

Managing Director's Message

“Sustainability and Persistency are two factors determining the destiny of success of any business”

R. DORAISWAMY Managing Director



Dear Shareholders,

It is my pleasure to share with you all, the progress of our Company over the last year. It indeed was an eventful year for us at Salzer. We focussed not only on driving sustainable growth but also increasing the efficiencies across all our businesses with a clear target on improving our return on capital employed. I am happy to share that despite continued sluggishness and challenges in the economy in general and industry in particular, we demonstrated a robust growth across all performance parameters like revenue, EBITDA, profit after tax and return on capital employed. This growth takes us one step closer to the long-term goals which we have set for ourselves.

I am also pleased to share that our Company's CRISIL credit rating has been upgraded from 'CRISIL A-/Positive' to 'CRISIL A/Stable for long term borrowing, reflecting our strong position in terms of our balance sheet and credit worthiness. Our Company has received the prestigious International Automation Task Force (IATF) Certification and ISO TS 16949 certificate for both our magnetic wire and the cable divisions, reflecting our strong position in terms of our balance sheet and credit worthiness. Such developments serve as a strong testament to our leading position in the domestic rotary switchgear market, and motivate us to further drive innovation in the industry.

Financial Performance

During the year, our Company registered a revenue growth of 26% Y-o-Y to Rs. 560 crores from Rs. 443 crores in FY18. Our EBITDA was at Rs. 63.6 crores as

against Rs. 53.3 crore in FY18 representing a growth of nearly 20% Y-o-Y. Profit after tax was at Rs. 24.0 crore during the year as compared to Rs. 20.0 crore in FY18, a YoY growth of 20%.

This growth was mainly driven by increased contribution from our key business segments of Industrial Switchgear and Wires & Cables. Our two newly launched products in the Industrial switchgear segment - three phase dry type transformers and wire harness have been successful and continue to witness good traction and are growing steadily.

In the wires and cables segment, we have also started to manufacture and sell products under the brand 'Salzer', which is receiving significant enquiries and is gaining momentum. Also we have shown significant growth in Export marketing particularly to Germany. Going forward, we are confident of growing this business and increasing our revenue contribution from this segment. Our Salzer brand of products represents our vision of technological innovation, while creating value for stakeholders through operational efficiencies.

Our Building product segment, the only B2C business segment, witnessed a growth of 98% during the year. This segment has been growing rapidly on the back of a good product portfolio and increasing focus on the retail business. We are conducting promotional activities to create awareness for our products under this segment, and aim to increase the share of this segment to around 10% of our total revenue over the coming years.



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Our energy management, an order book driven division, offers complete energy saving solutions such as streetlight controllers for corporations across the country. We have successfully commissioned a large project in Tamil Nadu in the past and expect good business coming in from EESL in the near future.

Creating Value for Shareholders

Though the current business environment continued to pose new challenges; our Company has shown the resilience to manage such hurdles. We have been systematically investing in research and innovation to make newer and better products for our customers. We continue to make meaningful progress in our businesses through the launch of new products, optimally utilizing our available resources to improve efficiencies thereby creating sustainable & long term value.

In line with our long term strategy of profitable & value creating growth, I am happy to share that the Board has consented to the acquisition of a majority stake in Kaycee Industries Limited, a pre-independence Company with a legacy of over 75 years. Kaycee Industries is a pioneer in the industrial switchgear business. This acquisition would further boost our Company to increase its market share in the industrial switchgear segment and consolidate our industry leadership in this niche product. The synergies with Kaycee will also enable us to enhance, strengthen and grow our suite of product offerings.

Looking Forward

India is one of the world's fastest growing major economies. But interestingly it is still a developing country. At different levels there are government directives to replace older redundant systems to

achieve operational safety, and security in industrial establishments. Under these developments on the consumption side, India is emerging as a significant player and market on the global map.

We at Salzer are excited about the opportunities that the industry has to offer going forward. We are well-positioned to capitalize upon the same, with our focus on innovation and improving efficiencies. We continue to work on sourcing global technologies to manufacture products in India and have entered into technical tie up's with globally renowned players to develop technically advanced products for our customers.

I am proud to have a motivated team of people, resolved to perform better and to seize the opportunity for sustainable & profitable growth. Together, we will continue to focus on growing our business, improving our working capital cycle & efficiencies leading to a higher return on capital employed. Our united aim is not just to drive sustainable growth, but also to create value through efficiency and innovation.

I would like to thank our employees for their untiring efforts, the Board for their guidance, all our stakeholders including bankers for their consistent support and encouragement in all our endeavours. We continue to look forward to your guidance and support, motivating us to reach newer heights and aim higher!