

salzer®



Salzer Electronics Limited

Result Update Presentation

Q3 & 9M FY24

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Table of Contents

01 Financial Highlights

02 Company Overview

03 Business Overview

04 Way Ahead



Financial Highlights

Joint Managing Director's Message



“During the Third quarter of the fiscal year, we registered a consolidated revenue of Rs. 270.35 crores, accompanied by EBITDA (excluding other income) and PAT of Rs. 31.02 crore and Rs. 13.48 crore, respectively. The broader market experienced a sluggish pace especially in the industrial switchgear business, attributed to global geopolitical uncertainties, a deceleration in the USA and Europe among other factors. Despite we have seen growth coming in from Industrial switchgear and wires and cable business divisions. The surge in demand for wires & cables is particularly noteworthy, primarily driven by the flourishing real estate sector. Both Building wires and Agri market cables experienced a substantial increase in revenue. Our revenues from exports were largely from North & South America as well as Europe.

We have observed a positive trend in the decline of raw material costs and an uptick in sales prices, and we anticipate this momentum to persist, contributing to the improvement of our EBITDA Margins. Our strategic focus is on sustaining a well-balanced business mix between industrial switchgear and wires & cables products to effectively improve the overall gross margin.

We are committed to sustaining this growth trajectory as we aim for new heights of accomplishment. At Salzer, innovation is ingrained in our strategy, and our robust product offerings and strong brand position in the market position us to establish new benchmarks for the future. With a positive outlook on both domestic and export prospects, we maintain optimism regarding our overall business performance.

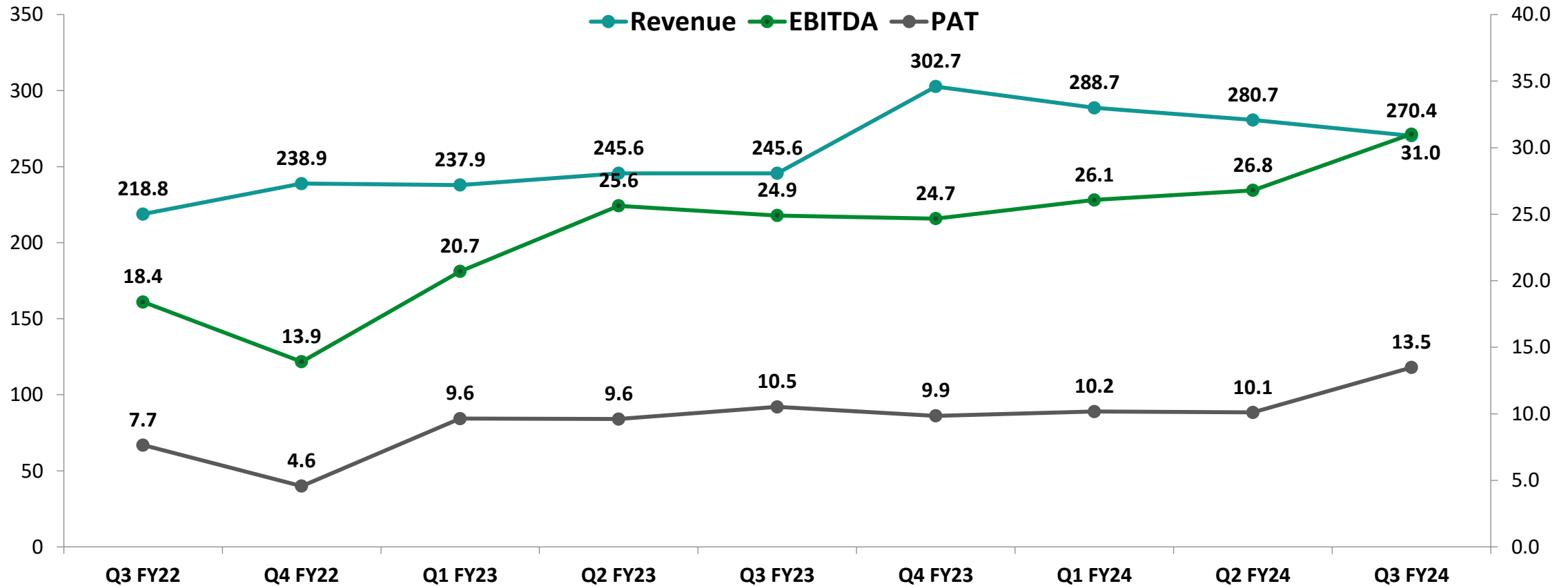
I thank the entire team at Salzer Electronics for their untiring efforts and all our stakeholders for their continued support and faith in our Company.”

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

Key Consolidated Financial Highlights – Quarterly



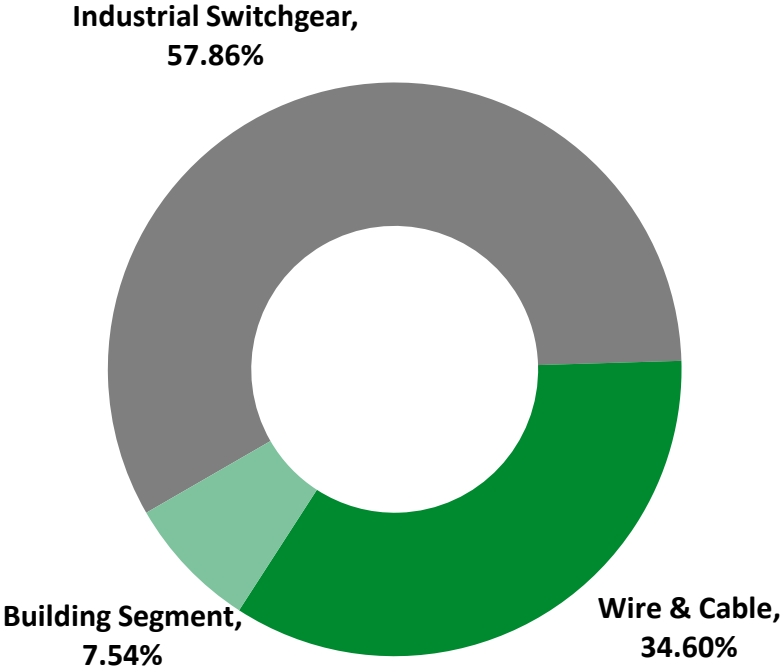
Revenue, EBITDA (excluding other income), PAT (Rs. Crore)



