



SALZER ELECTRONICS LTD

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November 6, 2023

To

THE CORPORATE RELATIONSHIP DEPT
BSE Limited
I Floor, New Trading Ring,
Rotunda Building,
P.J.Towers, Dalal Street,
Fort, Mumbai - 400 001.

M/s. National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
BandraKurla Complex,
Bandra (E),Mumbai - 400 051
Tel :+91 22 26598235/36, 26598346
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SCRIP CODE: 517059

Symbol: **SALZERELEC**

Dear Sir,

Sub: Audio recording of Earnings Call for the Financial Results of the fourth quarter /
year ended September 30, 2023
Ref.: Reg. 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations,
2015

We wish to inform you that the audio recording of the Earnings Call hosted by the
company for the Financial Results of the second quarter / six months ended September
30, 2023, has been made available on the Company's website at the following link,
within the timeline prescribed under the SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015.

<https://www.salzergroup.net/audio/EQB02202305251471932.mp3>

You are requested to take the same on record and acknowledge the receipt.

Thanking you

Yours faithfully
For SALZER ELECTRONICS LTD

K M MURUGESAN
COMPANY SECRETARY

Salzer Electronics Ltd

Progressive Share Brokers Private Limited cordially
invites you to the

Earnings Conference Call of Salzer Electronics Ltd

To discuss the operational and financial performance for
Q2 & H1FY24

Day/Date: **Monday, 6th November 2023**
Time: **11:30 AM**

Diamond pass entry: [Registration Link](#)

Access Numbers	
Universal Dial in	+91 22 6280 1205
	+91 22 7115 8258
Hong Kong	800 964 448
Singapore	800 101 2045
UK	0808 101 1573
USA	18667462133

Participants:

Mr. D Rajesh Kumar (Joint Managing Director)

Salzer Electronics Ltd

We look forward to your participation

RSVP:

Rupesh Rege from Adfactors IR (+91 9594918891)

Rohit Ohri from Progressive Shares (+91 22 40777500)

salzer®



Salzer Electronics Limited

Result Update Presentation

Q2 & H1 FY24

Disclaimer



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Financial Highlights

Joint Managing Director's Message



“During the Second quarter of the financial year, we registered a consolidated revenue of Rs. 280.72 crores with EBITDA (excluding other income) and PAT of Rs. 26.79 crore and Rs. 10.10 crore, respectively. Overall market has been bit slow due to international geopolitical uncertainty, high oil prices etc. Despite we have seen growth coming in from Industrial switchgear and wires and cable businesses especially in high demand products like three phase transformers, Wire harness, relays and new products like contactors etc. Our revenues from exports were largely from Asia, North & South America, Middle East / Africa as well as Europe.

We have seen positive trend in decreasing raw material cost, expect this to continue which helped to improve our EBITDA Margins. We are focusing on maintaining a balanced business mix between industrial switchgear and wires & cables products to manage overall gross margin percentage.

On the EV front, we completed the developmental activities for DC Fast charger, and we are taking steps to roll out the product in the current fiscal after securing clearances from the regulatory bodies.

We have recently developed lot of new products for a new segment HVAC (Heating, Ventilation, and Air Conditioning). This segment comprises products like Definite purpose contactor, AC disconnect Switches and Whips and disconnects. These products are being used in both domestic and Industrial AC systems.

We strive to maintain this growth trajectory to set our eyes on new summits of achievement. At Salzer, innovation is in our manifesto, and our strong product offerings and brand position in the market has placed us in a position to achieve new benchmarks for the future. Based on the domestic and export outlook, we are optimistic on our overall business performance.

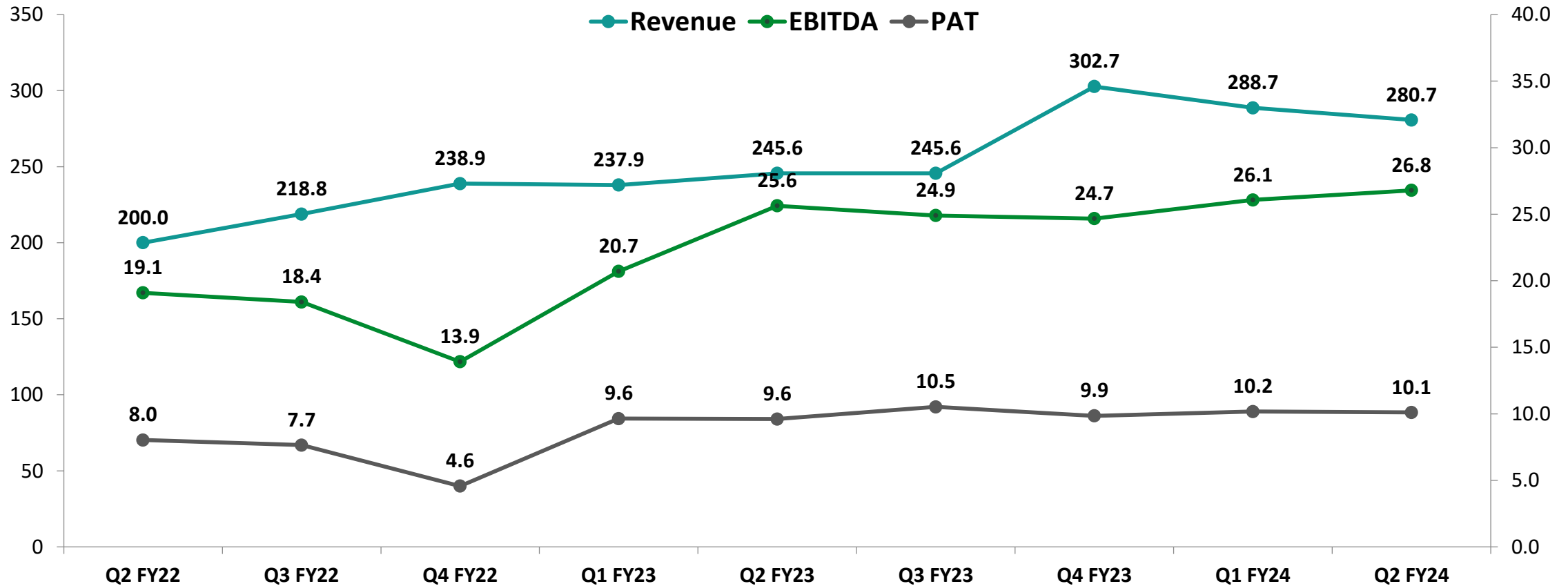
I thank the entire team at Salzer Electronics for their untiring efforts and all our stakeholders for their continued support and faith in our Company.”

