

# Message from Managing Director's Desk

“Challenges lead to opportunities for growth”

R. DORAISWAMY Managing Director



## Dear Valued Shareholders,

The past financial year brought headwinds for the economy and overall industry, in the form of the COVID-19 pandemic. As you all are aware, the pandemic adversely impacted entire supply chains, logistics and business operations across sectors in India and globally. Several regions in India are still under the impact of the second wave of this pandemic.

However, I am proud to say that our Company has shown tremendous resilience and sustainability through this tumultuous period. Our standalone revenue for this fiscal grew 6.82% year-on-year to Rs. 605.62 cr, while EBITDA and PAT stood at Rs. 61.79 cr and Rs. 20.67 cr, respectively. In terms of vertical performance, our Industrial Switchgears division contributed 41.3% to revenue, while Wires and Cables accounted for 52.8%, with a strong growth. The Building products division contributed only 5.4% to revenue mainly due to a muted real estate sector especially in the initial quarters. With a revival in this sector, we can hope to see higher revenues from this division. The Energy management is an order book driven business and revenue was primarily from annual maintenance contracts. The lag in passing on the raw material price increase to the customers, impacted margins during this period. Exports during the year grew, accounting for 20% of our top line. This was mainly from Europe and North America. We continue to focus on our export markets as well, with an aim to add more regions to our purview.

The initial months were most affected by the lockdown, but over the last two quarters, we

have seen gradual recovery as markets are slowly opening up in India and abroad. We utilized the lockdown period in planning, fine tuning, re-examining our set goals, constraints and focussing on building a contingency fund for any future crises. As factories reopened in a phased manner, we took all necessary steps and precautions for the well-being of our employees. Looking ahead, it is still early to make long/medium-term projections, but the market sentiment looks optimistic as vaccination increases and the COVID-impact subsides across regions. In April-May 2021, we even held a vaccination drive for all our employees.

Our ability to sustain through turbulent market scenarios is based on our widespread geographical reach, strong client relationships and brand presence, and our innovation-driven diverse product portfolio. Moreover, synergies from our recent acquisition of Kaycee Industries are also coming together. The acquisition was with the clear aim to capture a larger market, expand our customer-base and boost our portfolio of industrial switchgears. The move is giving us a substantial competitive advantage in the industry.

We, at Salzer, are continuously engaging in R&D and innovation to bring new and advanced technology products to the market, staying abreast with new technologies. With emission norms getting more stringent in the automotive industry, electric vehicles (EV) are likely gain more widespread acceptance and adoption. While several developed nations are already moving towards EVs, India also has a long-term plan to increase the share of EVs amongst

vehicles on road. This would entail investments in charging stations and cables, which would require switchgear and cable products, thereby benefiting companies like ours.

In line with this, we have recently entered into Two Joint Ventures in the EV Field.

One is a technical alliance with Kostad Steuerungsbaue GmbH, an Austria-based specialist in EV FAST chargers. With this firm, we are forming a joint venture company named Salzer Kostad EV Chargers Pvt Ltd, which will manufacture DC FAST chargers with latest advanced technology for e-vehicles along with related components and systems. Salzer would have a 26% equity stake in this JV, and would manufacture and market these products across India, Southeast Asia and the Middle East. Kostad's technical know-how, combined with our manufacturing capabilities, places us in a position to capture a potentially large market-base in the future.

Second one is with EMarch LLP an India based technology Start-up who has IP for Electric Conversion Kits for Auto rickshaws, Cars and busses. We have floated a 100% Subsidiary in the name of Salzer EV Infra Pvt Ltd., Going forward all investments into EV business will be done through this subsidiary. Now, we along with EMarch will form a JV in the name of Salzer Emarch Emobility Pvt Ltd. to manufacture E Conversion kits for Auto rickshaws to start with and then for Cars & busses going forward.

In the post-COVID scenario, we are continually working on being future-ready to be able to grab new opportunities going forward. Our focus has always been on driving sustainable growth and increasing efficiencies across all our business with a clear target of improving our returns on capital employed. The pandemic has brought a lot of new learnings and opportunities for us, and I believe the team and our Company has come out stronger.

### Value Creation

Salzer has successfully gone through multiple technology cycles over the last three decades, adapting each time to build new capabilities and help our clients achieve the benefits of these new technologies which will enable us to compete in the Global Markets. Our responsiveness, agility, and adaptability to change have been core to our endurance.

Though in this fluid and uncertain environment it is difficult to predict and give FY22 targets, but our internal target would be not just to maintain last year's performance but strive to outperform. Our team of capable engineers working in various departments along with the investments made are helping us create customised solutions for our customers and understanding their future needs. Our vision/aim continues to be sustainable value creation for all stakeholders. This vision reflects in each and every employee of our company, who is working towards improving productivity, reducing costs and enhancing return on capital in the long run.

### Looking Forward

India is emerging as a preferred destination for global companies to source products from here. With adopting advanced technologies in manufacturing, labour availability and supply chain, many companies are looking at India as a viable option for their requirements. There is support from the Government also, through 'Make in India' initiative to help boost local manufacturing and thereby increase contribution of export from India.

We, at Salzer, are excited about these opportunities that the industry has to offer going forward. We have already started witnessing a strong revival in demand from our export markets, enabling us to increase our revenues and utilizing our capacities more efficiently.

I am proud to have a motivated team of people who come together during times of crisis and are dedicated to performing better. Together, we will continue to focus on growing our business, improving our working capital cycle & efficiencies leading to a higher return on capital employed. Even as the second wave of the pandemic continues, the team has demonstrated its mettle and come out strong.

I would like to thank all our stakeholders for their untiring efforts in all our endeavours. We continue to look forward to your support, motivating us to reach newer heights!

**R.DORAISWAMY**

MANAGING DIRECTOR

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Place: Coimbatore  
Date : July 23, 2021