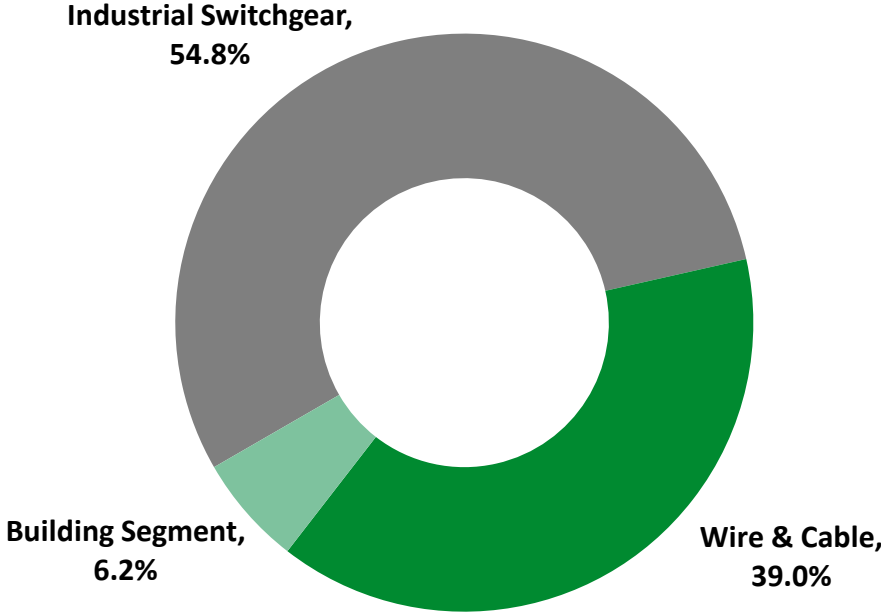
Q3 FY24 Revenue Breakup – Business Verticals



Q3 FY23



Q3 FY24

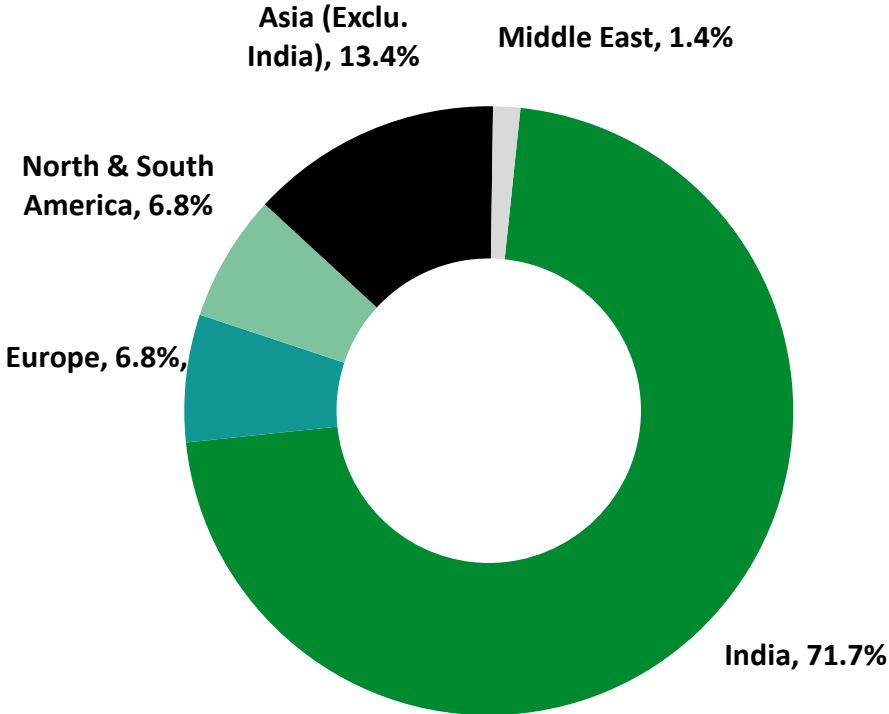


- *Industrial Switchgear – 54.80 % of net revenues*
- *Wires & Cables – 39.02 % of net revenues*
- *Building Electrical Products – 6.18 % of net revenues*

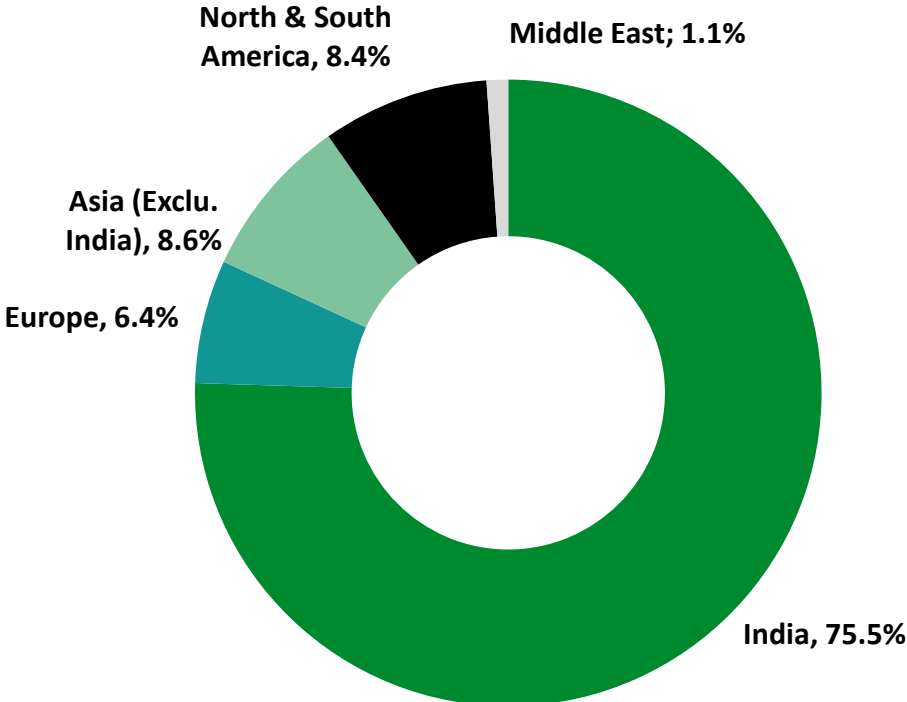
Q3 FY24 Revenue Breakup – Geographical



Q3 FY23



Q3 FY24



▪ Contribution from Exports at 24.50%

Q3 FY24 Consolidated Financial Highlights



Rs. in Crore	Q3 FY24	Q3 FY23	Y-o-Y %	Q2 FY24
Net Revenue	270.35	245.60	10.08%	280.72
Raw Materials	198.28	185.68		214.17
Employee Cost	11.74	9.69		11.22
Other Expenses	29.31	25.32		28.54
Total Expenditure	239.33	220.70		253.93
EBITDA (Excluding other Income)	31.02	24.90	24.59%	26.79
EBIDTA Margin (%)	11.48%	10.14%	134 bps	9.54%
Other Income	0.67	0.62		0.29
Depreciation	4.88	4.16		5.16
Interest / Finance Cost	8.71	6.67		8.32
Exceptional Item (Gain) / Loss	0.00	0.02		0.00
Profit Before Tax	18.11	14.71		13.60
Tax	4.63	4.19		3.50
Profit After Tax	13.48	10.52	28.11%	10.10
Profit After Tax Margin (%)	4.99%	4.28%	71 bps	3.60%
Basic EPS (Rs.)	7.98	6.45	23.72%	5.99

