



# SALZER ELECTRONICS LTD

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February 21, 2025

To

THE CORPORATE RELATIONSHIP DEPT  
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**SCRIP CODE: 517059**

Symbol: **SALZERELEC**

Dear Sir,

Sub: Transcript of the Earning Call on the Results of Third Quarter / Nine months ended 31.12.2024.

We wish to inform in pursuance of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 that the Company hosted an Earning Call with Analysts and Investors at 12.00 Noon on Monday, February 17, 2025 to discuss the financial results of the Company for the Third Quarter / Nine months ended 31.12.2024.

Enclosed herewith the transcript of the same for your records and dissemination.

The transcript of the conference call also posted on the Company's website at [www.salzergroup.net](http://www.salzergroup.net).

Thanking you

Yours faithfully

**For SALZER ELECTRONICS LTD**

**K M MURUGESAN**  
**COMPANY SECRETARY**

Encl : As above



Salzer Electronics Limited Q3 & 9M FY25  
Earnings Call

February 17, 2025



**MANAGEMENT:** **MR. RAJESH DORAISWAMY – JOINT MANAGING DIRECTOR, SALZER ELECTRONICS LIMITED**  
**MR. P. SIVAKUMAR – ASSISTANT VICE PRESIDENT, MARKETING, SALZER ELECTRONICS LIMITED**  
**MR. S. VENKATACHALAM – GENERAL MANAGER, COMMERCIAL, SALZER ELECTRONICS LIMITED**  
**MRS. R. MENAKA – GENERAL MANAGER, ACCOUNTS, SALZER ELECTRONICS LIMITED**  
**MR. K.M. MURUGESH – COMPANY SECRETARY, SALZER ELECTRONICS LIMITED**

**MODERATOR:** **MS. POONAM SANGHVI – PROGRESSIVE SHARES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Salzer Electronics Limited Q3 and 9 Months FY '25 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Poonam Sanghvi from Progressive Shares. Thank you and over to you, ma'am.

**Poonam Sanghavi:** Thank you, Michelle. Good afternoon, everyone. On behalf of Progressive Shares, I welcome you all to the Q3 and 9 months FY '25 Post Earnings Conference Call of Salzer Electronics Limited.

This conference call may contain forward-looking statements, which are based on the beliefs, opinions and expectations of the Company as of the date of this call. These statements are not a guarantee of future performance and involve risk and uncertainties that are difficult to predict.

I now invite Ms. Savli Mangle for the opening remarks, to be followed by a question-and-answer session. Over to you, ma'am.

**Savli Mangle:** Thank you, Poonam. Good afternoon, everyone, and thank you for joining us today to discuss the unaudited financial performance for the quarter and 9 months ended 31st December 2024.

I have with me Mr. Rajesh Doraiswamy – Joint Managing Director; Mr. P. Sivakumar – Assistant Vice President (Marketing), Mr. S. Venkatachalam – General Manager (Commercial) Mrs. R. Menaka – General Manager (Accounts), Mr. K.M. Muruges – Company Secretary, Mr. Jitendra Vakharia – Director, Kaycee Industries; and Mr. Raman – COO, Kaycee Industries.

I shall take you through the consolidated financial performance for the quarter and 9 months December 2024:

During the quarter, our revenues increased by 26% year-on-year to INR 341 crores from INR 270 crores in the previous corresponding period. This growth was mainly driven by higher demand for Industrial Switchgear as well as Building Product businesses.

Also, there was high demand for products like 3 phase transformers, wire harness, relays and new products like contactors, et cetera. The EBITDA, excluding other income, was INR 36 crores in Q3 as against INR 31 crores in Q3 FY '24, a year-on-year growth of 16%, driven by increased sales in higher margin switchgear products. The EBITDA margin for the quarter stood at 11%. PAT grew by nearly 15% year-on-year to INR 16 crores in Q3 FY '24.

Coming to our 9 months performance:

In the 9 months ended, the net revenue was INR 1,043 crores as against INR 840 crores in the corresponding previous period, a year-on-year growth of 24%, driven by businesses of Industrial Switchgear and Building Products.

The EBITDA, excluding other income, stood at INR 105 crores as against INR 84 crores, a year-on-year growth of 25%, and mainly on account of higher sales in high demand products like 3 phase transformers, wire harness, relays, contactors, et cetera. The margin for the 9 months stood at 10%. Profit after tax was at INR 58 crores as against INR 34 crores, a year-on-year growth of 70% with margins at 6%.

Moving on to the revenue breakup as per the different businesses:

Starting with the Industrial Switchgear business, which contributed to 61% of the total revenues in the quarter and 58% in 9 months. This business grew 42% year-on-year in Q3 and 32% year-on-year in 9 months. The EBITDA margin for this business was at 14% in Q3 and 13% in 9 months FY '25.

