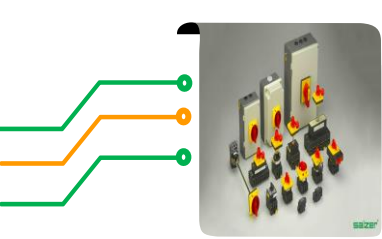


# Salzer Electronics Limited

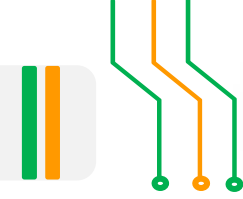
## Result Update Presentation

### Q4 & FY22

A full-fledged in-house research and development facilities Recognized by Government of India



## Disclaimer

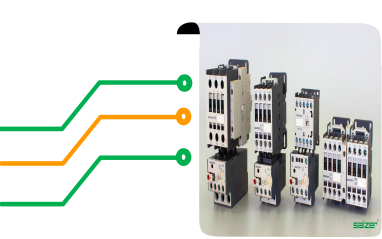


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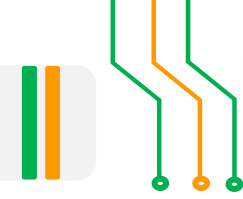
*This presentation has been prepared by Salzer Electronics Limited (the “Company”) solely for information purposes and does not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.*

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# Table of Contents



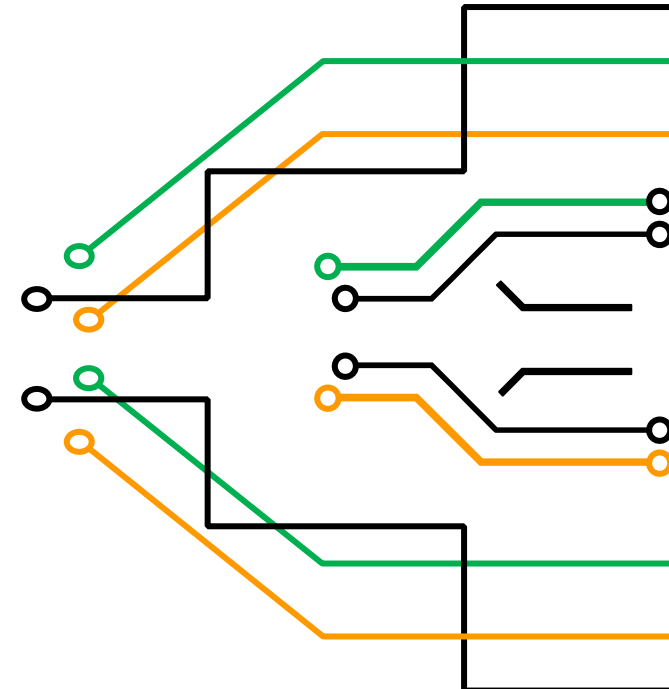
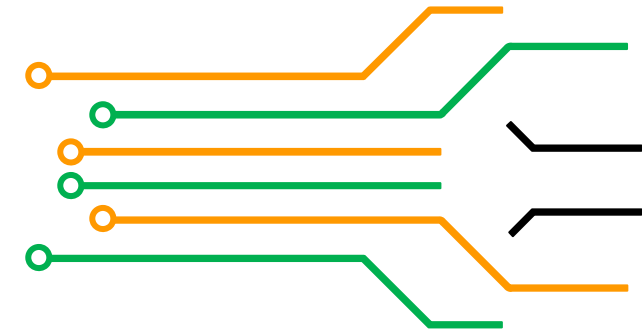
salzer

