

Salzer Electronics Limited

Result Update Presentation

Q3 & 9M FY23

salzer[®]

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Financial Highlights

Joint Managing Director's Message



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

“Our third quarter performance has been in line with our expectations. Despite, a tepid demand, we witnessed a good traction in our Industrial switchgear and Building products. I am happy to share that we continue to see a substantially higher demand in many key products from these two business divisions. To cater to this strong demand, we recently set up a new manufacturing rented facility strategically located in Hosur, Tamil Nadu to manufacture high demand products like Wire Harnesses and Toroidal Transformers.

During the Third quarter and Nine Months year ended of the financial year, we registered a revenue of Rs. 239.95 crores with EBITDA (excluding other income) and PAT of Rs. 23.74 crore and Rs. 9.67 crore, respectively.

Our raw material prices have begun to stabilize and we are seeing the benefits of our price hikes in the form of better margins year on year as well as quarter on quarter. We also expect to reduce raw material consumption in coming quarters.

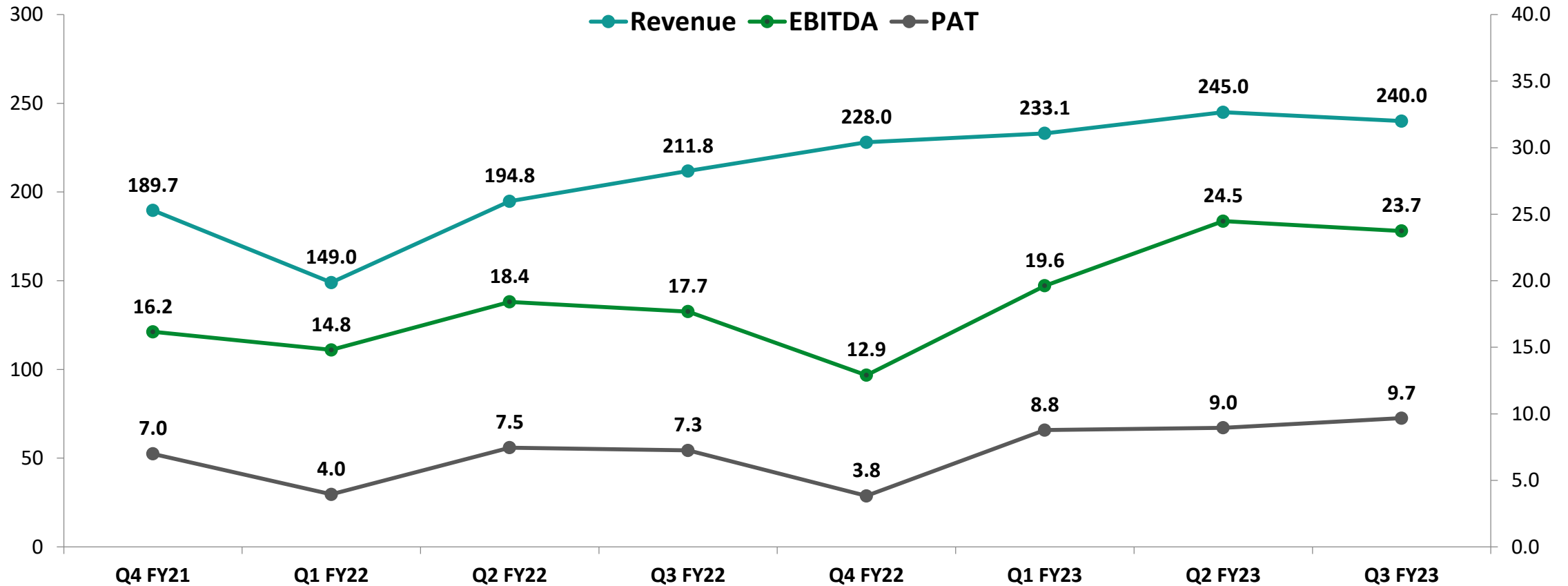
Going ahead, we expect to maintain our growth trajectory combined with strong product offerings and brand position in the market. Based on the domestic and export outlook, we are optimistic on our overall business performance.

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.”

Key Standalone Financial Highlights – Quarterly



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



Q3 FY23 Standalone Financial Highlights



Rs. in Crore	Standalone				Consolidated
	Q3 FY23	Q3 FY22	Y-o-Y %	Q2 FY23	Q3 FY23*
Net Revenue	239.95	211.83	13.27%	244.96	245.60
Raw Materials	183.82	167.62		189.93	185.68
Employee Cost	8.59	7.36		8.69	9.69
Other Expenses	23.79	19.17		21.86	25.32
Total Expenditure	216.20	194.15		220.48	220.70
EBITDA (Excluding other Income)	23.74	17.68	34.30%	24.48	24.90
EBIDTA Margin (%)	9.90%	8.35%	155 bps	9.99%	10.14%
Other Income	0.48	0.88		(0.37)	0.62
Depreciation	4.07	3.93		4.01	4.16
Interest / Finance Cost	6.66	4.97		6.13	6.67
Exceptional Item (Gain) / Loss	0.00	0.00		0.00	0.02
Profit Before Tax	13.48	9.66		13.97	14.71
Tax	3.81	2.41		5.02	4.19
Profit After Tax	9.67	7.25	33.49%	8.95	10.52
Profit After Tax Margin (%)	4.03%	3.42%	61 bps	3.66%	4.28%
Basic EPS (Rs.)	6.05	4.53	33.55%	5.60	6.45