Wire and Cables business contributed to nearly 32% of our revenues this quarter and 36% in 9 months FY '25. This is an increase of 6% in this division during the quarter and 17% in 9 months FY '25. Margins stood at 7% in Q3 and 6% in 9 months.

Coming to the Building Products, which contributed to 7% of our revenues in this quarter and 5% in the 9 months. On the export front, we have continued to see steady growth, mainly due to higher sales in the Middle East, Africa and Asian countries. Exports to the Americas grew 25% year-on-year, Asian countries grew 92% year-on-year, and Europe grew 36% year-on-year in the quarter.

During the quarter, the export share of revenue was nearly 31%, which is a growth of 60% year-on-year. And for 9 months, the export revenue share was 29%, which translated to a 29% growth year-on-year in 9 months.

I would now like to hand it over to Rajesh to take us through the business developments and the way ahead. Thank you and over to you, Rajesh.

**Rajesh Doraiswamy:**

Thank you very much, Savli. A very warm welcome to all of you for Salzer Electronics Limited Earnings Conference Call for the 3rd Quarter and 9 months ended 31st December 2024. Thank you all for taking time today to join us. We have already shared our Results Update Presentation, Media Release, and I hope you all must have received it and gone through the same. I would like to share some key updates on our recent developments and also some future outlook.

General Market Outlook:

The Switchgear industry is experiencing a very significant transformation, driven by digitalization, AI and environmental sustainability initiatives. The integration of advanced

monitoring technologies has revolutionized maintenance approaches, enabling real-time defect detection and predictive maintenance capabilities.

According to International Energy Agency, renewables are projected to account for over 90% of global electrical expansion in the coming years, which highlights the critical role of modern switchgear solutions in managing and distributing clean energy. This shift towards smart technologies has necessitated the development of more sophisticated, environmentally conscious switchgear solutions, particularly in urban infrastructure development.

The Indian industrial switchgear segment is emerging as the fastest-growing segment in the Switchgear market. It is projected to grow at approximately 8% during the period 2024 until 2029. This robust growth is primarily driven by increasing industrial automation, expansion of manufacturing facilities across the country, and the growing adoption of smart factory concepts.

Government initiatives:

Including programs like Saubhagya, which aims for universal household electrification; UDAY focused on enhancing efficiency of power distribution companies, and also creating favourable conditions for growth in this market. Furthermore, India's strong push towards renewable energy particularly in solar and wind sectors, underscores the need for robust switchgear solutions in renewable plants and integrating of the big grids.

The segment's robust growth is also supported by increasing demand in commercial and residential sector, along with the introduction of smart switchgear solutions that enable real-time monitoring and emergency alerts. India's ambitious renewable energy targets, expansion of power transmission and distribution, and rising investments in real estate and transportation sectors are creating favourable conditions in the Wire and Cable industry as well.

At Salzer, we are committed to swiftly adapting to these evolving dynamics, embracing a proactive approach to drive growth and resilience. As we broaden our product portfolio and pursue new growth avenues, we remain confident in our ability to achieve our strategy objectives and deliver value to our stakeholders.

Coming to our business performance, some of the key developments in the past quarter are:

As part of our growth strategy, we are pleased to share that we continue to build on the momentum from the previous quarter. We have successfully received our first order for smart meters from India's largest AMISP and have now successfully built and dispatched the first order of INR 5 crore in Q3 FY '25. This marks a significant milestone in our journey and reinforces our commitment to delivering high quality solutions.

With our smart metering technology attracting strong interest, at least six other additional AMISPs across India are currently evaluating our solutions, and we remain in advanced discussion with these potential partners. We are optimistic about securing the next order from

our existing customers, while also expanding our market presence through new opportunities further.

In the EV charging business, as you all are aware that we have invested in a Hyderabad-based start-up called Ultrafast Chargers, and acquired 30% stake through our subsidiary, Kaycee Industries Limited. This was done in August 2024. This was a strategic decision taken when the opportunity came up for us, since our own JV with Austrian company was not moving due to lack of support from our collaborator to complete the technical know-how transfer, and also to do the charger as per the Indian technical requirements.

Now this investment in Ultrafast Chargers comes at the right time to keep our interest in the fast-growing field. Going forward, our EV Charger business will be through this investment in Ultrafast Chargers Limited.

Current update on the business:

With strong demand coming from large players in the charge point operations market, now with the strategic partnership with the technology from UFC from Hyderabad and manufacturing capabilities of Salzer, we are sure to reach our ambitious target of manufacturing and selling 1,000 DC fast chargers in the coming year '25-'26.

We remain committed to executing our growth strategy and capitalizing on emerging opportunities in our key markets. As far as our subsidiary Kaycee Industries is concerned, the sales have been growing well and EBITDA margins are also getting better.

