

salzer®



# Salzer Electronics Limited

Result Update Presentation

Q2 & H1 FY24

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## **Financial Highlights**

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# 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.

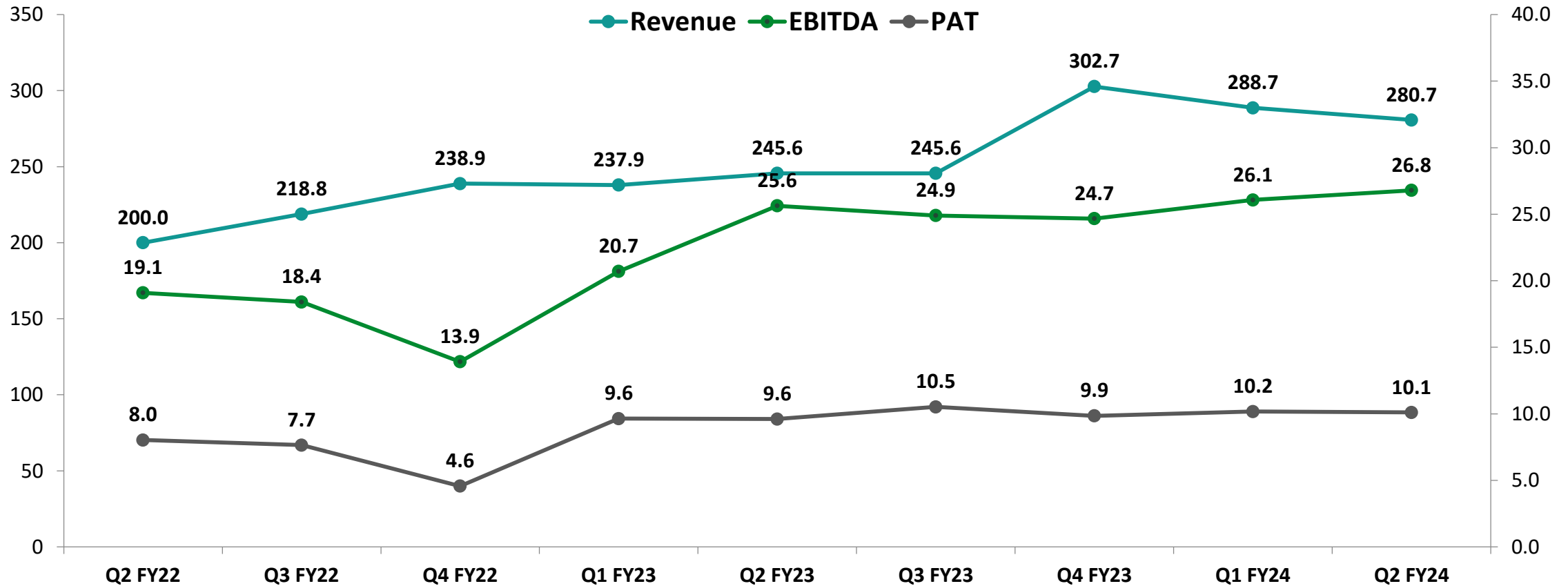
I thank the entire team at Salzer Electronics for their untiring efforts and all our stakeholders for their continued support and faith in our Company.”

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

# Key Consolidated Financial Highlights – Quarterly



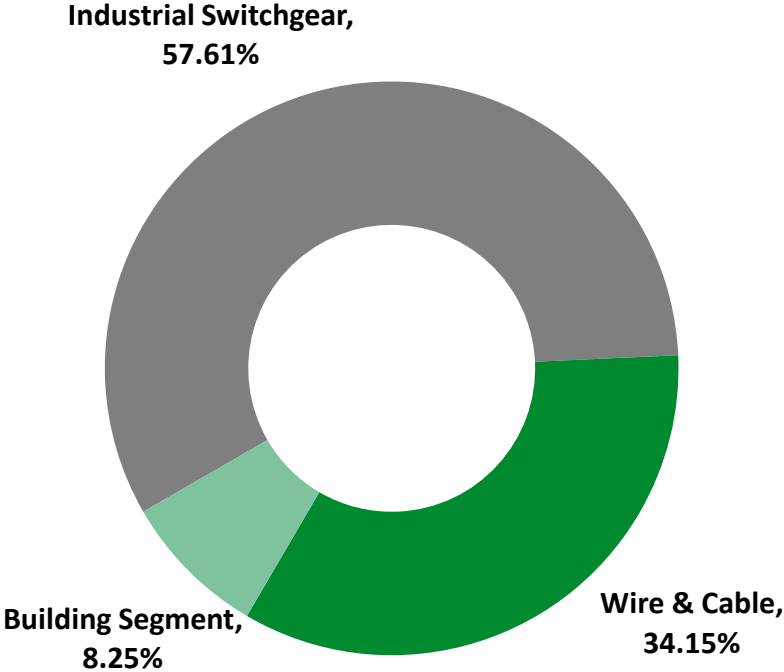
Revenue, EBITDA (excluding other income), PAT (Rs. Crore)



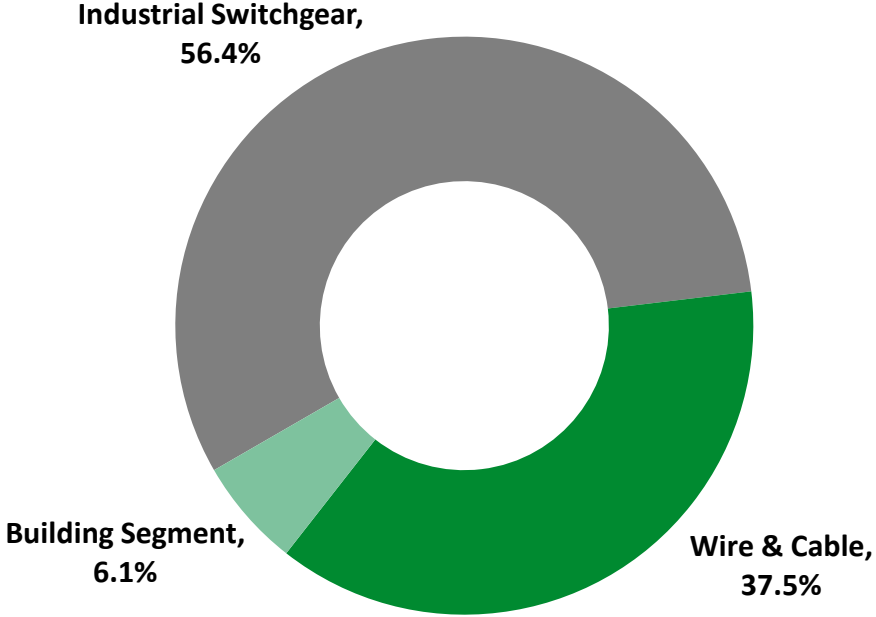
# Q2 FY24 Revenue Breakup – Business Verticals