**01** Financial Highlights

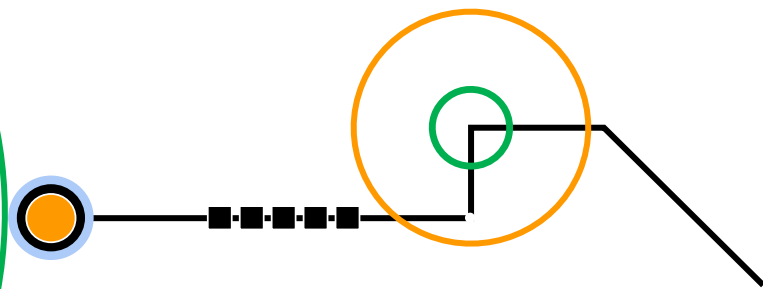
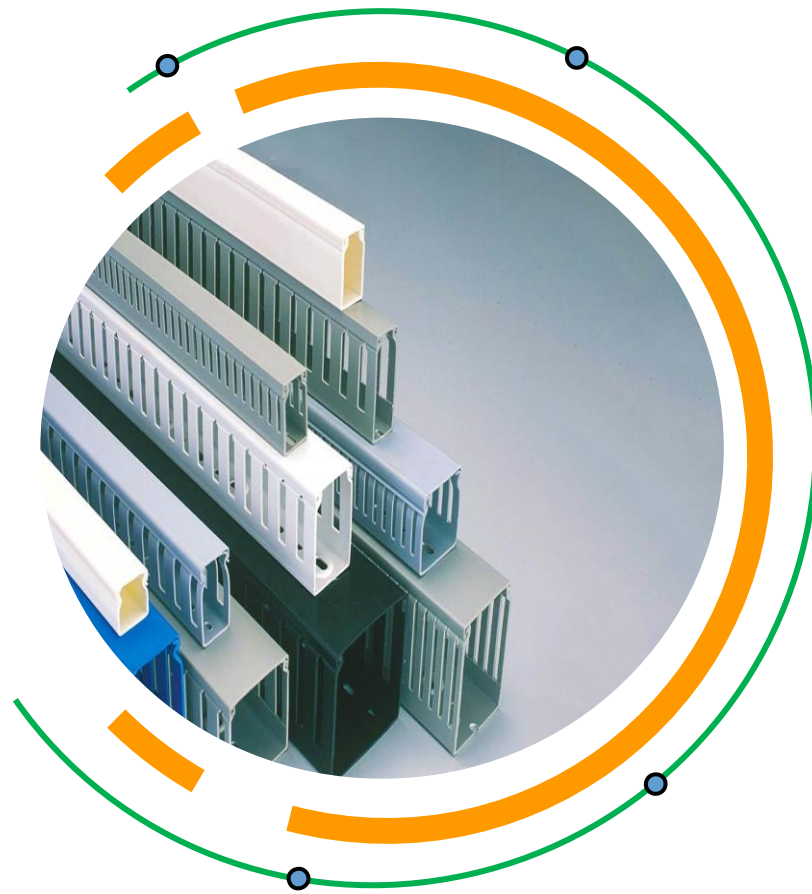
**02** Company Overview

**03** Business Overview

**04** Way Ahead



# Financial Highlights





## Joint Managing Director's Message



**Commenting on the results, Mr. Rajesh Doraiswamy, Joint Managing Director, said :**

*“The impacts of the third wave of the pandemic are subsiding now, as markets in India and abroad are recovering from the slowdown. We are witnessing a steady growth in demand and an increasing good orderbook, from both domestic as well as export markets.*

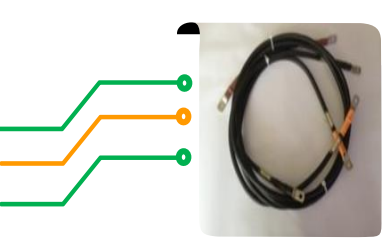
*During the fourth quarter of the financial year, we registered a revenue of Rs. 228.02 crores with EBITDA and PAT of Rs. 12.89 crore and Rs. 3.83 crore, respectively. Growth came in primarily from industrial switchgear products. Continued volatility in raw material prices, substantial freight cost increase has offset our price hikes and impacted margins. We are slowly passing on these hikes to our customers in time. However, going forward, we expect raw material prices to stabilize now and margins to improve slightly. Moreover, one-time expenses for new product development also dented margins.*

*I am happy to share that we recently received two patents – one for integrated cam operated rotary switches, which is a legacy product contributing substantially to our top line, and another for MPCB. Such developments help protect our intellectual property and boost our efforts in R&D and product development.*

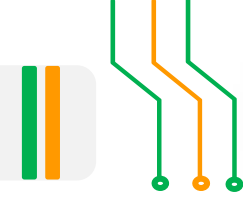
*On another note, our recent joint ventures to enter the electric vehicles space are both on track. We are excited about this line of business as it is a high growth potential vertical, and we have strong technical alliances in the form of these JVs to get an early start in the market.*

*Going into the next fiscal, we expect to maintain our growth trajectory with our strong product offerings and brand position in the market. Based on domestic and export outlook, we are cautiously optimistic about the overall business performance.*

