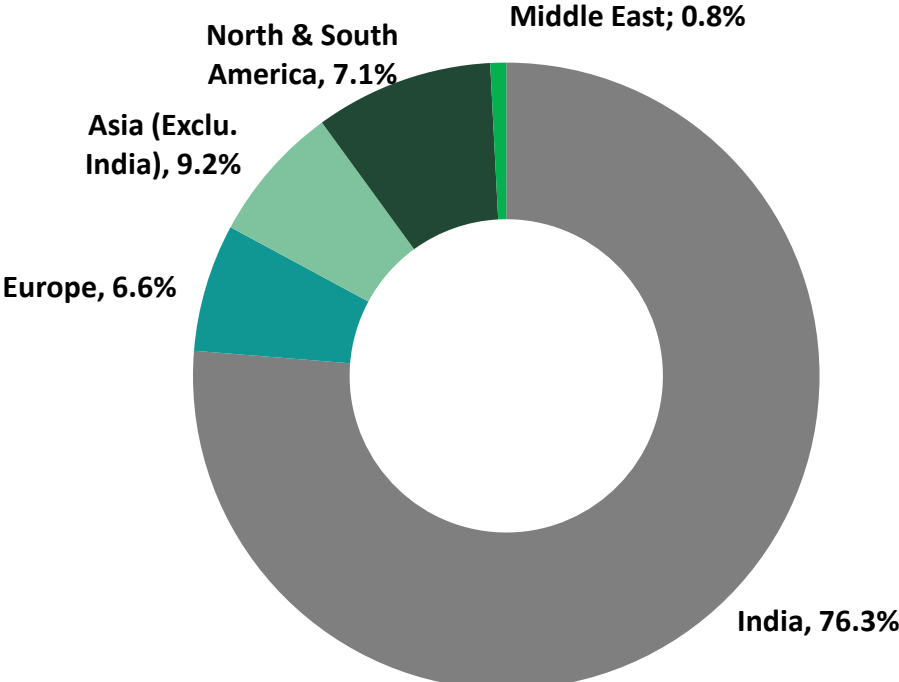
Q1 FY24 Revenue Breakup – Geographical



Q1 FY23



Q1 FY24



- *Contribution from Exports at 23.73%*
- *Export revenue driven by higher exports to North & South America, Europe and Asian countries*

Q1 FY24 Consolidated Financial Highlights



Rs. in Crore	Q1 FY24	Q1 FY23	Y-o-Y %	Q4 FY23
Net Revenue	288.67	237.90	21.34%	302.73
Raw Materials	225.49	189.06		240.37
Employee Cost	10.41	9.09		10.78
Other Expenses	26.70	19.05		26.91
Total Expenditure	262.60	217.20		278.06
EBITDA (Excluding other Income)	26.07	20.70	25.94%	24.67
EBIDTA Margin (%)	9.03%	8.70%	33 bps	8.15%
Other Income	0.74	1.22		0.33
Depreciation	4.66	4.03		4.33
Interest / Finance Cost	7.99	5.62		7.69
Exceptional Item (Gain) / Loss	0.00	0.00		0.00
Profit Before Tax	14.16	12.27		12.98
Tax	3.99	2.63		3.13
Profit After Tax	10.17	9.64	5.50	9.85
Profit After Tax Margin (%)	3.52%	4.05%	(53 bps)	3.25%
Basic EPS (Rs.)	6.10	6.03	6.01	6.01

- *Increase in Revenue – mainly driven by higher demand for Industrial switchgear business*

FY23 Standalone Financial Highlights



Rs. in Crore	FY23	FY22	Y-o-Y %	FY23 (Consl)*
Net Revenue	1,013.08	783.63	29.28%	1,037.09
Raw Material Expenses	798.63	621.79		807.16
Employee Expenses	35.15	29.40		39.37
Other Expenses	88.16	68.66		94.66
Total Expenditure	921.94	719.85		958.67
EBITDA (Excluding other Income)	91.14	63.78	42.89%	96.19
EBITDA Margin (%)	9.00%	8.14%	86 bps	9.12%
Other Income	1.37	2.18		1.70
Depreciation	16.11	16.01		16.60
Interest / Finance Cost	26.06	19.81		26.12
Exceptional Item (Gain) / Loss	0.00	0.00		0.00
PBT	50.34	30.15		54.88
Tax	13.98	7.67		15.28
PAT	36.36	22.48	61.74%	39.60
PAT Margin (%)	3.59%	2.87%	72 bps	3.82%
Basic EPS (Rs.)	22.74	14.07	61.62%	24.21

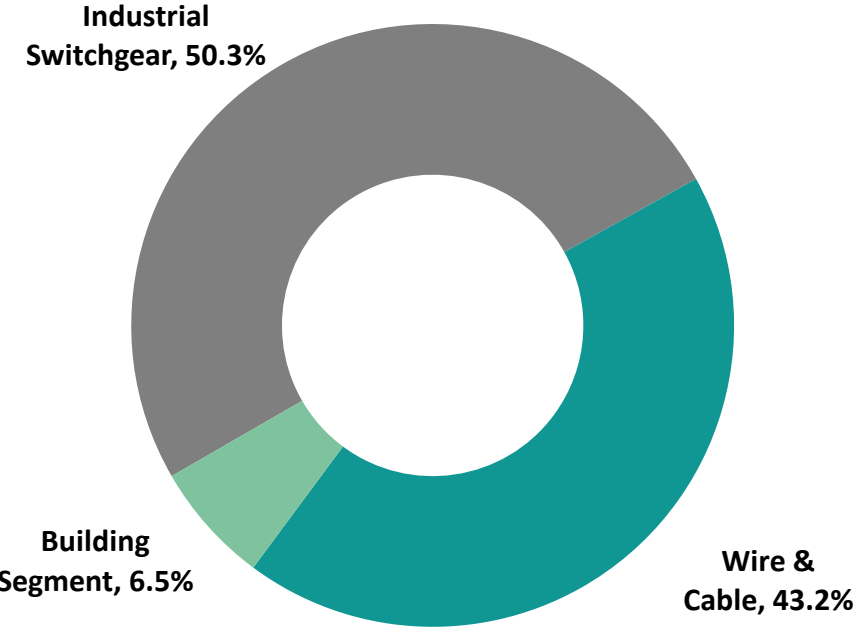
The Board has recommended a final dividend of Rs. 2.20 per share of face value Rs. 10/- subject to approval of shareholders

- **Increase in Revenue – strong demand for almost all products, on the back of better market conditions both in India and global markets**
- **Contribution from exports was 25.57% in FY23**