Kaycee's top line grew 7% in 9 months FY '25 to INR 38 crores from INR 35 crores in 9 months last year. EBITDA grew 30% to INR 6 crore from INR 5 crore last year. PAT at INR 4 crore in 9 months FY '25 compared to INR 3 crore in 9 months FY '24.

Looking ahead to FY '26, we anticipate strong revenue growth and we are projecting a 20% increase across our existing businesses. The Smart Meter segment is set to play a pivotal role, expected to contribute around INR 600 crores to INR 700 crores to the revenues, highlighting its strategic importance.

We are also focused on margin expansion, targeting a minimum of 11% EBITDA by FY '26 through operational efficiencies across various divisions.

I extend my heartfelt appreciation to all Salzer Electronics team for their dedication and hard work, and to all our stakeholders for their continued trust and support in our company.

This is all from our side for now. I would like to thank you all very much for your time and attention, and we can take questions now.

**Moderator:**

Thank you very much, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask questions may press "\*" and 1 on their touchtone phone. If you wish to

withdraw yourself from the question queue, you may press "\*" and 2. Participants are requested to use only handsets while asking your question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Prabal Jain from SM Holdings. Please go ahead.

**Prabal Jain:** Sir, my first question is for this smart meter vertical. Can you share if we are already an L1 bidder somewhere or any advanced order negotiation that you think will definitely convert into a big order?

**Rajesh Doraiswamy:** Yes, sir. I think for the first question; our business strategy is not to go and bid at the DISCOM level at this moment. So, we have so far not gone ahead and had any tenders at the DISCOM level. Our strategy is to go and sell to the AMISPs, the Advanced Meter Manufacturing Service Providers. And we are definitely at a very advanced stage of discussion with at least 6 AMISPs currently, where I think we should be able to crack a few large orders in the coming months. As I already informed in my speech, I think we have already dispatched our first order, which is currently under installation, and evaluation by one of your largest AMISPs in the country.

**Prabal Jain:** Okay. Any ground feedback you received for the first dispatch?

**Rajesh Doraiswamy:** So, far, so good.

**Prabal Jain:** Okay. Great. And for the next year, the 20% guidance which you also mentioned in the last con call, what portion can we expect from the smart meters to be coming in?

**Rajesh Doraiswamy:** No, the 20% growth that we are projecting is in our existing businesses. In the Smart Meter segment, we are projecting from INR 600 crores to INR 700 crores of revenue separately.

**Prabal Jain:** So, if I even assume 20%, then smart meters additional INR 600 crores, INR 700 crores, then that number aggregate on an FY '25 basis goes north of 40%, 45% revenue growth?

**Rajesh Doraiswamy:** Yes.

**Prabal Jain:** Okay. Great. And 11% EBITDA margins is fine. Also 1 more thing just wanted to check. This is on CAM rotary switches. I read somewhere that you are exclusive approved vendor for Nuclear Corporation India for CAM rotary switches. So, just wanted to understand this thing in more depth like are you actually only sole supplier, only exclusive approved vendor in India and do you have any existing size? What kind of visibility we have here?

**Rajesh Doraiswamy:** I think the market size in the nuclear industry is too small for CAM switches. But however, we would like to highlight that as a point, because that shows the technical capability of Salzer so that we are the only Indian manufacturer whose rotary switches is approved for the nuclear plants in India.

- Prabal Jain:** Okay. However, what would be the approximate share in your FY '25 top line?
- Rajesh Doraiswamy:** Share of business of?
- Prabal Jain:** Of the portion that you are supplying to Nuclear Corporation?
- Rajesh Doraiswamy:** The Nuclear business in India is too small. It's not a big business in terms of value.
- Prabal Jain:** Okay sir, fine. Great. Thanks.
- Rajesh Doraiswamy:** Yes. Thank you.
- Moderator:** Thank you. Participants, you may please press "\*" and 1 to ask questions. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.
- Bala Murali Krishna:** Hi, good morning, Rajesh sir. On the smart meter front, we are in advanced discussion with new customers also. But how is the industry is shaping up, because in some states, there are a lot of restrictions from the citizens to install the smart meters?
- And 1 more thing that Tamil Nadu government also cancelled the tender awarded to Adani for changing the smart meters. So, again if Tamil Nadu government award the tender to other suppliers, so do we have any benefit to being a local manufacturer? And also, please throw some light on the industry, how it's shaping?
- Rajesh Doraiswamy:** Definitely, the industry is definitely shaping up much better, much better. Though I think the whole of '24-'25, it has been very slow because of various reasons that you already cited. There were implementation issues, public going against this. Any change of this size and scale is going to definitely receive a lot of objections and opposition, and lot of field problems, which I think the AMISPs in the field are taking care of that. That's what we have seen in the field.
- The advanced metering infrastructure service providers are large-sized companies, who are capable of holding on to this order and then executing this. So, I think this coming year, we will see a transformation in the implementation speed, and it will grow at a faster pace.
- As far as your specific question on Tamil Nadu tender getting cancelled, I think such issues happen across the country, not necessarily Tamil Nadu. I think the tenders come, tenders get cancelled, every tender. But I think what Tamil Nadu did was they didn't award the business to anybody before cancelling it. So, they just cancelled the tender for whatever reasons and they plan to retender this.
- So, when it gets retendered, it can go to any of the AMISPs, and being a local manufacturer, we definitely hold a strategic advantage and a position to supply these meters to the winners of the bid. But that doesn't say that we have a very good position. But definitely being a local, we have an advantage.