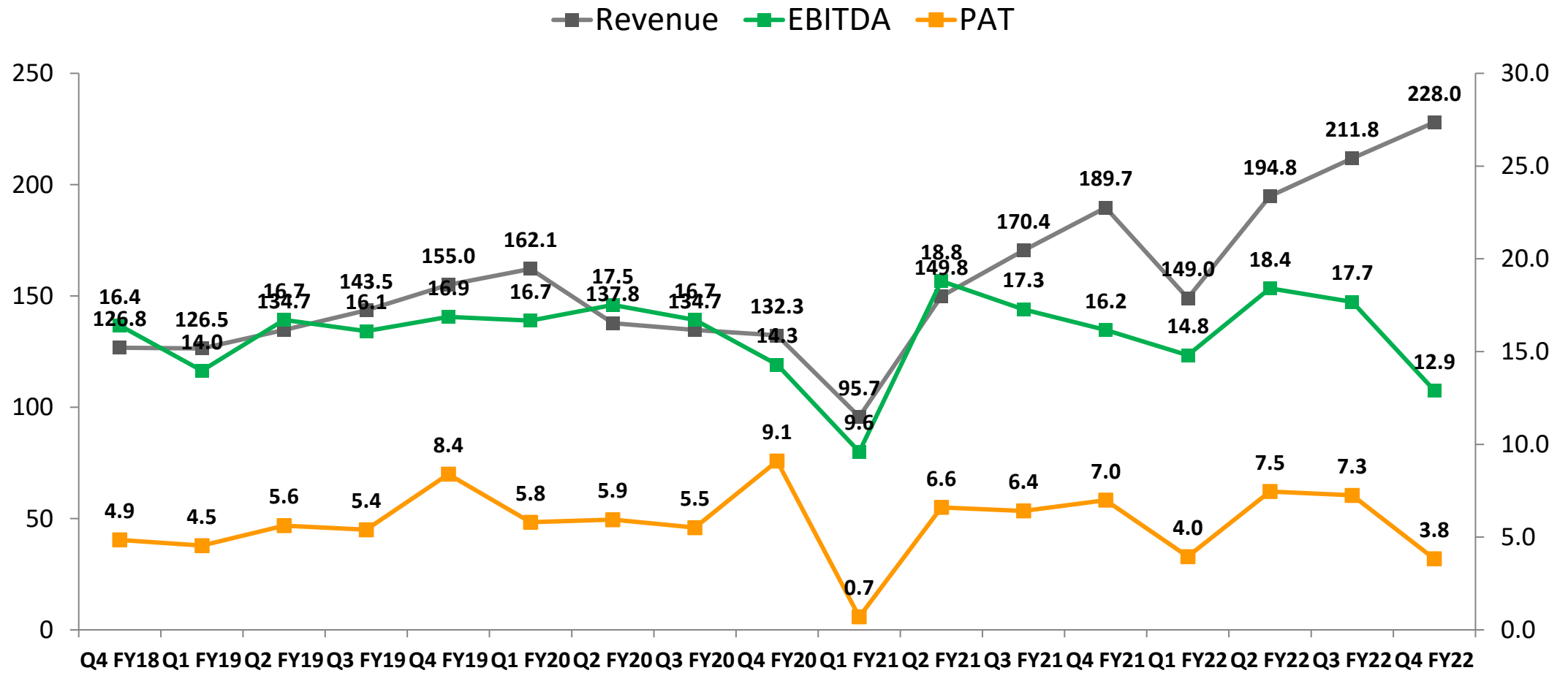
*I thank all our stakeholders for their continued support and faith in our Company and wish everyone good health.”*



# Key Financial Highlights – Quarterly



Revenue, EBITDA, PAT (Rs. Crore)