Q2 FY23



Q2 FY24

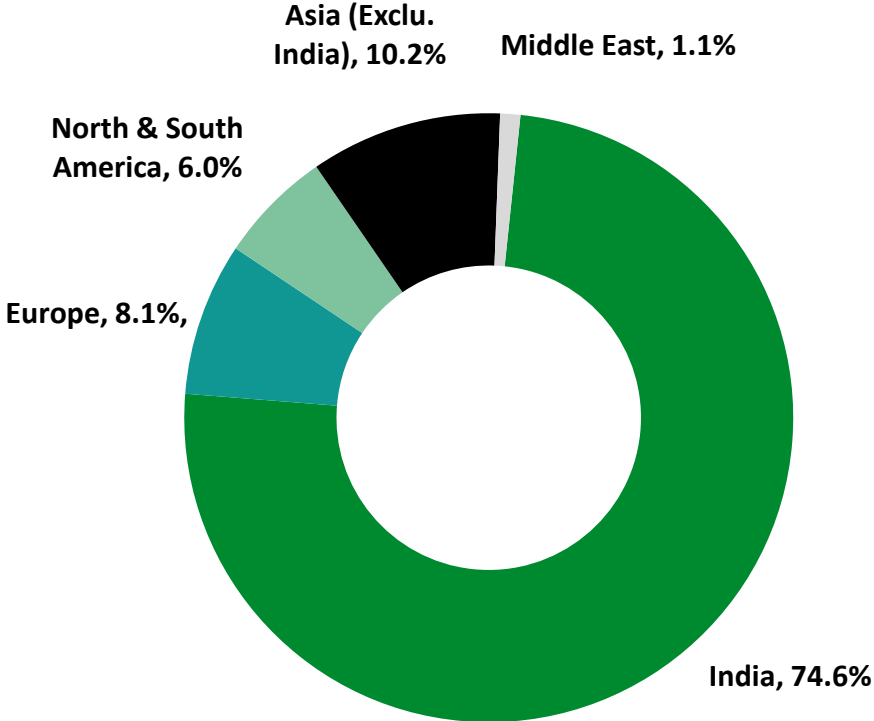


- *Industrial Switchgear – 56.44% of net revenues*
- *Wires & Cables – 37.46% of net revenues*
- *Building Electrical Products – 6.10% of net revenues*

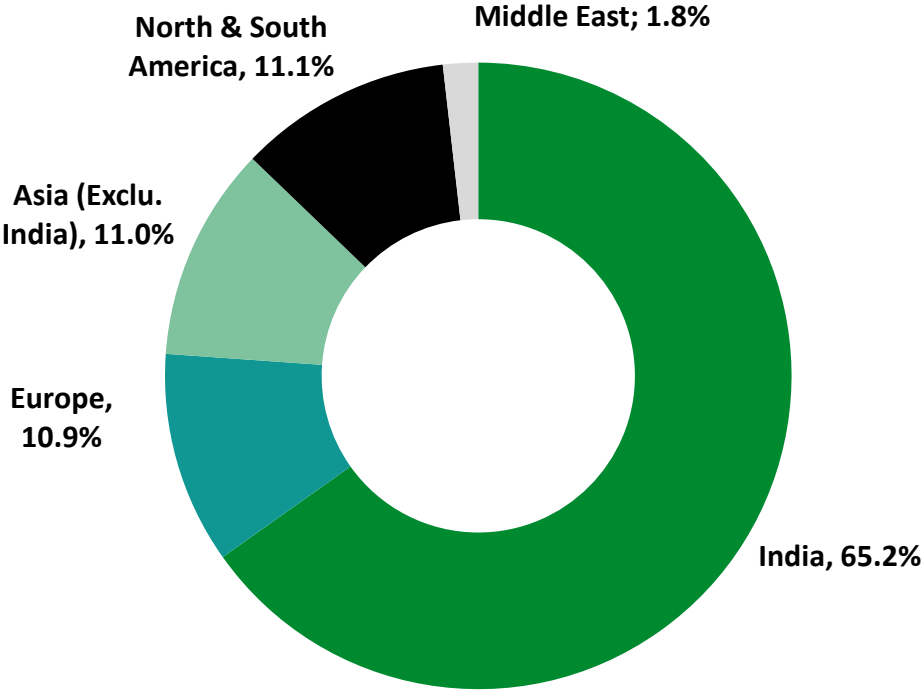
# Q2 FY24 Revenue Breakup – Geographical



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
<b>Net Revenue</b>	<b>280.72</b>	<b>245.62</b>	<b>14.29%</b>	<b>288.67</b>
Raw Materials	214.17	186.81		225.48
Employee Cost	11.22	9.80		10.41
Other Expenses	28.54	23.38		26.70
<b>Total Expenditure</b>	<b>253.93</b>	<b>219.99</b>		<b>262.59</b>
<b>EBITDA (Excluding other Income)</b>	<b>26.79</b>	<b>25.63</b>	<b>4.51%</b>	<b>26.08</b>
<b>EBIDTA Margin (%)</b>	<b>9.54%</b>	<b>10.44%</b>	<b>(90 bps)</b>	<b>9.03%</b>
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
<b>Profit Before Tax</b>	<b>13.60</b>	<b>14.93</b>		<b>14.16</b>
Tax	3.50	5.32		3.99
<b>Profit After Tax</b>	<b>10.10</b>	<b>9.61</b>	<b>5.10%</b>	<b>10.17</b>
<b>Profit After Tax Margin (%)</b>	<b>3.60%</b>	<b>3.91%</b>	<b>(31 bps)</b>	<b>3.52%</b>
<b>Basic EPS (Rs.)</b>	<b>5.99</b>	<b>5.87</b>	<b>2.04%</b>	<b>6.10</b>