- Bala Murali Krishna:** Okay. That's good, sir. And regarding how this order flow works, because 1 customer we have received the order and we supplied the INR 5 crores worth of smart meters. So, you are in discussion with other AMISPs also. So, the processes like we supply some first articles, so they will approve or as we have delivered they install in the site, and they will check the performance of the meters or any quality checks? How it works and how long it takes to approve that product?
- Rajesh Doraiswamy:** It is both. First, I think they will take samples. They will evaluate samples. They will take the samples in their own test labs, third-party test labs. They will integrate the meters with their own software. So, all this is right now being done and we have already completed this with many of the AMISPs. I think the next stage will be the first small quantity order for the field and the field testing, which is what we have started doing with 1 of the AMISPs, and which we will start doing with other AMISPs shortly. Once that field testing and the trial is done, I think then the regular bulk orders will start coming. That's the process that these customers will follow.
- Bala Murali Krishna:** So, normally how long it will take, sir, to complete this entire and in first order, I think we have done this in 3, 4 months' timeframe?
- Rajesh Doraiswamy:** Yes. First order we have completed in 3 months and we are waiting for the field trial feedback, which I think we should be getting it in this month or so. And once that is there, then we should be moving on to the next stage of orders.
- Bala Murali Krishna:** So, any indication on the quantum of orders, sir, from the existing customer or upcoming customers?
- Rajesh Doraiswamy:** We expect the orders anywhere between 2 lakh meters to 7 lakh - 8 lakh meter orders in the first stage.
- Bala Murali Krishna:** And EV chargers we have invested in Hyderabad. So, when we can expect some production rollout and technology development, any timeline for this?
- Rajesh Doraiswamy:** First rollout is already happening. The Company has already sold close to around 30, 35 chargers in this quarter Q3, and we expect to do another 40, 50 chargers in Q4. And that's why I think we are little confident that next year can be a good year with this company selling close to around 1,000 DC fast chargers.
- Bala Murali Krishna:** Do you have any plans to increase our stake further or any joint venture plans to increase --
- Rajesh Doraiswamy:** As we move forward, we will see how the opportunity evolves, and if required, then yes.
- Bala Murali Krishna:** Production at company premises also can happen?
- Rajesh Doraiswamy:** Correct. Yes.
- Bala Murali Krishna:** So, what is the expected revenue for the next year from this segment?

- Rajesh Doraiswamy:** From fast chargers?
- Bala Murali Krishna:** Yes, sir.
- Rajesh Doraiswamy:** Yes. I think when we project 1,000 DC fast chargers, I think it's close to between INR 80 crores to INR 90 crores. That's what we are expecting. Today, that's the current market price of 1 DC charger on an average, INR 8 lakh to INR 9 lakh.
- Bala Murali Krishna:** Okay. So, upcoming, by FY '27, maybe you can scale up the project.
- Rajesh Doraiswamy:** Yes.
- Bala Murali Krishna:** Okay, sir. Thanks a lot. That's all.
- Moderator:** Thank you. We'll take the next question from the line of Rakesh Banerjee from RAP Capital. Please go ahead.
- Rakesh Banerjee:** Yes. I have 1 small question on your capacity and the utilization in your legacy business like Switchgear, Wires and Cables and Building products. What is the capacity utilization at present?
- Rajesh Doraiswamy:** We have done significant CapEx also in this current year to enhance our capacity and capability. So, currently our Wire and Cable division, we operate at around 60% capacity, because of the expansion that we did. And on the Switchgear industry also, I think we are at around 70% capacity.
- Rakesh Banerjee:** And how about the Building Products, sir?
- Rajesh Doraiswamy:** Building Products also at around 65%, 70% capacity.
- Rakesh Banerjee:** Okay. Sir, as per the last quarterly results, our export revenue is around 30%, 31%. And I just wanted to know that where we are seeing this domestic versus export split in the next financial year?
- Rajesh Doraiswamy:** I think our focus definitely is on exports, which has been traditionally high. We try to do lot of exports and our target has been to reach 30% export revenue, which we have achieved in this quarter. We have been around 27%, 28% and this quarter has been significant where we have reached around 30% exports. So, going forward, I think the Indian market also is growing. So, if we can maintain the 30% export share, which will be good. That means exports also should grow at around 20%, 25% year-on-year to maintain this 30% share.
- Rakesh Banerjee:** Okay. And sir, can you please highlight about the margin in this Export business vis-a-vis the domestic business?
- Rajesh Doraiswamy:** Export business margins will be definitely much better than the Indian market business.