## Q4 FY22 Financial Highlights

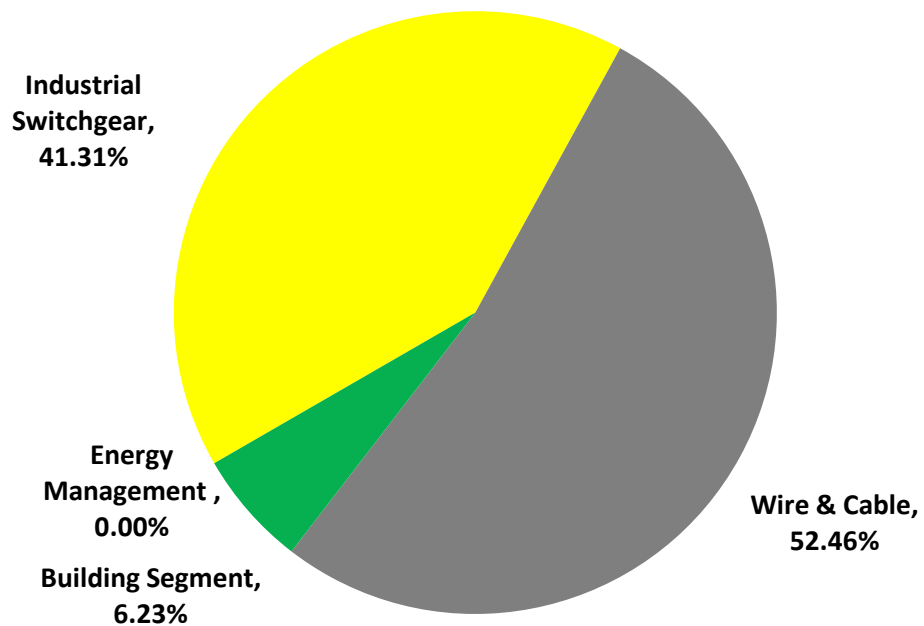


Rs. in Crore	Standalone			Consolidated	
	Q4 FY22	Q4 FY21	Y-o-Y %	Q3 FY22	Q4 FY22
<b>Net Revenue</b>	<b>228.02</b>	<b>189.69</b>	<b>20.21%</b>	<b>211.82</b>	<b>238.87</b>
Raw Materials	185.55	150.83		167.62	192.82
Employee Cost	8.60	7.50		7.35	9.62
Other Expenses	20.97	15.20		19.17	22.51
<b>Total Expenditure</b>	<b>215.13</b>	<b>173.53</b>		<b>194.14</b>	<b>224.96</b>
<b>EBITDA</b>	<b>12.89</b>	<b>16.16</b>	<b>(20.26%)</b>	<b>17.68</b>	<b>13.91</b>
<b>EBITDA Margin (%)</b>	<b>5.65%</b>	<b>8.52%</b>	<b>(287 bps)</b>	<b>8.35%</b>	<b>5.82%</b>
Other Income	0.35	1.44		0.88	0.53
Depreciation	4.05	4.09		3.93	4.13
Interest / Finance Cost	5.02	5.26		4.97	5.04
Exceptional Item (Gain) / Loss	0.00	0.00		0.00	0.00
<b>Profit Before Tax</b>	<b>4.16</b>	<b>8.25</b>	<b>(49.54%)</b>	<b>9.66</b>	<b>5.27</b>
Tax	0.34	1.26		2.41	0.70
<b>Profit After Tax</b>	<b>3.83</b>	<b>6.99</b>	<b>(45.25%)</b>	<b>7.25</b>	<b>4.57</b>
<b>Profit After Tax Margin (%)</b>	<b>1.68%</b>	<b>3.68%</b>	<b>(200 bps)</b>	<b>3.42%</b>	<b>1.91%</b>
<b>Basic EPS (Rs.)</b>	<b>2.39</b>	<b>4.37</b>	<b>(45.31%)</b>	<b>4.53</b>	<b>2.03</b>