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

Key Consolidated Financial Highlights – Quarterly



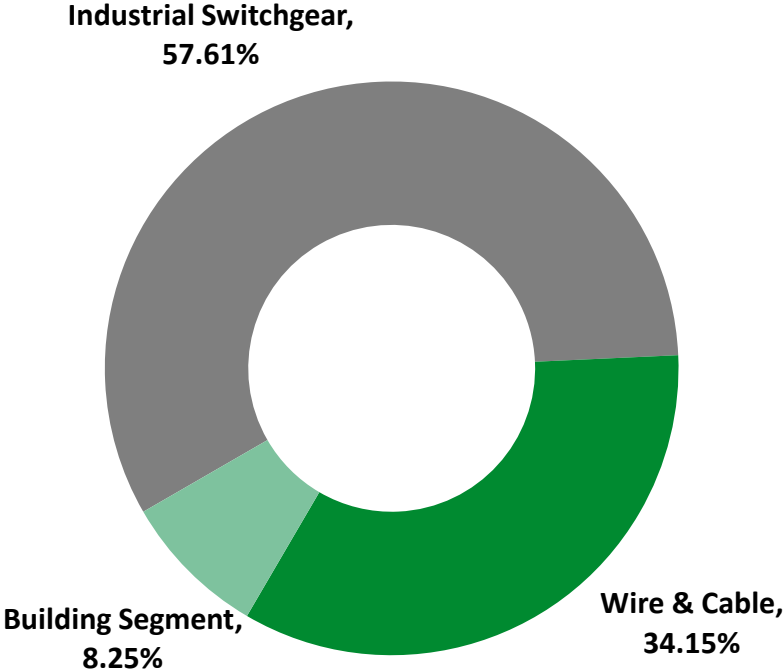
Revenue, EBITDA (excluding other income), PAT (Rs. Crore)



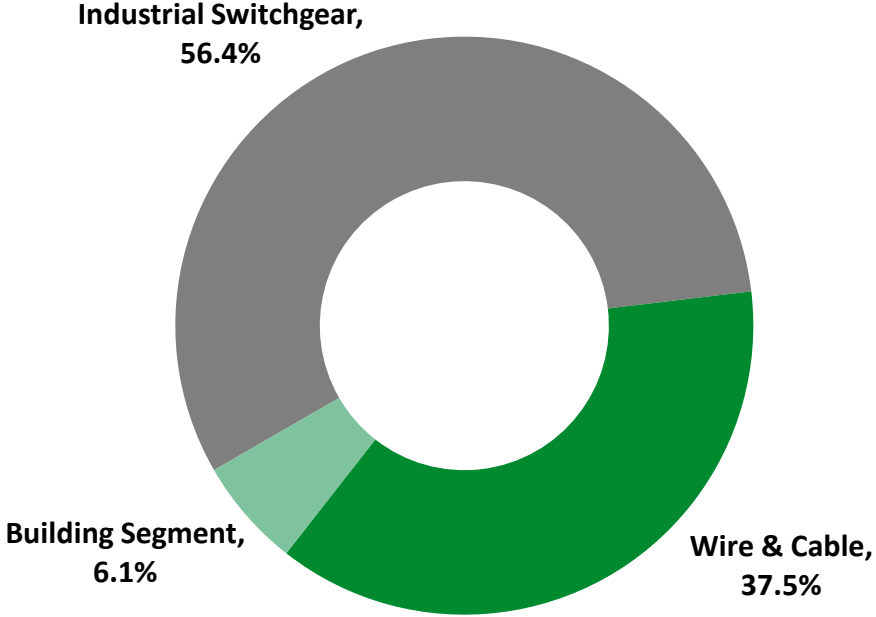
Q2 FY24 Revenue Breakup – Business Verticals



Q2 FY23



Q2 FY24

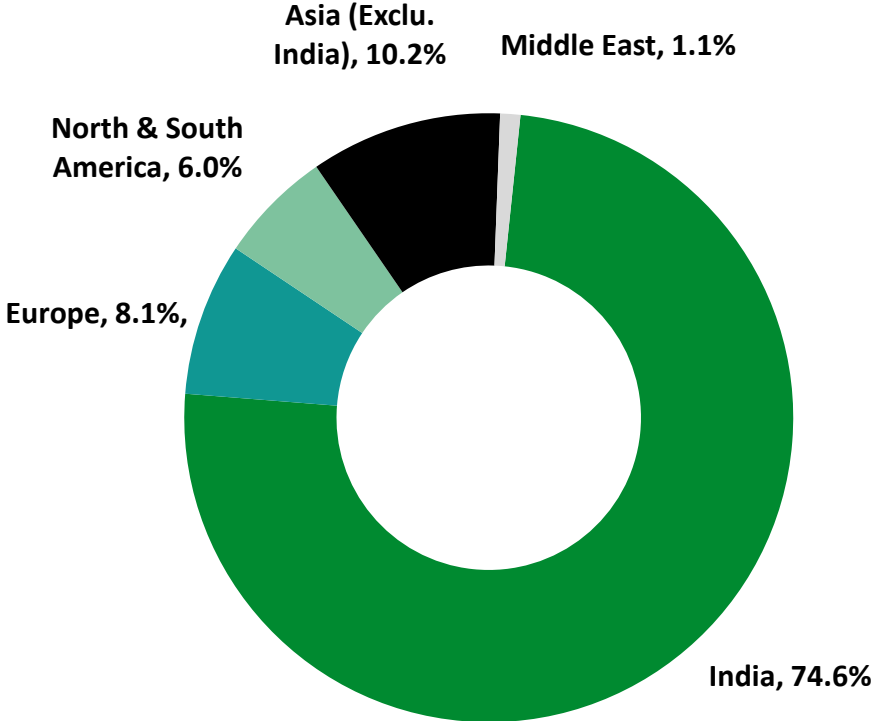


- *Industrial Switchgear – 56.44% of net revenues*
- *Wires & Cables – 37.46% of net revenues*
- *Building Electrical Products – 6.10% of net revenues*

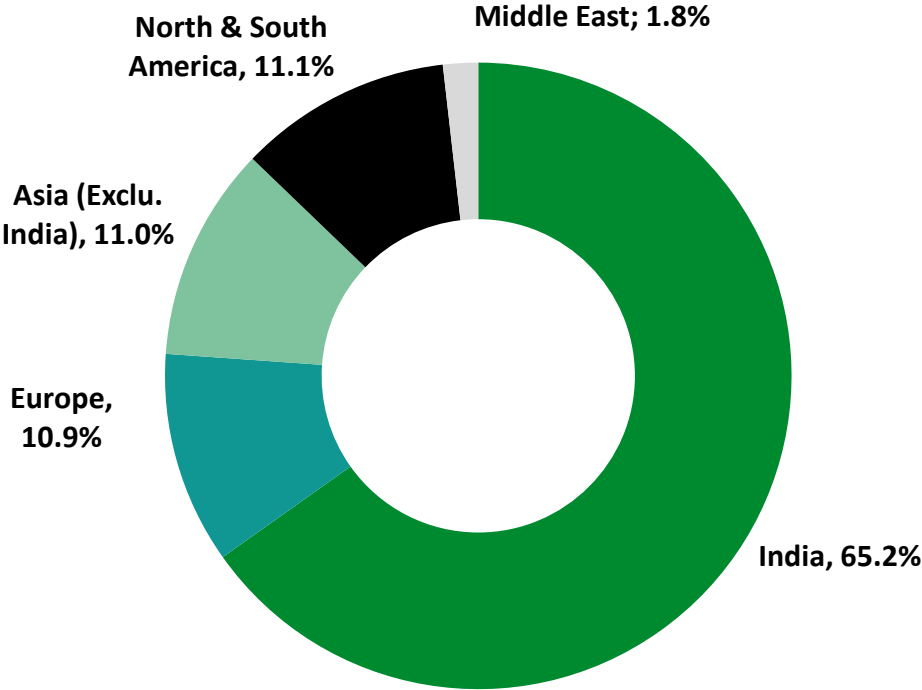
Q2 FY24 Revenue Breakup – Geographical



Q2 FY23



Q2 FY24



- **Contribution from Exports at 34.8%**
- **Export revenue driven by higher exports to Middle East, North & South America, Europe and Asian countries**