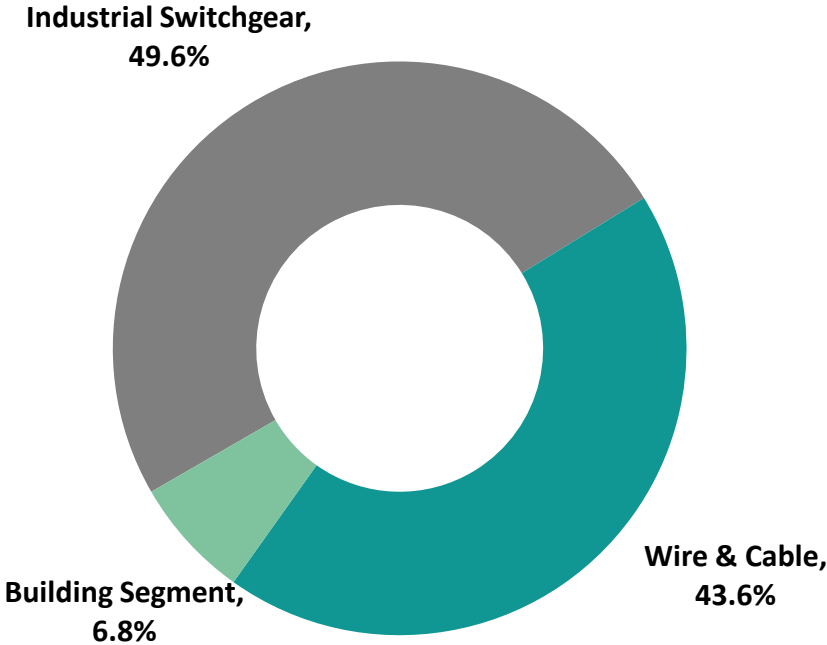
- **Increase in Revenue – on account of higher demand for Switchgear as well as Building products**
- **Growth driven by high demand products -Toroidal Transformers, Three phase Transformers, LAN Cables, Sensors & MCBs**

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

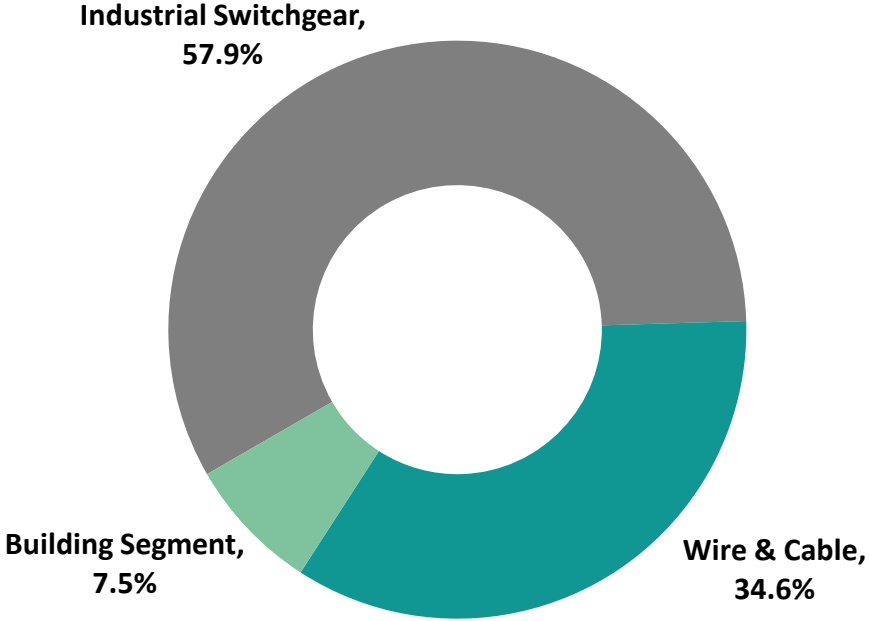
Q3 FY23 Revenue Breakup – Business Verticals



Q3 FY22



Q3 FY23

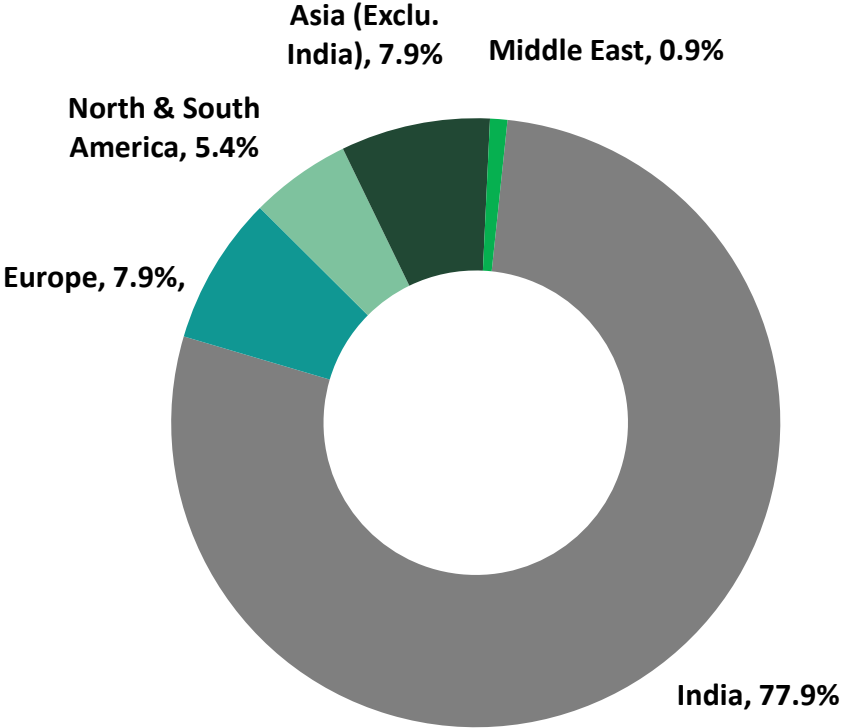


- *Industrial Switchgear – 57.86% of net revenues*
- *Wires & Cables – 34.60% of net revenues*
- *Building Electrical Products – 7.54% of net revenues*
- *Energy Management – No tenders issued by Government during this period*