- *Increase in Revenue – mainly driven by higher demand for Wire & Cables business. Growth in the sector led to demand for products like Building wires and Agri Cables, which contributed the most to this increase*

9M FY24 Consolidated Financial Highlights



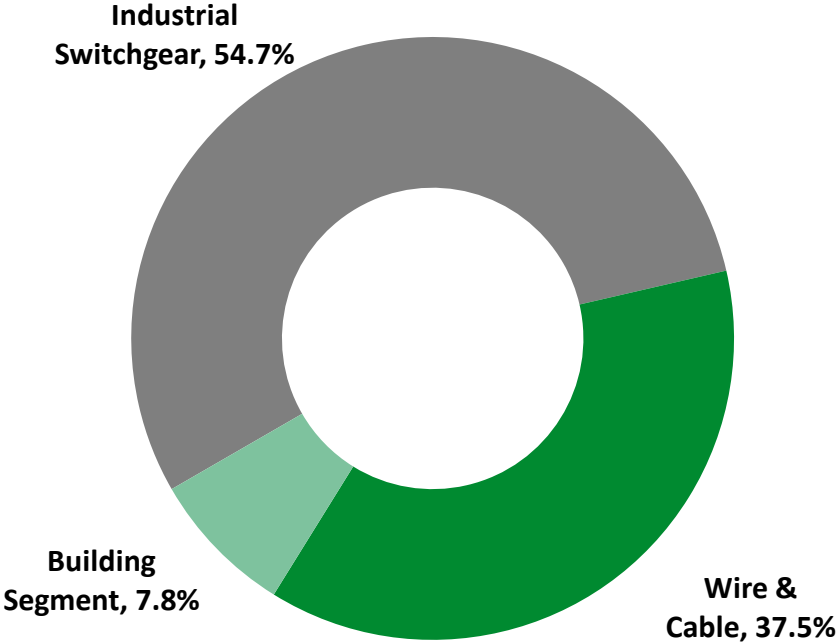
Rs. in Crore	9M FY24	9M FY23	Y-o-Y %
Net Revenue	839.74	734.36	14.35%
Raw Material Expenses	637.93	566.79	
Employee Expenses	33.37	28.59	
Other Expenses	84.55	67.75	
Total Expenditure	755.85	663.13	
EBITDA (Excluding other Income)	83.90	71.23	17.78%
EBITDA Margin (%)	9.99%	9.70%	29 bps
Other Income	1.70	1.37	
Depreciation	14.70	12.27	
Interest / Finance Cost	25.03	18.43	
Exceptional Item (Gain) / Loss	0.00	0.02	
PBT	45.87	41.91	
Tax	12.12	12.14	
PAT	33.75	29.77	13.36%
PAT Margin (%)	4.02%	4.05%	(3 bps)
Basic EPS (Rs.)	19.22	18.22	5.49%

- **Increase in Revenue – driven by business of Industrial switchgear and wire & cable businesses**
- **Contribution from exports was 27.69% in FY23**

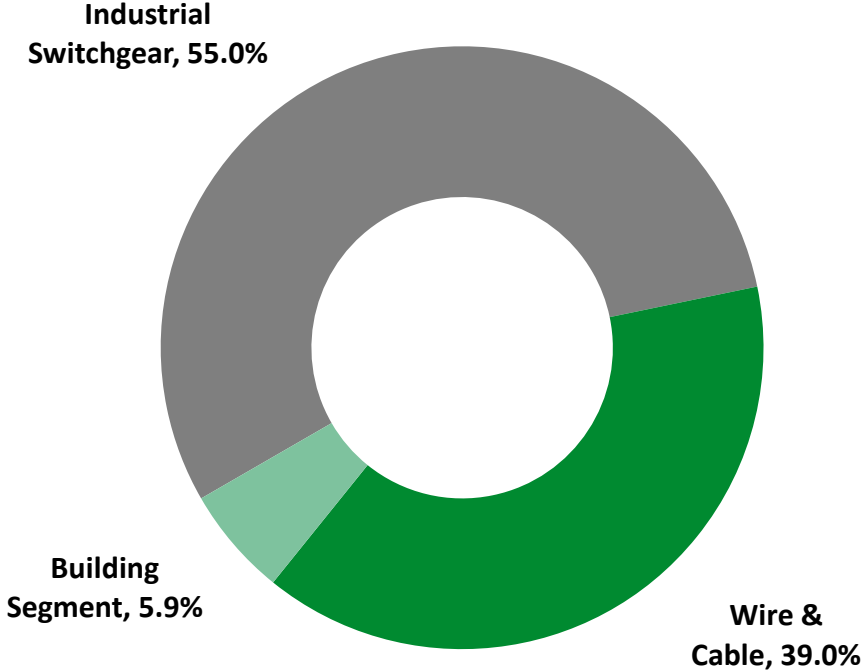
9M FY24 Revenue Breakup – Business Verticals



9M FY23



9M FY24

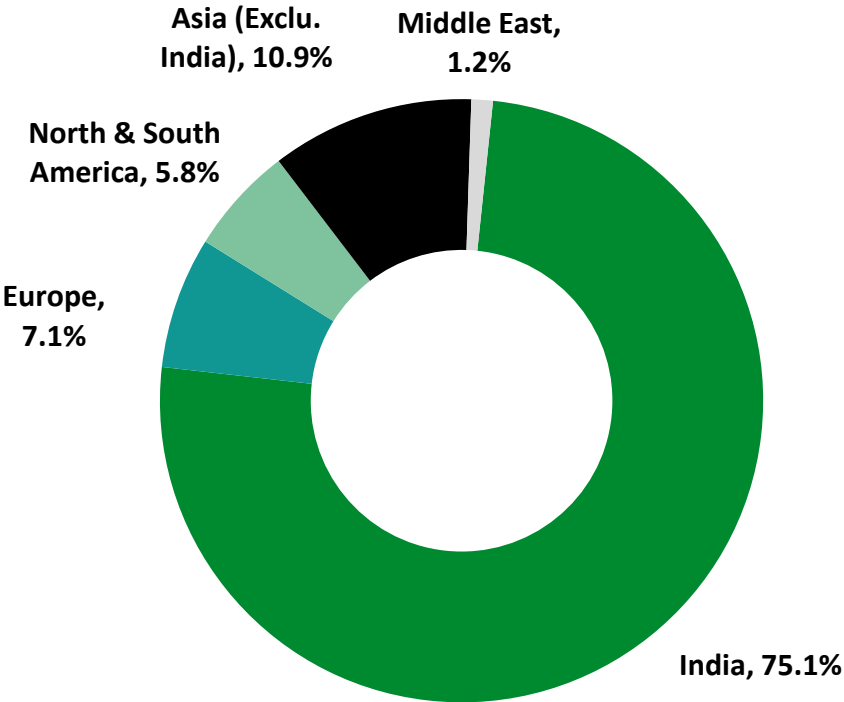


- *Industrial Switchgear – 55.03% of net revenues*
- *Wires & Cables – 39.10% of net revenues*
- *Building Electrical Products – 5.87% of net revenues*