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

# H1 FY24 Consolidated Financial Highlights

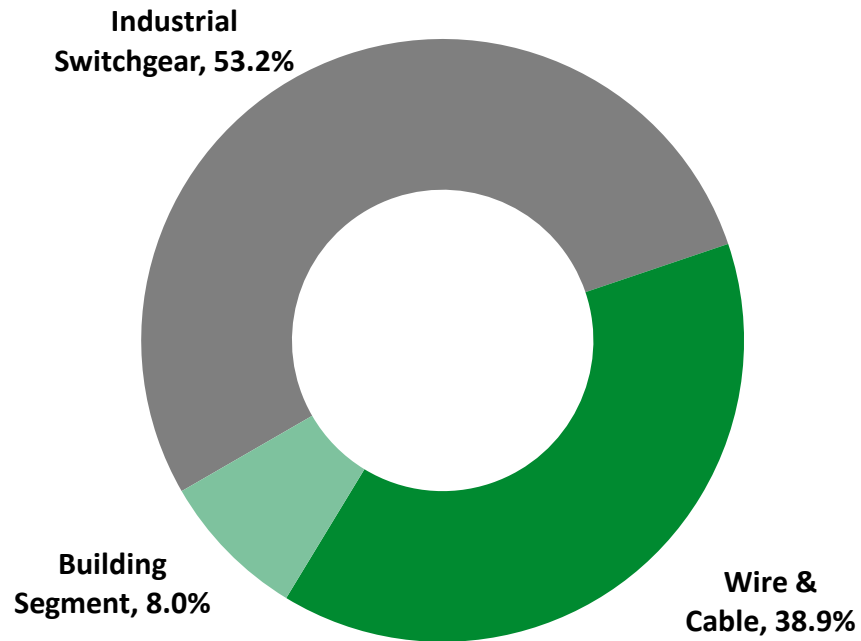


Rs. in Crore	H1 FY24	H1 FY23	Y-o-Y %
<b>Net Revenue</b>	<b>569.40</b>	<b>488.76</b>	<b>16.50%</b>
Raw Material Expenses	439.65	381.11	
Employee Expenses	21.63	18.89	
Other Expenses	55.24	42.43	
<b>Total Expenditure</b>	<b>516.52</b>	<b>442.43</b>	
<b>EBITDA (Excluding other Income)</b>	<b>52.87</b>	<b>46.33</b>	<b>14.12%</b>
<b>EBITDA Margin (%)</b>	<b>9.29%</b>	<b>9.48%</b>	<b>(19 bps)</b>
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	
<b>PBT</b>	<b>27.76</b>	<b>27.20</b>	
Tax	7.50	7.95	
<b>PAT</b>	<b>20.27</b>	<b>19.25</b>	<b>5.29%</b>
<b>PAT Margin (%)</b>	<b>3.56%</b>	<b>3.94%</b>	<b>(38 bps)</b>
<b>Basic EPS (Rs.)</b>	<b>12.05</b>	<b>11.77</b>	<b>2.38%</b>

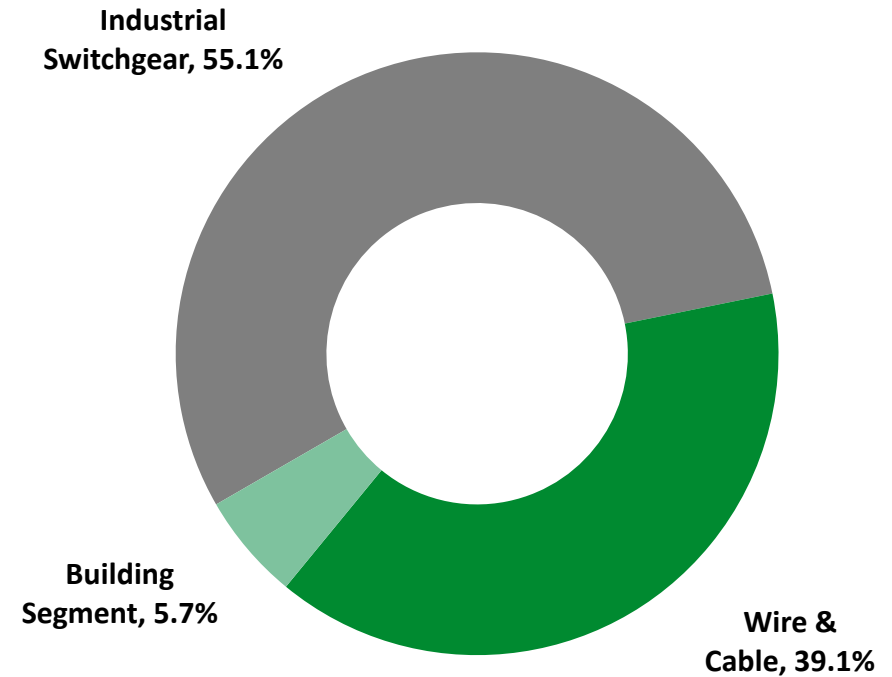
- *Increase in Revenue – higher sales in high demand products like Three phase transformers, wire harness, relays and contactors etc*
- *Contribution from exports was 29.2% in FY23*