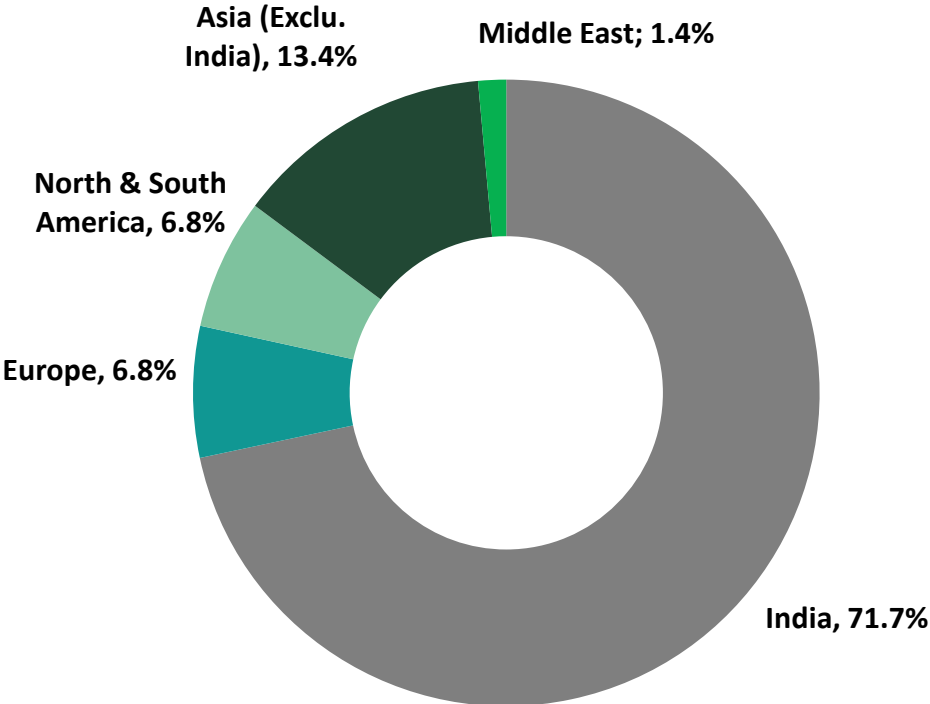
Q3 FY23 Revenue Breakup – Geographical



Q3 FY22



Q3 FY23



- **Contribution from Exports at 28.34%**
- **Export revenue grew by 45.6% YoY in Q3 FY23 - driven by higher exports to Middle East Africa, North & South America**

9M FY23 Standalone Financial Highlights



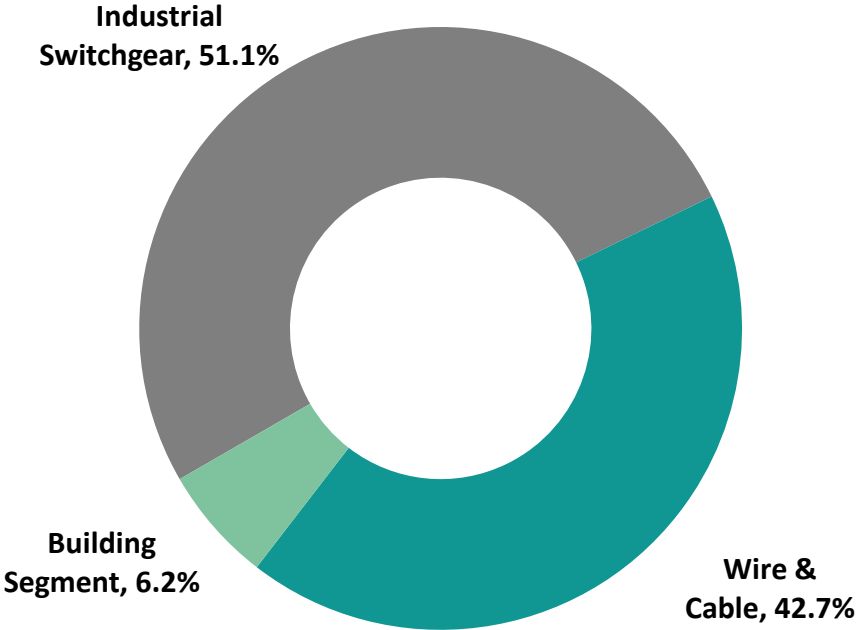
Rs. in Crore	9M FY23	9M FY22	Y-o-Y %	9M FY23 (Consl)*
Net Revenue	717.96	555.61	29.22%	734.36
Raw Material Expenses	561.71	436.24		566.79
Employee Expenses	25.25	20.80		28.59
Other Expenses	63.17	47.68		67.75
Total Expenditure	650.12	504.71		663.13
EBITDA (Excluding other Income)	67.84	50.90	33.30%	71.23
EBITDA Margin (%)	9.45%	9.16%	29 bps	9.70%
Other Income	1.18	1.83		1.37
Depreciation	12.03	11.95		12.27
Interest / Finance Cost	18.40	14.79		18.43
Exceptional Item (Gain) / Loss	0.00	0.00		0.02
PBT	38.59	25.99		41.91
Tax	11.18	7.33		12.14
PAT	27.41	18.66	46.90%	29.77
PAT Margin (%)	3.82%	3.36%	46 bps	4.05%
Basic EPS (Rs.)	17.15	11.67	46.96%	18.22