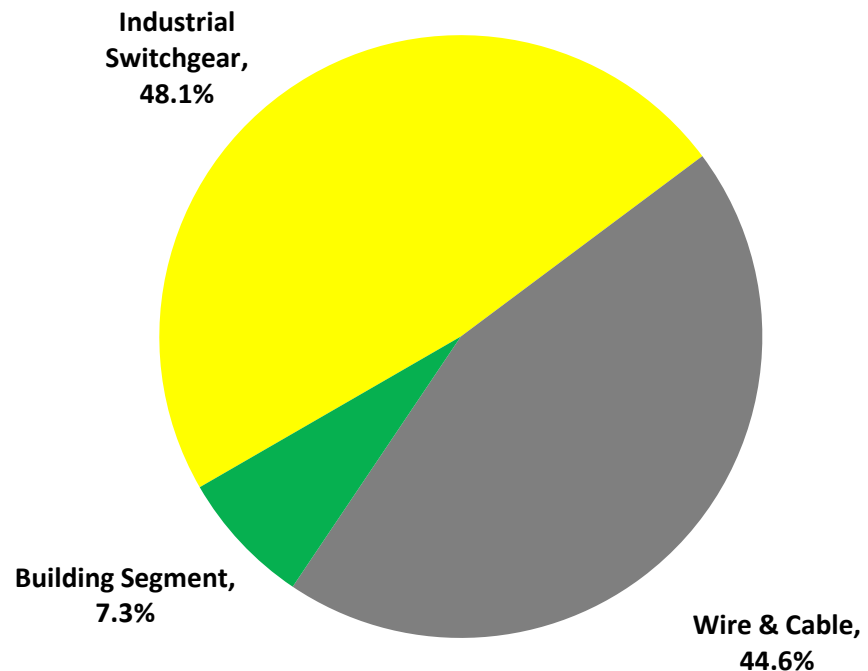
- **Increase in Revenue** driven by higher volumes and price increase, especially in Switchgear segment
- Contribution from **Exports** was **20.43%**, on account of increase in sales to the Americas, Middle East, Africa and Europe. Overall **export revenue grew 22.5% YoY** in Q4
- **One-time product development costs** had impact on margins

# Q4 FY22 Revenue Breakup – Business Verticals

## Q4 FY21



## Q4 FY22

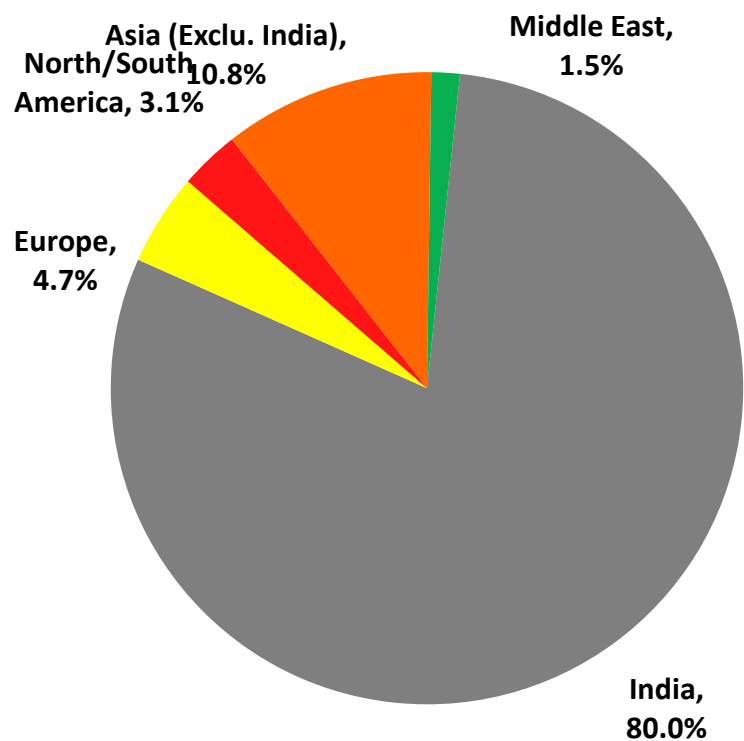


- Industrial Switchgear – 48.12% of net revenues
- Wires & Cables – 44.63% of net revenues
- Buildings Products – 7.25% of net revenues
- Energy Management – No tenders issued by the Government during this period