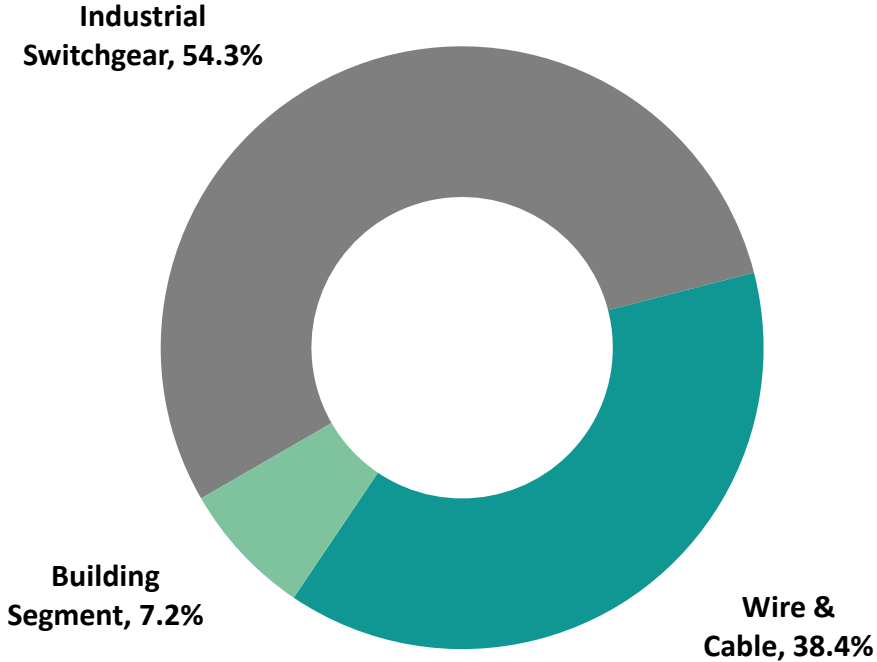
FY23 Revenue Breakup – Business Verticals



FY22



FY23

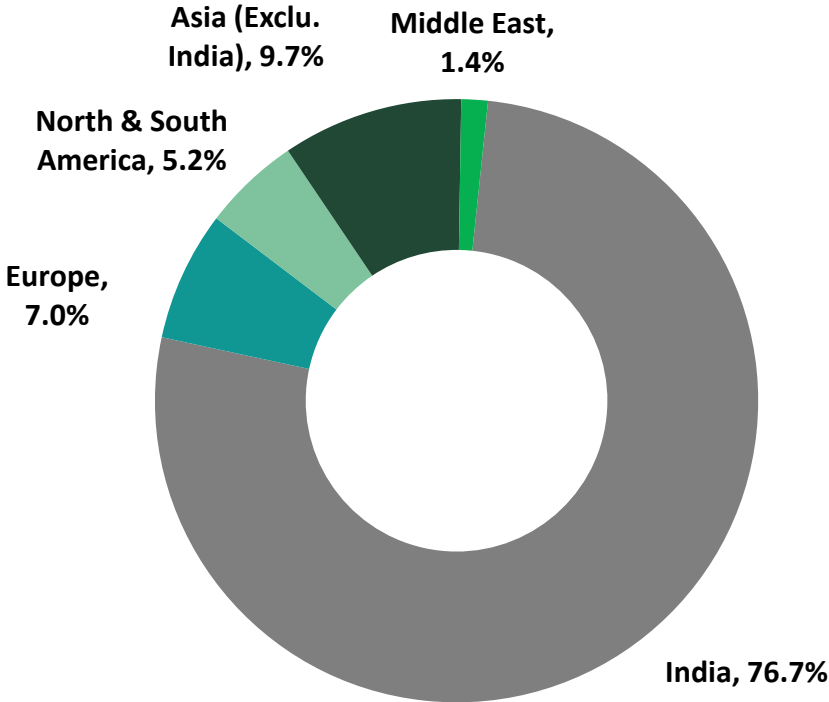


- **Industrial Switchgear – 54.33% of net revenues**
- **Wires & Cables – 38.44% of net revenues**
- **Building Electrical Products – 7.23% of net revenues**