- **Increase in Revenue – on account of higher demand for Switchgear as well as Building products**
- **Contribution from exports was 24.88% in 9M FY23**

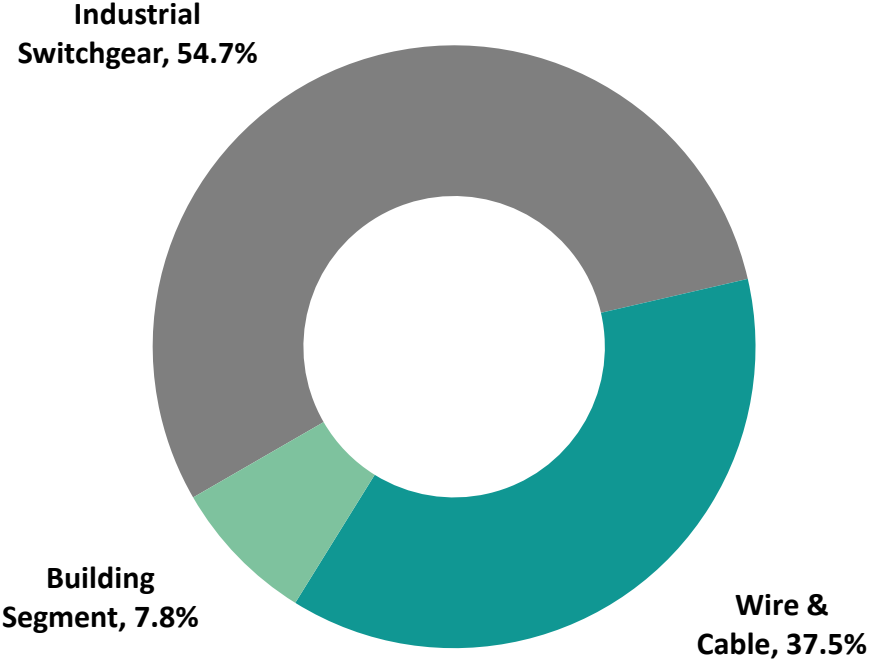
9M FY23 Revenue Breakup – Business Verticals



9M FY22



9M FY23

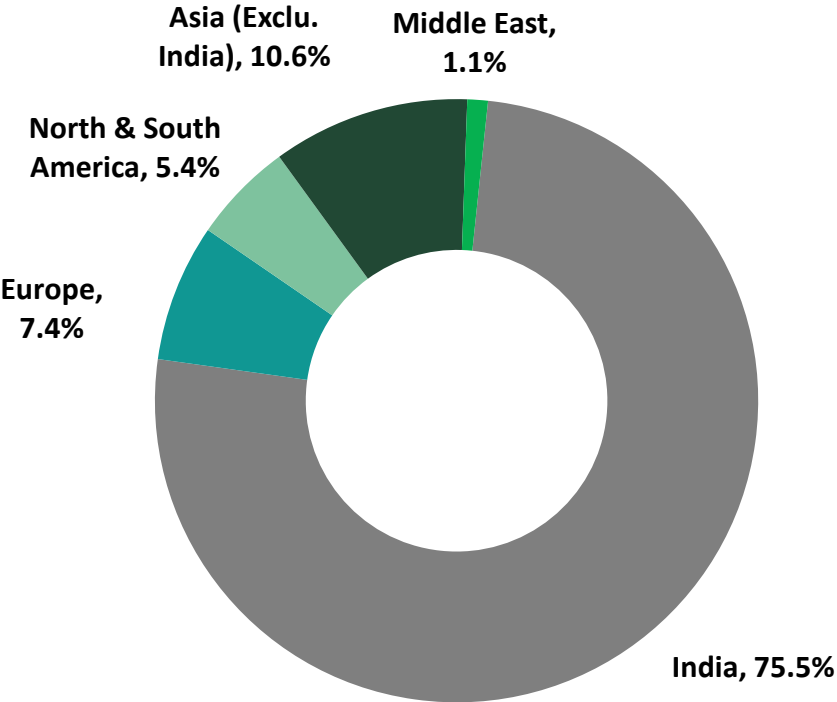


- **Industrial Switchgear – 54.7% of net revenues**
- **Wires & Cables – 37.5% of net revenues**
- **Building Electrical Products – 7.8% of net revenues**
- **Energy Management – No tenders issued by the Government during this period**