# H1 FY24 Revenue Breakup – Business Verticals

H1 FY23



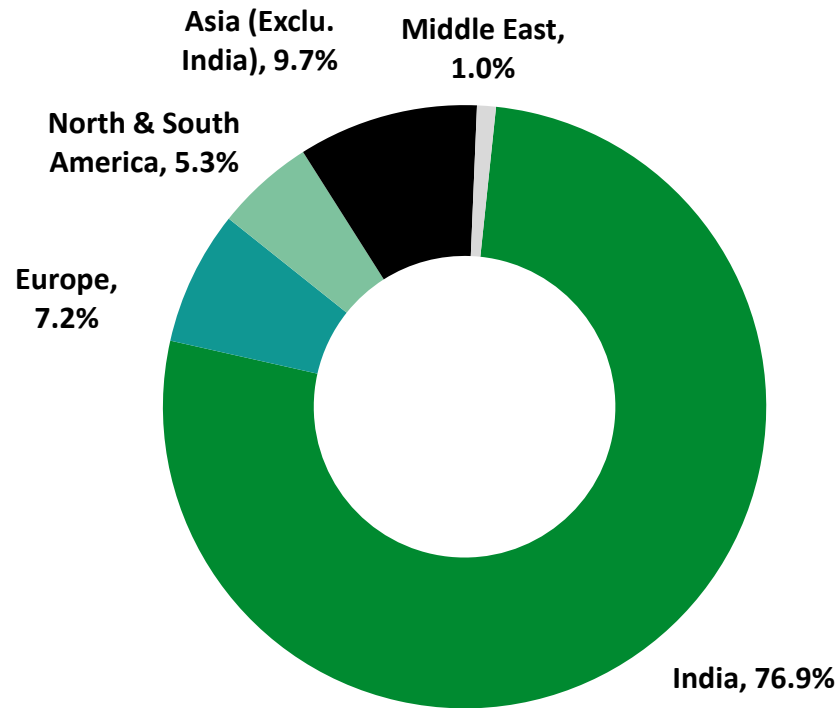
H1 FY24



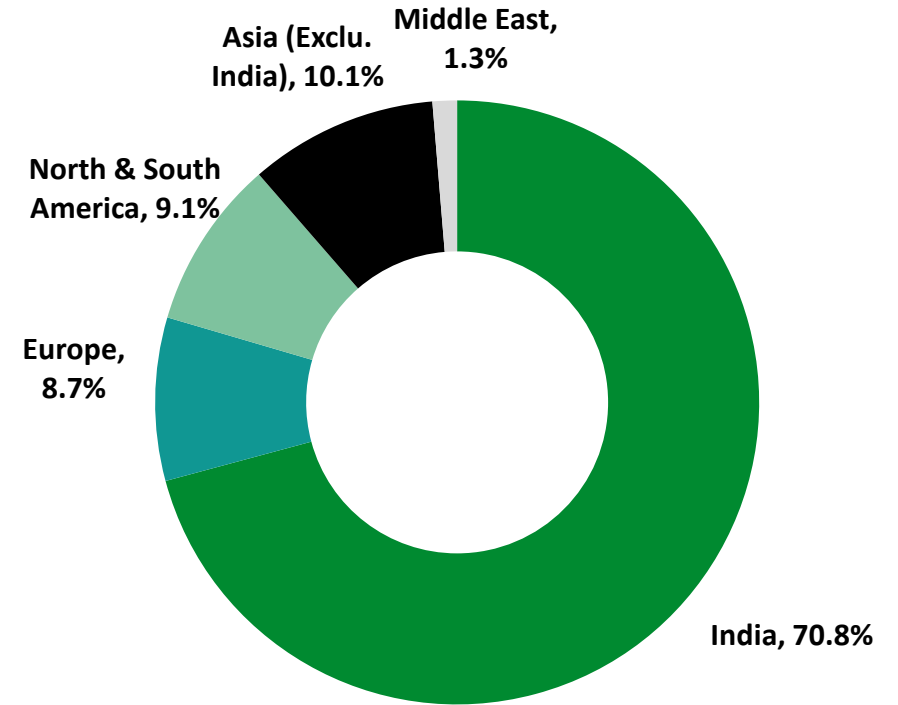
- *Industrial Switchgear – 55.13% of net revenues*
- *Wires & Cables – 39.14% of net revenues*
- *Building Electrical Products – 5.73% of net revenues*

# H1 FY24 Revenue Breakup – Geographical

### H1 FY23



### H1 FY24

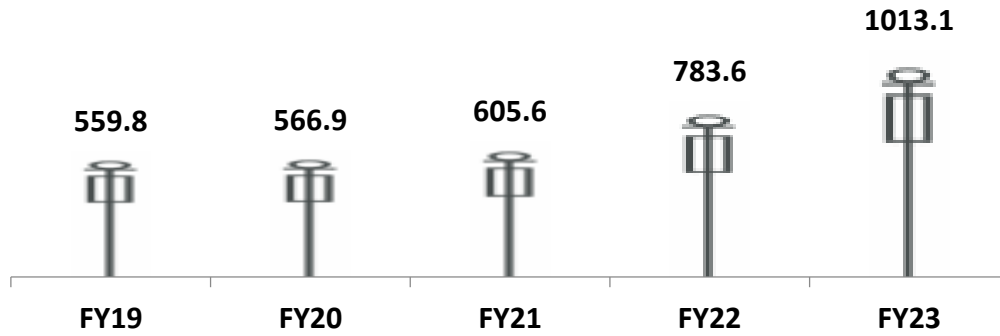


- **Contribution from exports was 29.2% in H1 FY24**

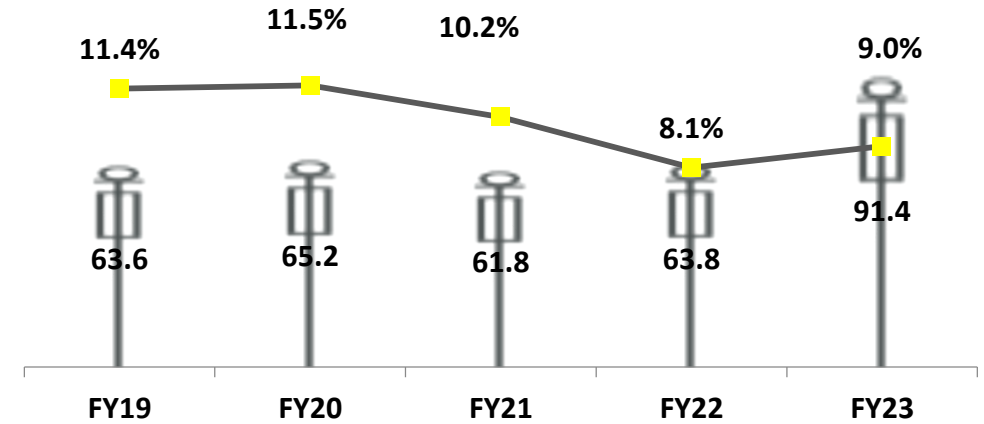
# Key Standalone Financial Highlights – Annual