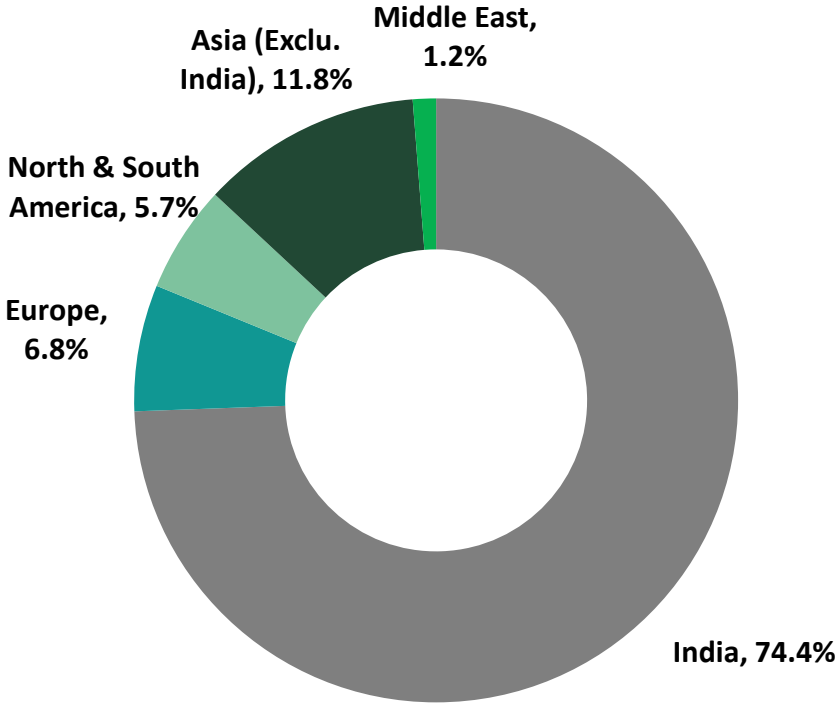
FY23 Revenue Breakup – Geographical



FY22



FY23

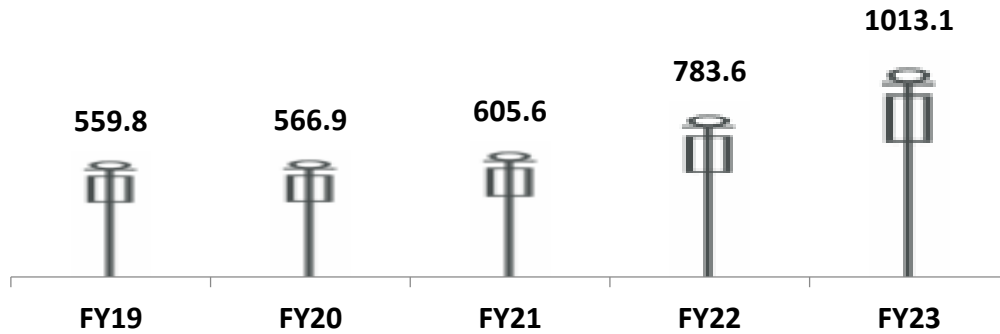


▪ **Contribution from exports was 25.57% in FY23**

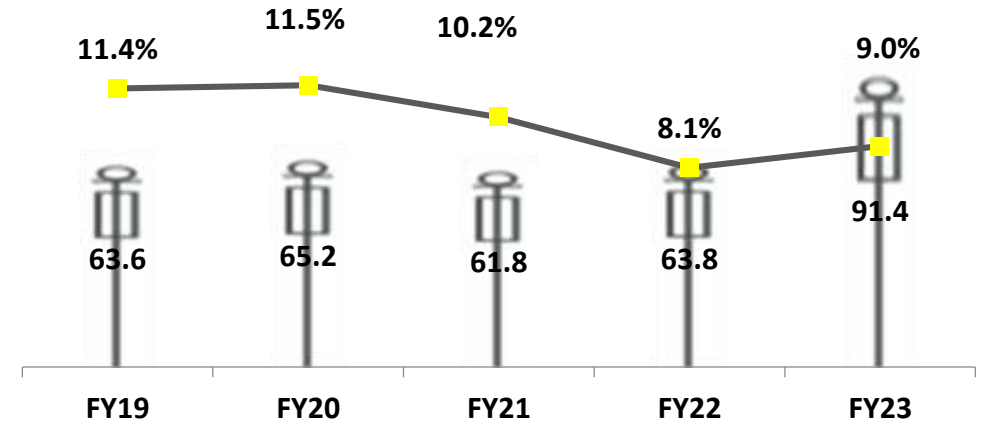
Key Standalone Financial Highlights – Annual



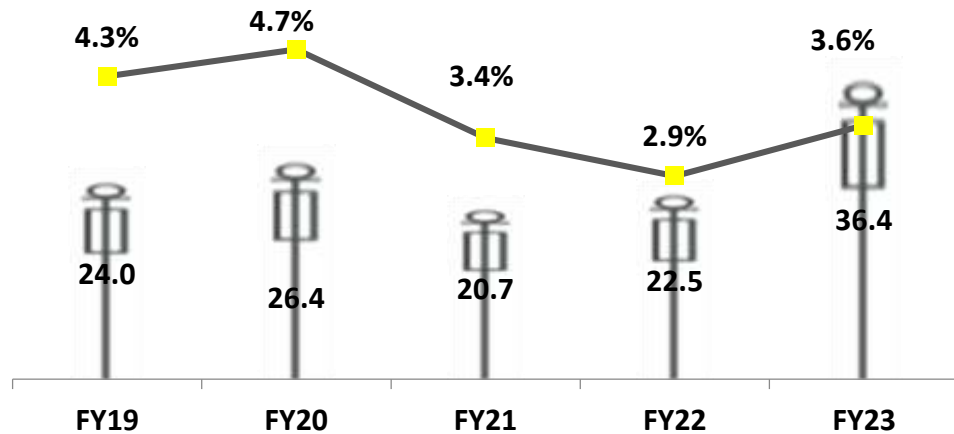
Revenue (Rs. Crore)



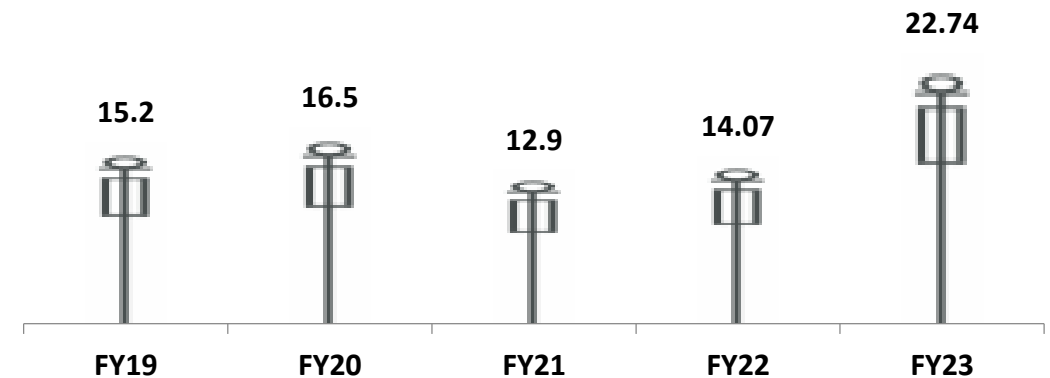
EBITDA (Rs. Crore) / Margins (%)



Net Profit (Rs. Crore)



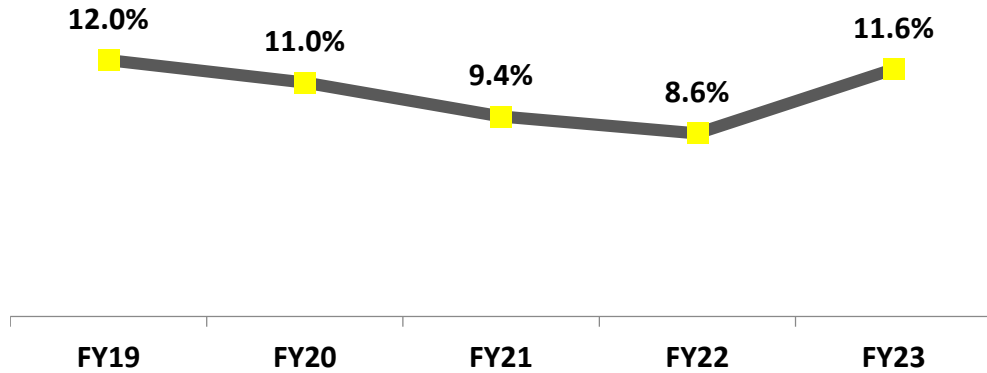
Earning per Share (Rs.)