Q2 FY24 Consolidated Financial Highlights



Rs. in Crore	Q2 FY24	Q2 FY23	Y-o-Y %	Q1 FY24
Net Revenue	280.72	245.62	14.29%	288.67
Raw Materials	214.17	186.81		225.48
Employee Cost	11.22	9.80		10.41
Other Expenses	28.54	23.38		26.70
Total Expenditure	253.93	219.99		262.59
EBITDA (Excluding other Income)	26.79	25.63	4.51%	26.08
EBIDTA Margin (%)	9.54%	10.44%	(90 bps)	9.03%
Other Income	0.29	(0.48)		0.74
Depreciation	5.16	4.09		4.66
Interest / Finance Cost	8.32	6.14		8.00
Exceptional Item (Gain) / Loss	0.00	0.00		0.00
Profit Before Tax	13.60	14.93		14.16
Tax	3.50	5.32		3.99
Profit After Tax	10.10	9.61	5.10%	10.17
Profit After Tax Margin (%)	3.60%	3.91%	(31 bps)	3.52%
Basic EPS (Rs.)	5.99	5.87	2.04%	6.10

- *Increase in Revenue – mainly driven by higher demand for Industrial Switchgear and Wire & Cables business*

H1 FY24 Consolidated Financial Highlights

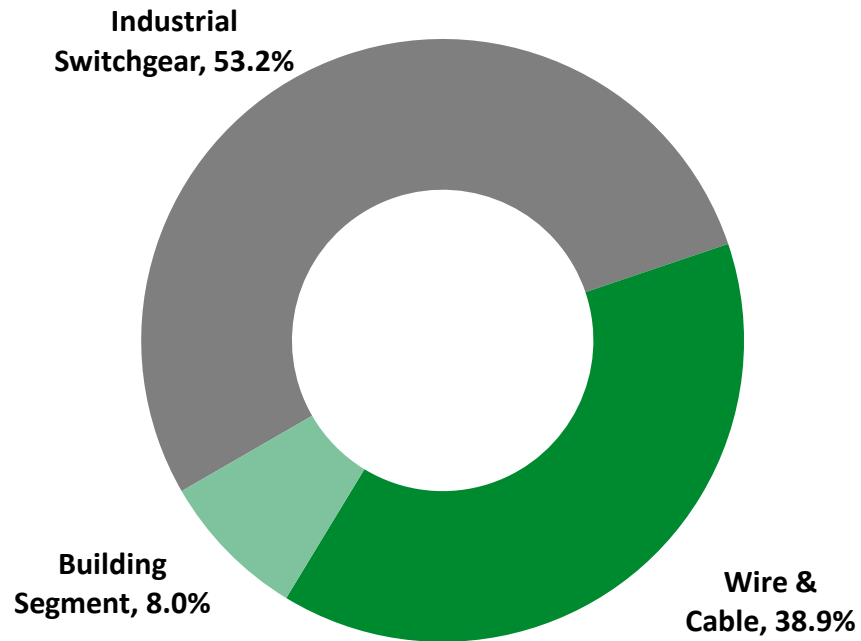


Rs. in Crore	H1 FY24	H1 FY23	Y-o-Y %
Net Revenue	569.40	488.76	16.50%
Raw Material Expenses	439.65	381.11	
Employee Expenses	21.63	18.89	
Other Expenses	55.24	42.43	
Total Expenditure	516.52	442.43	
EBITDA (Excluding other Income)	52.87	46.33	14.12%
EBITDA Margin (%)	9.29%	9.48%	(19 bps)
Other Income	1.02	0.75	
Depreciation	9.82	8.11	
Interest / Finance Cost	16.32	11.77	
Exceptional Item (Gain) / Loss	0.00	0.00	
PBT	27.76	27.20	
Tax	7.50	7.95	
PAT	20.27	19.25	5.29%
PAT Margin (%)	3.56%	3.94%	(38 bps)
Basic EPS (Rs.)	12.05	11.77	2.38%

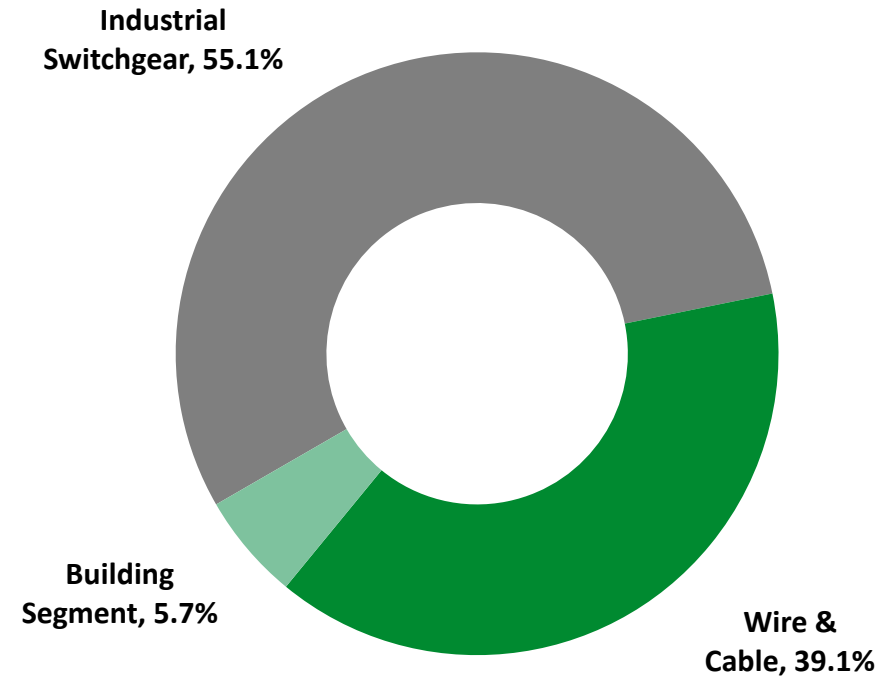
- **Increase in Revenue – higher sales in high demand products like Three phase transformers, wire harness, relays and contactors etc**
- **Contribution from exports was 29.2% in FY23**