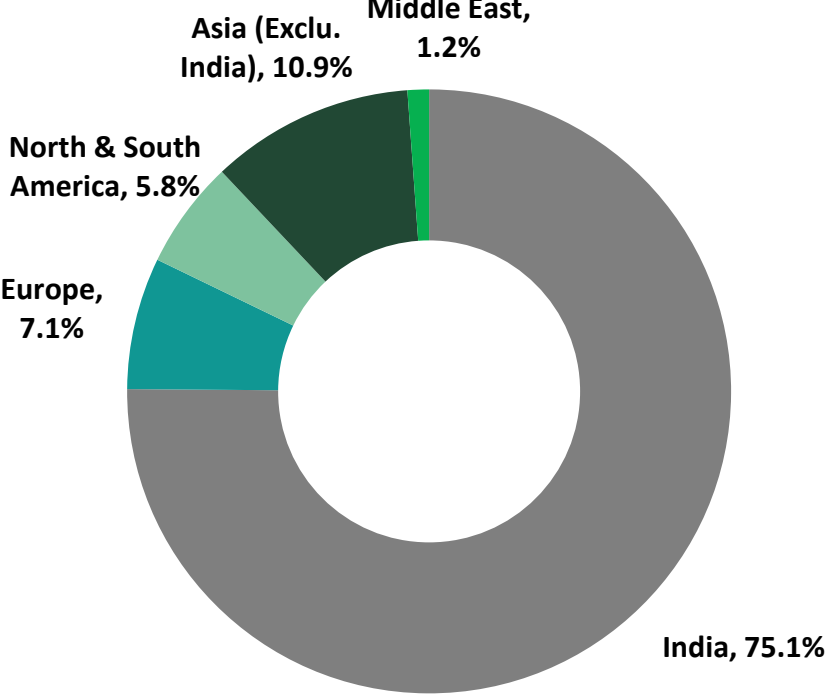
9M FY23 Revenue Breakup – Geographical



9M FY22



9M FY23

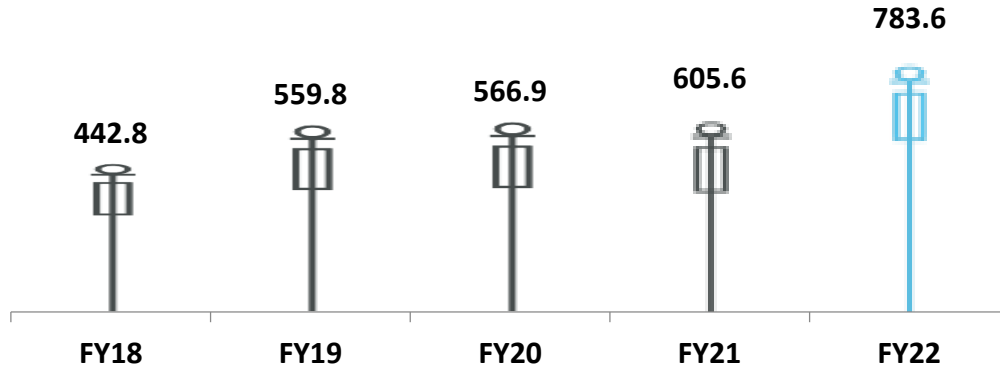


▪ **Contribution from exports was 24.88% in 9M FY23**

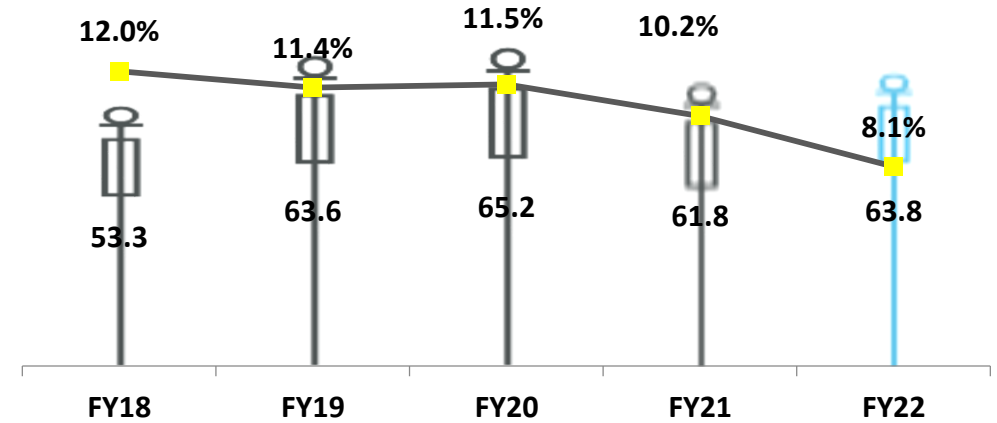
Key Standalone Financial Highlights – Annual



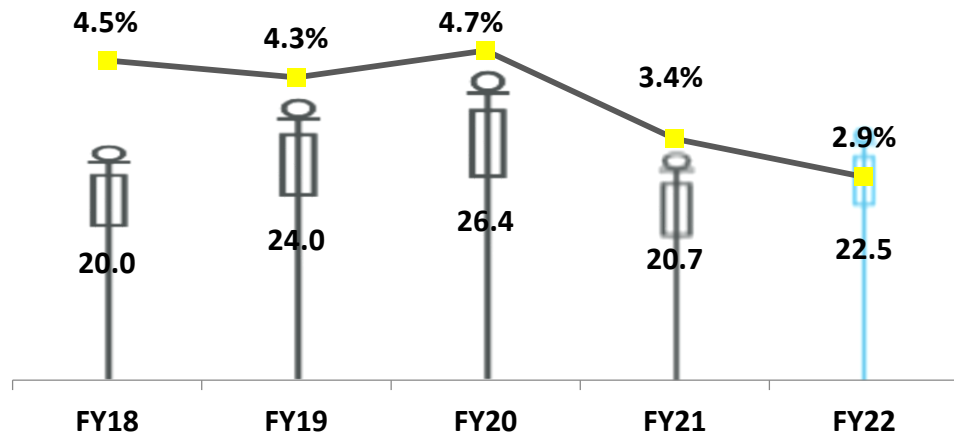
Revenue (Rs. Crore)