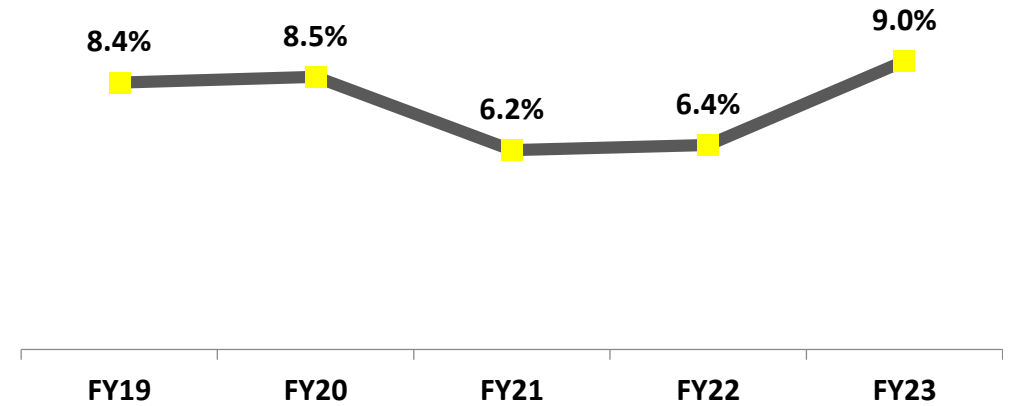
Balance Sheet Highlights – Annual



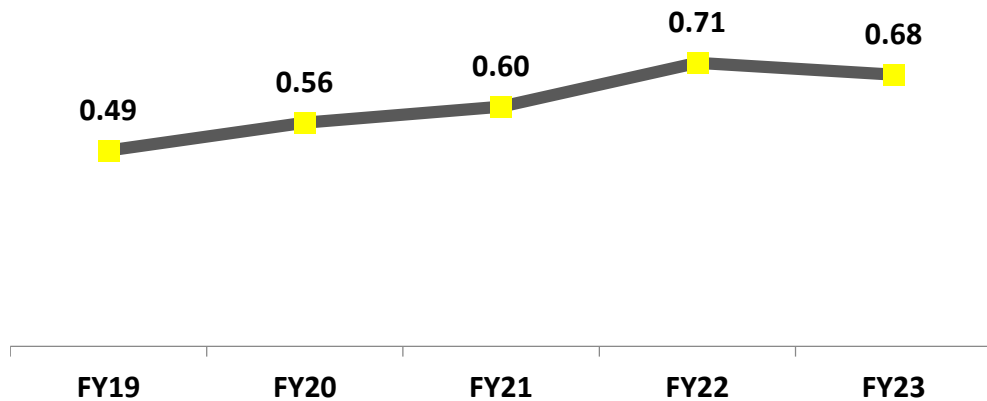
Return on Capital Employed (%)



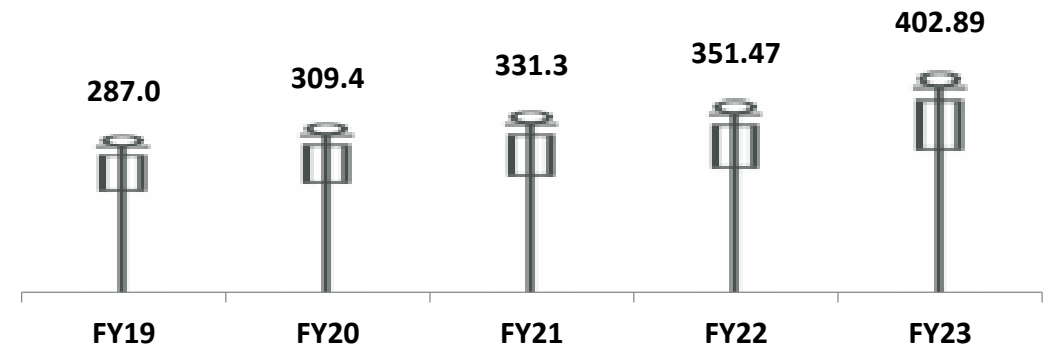
Return on Equity (%)



Debt to Equity(X)



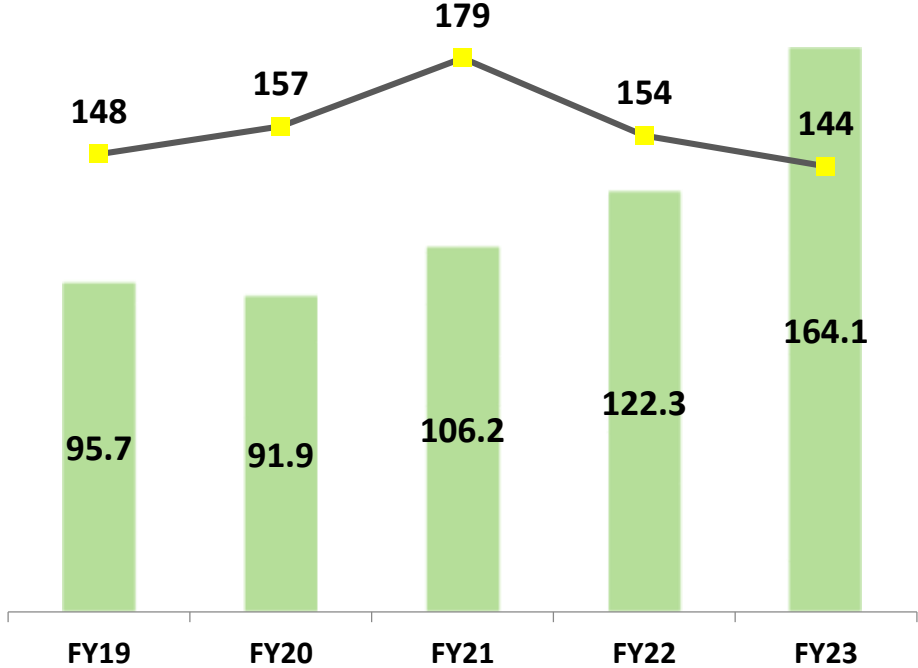
Networth as on 31st March (Rs. Crore)