H1 FY24 Revenue Breakup – Business Verticals

H1 FY23



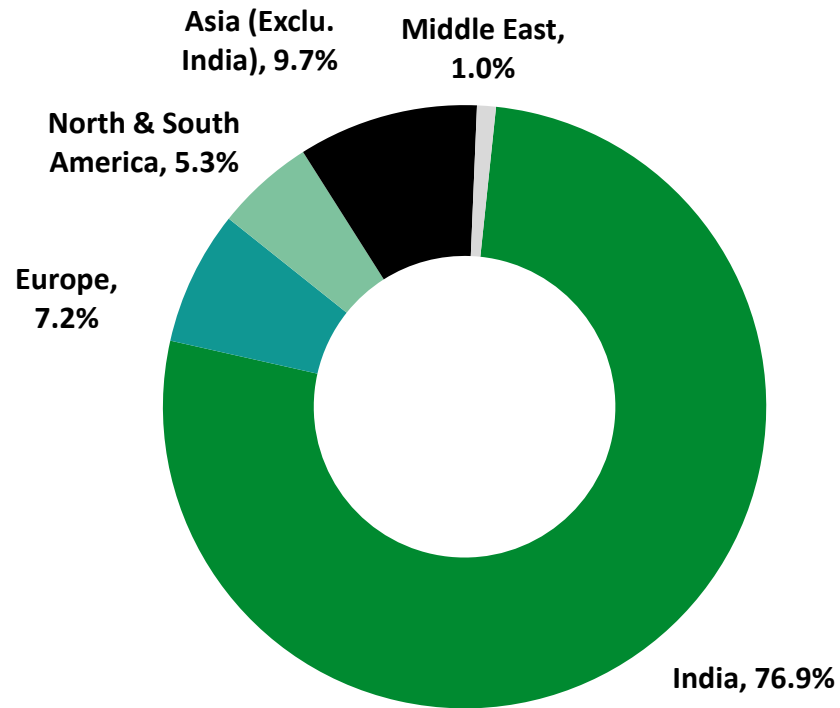
H1 FY24



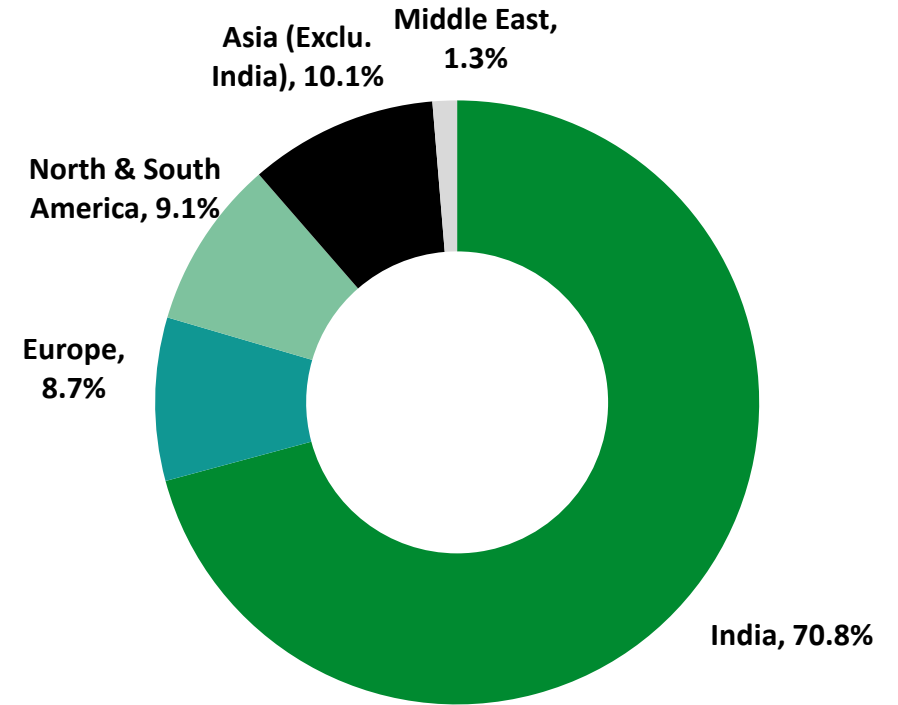
- *Industrial Switchgear – 55.13% of net revenues*
- *Wires & Cables – 39.14% of net revenues*
- *Building Electrical Products – 5.73% of net revenues*

H1 FY24 Revenue Breakup – Geographical

H1 FY23



H1 FY24

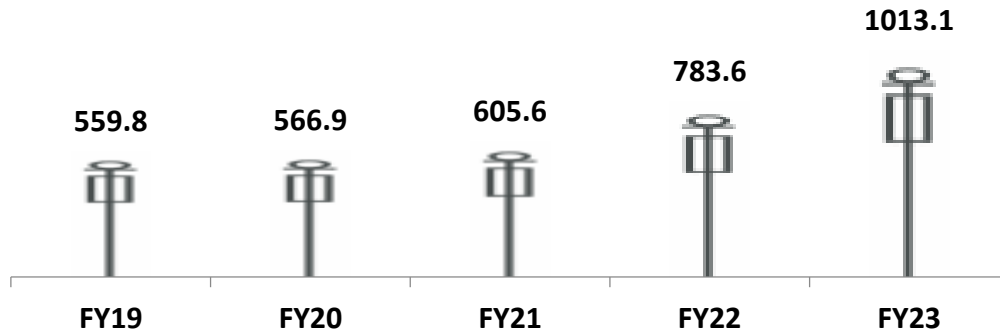


- **Contribution from exports was 29.2% in H1 FY24**

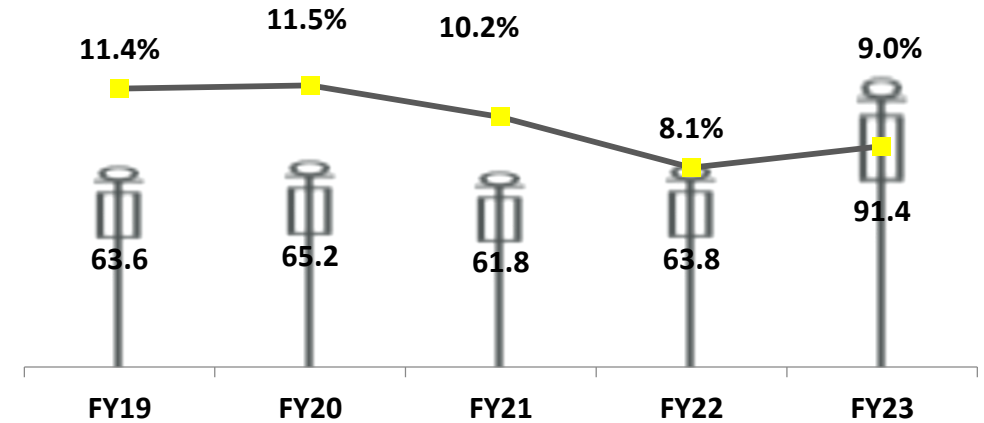
Key Standalone Financial Highlights – Annual



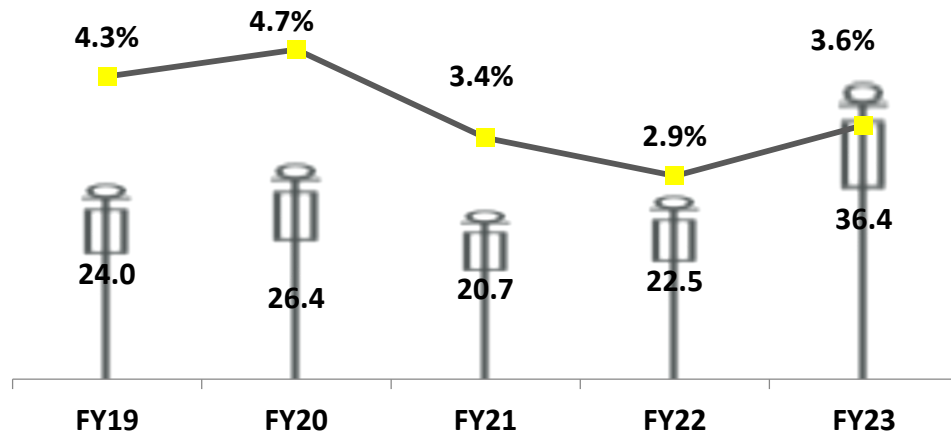
Revenue (Rs. Crore)