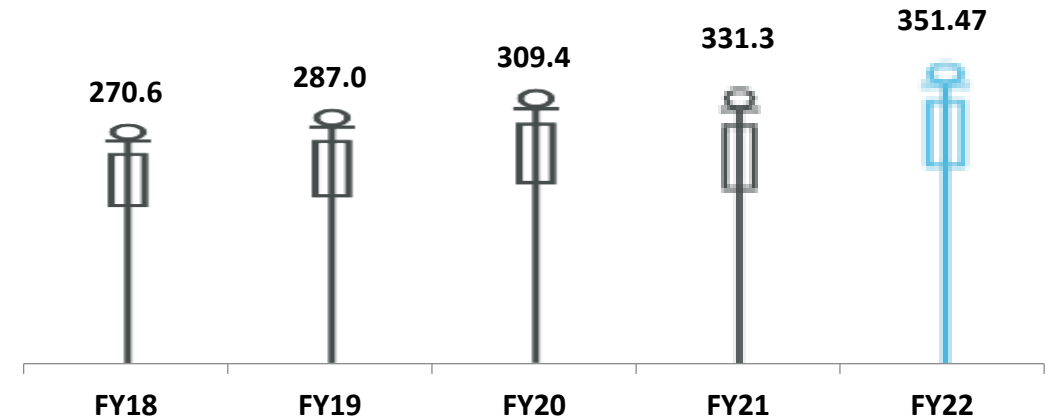
EBITDA (Rs. Crore) / Margins (%)



Net Profit (Rs. Crore)



Networth as on 31st March (Rs. Crore)



Standalone Balance Sheet Highlights



Rs. Crore	As on 30 th Sept' 22	As on 31 st Mar' 22	As on 30 th Sept' 22*
Shareholder's Funds	366.78	351.47	358.38
Share capital	15.98	15.98	15.98
Other Equity	350.80	335.48	337.91
Non Controlling Interest	0.00	0.00	4.49
Non-current liabilities	30.85	32.01	32.42
Financial Liabilities			
Borrowing	10.09	12.41	12.41
Provisions	0.00	0.00	0.15
Deferred Tax Liabilities (Net)	20.76	19.61	19.62
Other Non-Current Liabilities	0.00	0.00	0.25
Current liabilities	377.48	358.31	361.54
Financial Liabilities			
Borrowing	233.74	235.40	235.40
Trade Payable	92.38	73.77	76.22
Others	4.91	4.86	4.90
Other Current Liabilities	42.59	42.59	43.17
Provisions	1.93	1.70	1.83
Current tax liability (Net)	1.93	0.00	0.00
Total Equities & Liabilities	775.11	741.79	752.33

Rs. Crore	As on 30 th Sept' 22	As on 31 st Mar' 22	As on 30 th Sept' 22*
Non-current assets	264.20	261.15	254.50
Property, Plant & Equipment	214.14	210.57	213.37
Capital WIP	1.68	0.78	0.78
Investments Property	0.01	0.01	0.01
Intangible Assets	3.92	3.86	10.80
FA - Investments	17.55	17.45	0.85
FA - Trade Receivables	12.35	11.63	11.63
FA - Others	10.88	11.83	11.86
Other Non Current Assets	3.68	5.02	5.20
Current assets	510.91	480.64	497.83
Inventories	241.87	223.70	226.98
Financial Assets			
Investments	3.67	3.10	3.10
Trade receivables	214.07	208.52	218.39
Cash & Cash equivalent	4.17	1.28	1.90
Bank Balance other than above	7.10	6.76	9.84
Loans	10.63	10.58	10.58
Other	0.39	0.35	0.38
Other Current Assets	29.01	26.35	26.66
Total Assets	775.11	741.79	752.33



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

- Five 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 and CEO 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

S. Baskarasubramanian

Director-Corporate Affairs & CS

Electrical Engineer, India; Postgraduate in Business Management, US

JMD and CEO of Company - responsible for driving the vision of Company

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

P. Sivakumar A

VP – Marketing Corporate

Bachelors in Engineering with over 3 decades of experience

Responsible for Sales & Marketing division



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

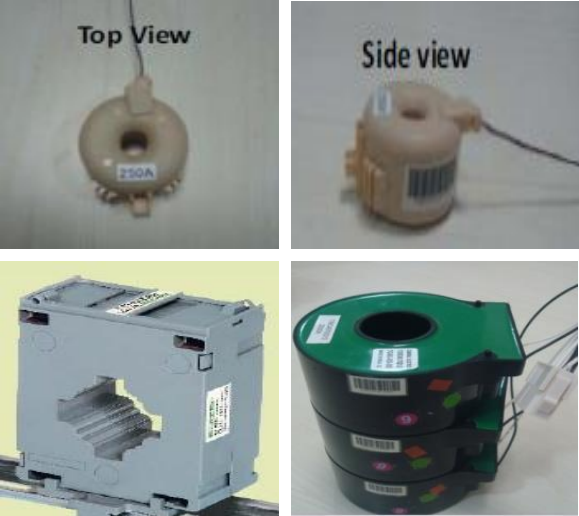
- Energy Savers
- Street Light Controllers