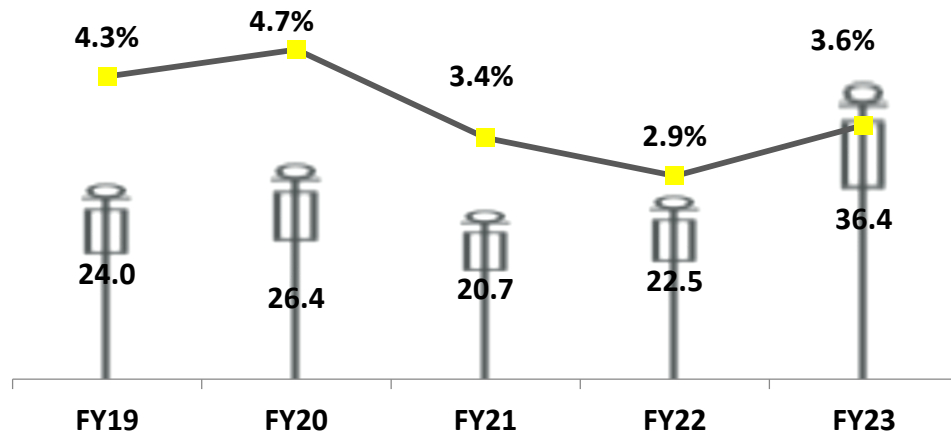
### Revenue (Rs. Crore)



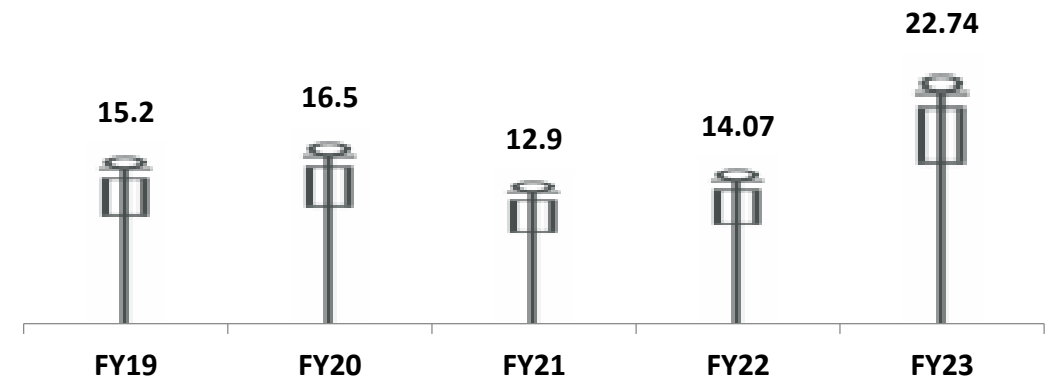
### EBITDA (Rs. Crore) / Margins (%)



### Net Profit (Rs. Crore)



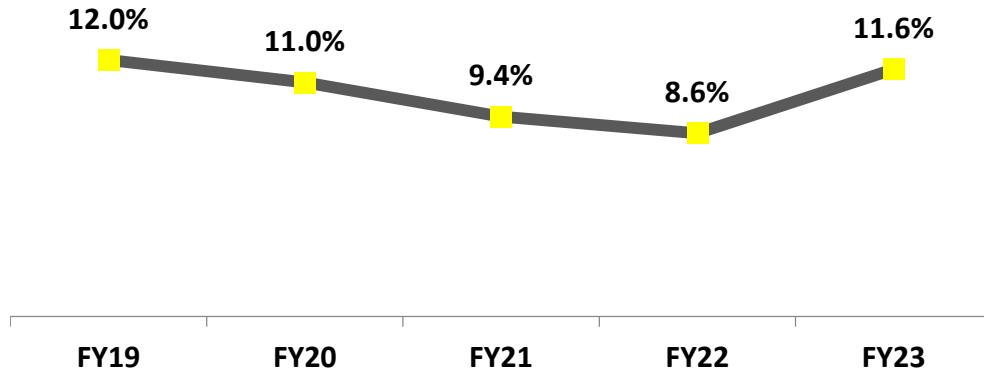
### Earning per Share (Rs.)



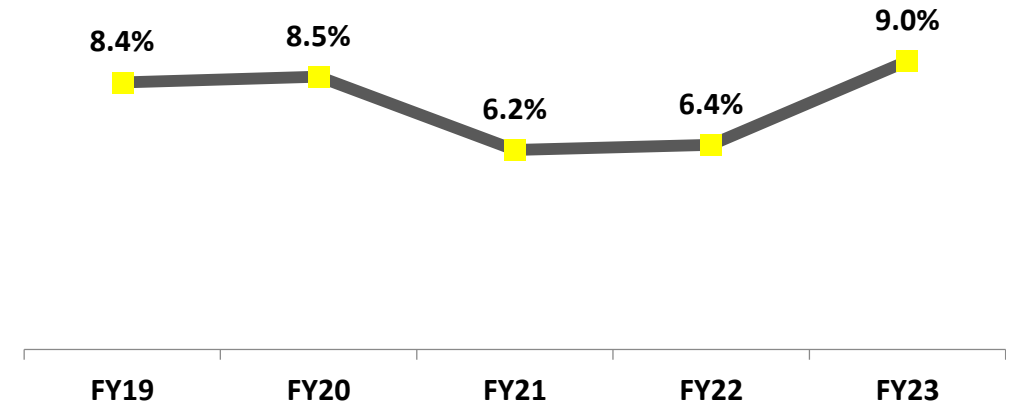
# Balance Sheet Highlights – Annual



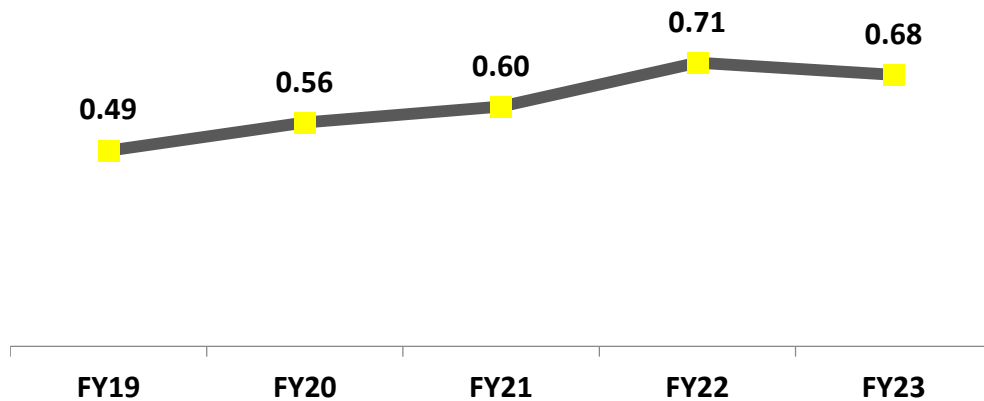
### Return on Capital Employed ( % )