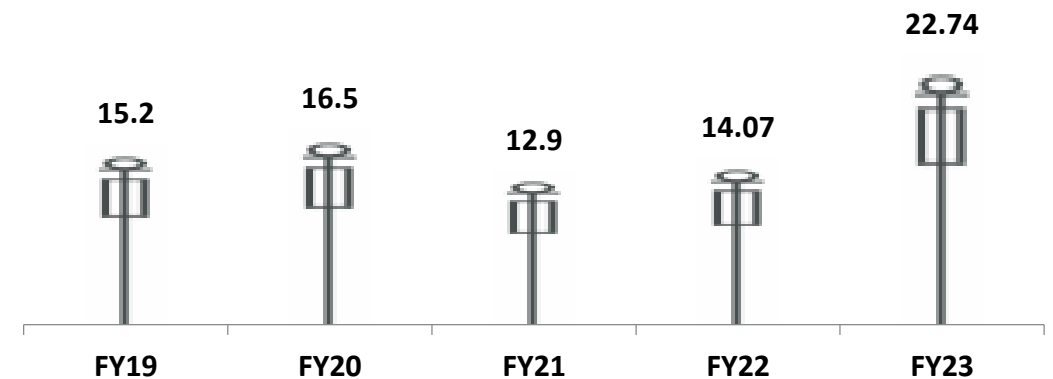
EBITDA (Rs. Crore) / Margins (%)



Net Profit (Rs. Crore)



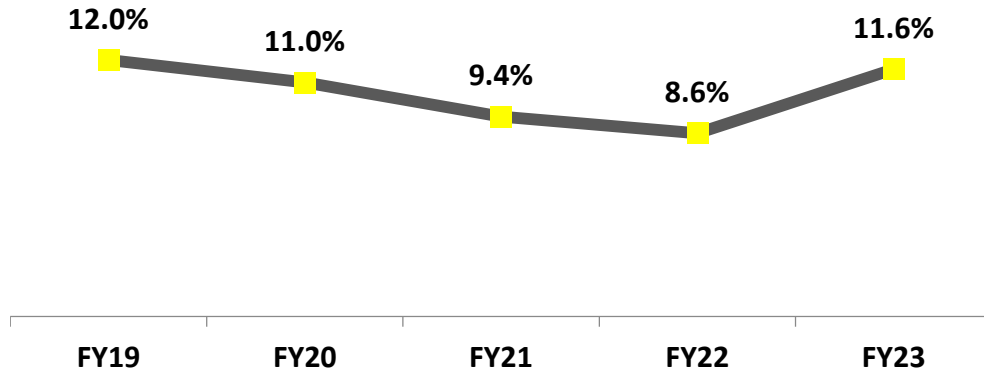
Earning per Share (Rs.)



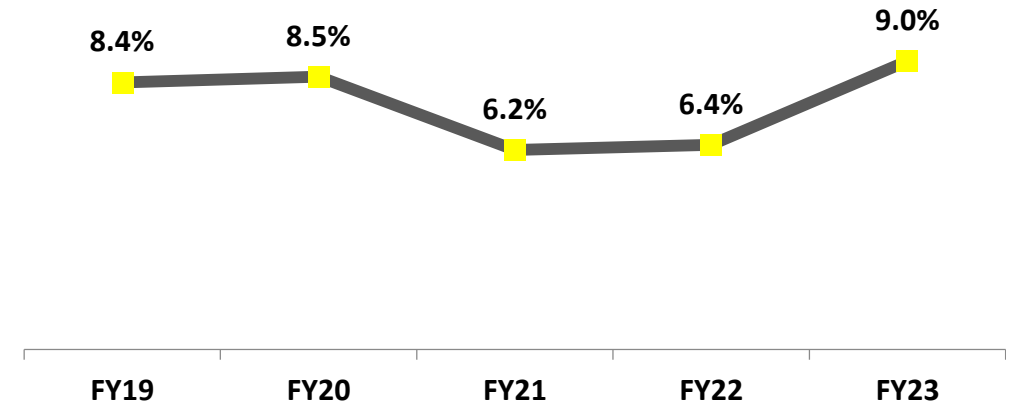
Balance Sheet Highlights – Annual



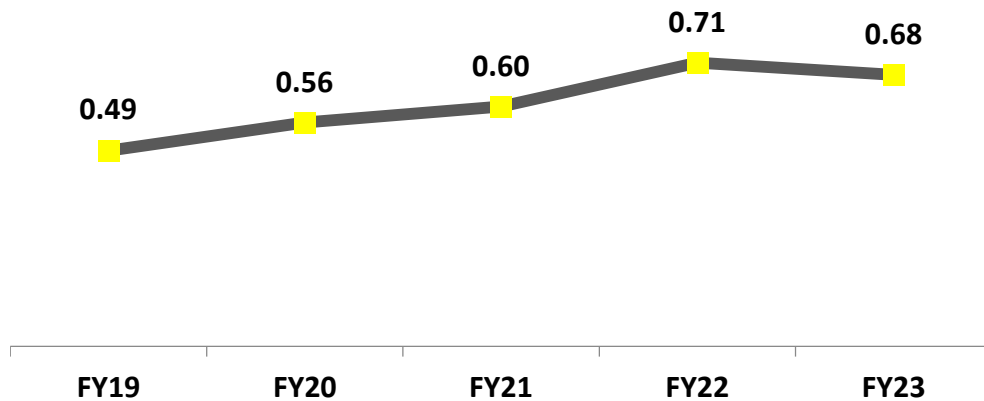
Return on Capital Employed (%)



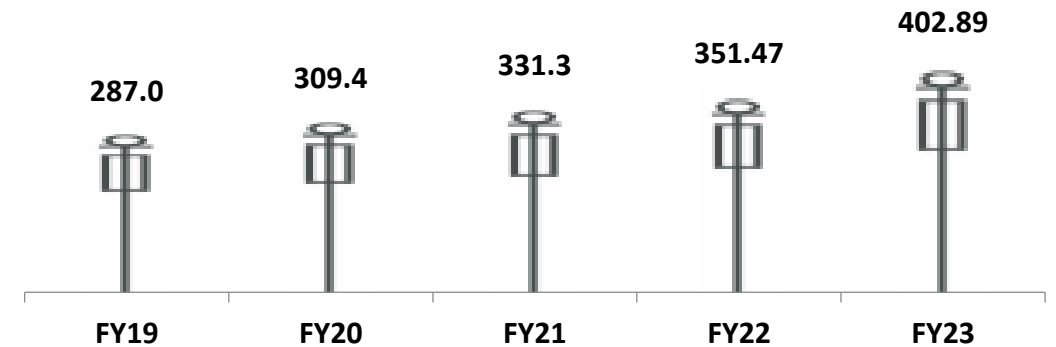
Return on Equity (%)



Debt to Equity(X)