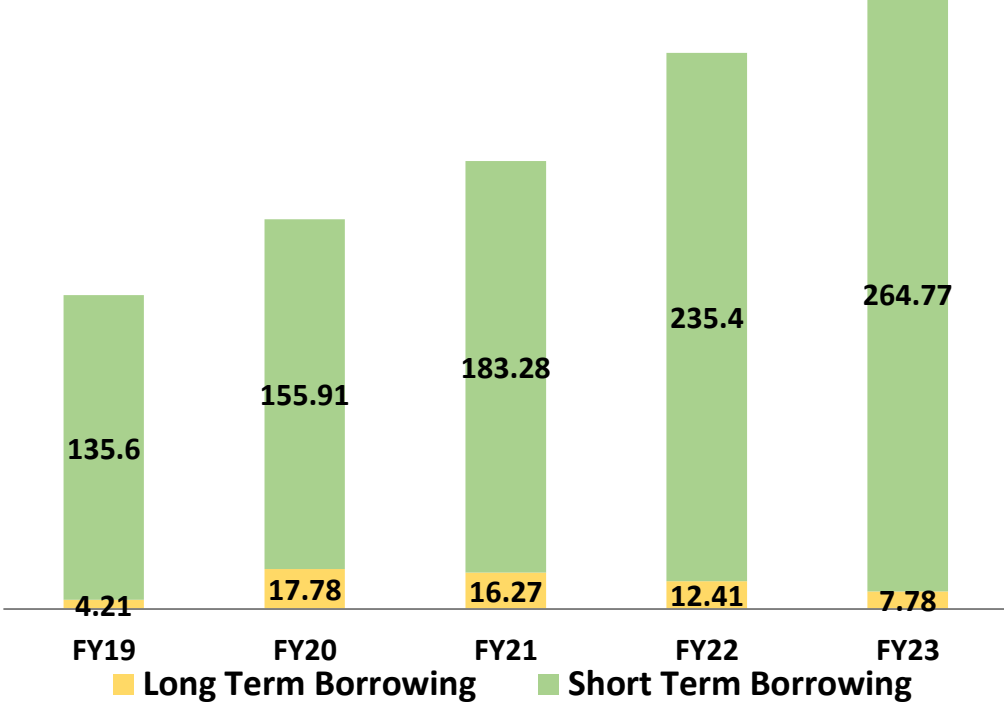
Working Capital & Borrowings



Working Capital (Cr.) – Bar Chart
Working Capital (Days) – Line Chart



Borrowing (Cr.)



*Working Capital (Cr.) – Current Assets – Current Liabilities, Working Capital Days – Inventory Days + Receivable Days - Creditors Days

Standalone Balance Sheet Highlights



Rs. Crore	As on 31 st Mar' 23	As on 31 st Mar' 22	Consol As on 31 st Mar' 23*
Shareholder's Funds	402.89	351.47	413.26
Share capital	16.18	15.98	16.18
Other Equity	386.71	335.48	391.53
Non Controlling Interest		0.00	5.55
Non-current liabilities	30.18	32.01	34.79
Financial Liabilities			
Borrowing	7.78	12.41	11.91
Provisions	0.16	0.00	0.30
Deferred Tax Liabilities (Net)	22.24	19.61	22.32
Other Non-Current Liabilities	0.00	0.00	0.25
Current liabilities	443.26	358.31	447.22
Financial Liabilities			
Borrowing	264.77	235.40	264.77
Trade Payable	109.58	73.77	112.01
Others	4.84	4.86	5.34
Other Current Liabilities	61.87	42.59	62.75
Provisions	2.20	1.70	2.30
Current tax liability (Net)	0.00	0.00	0.05
Total Equities & Liabilities	876.33	741.79	895.27

Rs. Crore	As on 31 st Mar' 23	As on 31 st Mar' 22	Consol As on 31 st Mar' 23*
Non-current assets	268.99	261.15	267.46
Property, Plant & Equipment	226.93	210.57	234.52
Capital WIP	0.63	0.78	0.63
Investments Property	0.01	0.01	0.01
Intangible Assets	3.59	3.86	10.57
FA - Investments	17.63	17.45	0.91
FA - Trade Receivables	9.35	11.63	9.35
FA - Others	5.92	11.83	6.17
Other Non Current Assets	4.94	5.02	5.30
Current assets	607.63	480.64	627.81
Inventories	270.05	223.70	273.80
Financial Assets			
Investments	4.23	3.10	4.23
Trade receivables	275.63	208.52	287.27
Cash & Cash equivalent	6.03	1.28	7.28
Bank Balance other than above	6.62	6.76	10.11
Loans	10.21	10.58	10.23
Other	0.43	0.35	0.43
Other Current Assets	34.16	26.35	34.48
Total Assets	876.33	741.79	895.27

*Consolidated – on account of acquisition of 74.9% shares of Kaycee Industries



Company Overview

About Us

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

- Six manufacturing units located in Tamil Nadu
- More than 15 products catering to Industrial / Building Electrical / 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, five product patents in process
- Receives patent for 'Integral Cam Operated Rotary Switches' for a duration of 20 years, ending 2031

From a Single Product Company...



1985

Established to
manufacturer of CAM
operated Rotary Switches

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

1991-95

2001-06

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

.....
Leading player offering total and
customized electrical solutions
.....
More than 15 different products
.....
2,000 employees
.....
5 manufacturing units
.....
Foray into tailor made products
and branding for large customers
.....
Specialized panels for OEMs

2010-14

2017-23

.....
Started commercial production of
Three Phase Dry Type Transformers
.....
Acquired Salzer Magnet Wires
.....
Upgrade in Credit Rating for long-
term borrowing to '**CRISIL A/Stable**'
.....
Acquired Kaycee Industries Ltd.
.....
Forays into **EV Business** through **JVs**
with Kostad Steuerungsbaubau GmbH
and EMarch LLP
.....
Receives patent for 'Integral Cam
Operated Rotary Switches' for a
duration of 20 years, ending 2031
.....
Receives patent for 'Motor Protection
Circuit Breaker With Increased Air
Gap'
.....
Set up new manufacturing rented
facility strategically located in Hosur,
Tamil Nadu – production to
commence in March 2023

... to manufacturing multiple products across sectors

Professional Management



R. Doraiswamy

Managing Director

Qualified Electrical Engineer and Technocrat Entrepreneur with over 4 decades of experience

Vast Experience in Foreign Collaboration & wide global contacts

M Lakshminarayana

VP - Operations

B.E (Electrical) with over 2 decades of experience

Responsible for Production, Planning, Inventory Management, Maintenance & General Administration