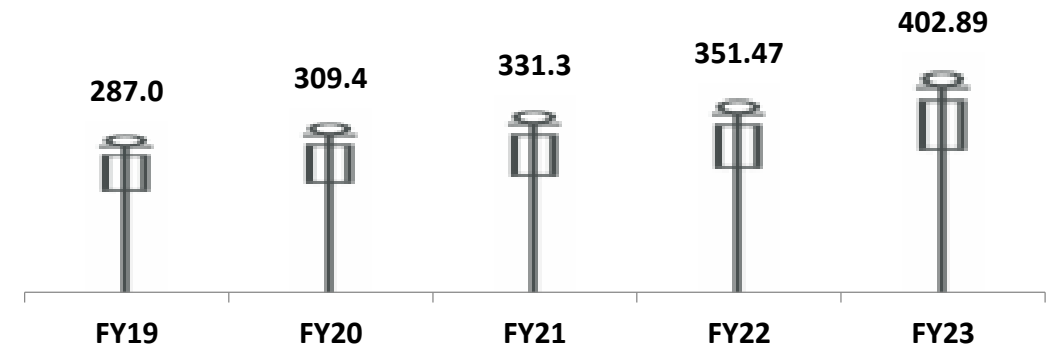
### Return on Equity (%)



### Debt to Equity(X)



### Networth as on 31st March (Rs. Crore)

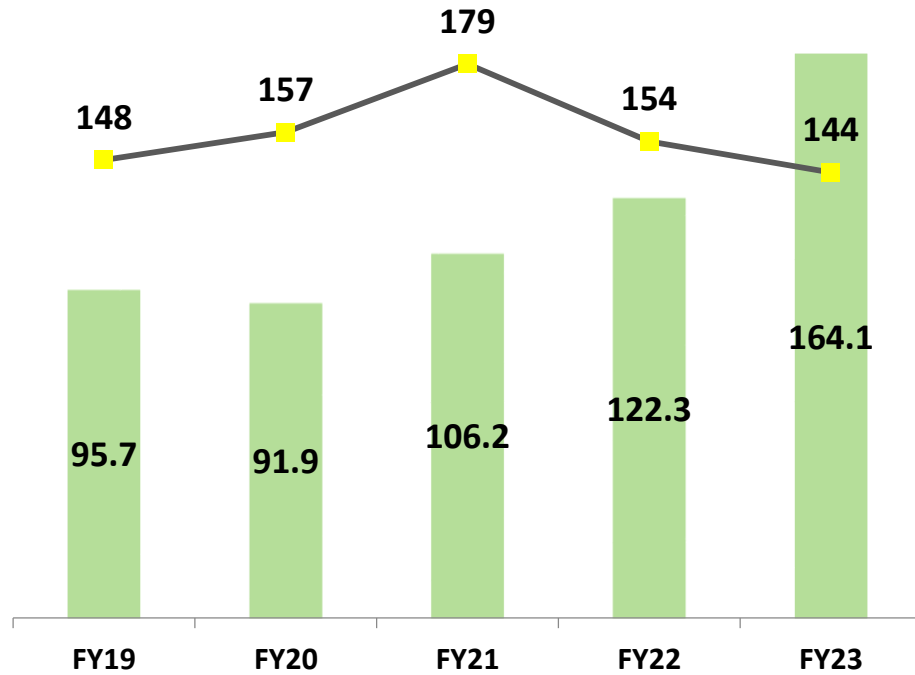


\*Return on Capital Employed – EBIT/Total Capital Employed (Total Shareholders equity+LT Debt+ST Debt+Current Maturity of LT Debt-Non Current Investment), RoE – Net Profit/Networth , Debt to Equity = Total Debt/ Networth

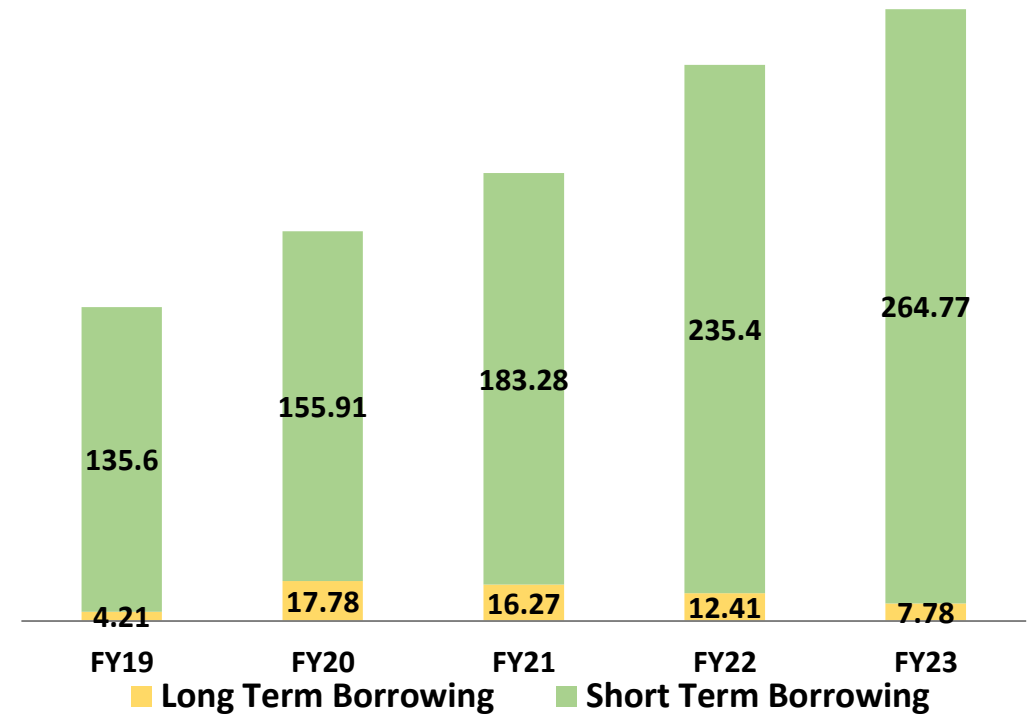


# Working Capital & Borrowings

*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 <sup>th</sup> Sept' 23	As on 31 <sup>st</sup> Mar' 23
<b>Shareholder's Funds</b>	<b>438.21</b>	<b>413.24</b>
Share capital	16.68	16.18
Other Equity	415.60	391.52
Non Controlling Interest	5.93	5.54
<b>Non-current liabilities</b>	<b>35.21</b>	<b>34.78</b>
<b>Financial Liabilities</b>		
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
<b>Current liabilities</b>	<b>457.28</b>	<b>447.21</b>
<b>Financial Liabilities</b>		
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
<b>Total Equities &amp; Liabilities</b>	<b>930.70</b>	<b>895.23</b>

