

Message from Managing Director's Desk

"The year gone by is a testament to Salzer's commitment to innovation, growth and strategy execution that is enabling the Company to soar to new heights"

R. DORAISWAMY, Managing Director



Dear Valued Shareholders,

I'm writing to you this letter with a sense of great satisfaction as the performance of financial year 2022-23 was incredibly fulfilling for Salzer. We achieved a long desired milestone in our journey as the turnover crossed more than Rs. 1,000 Crores mark in FY23. This was achieved amidst difficult times characterised by rising input costs, margin pressures and headwinds from geopolitical unrest. In a way, FY23 is a benchmark year and we have set new standards for our strategies towards future growth.

FY23 and its relevance

The Financial year 2022-23 unfolded various headwinds for the economy and overall industry in the form of the global turmoil like Russia-Ukraine war, strengthening of dollar, elevated inflation, and increased interest rates, which resulted in increased overall volatility, and the impact is being felt in the ongoing fiscal year as well. Though a lot of supply chain issues created due to COVID got stabilised, there were still a lot of constraints during the year due to the ongoing war. In spite of that, we crossed some key milestones in our journey. Our advanced engineering capabilities backed by in-house manufacturing and R&D, product innovation, strong technical collaboration and long-standing customer relationships have helped us to sustain and grow in the volatile market scenario.

In FY23, our standalone revenue grew by 29.28% year-on-year to Rs. 1,013.08 crores, while EBITDA and PAT stood at Rs. 91.14 cr and Rs. 36.36 cr, with respective growth of 43% and 62% over previous year. It is heartening to see the Company cross the Rs. 1,000 crore mark in terms of top line, which was an important target we had set for ourselves.

In terms of segmental performance, our Industrial Switchgears segment grew 40.0% and contributed 54.3% to revenue, while Wires and Cables accounted for

38.4%, with growth of 15.0% over previous year 2021-22. The building products division contributed 7.23% to revenue and grew by 44% in the year.

Our Exports business, during the year, grew by 42% and accounted for 25.57% of our top line. The growth came in mainly from Europe and North America markets. This is also an important milestone for us as we are seeing increasing contribution from exports. We are expanding well in overseas markets and looking to increase our exports.

Development in EV space

As you might be aware, we have a Joint Venture with an Austrian Company Kostad Steuerungsbau GmbH to develop and manufacture DC Fast charging stations for electrical vehicles in India. We completed the developmental activities for this product, and we are taking steps to roll out the product in the current fiscal after securing clearances from the regulatory bodies.

Hosur Plant

Another key milestones was the setting up of our new manufacturing facility in Hosur, Tamil Nadu to manufacture high demand products like Wire Harnesses and Toroidal Transformers. This facility is aimed at servicing Auto Component Suppliers, Two Wheeler Manufacturing companies and other world leading manufacturers of electrical products in the region with quick delivery and improves focus on customer requirement and satisfaction. This plant has successfully commenced its operations and is steadily scaling up activities.

Business growth ahead

Looking ahead, growth in Profit Margins remains one of our top priorities. Our past few price hikes coupled with declining input costs is likely to strengthen the profitability in the current fiscal.

We are seeing strong demand especially for our 3-phase dry type transformers, particularly from the sectors of renewables and machine tools, as this product is getting very well accepted in the market, and orders have been flowing in consistently from customers across geographies.

As mentioned earlier, we have enhanced our focus on the Export Markets where the growth potentials remain untapped in various geographies.

The North American market opportunity is growing quite well for us, and the recent imposition of anti-dumping duty on Chinese products by the US has opened up a lot of scope and opportunity for Indian players. We have been working vigorously to capture and capitalize on this demand.

To expand our geographical footprint, we are also working with electrical industrial giants across the globe for our various Industrial Switchgear products to secure business opportunities particularly in renewal energy ecosystem.

The Europe market is well serviced with lot of our products without any quality issue for decades, and business in this region has consistently been growing at 15-20% every year.

We identified Russia as a new export market and have already received approval for our products like Contactor, MPCB and Special Wires. We are committed to start servicing Russian market in the third quarter of current fiscal.

R&D initiatives

In line with our philosophy of innovation, we received two patents for a duration of 20 years one for integrated cam operated rotary switches, which is a legacy product contributing substantially to our top line, and another for Motor Protection Circuit Breaker (MPCB). These patented products help to protect our intellectual property and boosts our efforts in R&D and product development.

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.

Our R&D is constantly engaged to innovate and develop new products aligned with our strategic vision. This is helping us to adapt our product portfolios based on the changing market needs and contemporary thoughts of our customers.

Subsidiary Company Kaycee

Our Subsidiary Company Kaycee Industries Limited, acquired in 2019, delivered an impressive growth in the last two years after Covid-19 effect. Now, Kaycee has broken out all growth related constraints and is poised to progress well in the coming years with consistent revenue and profit growth.

Commitment towards Vision

Looking at the year gone by, we managed to scale new heights and achieve several milestones we had set for ourselves. Looking ahead, 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.

As always, our core culture and commitment remains dedicated towards growing the business and bringing value to all shareholders and society.

Conclusion

On a concluding note, I would like to thank all our employees, Clients, Creditors, Banks, financial partners, suppliers and all other stakeholders for their trust in Salzer Electronics. I would also like to extend my gratitude to my fellow Directors for their guidance and support in the challenging environment that tested the organization's mettle during the year. On behalf of the Board and Management of Salzer, thank you all for being a part of our transformational and progressive journey.

We have a long way ahead as we set our eyes on the next echelon!

Place: Coimbatore
Date : July 15, 2023

R.DORAISWAMY
MANAGING DIRECTOR
DIN : 00003131