D. Rajeshkumar

Joint Managing Director

Electrical Engineer, India; Postgraduate in Business Management, US

JMD of Company - responsible for driving the vision of Company

D. Govindaraj

Sr. Manager-Corp. Accounts & Projects

Masters in Commerce, DLL and DTL with over 3 decades of experience

Responsible for project finance and corporate accounts

P. Sivakumar A

AVP – Marketing Corporate

Bachelors in Engineering with over 3 decades of experience

Responsible for Sales & Marketing division

R Karunakaran

GM - PR & GST

BSc, Diploma in Marketing Management with more than 3 decades of experience

Responsible for GST and Public Relations of Company



Business Overview

Business Overview

Industrial Switch Gear Products

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

Copper Products

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

Building Electrical Products

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

Energy Management products

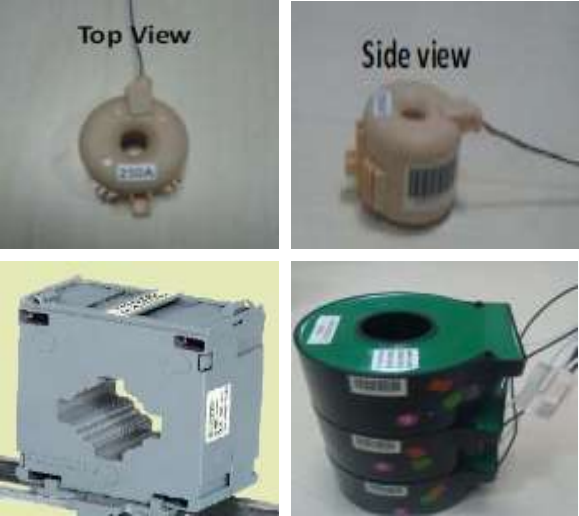
- Energy Savers
- Street Light Controllers



Wide Product Suite- Customized for OEM's



CT's



Terminal Sockets



Coils / Inductors

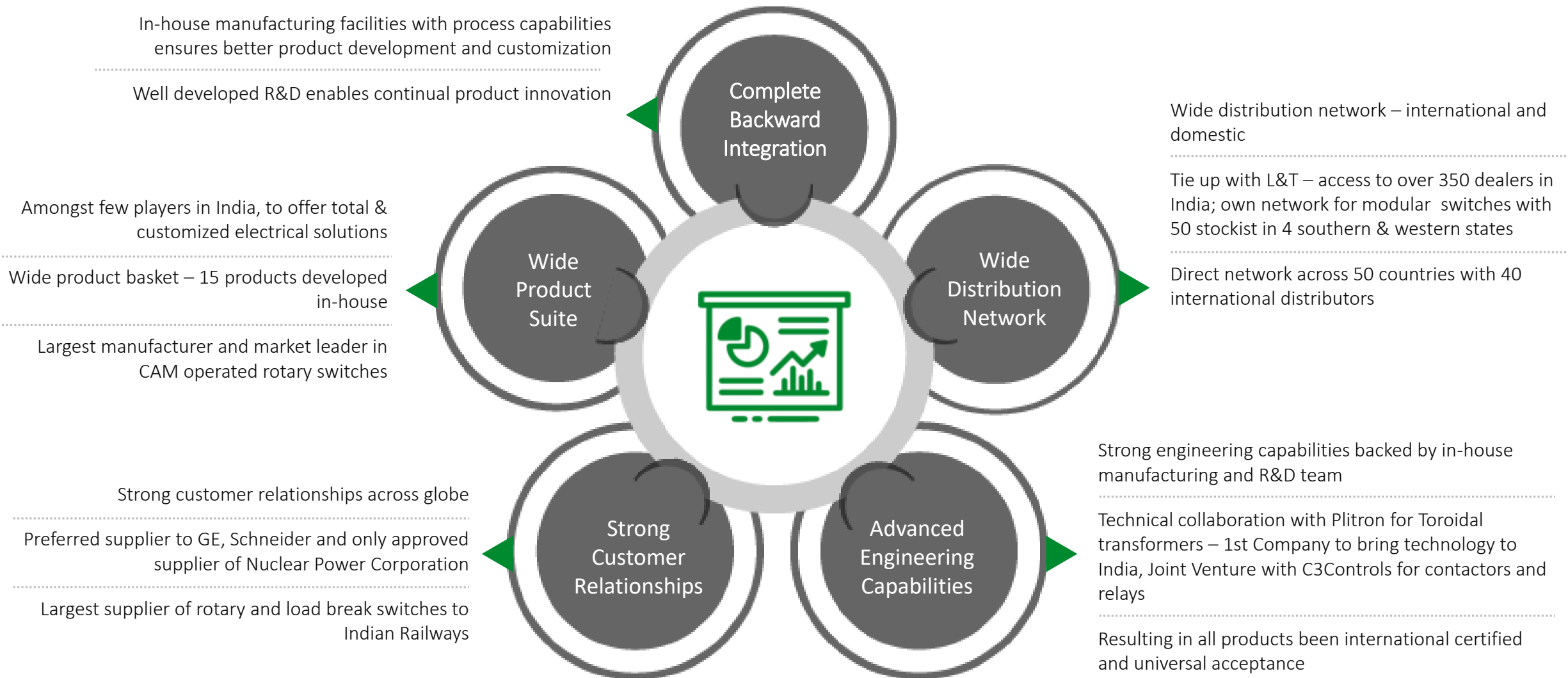


Panels



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

Key Strengths



Six Manufacturing facilities...



UNIT 1



UNIT 2



UNIT 3



UNIT 4



UNIT 5



Hosur Plant



Rotary Switch
 Contactors & Relays
 Panel Assembly
 Lighting Energy Savers
 Automatic Meter Reading
 Three Phase Dry Type Transformers