Rs. Crore	As on 30 <sup>th</sup> Sept' 23	As on 31 <sup>st</sup> Mar' 23*
<b>Non-current assets</b>	<b>274.15</b>	<b>267.43</b>
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
<b>Current assets</b>	<b>656.55</b>	<b>627.80</b>
Inventories	279.96	273.80
<b>Financial Assets</b>		
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
<b>Total Assets</b>	<b>930.70</b>	<b>895.23</b>



## **Company Overview**

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# 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

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# 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

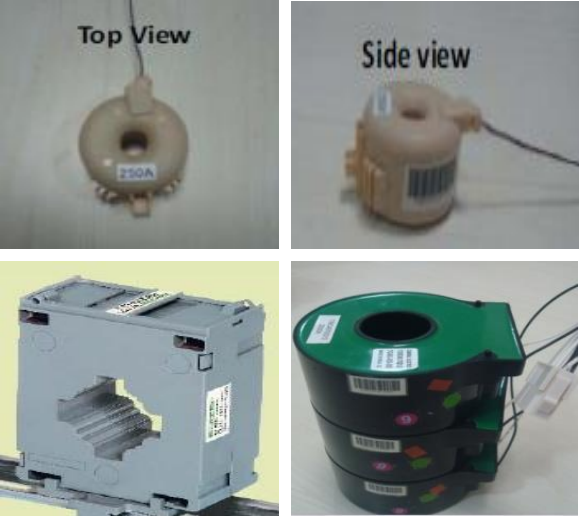
## Energy Management products

- Energy Savers
- Street Light Controllers



# Wide Product Suite- Customized for OEM's

## CT's



## Terminal Sockets



## Coils / Inductors

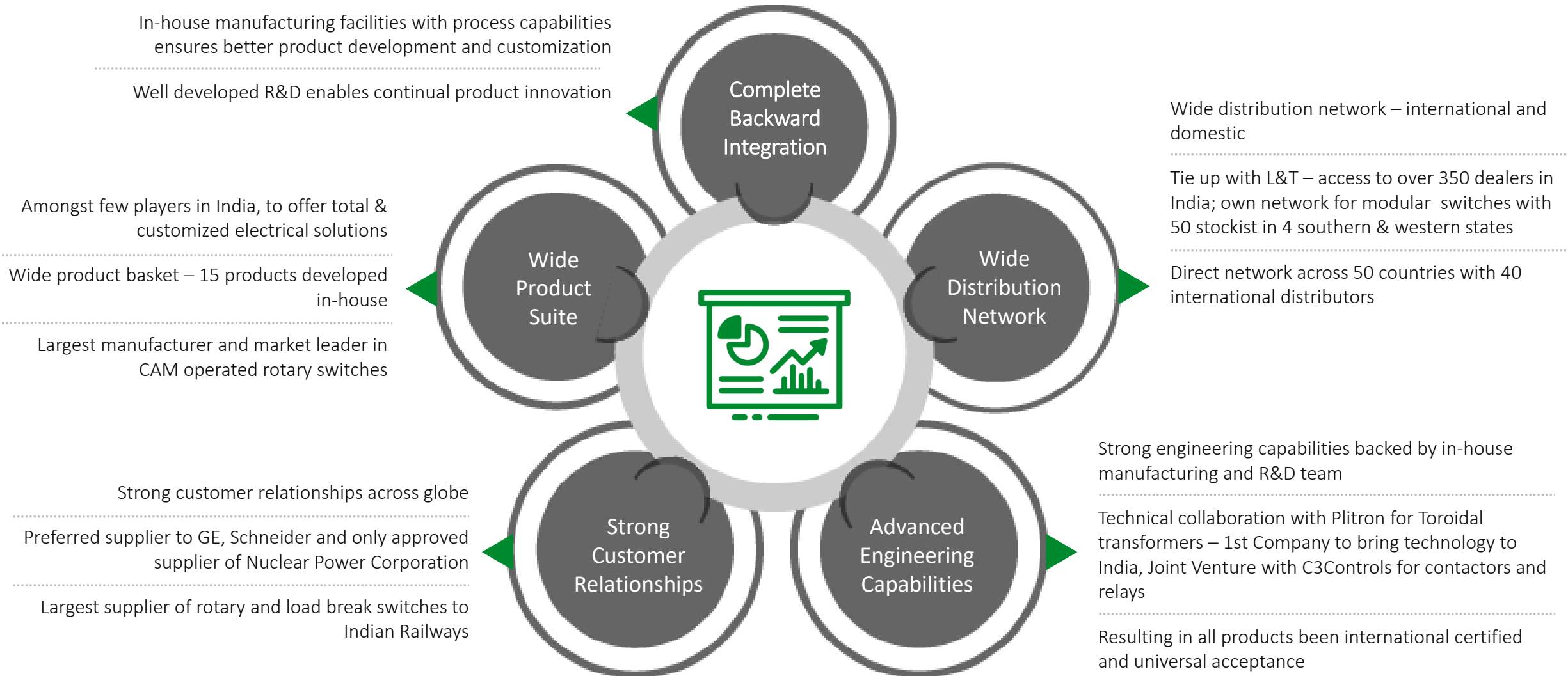


## Panels



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...