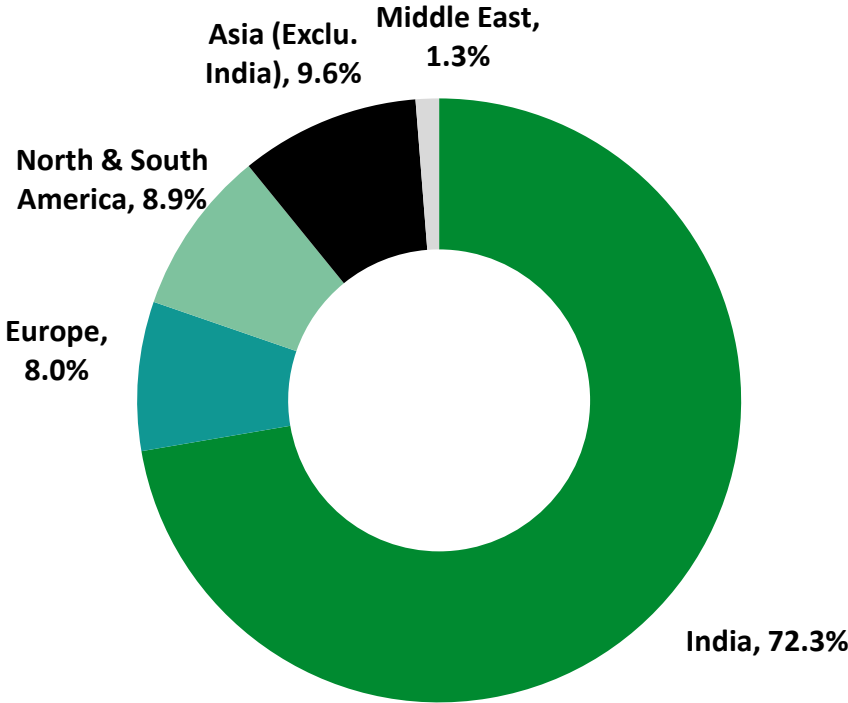
9M FY24 Revenue Breakup – Geographical



9M FY23



9M FY24

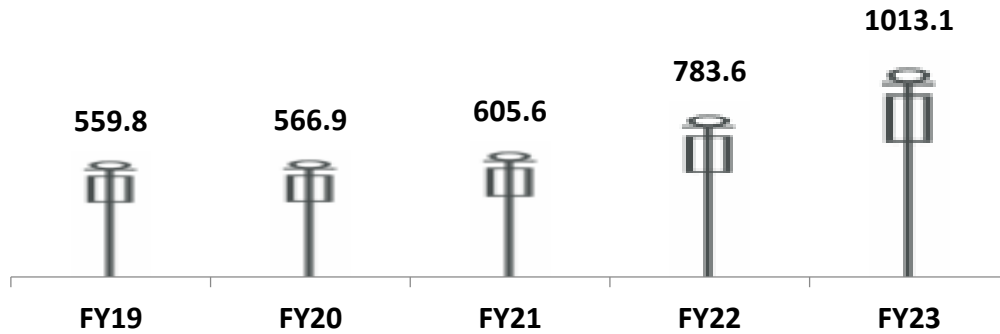


- **Contribution from exports was 27.7% in 9M FY24**

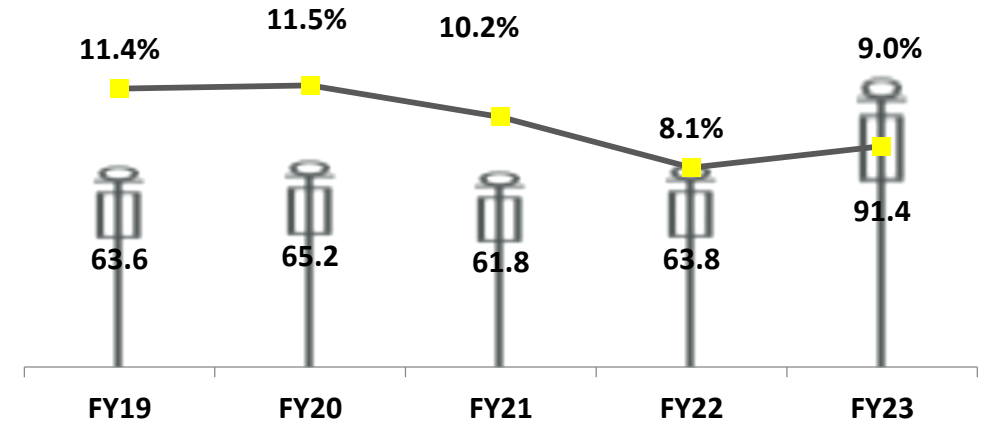
Key Standalone Financial Highlights – Annual



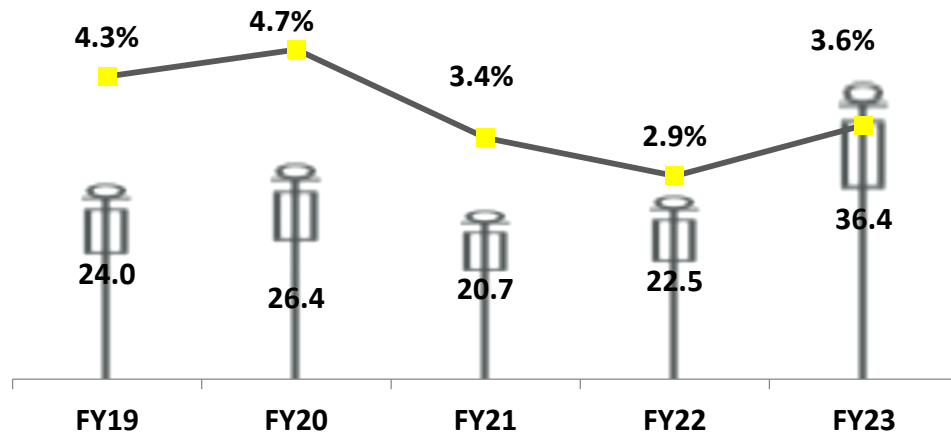
Revenue (Rs. Crore)



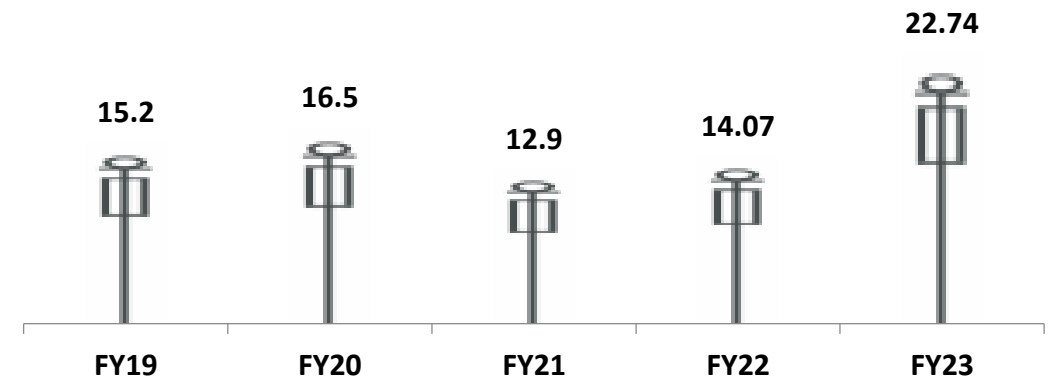
EBITDA (Rs. Crore) / Margins (%)