Wide Product Suite- Customized for OEM's



CT's



Terminal Sockets



Coils / Inductors

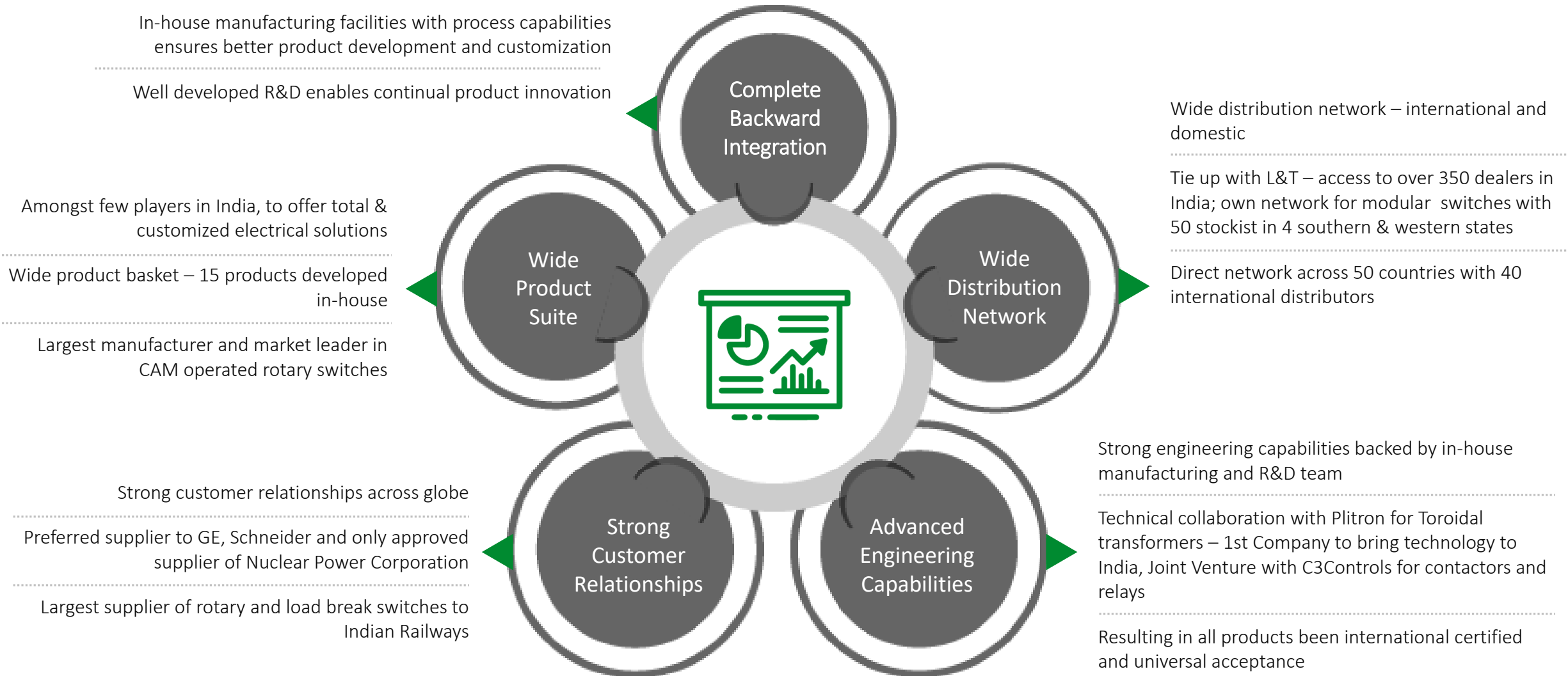


Panels



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

Key Strengths



Five Manufacturing facilities...



UNIT 1



UNIT 2



UNIT 3



UNIT 4



UNIT 5



Rotary Switch

Toroidal Transformers

Wiring Accessories

Wires & Cables

Enamelled Copper Wires

Contactors & Relays

Isolators (Dis-connectors)