**Rakesh Banerjee:** Okay. And sir, we see that country-wise, North America and South America cumulatively contributes around 8.9% or 9% of the revenue. I just wanted to know what is the revenue share of the North America specifically, because just wanted to know that what can be the potential impact of this tariff hike, if at all, if you see in the future? Because of this tariff hike, I just wanted to ascertain that what can be the hit in the revenue potential?

**Rajesh Doraiswamy:** For the 9 months of FY '25, our North and South American business totally put together is around 9%. Out of this, the South American business will be around 1%. So, majority of our business goes to U.S. and Mexico. This is the majority of the business, which is close to around 8% of our total revenue.

Coming to the tariffs, I think so far India has been in a good position, because the tariffs for particularly our kind of commodities have not been very high, and is one of the lowest in U.S. and Mexico. So, we are still good. So, we're just evolving. We have to wait and watch how the new tariffs are going to come in. As and when it comes, then we will see what we can do to overcome that. But right now, we are in a good position.

**Rakesh Banerjee:** Sir, we see that the employee cost has increased by 32% Y-o-Y, and other expense has also increased by 44% Y-o-Y, which is reasonably higher than the revenue growth. So, can you please highlight that what can be the potential reason for the other expenses hike and employee cost hike of 32% and 44% respectively?

**Rajesh Doraiswamy:** Employee benefit is a standard increase of salary that we have done, including all the bonuses and things like that, which get accounted in the time. So, in the full year period, I think you will see the difference will be around 20%.

And on the other expenses, I think we have to see, I don't have a breakup with me right now and we have to... Overall, I think there has been an inflationary cost, freight forwarding, contract labor, subcontracting expenses. So, these are the expenses that has increased compared to last year.

**Rakesh Banerjee:** Right. Sir, as you alluded the fact that you are having capacity utilization of 70%, 65% in most of your vertical, and you are also expecting INR 600 crores to INR 700 crores of revenue from the Smart Metering business and also the EV charger, you'll be producing 1,000 fast chargers. So, due to this capacity utilization increase and also you have guided for 11% EBITDA margin, where do you see the FY '26 ROCE moving forward?

**Rajesh Doraiswamy:** As I already been mentioning, our ROCE target is to be 18%. We want to reach that over the next couple of years. So, next year will be very significant. If we can achieve all the milestones that we have set for ourselves, then I think we can see at least 1.5%, 2% increase in the ROCE.

**Rakesh Banerjee:** Okay, sir. You are a preferred supplier of GE and Schneider Electric. Just wanted to know, what percentage of the revenue you generate from these marquee clients?

**Rajesh Doraiswamy:** Our top customer is Schneider Electric, and I think we generate close to around 10% of our revenues from Schneider Electric.

**Rakesh Banerjee:** Sir, 1 more thing, the last question, I see that the revenue of our company has increased substantially over the last 4, 5 years. But when I look at the R&D expenses, that has remained more or less stable, like starting from INR 10 crore to INR 12 crore in that range. So, is it the fact that in our industry, we don't need to do much of R&D?

And actually, if the revenue has gone up by 2x or more than 2x, and the R&D expenses has not moved, that means the R&D expenses has been made half of the revenue now, compared to what we used to do 4 years before. What is your take on this?

**Rajesh Doraiswamy:** Sir, R&D expenses, we are constantly doing what we have to do, since because the revenues have jumped quite fast in a shorter period, that has not given us the room to increase our R&D spend, and there is also no opportunity for that at this moment. So, that's why it is remaining at the same level. As a percentage to the revenue, it has dropped, but as an absolute number, I think we are doing what we are doing.

**Rakesh Banerjee:** And sir, lastly, what is your current debt level and what is your plan to reduce the debt further going ahead in FY '26?

**Rajesh Doraiswamy:** I think we are actually taking debt to invest, because as I said, we have done significant CapEx in this year to close to around INR 35 crores and last year also around similar number. So, actually debt levels might go up, because of the working capital requirement for the smart meters, and also the CapEx investment, which is currently around INR 340 crores, INR 350 crores on the working capital, and INR 18 crores on the fixed term loans. We expect this to go up a little bit, and remain there for next year, and then come down post FY '26.

**Rakesh Banerjee:** Sir, is there any specific reason for hike in the inventory, like any major dispatch got delayed or something has happened? We see that there has been considerable hike in the inventory.