Net Profit (Rs. Crore)



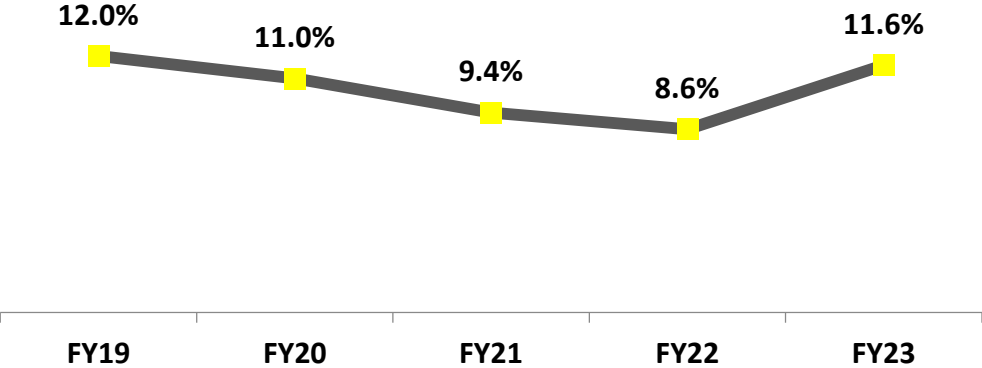
Earning per Share (Rs.)



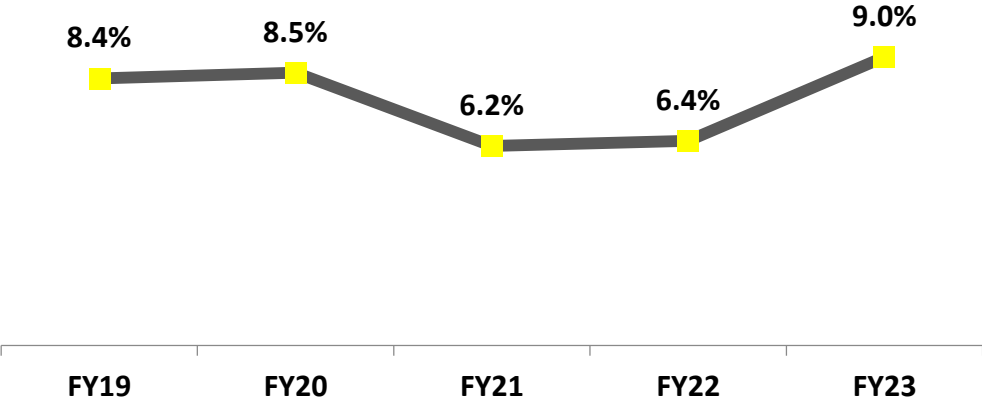
Standalone Balance Sheet Highlights – Annual



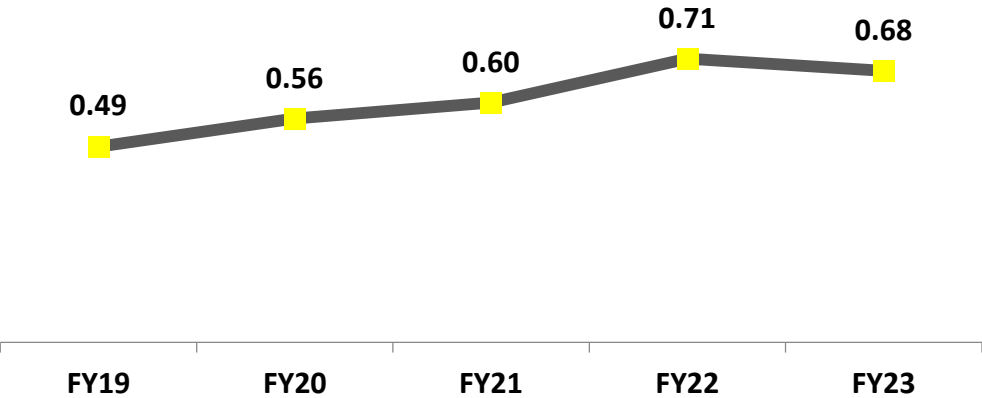
Return on Capital Employed (%)



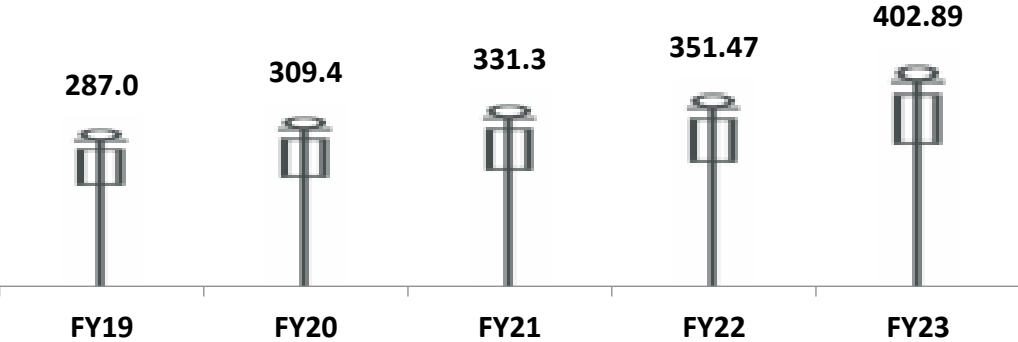
Return on Equity (%)



Debt to Equity(X)