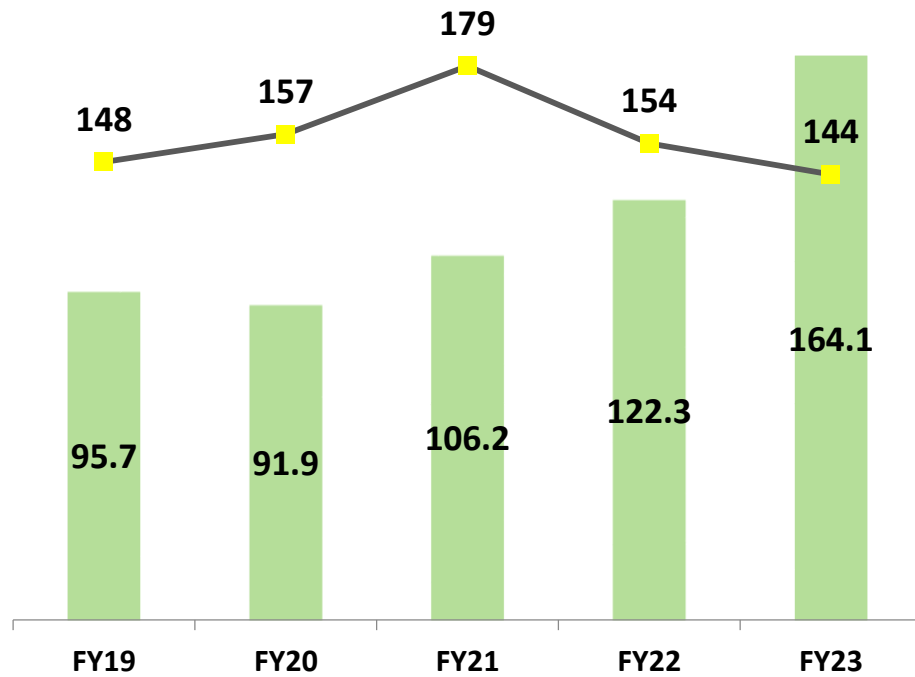
Networth as on 31st March (Rs. Crore)



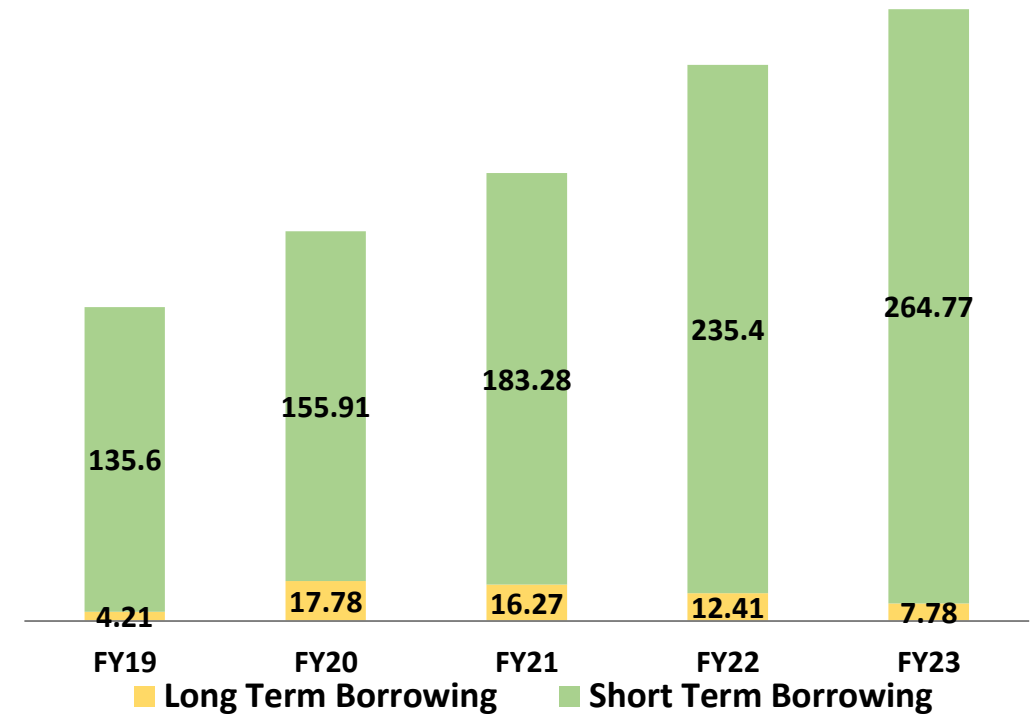
*Return on Capital Employed – EBIT/Total Capital Employed (Total Shareholders equity+LT Debt+ST Debt+Current Maturity of LT Debt-Non Current Investment), RoE – Net Profit/Networth , Debt to Equity = Total Debt/ Networth

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

Consolidated Balance Sheet Highlights



Rs. Crore	As on 30 th Sept' 23	As on 31 st Mar' 23
Shareholder's Funds	438.21	413.24
Share capital	16.68	16.18
Other Equity	415.60	391.52
Non Controlling Interest	5.93	5.54
Non-current liabilities	35.21	34.78
Financial Liabilities		
Borrowing	11.19	7.78
Provisions	0.85	4.43
Deferred Tax Liabilities (Net)	22.91	22.32
Other Non-Current Liabilities	0.26	0.25
Current liabilities	457.28	447.21
Financial Liabilities		
Borrowing	284.36	264.77
Trade Payable	88.54	112.01
Others	5.19	5.33
Other Current Liabilities	75.26	62.74
Provisions	2.61	2.30
Current tax liability (Net)	1.33	0.05
Total Equities & Liabilities	930.70	895.23

Rs. Crore	As on 30 th Sept' 23	As on 31 st Mar' 23*
Non-current assets	274.15	267.43
Property, Plant & Equipment	240.83	234.52
Capital WIP	2.28	0.63
Investments Property	0.01	0.01
Intangible Assets	10.47	10.56
FA - Investments	0.99	0.91
FA - Trade Receivables	7.96	9.34
FA - Others	6.28	6.17
Other Non Current Assets	5.33	5.29
Current assets	656.55	627.80
Inventories	279.96	273.80
Financial Assets		
Investments	5.75	4.23
Trade receivables	317.82	287.30
Cash & Cash equivalent	1.86	7.27
Bank Balance other than above	6.72	10.10
Loans	10.55	10.21
Other	0.28	0.43
Other Current Assets	33.61	34.47
Total Assets	930.70	895.23



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

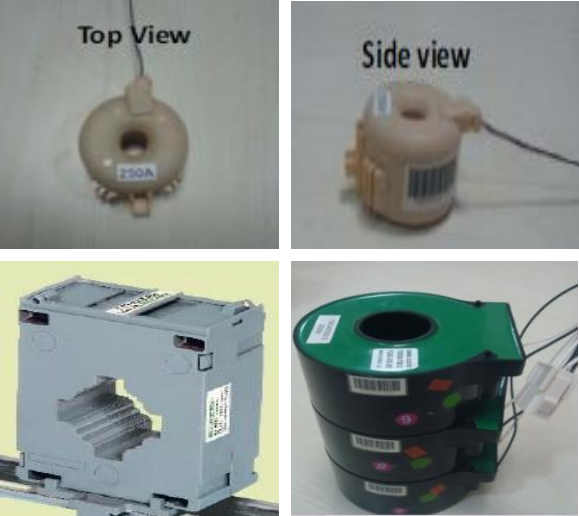
- Energy Savers
- Street Light Controllers