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

Wiring Accessories

Wires & Cables

Flexible Bus Bars

Bunched Conductors

Tinned Wires

Enamelled Copper Wires

Fine Enamelled Copper Wires

Polyester Coated Winding wires

Wire Harnesses

Toroidal Transformers

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

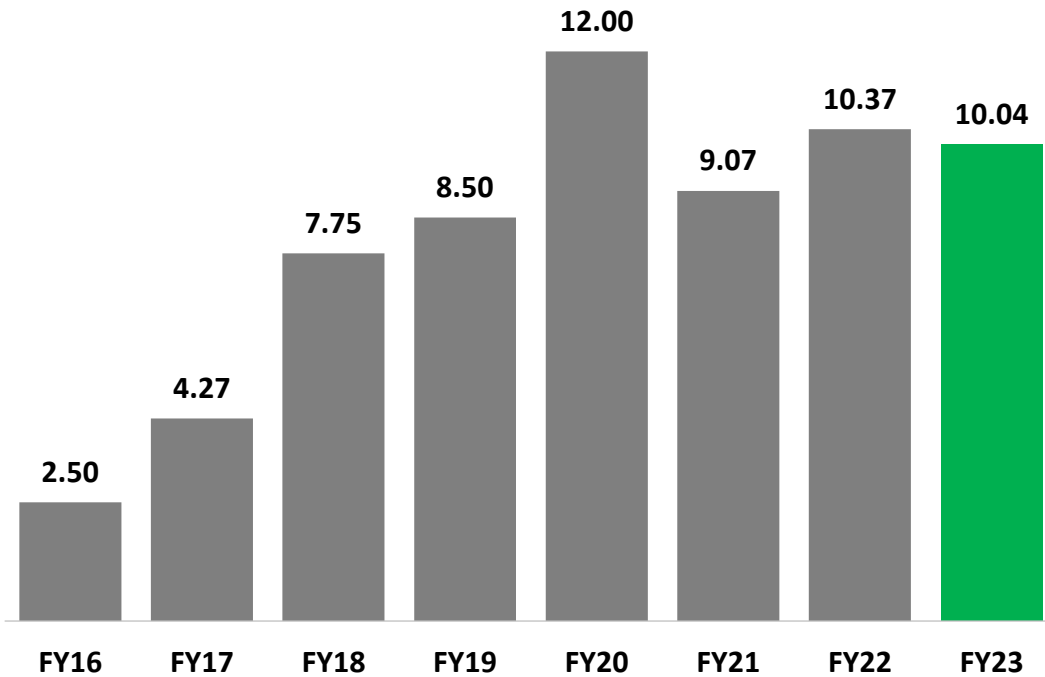


- Full fledged **Type testing laboratory**
 - Loads up to 500Amps
 - Environmental test chamber for humidity test
 - Salt spray test & all other basic tests as per UL Standards
- **In-house tool room** facility for manufacturing and servicing of Moulds and press tools
 - CNC Wire Cut Machines and Spark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

...And a strong R&D team

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
- Six patents in process
 - Manual Single-Phase Starter with no voltage tripping, Energy Saver System for Street Lighting, Track Feed Battery Changer Over System, Heavy duty energy efficient automatic source change over, Training warning system and Modular Housing
 - Received two patents for CAM operated rotary switch & Motor Protection Circuit Breaker' for duration of 20 years, ending 2036
- 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

Continual focus on product innovation

Internationally certified



ISO 9001



ISO 14001



CE Certification



ISO 18001



UL Certification



CB certification by IE

CB certification



RoHS



Intertek

Intertek Semko approval



CSA Certification



ISO 16949
CERTIFIED

... Across entire product portfolio

Blue Chip Customers



- Marketing Tie-up with L&T for Indian Market
 - Largest supplier of rotary switches to Indian Railways
 - Branding partner to various large OEM's in India
-
- Technical Tie-up with American Company C3Controls, to manufacture & market contactors & overload relays
 - Technical Tie-up with Trafomodern for Three Phase Transformers
 - Preferred supplier to:
 - ✓ Nuclear Power Corporation
 - ✓ Schneider Electric
 - ✓ GE Energy

Wide Distribution Network



Direct network across 50 countries

International

- Direct network across 50 countries
 - 23% of sales from exports (FY22)
 - 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



Way Ahead

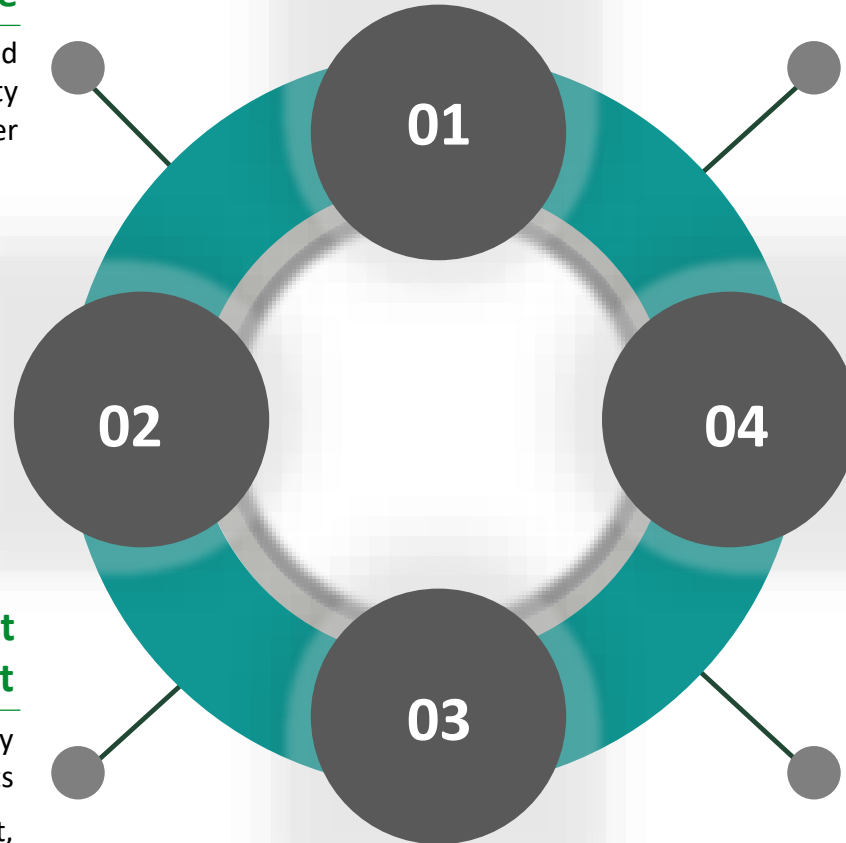
Operational Excellence

Consistently executing business strategy and continued focus on improving operating costs by sourcing quality raw materials and efficient manpower

Focus on margin improvement

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

Seek Technical alliances to develop new and technically advanced products

Acquired Kaycee Industries for new product development, enter new ventures and leverage brand & distribution network

Formed JV's with Kostad Steuerungsbaubau GmbH & EMarch LLP to enter EV market

Growth and expansion of existing product verticals

Constantly develop new products through in-house R&D

Expand existing product portfolio to newer geographies

ESG Initiatives - Carbon Emission by Scope



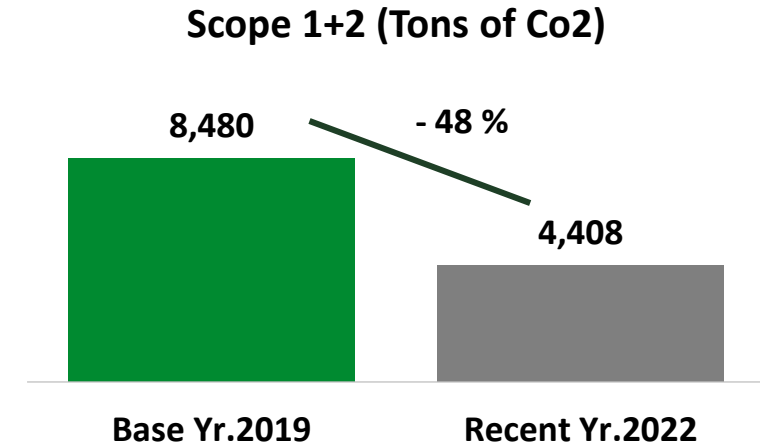
Scope 1

- All Fossil fuels used in factories, such as diesel for backup power and fuels used in Cars, transport & fleet vehicles