Flexible Bus Bars

Fine Enamelled Copper Wires

Panel Assembly

Terminals

Bunched Conductors

Polyester Coated Winding wires

Lighting Energy Savers

Wiring Ducts

Tinned Wires

Automatic Meter Reading

MPCB

Three Phase Dry Type Transformers

Wire Harness

3 PH 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

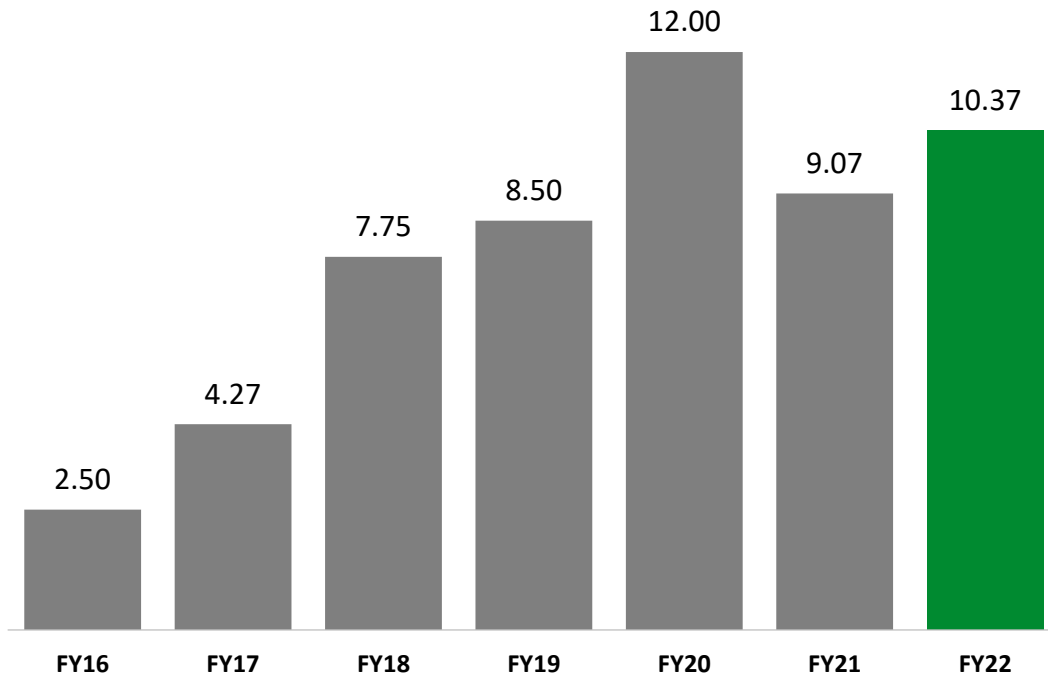
- **In-house tool room** facility for manufacturing and servicing of Moulds and press tools

- 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
- 1st of its kind product in India
 - Designed and manufactured - Load Break Switches, Single Hole Mounting Switches, Halogen Free Cable Ducts, Flat Wire Ducts, Flexible Bus Bars etc

Continual focus on product innovation

Internationally certified



ISO 9001



ISO 14001



CE Certification



ISO 18001



UL Certification



CB certification by IE

CB certification



RoHS



Intertek

Intertek Semko approval



CSA Certification



ISO 16949
CERTIFIED

... Across entire product portfolio

Blue Chip Customers



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

Wide Distribution Network



Direct network across 50 countries

International

- Direct network across 50 countries
 - 23% of sales from exports (FY22)
 - 40 international distributors
- Plans to expand in US, Africa and Middle east

Domestic

- Tie up with L&T – access to more than 350 dealers in India
- Direct network for Modular Switches – 50 stockists in 4 southern & western states



Way Ahead

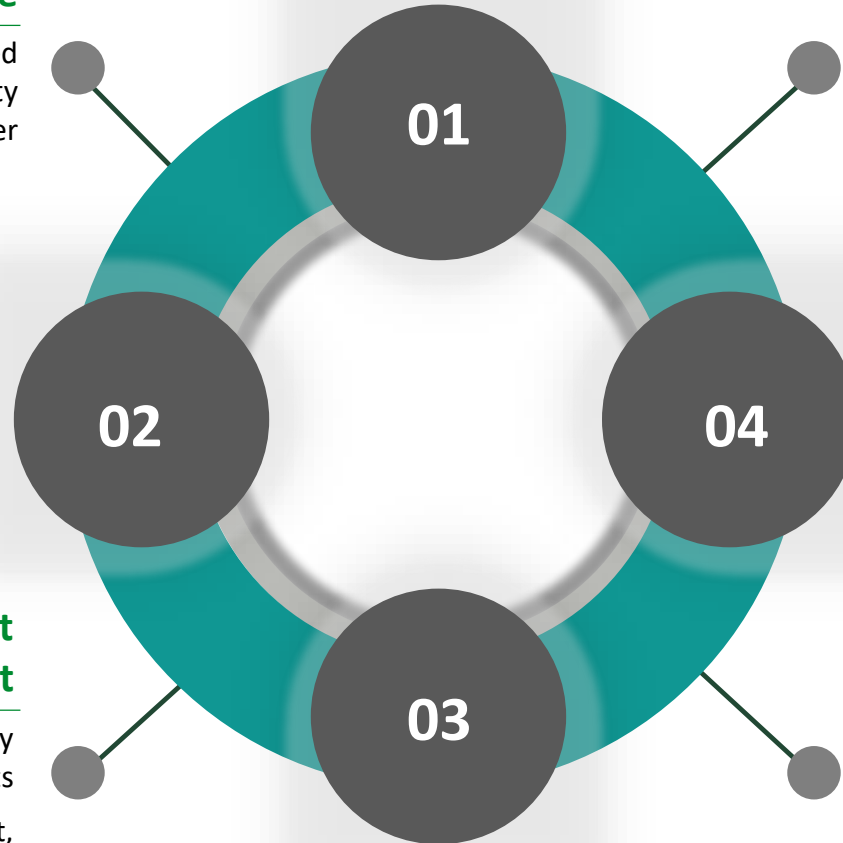
Operational Excellence

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

Focus on margin improvement

Increase sales of high margin products – existing and new

Increase exports – fast growing markets of US, Africa and Middle East



Venture into new project/ product development

Seek Technical alliances to develop new and technically advanced products

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

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

Growth and expansion of existing product verticals

Constantly develop new products through in-house R&D

Expand existing product portfolio to newer geographies

ESG Initiatives

Committed towards a cleaner, greener and healthier environment

Optimise energy consumption

Towards this end Company has identified installation of rooftop solar panels

Plan to recycle water as per environmentally friendly norms

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

Partner in EV Ecosystem to manufacture parts of environmentally friendly transportation

Continues to contribute towards skill development among the local population

Recruitment of rural youth for local sales operations

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

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



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

Five independent Directors out of 11 Members on the Board

Focus on Better compliances and best governance practices

Plan for gender diversification on the Board in due course

Thank You

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