**Rajesh Doraiswamy:** No, quarter-on-quarter I think we are at very normal levels. If you look at the previous year, yes; but on a quarter-on-quarter, I think we are in a good position.

**Rakesh Banerjee:** And sir, lastly, you have already diluted another 0.05% in Kaycee Industries in the last quarter, and you are holding around 71.91% now. Is there any further plan of diluting the stake going ahead in this quarter or in the next year?

**Rajesh Doraiswamy:** If we see some good opportunity, yes. Otherwise, we have no plans.

**Rakesh Banerjee:** Okay, sir. Thank you so much, and best wishes.

**Rajesh Doraiswamy:** Thank you.

**Moderator:** Thank you. You may please press "\*" and 1 to ask questions. We'll take the next question from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** Hello. Good afternoon, sir.

**Rajesh Doraiswamy:** Good afternoon, sir.

**Darshil Jhaveri:** Thank you for taking my question. Firstly, congratulations on a great set of results, sir. Sir, just wanted to now a bit understand the Smart Meter business. So, we are confident of getting a good order. So, any kind of timeline like you were saying that there will be some test runs, and there will be approvals, and then a bulk order can come in. So, like if we are targeting around INR 600 crores, INR 700 crores worth of Smart Meter business next year, so will it flow through in H1, H2? What will be the execution timeline will we require for the smart meters, sir?

**Rajesh Doraiswamy:** Sir, I think in the Company, we are also as restless as all the investors are. We want to get this business up and running as early as possible. So, that's what we are also working towards achieving that. So, to give a timeline, I think we are finding it difficult, because we see this market as little different as the rest of the business that we do. It goes through a lot of approvals by the customers as well as by the DISCOMs, and there are lot of trials that they are doing before they really start entering into the business.

Apart from that, I think our customers are also facing significant delays, and other issues as our other investors before this question, they were also talking about this. Our customers are also facing a lot of difficulties in this field. So, to overcome that and then get into this business, they are also taking time.

So, considering all this, we are really unable to give you a timeline when this order flow will start coming. But having said that, I think we are very confident that this business is going to definitely grow multifold, because of all the investments that the government has done and made, and all the previous groundwork all our customers have done in the field. So, there's definitely demand coming in.

Only thing it is taking time more than expected. But however, I think we expect next year is going to be a turnaround, as I said earlier. We'll definitely see things turning around and the business start flowing. So, that's why I think we have also reduced our projection from earlier INR 900,000 crores revenues to around INR 600 crores, INR 700 crores in smart meter, because we are seeing that it is going to take time before it really catches up.

**Darshil Jhaveri:** Okay. Fair enough, sir. So, just in general, so our Smart Meter business can do an EBITDA of how much, sir?

**Rajesh Doraiswamy:** We expect we should be able to do an EBITDA of around 13%, 14%.

**Darshil Jhaveri:** Okay. Fair enough, sir. And sir, with regards to our DC charger businesses, so we are expecting like around 1,000 sales. So, just to understand that business, so is it currently breaking even or what are the economics of that business?

**Rajesh Doraiswamy:** Yes, it's currently breaking even, because it's a subsidiary company, right? We have invested in a company which is manufacturing this, and they're currently breaking even and we expect it to make profit in the coming years.

**Darshil Jhaveri:** Okay. Okay. So, that would be more EBITDA accretive for us, right, sir, because that's a niche field or how would that business be, sir?

**Rajesh Doraiswamy:** It's definitely EBITDA accretive. It's going to be very niche, and I don't think we'll be able to expect volumes and revenue like smart meters, because the business is just starting to grow. So, we can see significant revenues coming in from that business in the next 2, 3 years. As I mentioned, we expect to sell around 1,000 DC chargers in the next year. So, once that happens, then I think we will see the revenue start picking up from year after that.

**Darshil Jhaveri:** Okay. Fair enough, sir. And just last question, sir, on the smart meter, sorry if it's getting repetitive. So, what's the capacity we have, and like so we can expect a big range? We've said 2 lakh meters to 7 lakh meters. So, what is the capacity we have and how fast is the execution? Like if we get an order of 1 lakh meter, so what would be the timeline for it? Like even if we get an order this year, will we be able to execute it in this year or it can get pushed over to the next year? Just wanted to understand how does that part of the business work?

**Rajesh Doraiswamy:** We have set up a capacity of 4 million meters per year, so that's close to around 3.5 lakh meters per month. So, that's the capacity. So, if we get a 2-lakh meter order, we should be able to execute this in 1 month. However, it is not that straightforward, because the supply chains involved for each customer might be different. So, to start with, every first order might take 4 to 6 weeks or 6 to 8 weeks, depending on the specs of the meter. Once the cycle starts, then 3.5 lakh meter per month is our capacity.