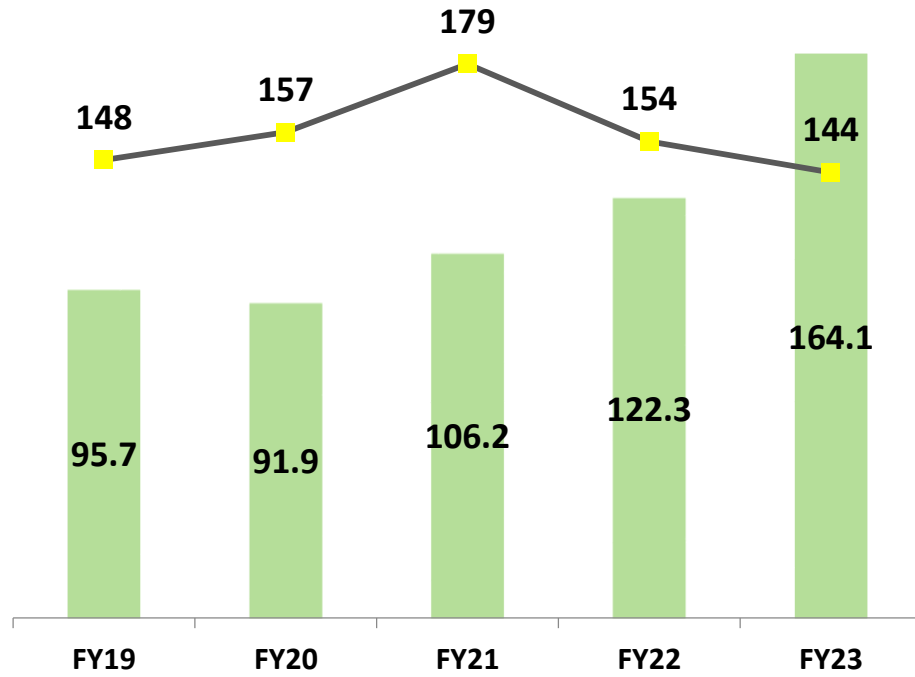
Networth as on 31st March (Rs. Crore)



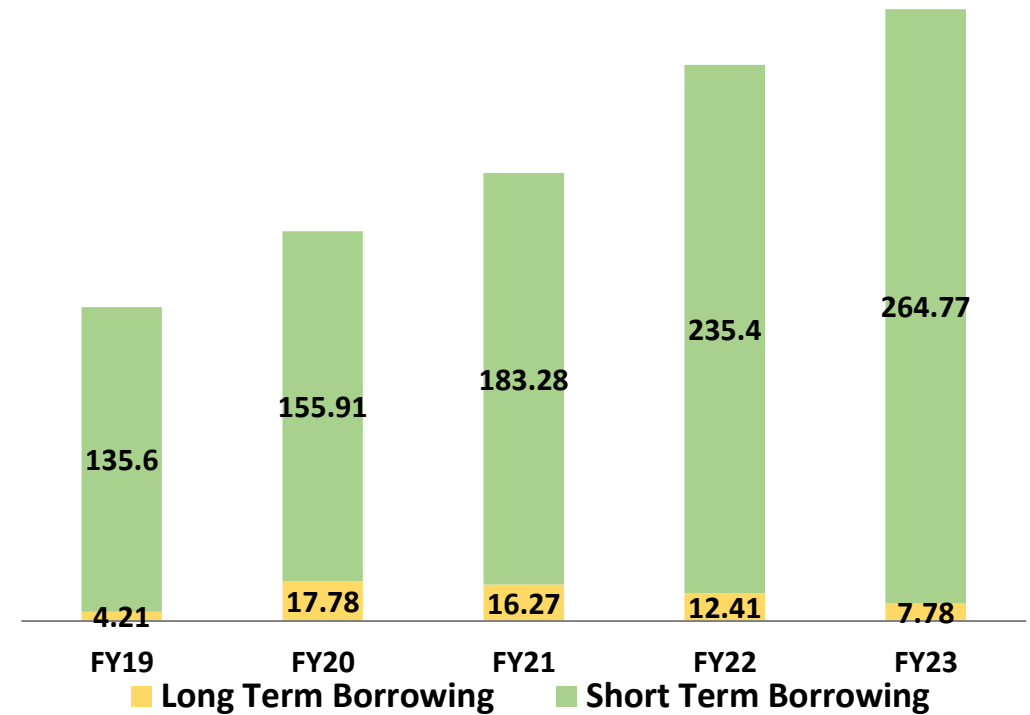
*Return on Capital Employed – EBIT/Total Capital Employed (Total Shareholders equity+LT Debt+ST Debt+Current Maturity of LT Debt-Non Current Investment), RoE – Net Profit/Networth , Debt to Equity = Total Debt/ Networth

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	413.26
Share capital	16.68	16.18
Other Equity	415.60	391.53
Non Controlling Interest	5.93	5.55
Non-current liabilities	35.21	34.78
Financial Liabilities		
Borrowing	11.19	11.91
Provisions	0.85	0.30
Deferred Tax Liabilities (Net)	22.91	22.32
Other Non-Current Liabilities	0.26	0.25
Current liabilities	457.28	447.23
Financial Liabilities		
Borrowing	284.36	264.78
Trade Payable	88.54	112.01
Others	5.19	5.34
Other Current Liabilities	75.26	62.75
Provisions	2.61	2.30
Current tax liability (Net)	1.33	0.05
Total Equities & Liabilities	930.70	895.27

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	627.84
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	10.24
Other	0.28	0.43
Other Current Assets	33.61	34.47
Total Assets	930.70	895.27



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...

2017-24

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 Steuerungsbau 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

Kostad Steuerungsbau GmbH - JV Company has become a Subsidiary Company with shareholding of 60%