Wide Product Suite- Customized for OEM's



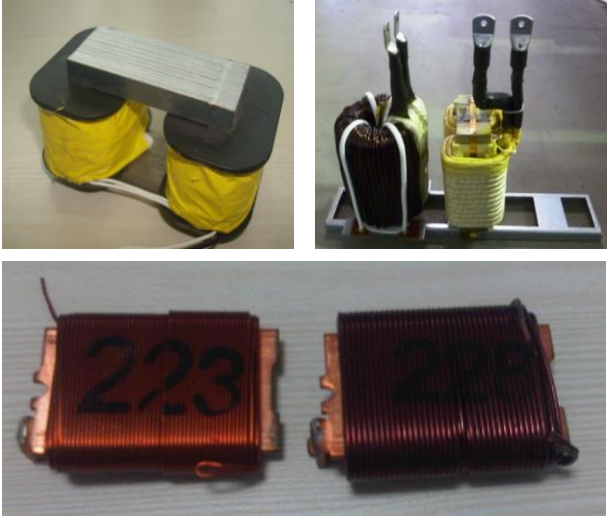
CT's



Terminal Sockets



Coils / Inductors

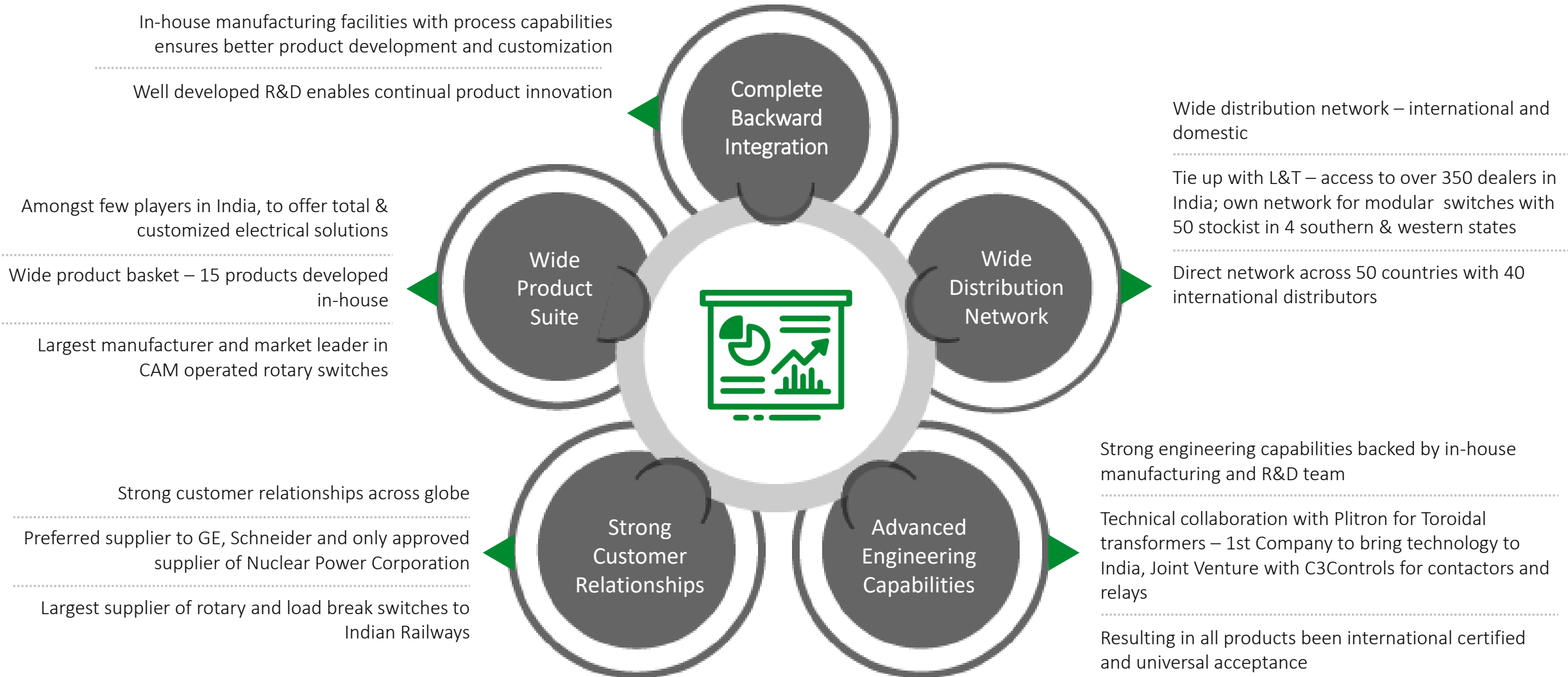


Panels



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

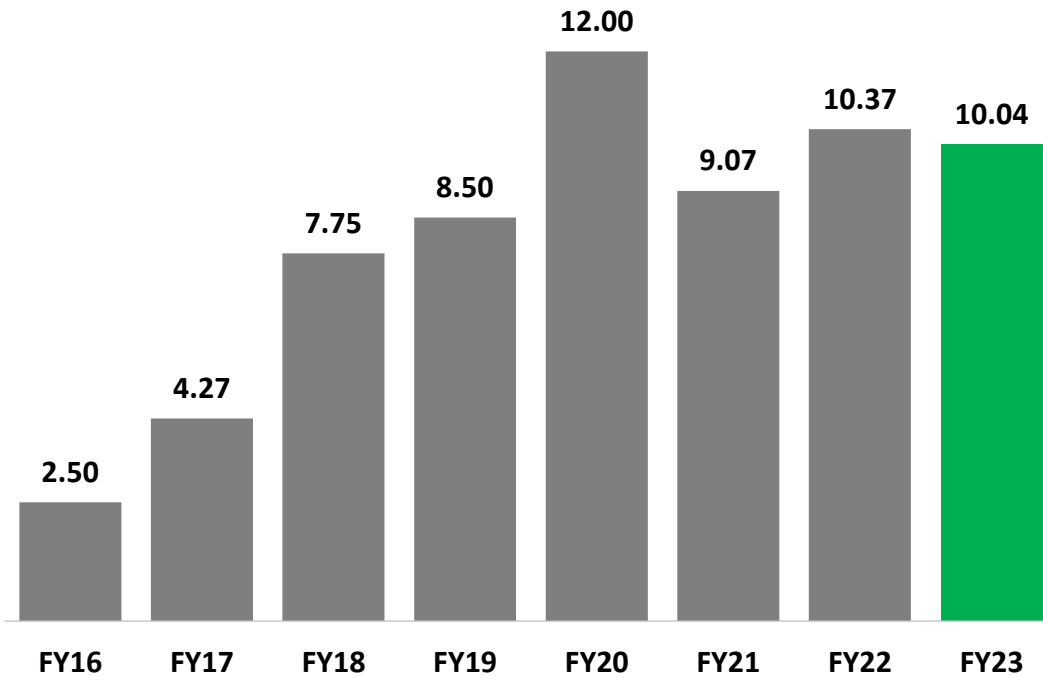
- **In-house tool room** facility for manufacturing and servicing of Moulds and press tools