Scope 2

- Electricity consumed at all factories and offices of Salzer owned facilities
- Also the avoidable emissions are calculated by the use of Renewable power by own renewable sources as well as purchased renewable sources

Details	Base Yr - 2019	Recent Yr - 2022	Delta
Scope 1 (Tons of Co2)	123	191	55%
Scope 2 (Tons of Co2)	8357	4217	-50%
Turnover INR	5590000000	7830000000	40%
Scope 1+2 (Tons of Co2)	8480	4408	-48%
Intensity	0.000001517	0.000000563	
Delta		-63%	



- 2019 was considered the Base year for calculation. 2020 & 2021 was not considered as it was a year with partial shutdowns due to Pandemic
- The Direct Greenhouse Gas (GHG) emission from facilities we operate (scope 1) has increased from 123 tons of Co2 to 191 tons of Co2. The increase over the last two years is due to higher activities due to increased turnover
- The indirect GHG emissions from Energy consumption (Scope 2) was calculated 10537 tons of Carbon. However, the offset due to Generation & Purchase of Renewable Power was at 6321 tons of Co2. Hence the Net Carbon Emission due to energy Consumption is at 4217 tons of Co2. At total reduction of 50% compared to 2019
- Scope 1 & 2 put together there is a Net reduction of 48% in carbon emissions from 8480 tons of Co2 to 4408 tons of Co2

ESG Initiatives

Committed towards a cleaner, greener and healthier environment

Optimise energy consumption

Towards this end Company has identified installation of rooftop solar panels

Plan to recycle water as per environmentally friendly norms

Increasing green cover around all plants in and around the manufacturing facilities

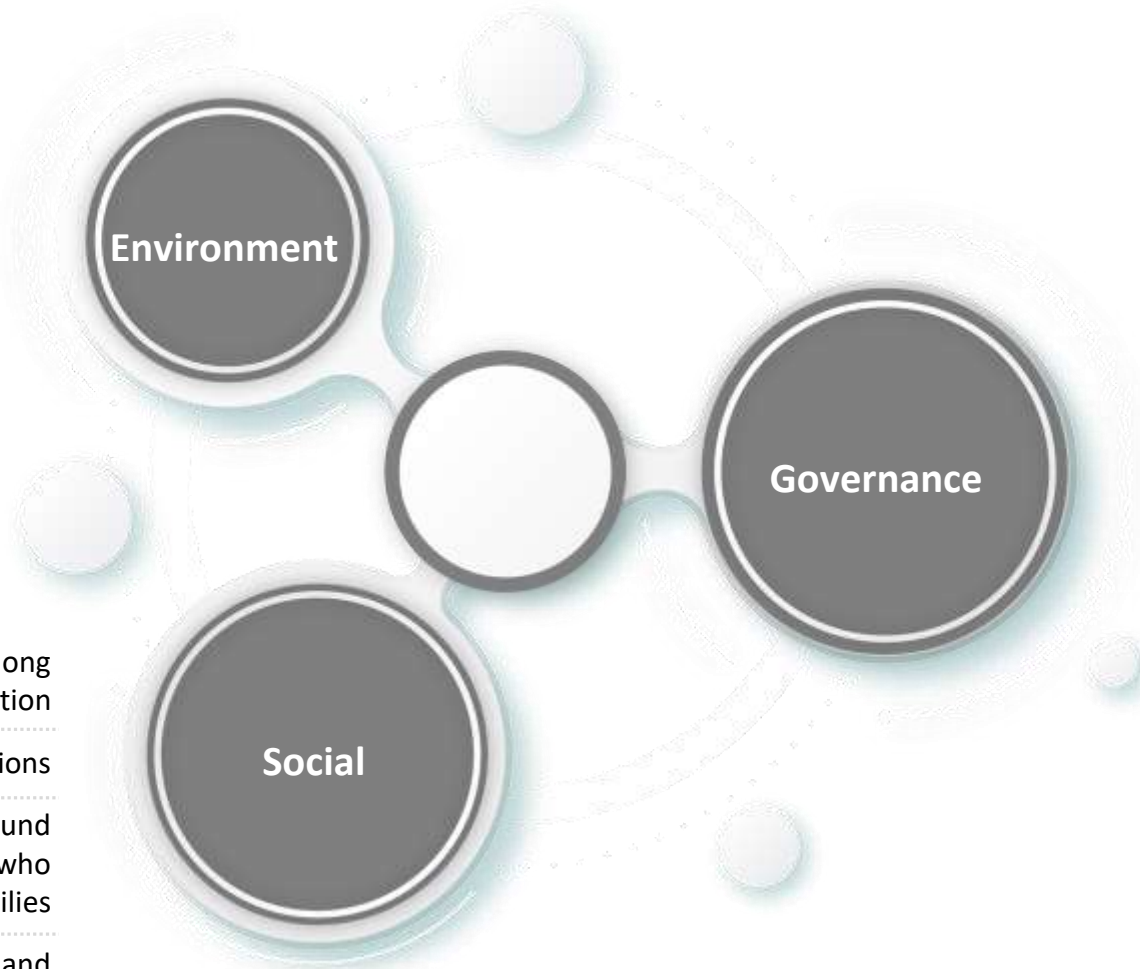
Partner in EV Ecosystem to manufacture parts of environmentally friendly transportation

Continues to contribute towards skill development among the local population

Recruitment of rural youth for local sales operations

Contribution for women empowerment. Engaged around 50% women employees hailed from local rural areas who are breadwinners of their families

Spending under CSR Initiatives for health Care and education of rural populous particularly residing in the local regions



M./s JDS Associates for statutory audit, M/s. Covai Management Services for internal audit and M/s. G. Vasudevan for Secretarial Audit

Five independent Directors out of 11 Members on the Board

Focus on Better compliances and best governance practices

Plan for gender diversification on the Board in due course

Thank You

For further information, please contact:

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