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

2001-06

Unit III - manufacture modular switches

Started manufacturing of Wire & Cable for L&T

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

1985

Established to manufacturer of CAM operated Rotary Switches

... 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

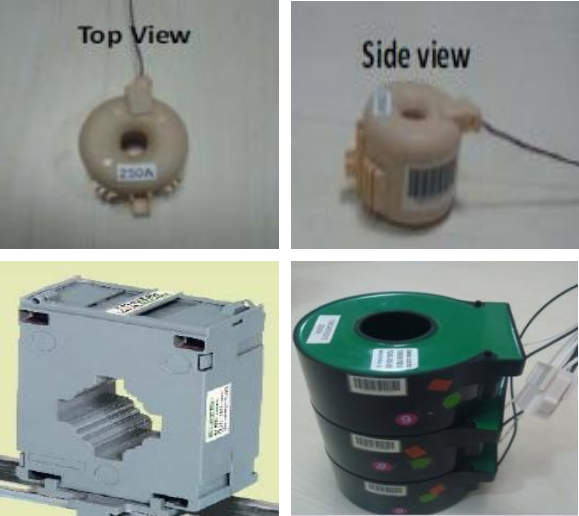
Energy Management products

- Energy Savers
- Street Light Controllers



Wide Product Suite- Customized for OEM's

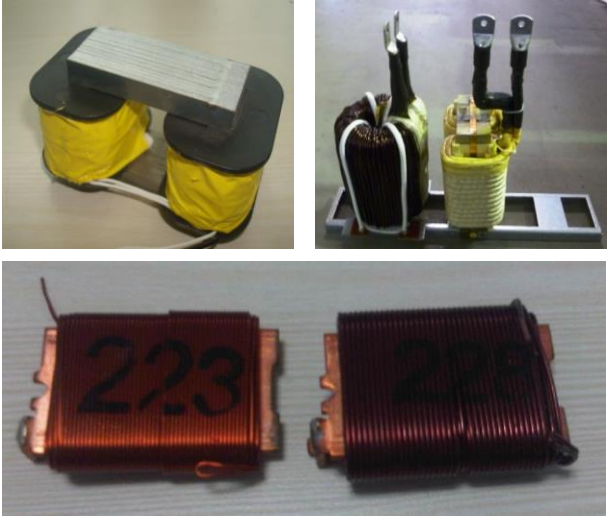
CT's



Terminal Sockets



Coils / Inductors

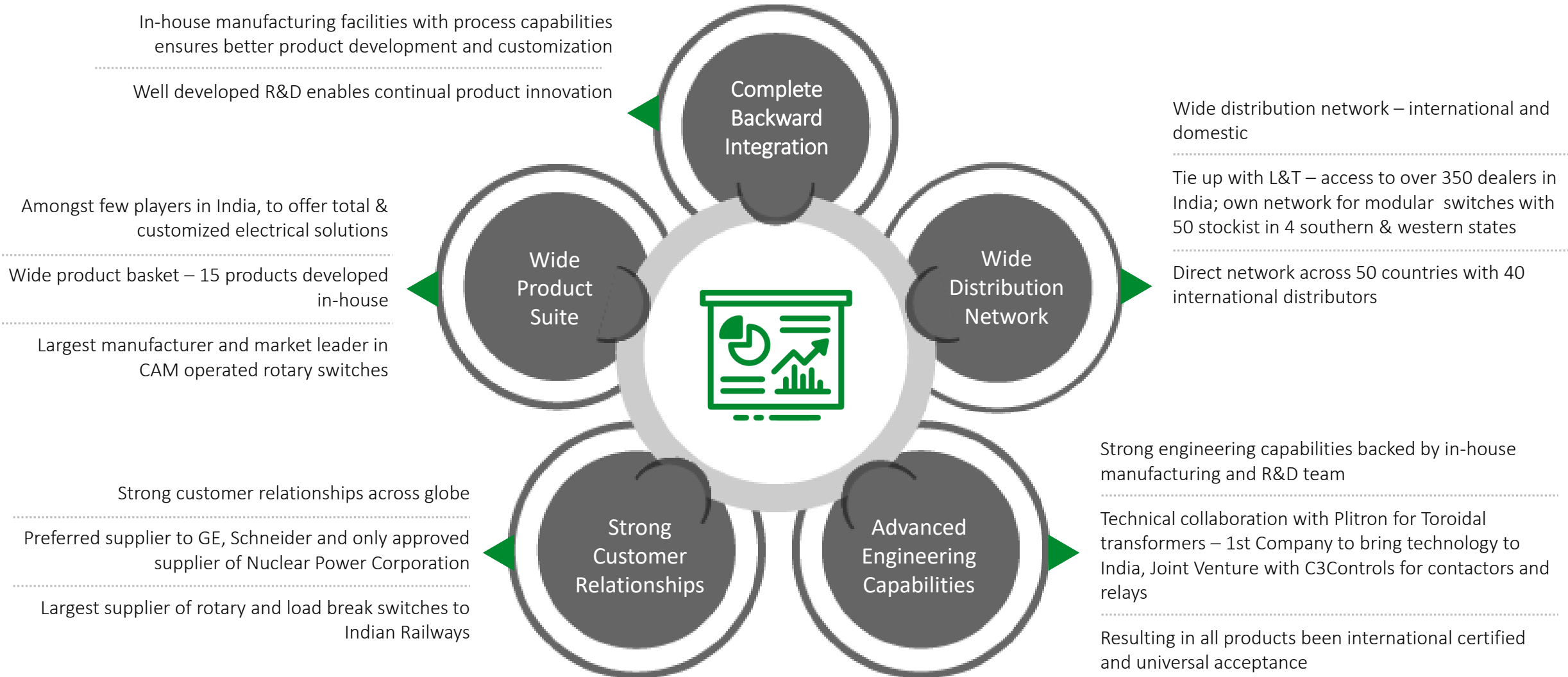


Panels



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

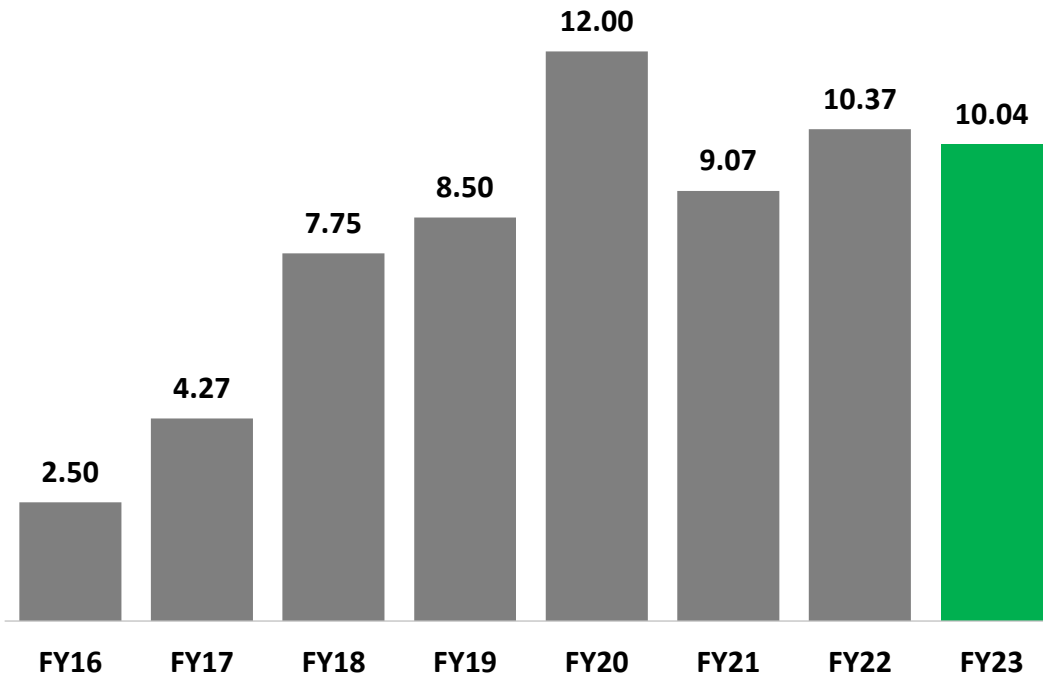
- **In-house tool room** facility for manufacturing and servicing of Moulds and press tools