**Darshil Jhaveri:** Okay. Fair enough, sir. All the best, sir. Thank you so much, sir, for my questions.

**Moderator:** Thank you. The next question is from the line of Himanshu Dembla from Centricity Wealth. Please go ahead.

**Himanshu Dembla:** This is on my personal capacity as an investor I have come on the call. During the call, I heard that there is some acquisition that you have done in the renewable space in Kaycee Industries. First, what is the overall impact of that you expect over next 3 to 5 years from this acquisition? And what is overall plan, do you also look to acquire businesses to build capacity on renewables or if you can highlight some data points there, sir? Thank you.

**Rajesh Doraiswamy:** I think your question is specific to our investment in the Chargers business.

**Himanshu Dembla:** Yes, sir.

- Rajesh Doraiswamy:** Yes. We have acquired this 30% stake through our subsidiary, Kaycee Industries. So, Kaycee Industries has invested 30% stake in Ultrafast Chargers. That's what we have done, and I think this was done in August-September last year. So, what is your question there, I didn't get?
- Himanshu Dembla:** My question is, sir, with regards to these investments, do you plan to do more investments in certain categories, where you want to build maybe some capacities through other acquisitions?
- Rajesh Doraiswamy:** Yes. We are always open to acquisitions or investments in terms of not really expanding capacities, but actually acquiring technologies. If an opportunity comes up our way, I think we are definitely open to it. But there is nothing right now on the table.
- Himanshu Dembla:** Okay. Thank you.
- Moderator:** Mr. Dembla do you have any further questions?
- Himanshu Dembla:** No, that is it. Thank you.
- Moderator:** Thank you, sir. We'll take the next question from the line of Chandresh Malpani from Niveshaay Investment Advisors. Please go ahead.
- Chandresh Malpani:** Thank you for the opportunity, sir. Sir, my question is on the smart meter side. So, when we say that we are backward integrated, so is it right to assume that we do the PCB surface mounting, relay manufacturing or injection molding in-house? So, sir, any further details on that side?
- Rajesh Doraiswamy:** Except the PCB manufacturing, we do everything in-house. But we also have a plan to get into PCB manufacturing in-house in the near future.
- Chandresh Malpani:** Okay. So, but relay manufacturing, you are doing it. So, like are we supplying to external players also?
- Rajesh Doraiswamy:** Not yet, but we will.
- Chandresh Malpani:** Okay. Got it, sir. And recently, I saw that Salzer is registered as an AMISP as well. So, any call or vision on that side, like we can bid for the contracts, and then transfer it to our own manufacturing? So, any developments on that side?
- Rajesh Doraiswamy:** We are keeping ourselves ready to capture any opportunity that comes our way. So, that's the reason that we have registered ourselves as AMISP. So, we are looking forward to see if there is any tender that can suit our size and economy of scale, and if that fits us, then yes, definitely we will become an AMISP.
- Chandresh Malpani:** But currently, we have not...
- Rajesh Doraiswamy:** So, far, we have not quoted on any tenders.

- Chandresh Malpani:** Okay. And we are qualified for both cellular and RF technology, our meters are workable with both, right?
- Rajesh Doraiswamy:** For now, it is only cellular, but we will also get registered for RF shortly.
- Chandresh Malpani:** Okay. Got it, sir. Thank you.
- Moderator:** The next question is from the line of Vipin Abraham from Integritechnologies Private Limited. Please go ahead.
- Vipin Abraham:** Just want to check with you 2 things. One actually is the difference between the cellular and the other one, which you just mentioned. And second thing I wanted to ask you is that on Investor Relations, what are we doing to try to attract more of DIIs and FIIs into our company?
- Rajesh Doraiswamy:** Okay. The first question, what is that you want, cellular and RF?
- Vipin Abraham:** From the previous question, person had asked about the cellular and the other one. So, I just wanted to understand what is the market, right, for the industry as a whole? And what is the difference in the cellular one, and the other one as far as smart meters are concerned?
- Rajesh Doraiswamy:** I think it's basically communication technology for a smart meter, either it is cellular or RF or there's a third technology called NB-IoT. So, all these 3 are coexisting with the cellular taking the maximum share as of now. So, going forward, I think cellular definitely will take majority of the share of the business, and RF and NB-IoT will be sharing a small portion of that, because wherever there are no GSM signals, then RF has to be implemented.
- And in the future if NB-IoT becomes more popular and more economical, then that will come into the picture. Our meters are tried and tested for all 3 technologies. So, our meter can work for all 3 technologies.
- Vipin Abraham:** Thank you.
- Rajesh Doraiswamy:** And about your second question, can I let our Investor Relations team to answer? Savli?
- Moderator:** Savli ma'am, we are unable to hear you right now. Savli ma'am?
- Rajesh Doraiswamy:** Okay. Let her come back. We will answer that to you, sir. We are doing a lot of things to reach out to various investors passively. So, there's an action plan that's being done.
- Vipin Abraham:** Okay. Will wait for when she comes. Yes. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhagwat from Prosperity Wealth Management Private Limited. Please go ahead.