- 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

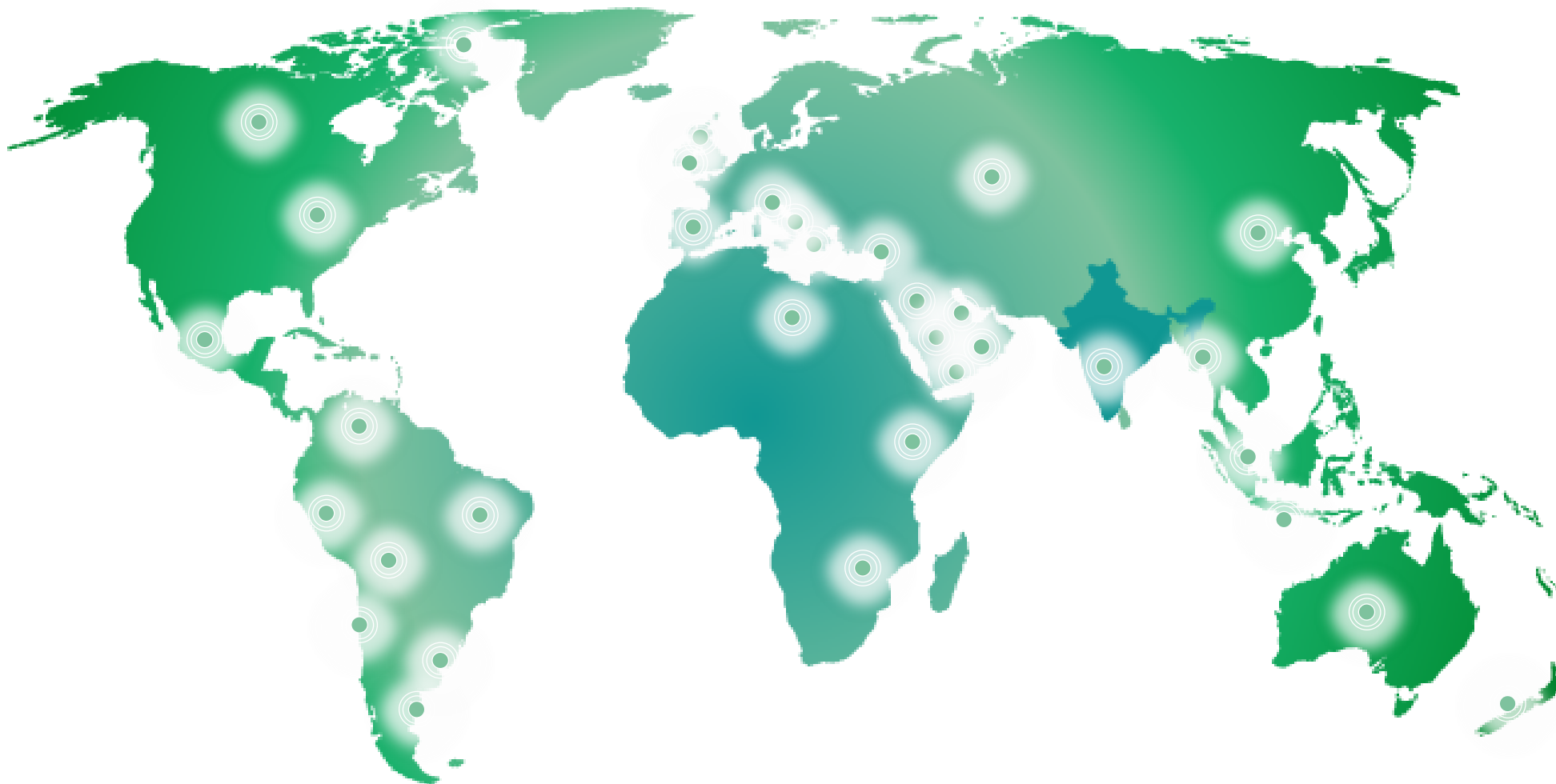
... Across entire product portfolio

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

Way Ahead

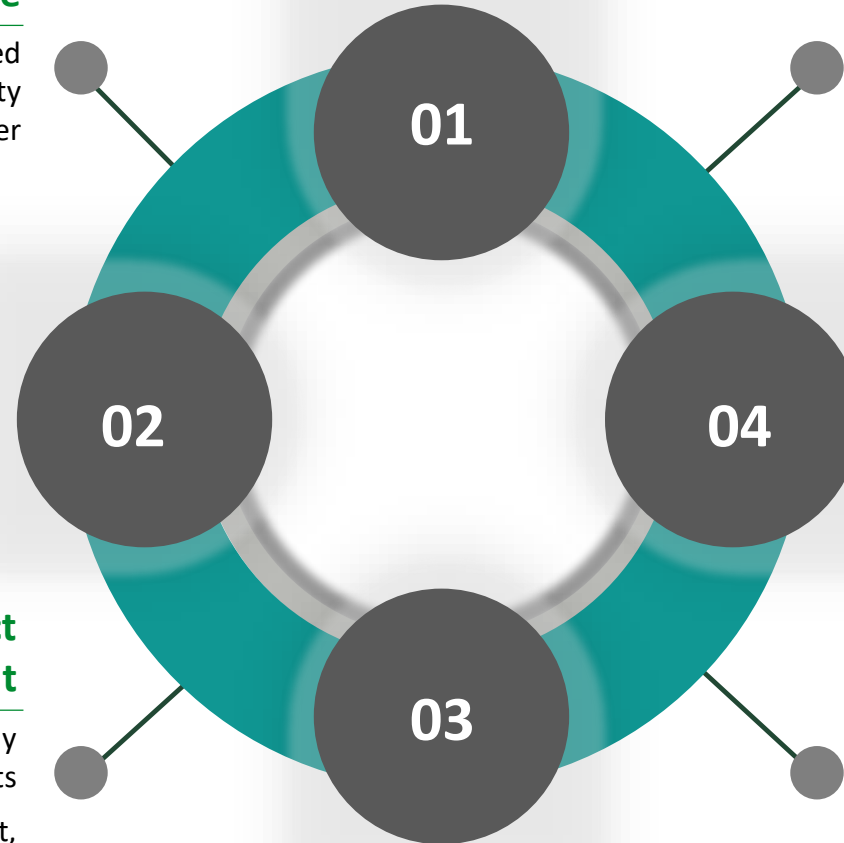
Operational Excellence

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

- 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

ESG Initiatives - Carbon Emission by Scope

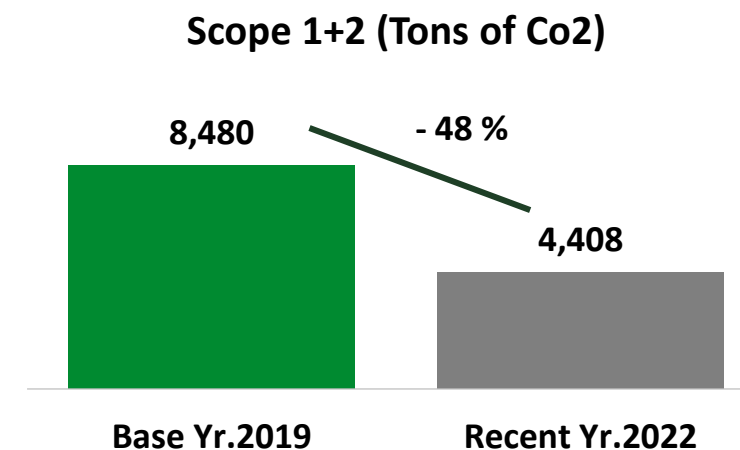
Scope 1

- 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 Cr	559	783	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

Thank You

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