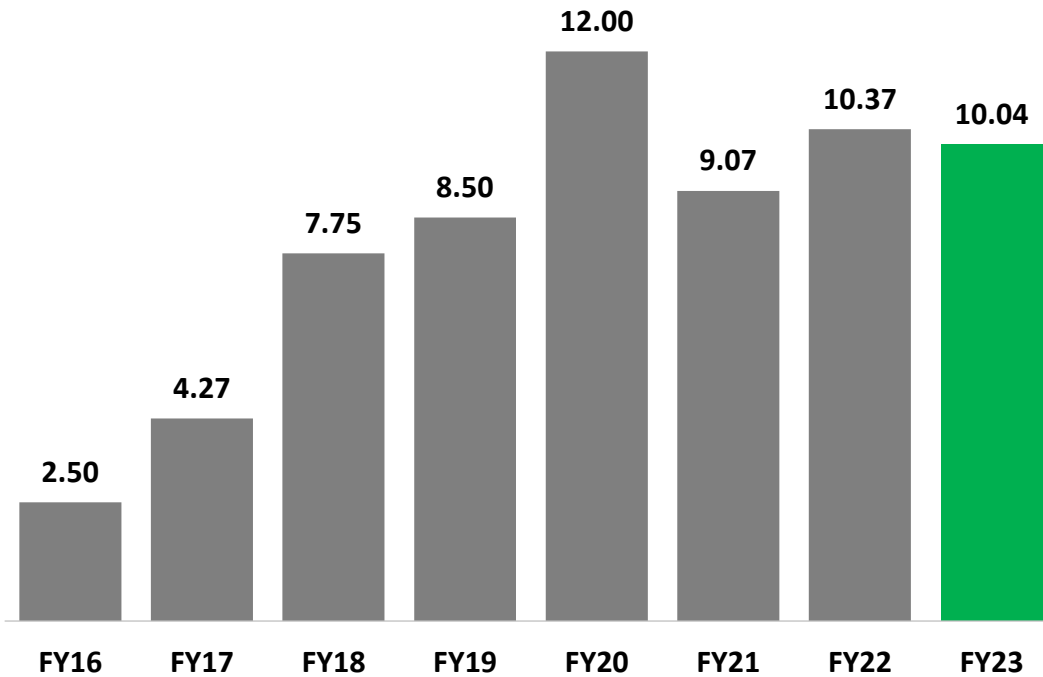
- Full fledged **Type testing laboratory**
  - Loads up to 500Amps
  - Environmental test chamber for humidity test
  - Salt spray test & all other basic tests as per UL Standards
- **In-house tool room** facility for manufacturing and servicing of Moulds and press tools
  - CNC Wire Cut Machines and Spark erosion machines
  - CNC Machining center, EDM Drilling
  - Conventional machines
  - Latest digital measuring equipment
  - Inspected and certified by GE Tool Division

**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
- 1<sup>st</sup> 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**

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# Way Ahead

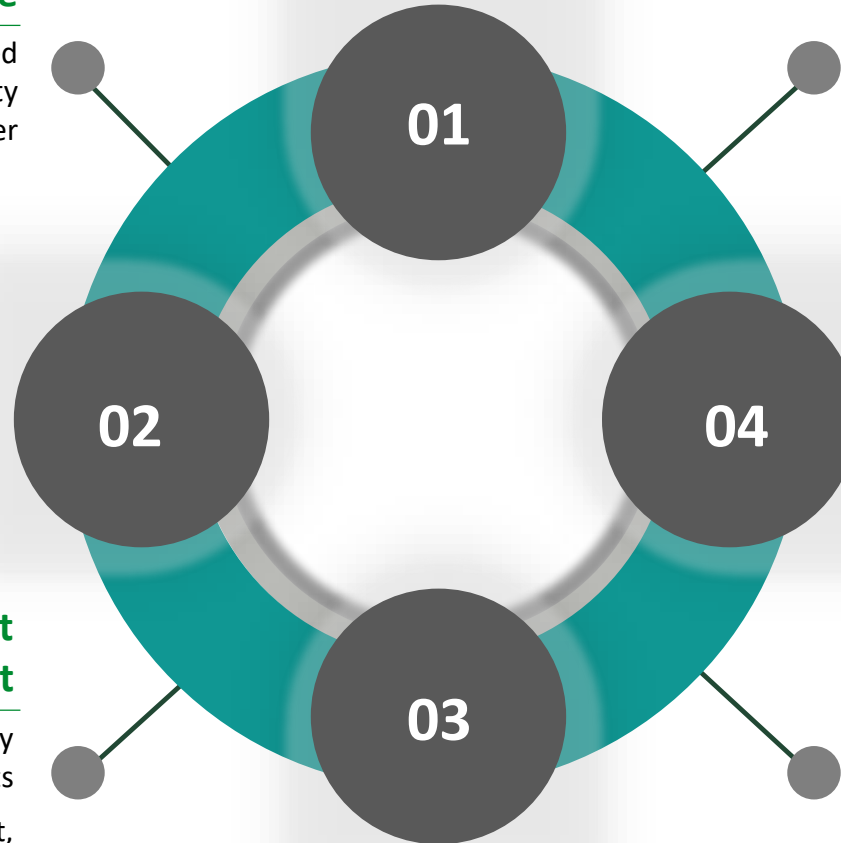
## Operational Excellence

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

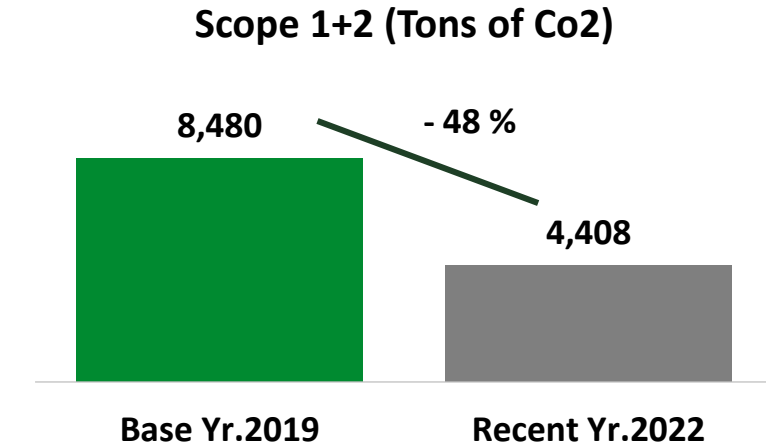
## Scope 1

- 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		<b>-63%</b>	



- 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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