- Bhagwat Nayak:** Thank you for the opportunity. Could you please update what would be the incremental short-term borrowings required for the Smart Meter segment for next year?
- Rajesh Doraiswamy:** Sorry, incremental?
- Bhagwat Nayak:** Short-term borrowings for Smart Meter segment?
- Rajesh Doraiswamy:** Sir, I couldn't hear you properly.
- Bhagwat Nayak:** It's about incremental borrowings that we are planning to get.
- Rajesh Doraiswamy:** So, okay, the incremental borrowing will only be when the order flows in, I think we expect the working capital requirement to go up when we get bulk orders. So, I think it should be approximately 20% of the revenues that we will generate from smart meters.
- Bhagwat Nayak:** Okay. Understood sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Chinmay from Prescient Capital. Please go ahead.
- Chinmay:** Good afternoon, sir. My first question is on the Switchgear side. Could you give some colour on where you're seeing the demand coming from?
- Rajesh Doraiswamy:** Sir, as I mentioned in my call, I think the demand is coming from the investments that various companies are making in manufacturing facilities expansion, industrial automization, and also the government investments into infra, and particularly, the investment into renewables. These are some of the areas that is driving the industrial switchgear growth at present.
- Chinmay:** And sir, could you share the split between the sales to our distribution channel, and if we supply directly or is the entire thing.
- Rajesh Doraiswamy:** I didn't get your question.
- Chinmay:** The revenue on the Switchgear side, could you share the split between the sales to our distribution channel and the direct supply to our clients?
- Rajesh Doraiswamy:** The OEM supplies and distribution. I think I don't have that figure right now. Maybe I will get this ready, and then maybe in the next call or in between, we will get in touch with you and give the answers to you.
- Chinmay:** Okay, sir. And sir, lastly, on the smart meter side, so as I understood, the current capacity is about 3 lakh meters per month. On the manufacturing side, how many people are currently employed for this production capacity? Just trying to understand if this is a manpower heavy production or is it largely automated? How does it work?

- Rajesh Doraiswamy:** It is semi-automated. I think at full capacity, we should employ around 450, 500 people.
- Chinmay:** So, assuming with the current guidance for FY '26 of about INR 600 crores to INR 700 crores, this number should go up significantly for the next year.
- Rajesh Doraiswamy:** Full capacity, we will employ around 500 people. But at INR 600 crores, I think it will be a little less.
- Chinmay:** Understood. Got it. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.
- Bala Murali Krishna:** Thanks for the follow-up opportunity. Sir, could you please update on the Saudi subsidiary, where are we and what is the timeline for that one?
- Rajesh Doraiswamy:** Saudi subsidiary, the Company has been incorporated and we have completed all the formalities of incorporating and getting the visa. Right now, we have applied for a space in their industrial corridor. So, we're waiting for them to allocate a space for us. So, once that is done, I think then we will start setting up our facility there.
- Right now, I think getting a space in Saudi Arabia is quite difficult, because of the heavy demand that they are seeing for space. So, that's why there is a delay. So, we expect that it will take another 3 to 4 months, because we are in the queue right now.
- Bala Murali Krishna:** Okay. So, once it is allocated, how much time it will take to commence operations?
- Rajesh Doraiswamy:** Once allocated, we would need at least another 4 months to set up this facility.
- Bala Murali Krishna:** Okay, sir. Thanks sir. That's all for me.
- Moderator:** Thank you. The next question is from the line of Rohan Patel from Turtle Capital. Please go ahead.
- Rohan Patel:** Yes. Thanks for the opportunity. I have a question regarding what would be our optimum capacity utilization for Switchgears as well as for wires and cable.
- Rajesh Doraiswamy:** So, we can go up to a maximum of around 75%, 80% capacity utilization for Switchgear business. For Wire and Cable, we can go up to 90% utilization.
- Rohan Patel:** Okay. So, for the base business that we are targeting to grow 20% next year, so we have enough capacity to grow it, we are ready now.
- Rajesh Doraiswamy:** Correct.

**Rohan Patel:** Okay. Yes. That was from my side. Will get back in queue.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Rajesh Doraiswamy, Joint Managing Director, Salzer Electronics Limited, for closing comments. Over to you, sir.

**Rajesh Doraiswamy:** I once again thank you all for so much interest in the Company, and coming up with so many questions. It's always great pleasure to interact with all of you. Looking forward to talk to you again in the coming quarter. Thank you all very much for joining us today.

**Moderator:** Thank you, members of the Management. On behalf of Progressive Shares, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.