- 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

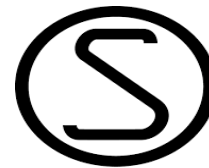


CB certification by IE

CB certification



RoHS



Intertek

Intertek Semko approval



CSA Certification



ISO 16949
CERTIFIED

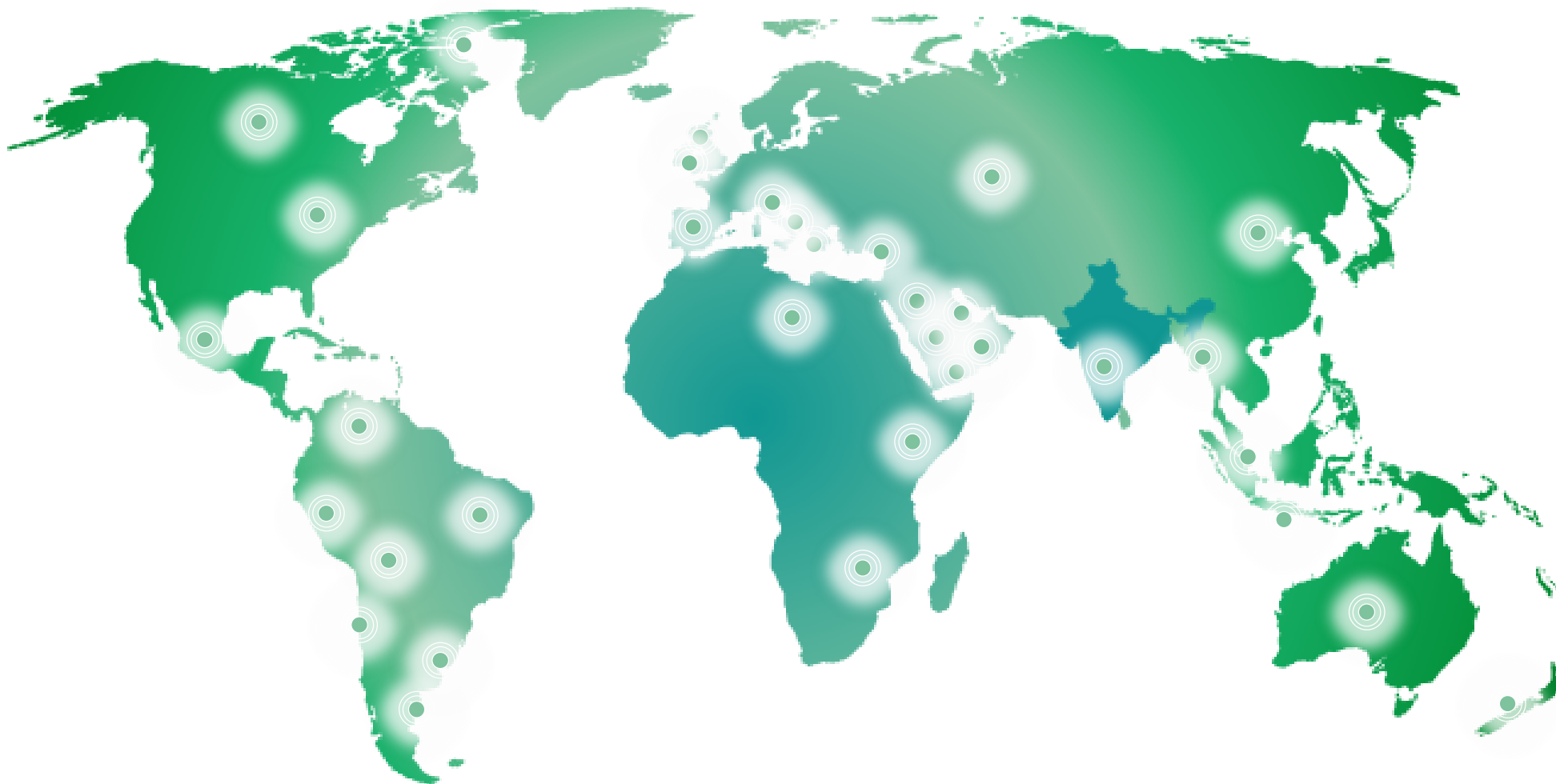
... Across entire product portfolio

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

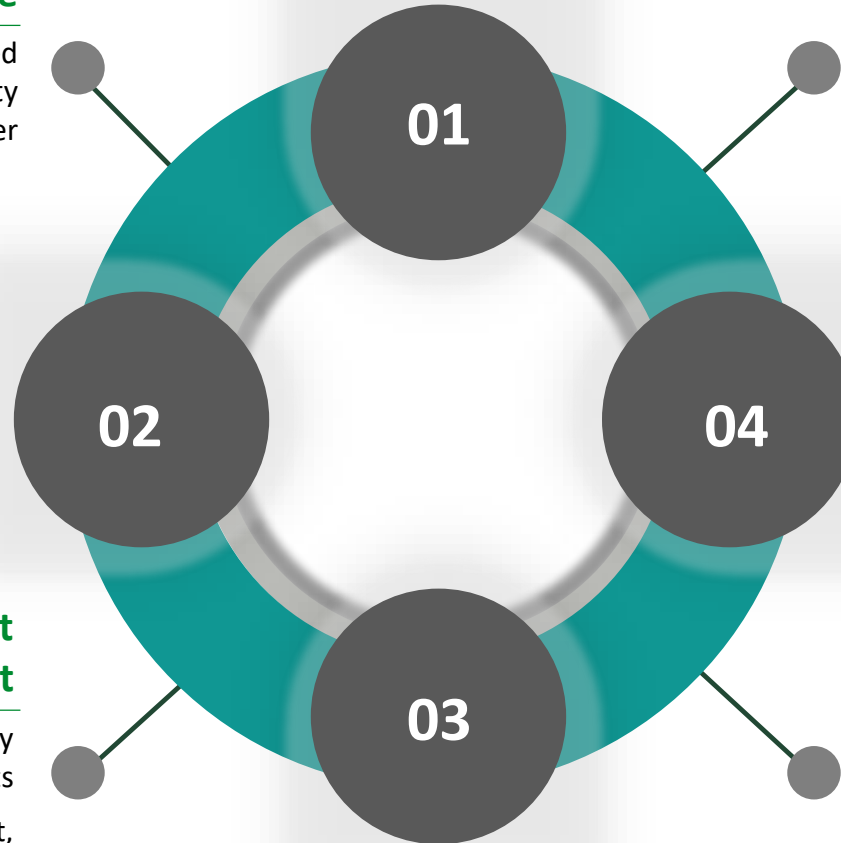
Operational Excellence

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

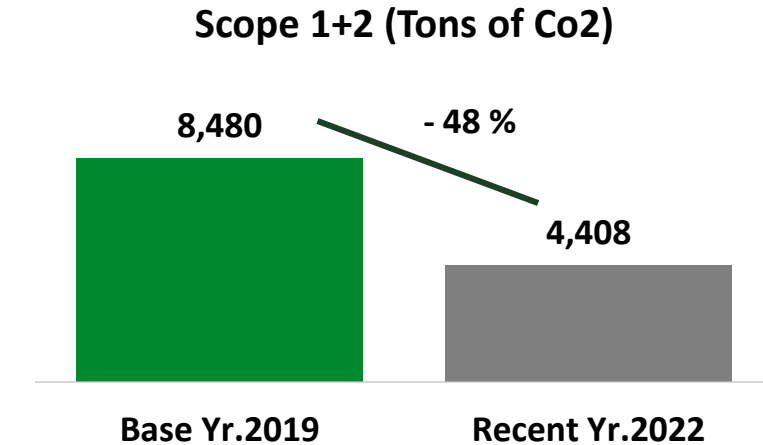
Scope 1

- 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

For further information, please contact:

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