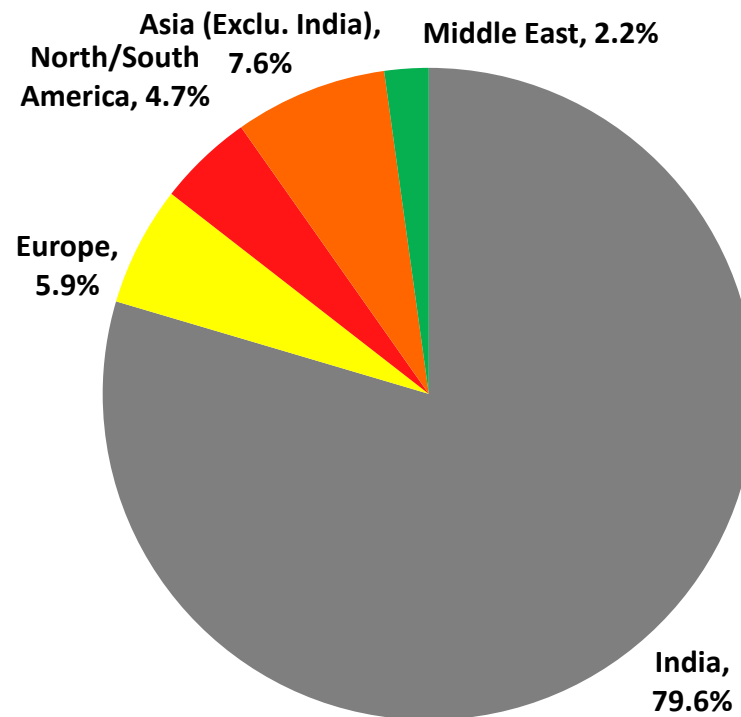


# Q4 FY22 Revenue Breakup – Geographical

## Q4 FY21



## Q4 FY22



## FY22 Financial Highlights

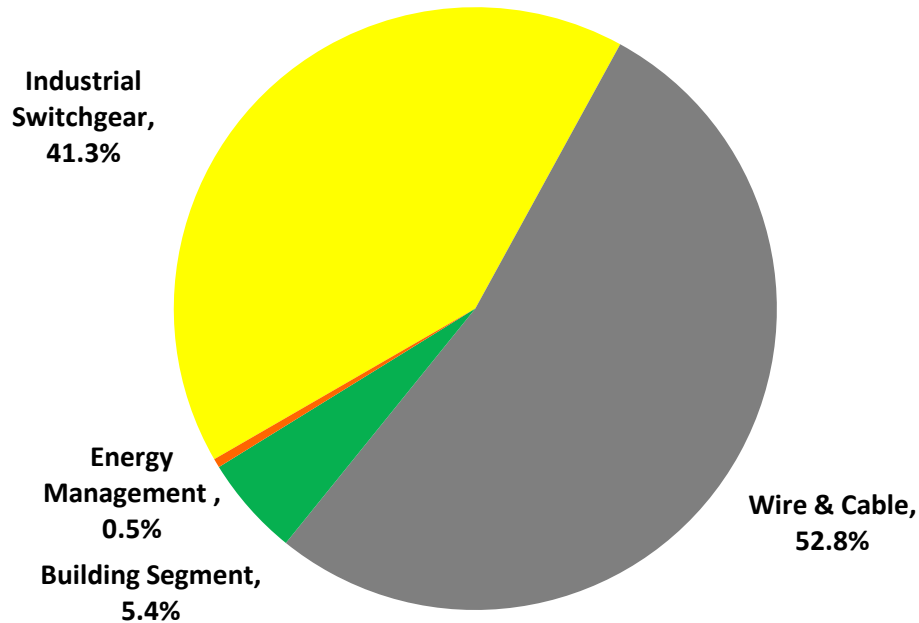


Rs. in Crore	FY22	FY21	Y-o-Y %	FY22 (Consl)
<b>Net Revenue</b>	<b>783.63</b>	<b>605.62</b>	<b>29.39%</b>	<b>803.54</b>
Raw Material Expenses	621.79	470.39		630.17
Employee Expenses	29.40	24.34		33.60
Other Expenses	68.66	49.10		73.54
<b>Total Expenditure</b>	<b>719.85</b>	<b>543.83</b>		<b>737.30</b>
<b>EBITDA</b>	<b>63.78</b>	<b>61.79</b>	<b>3.22%</b>	<b>66.24</b>
<b>EBITDA Margin (%)</b>	<b>8.14%</b>	<b>10.20%</b>	<b>(206 bps)</b>	<b>8.24%</b>
Other Income	2.18	1.99		2.48
Depreciation	16.01	15.61		16.33
Interest / Finance Cost	19.81	21.27		19.88
Exceptional Item (Gain) / Loss	0.00	0.00		0.00
<b>PBT</b>	<b>30.15</b>	<b>26.90</b>	<b>12.07%</b>	<b>32.51</b>
Tax	7.67	6.23		8.30
<b>PAT</b>	<b>22.48</b>	<b>20.67</b>	<b>8.75%</b>	<b>24.20</b>
<b>PAT Margin (%)</b>	<b>2.87%</b>	<b>3.41%</b>	<b>(54 bps)</b>	<b>3.01%</b>
<b>Basic EPS (Rs.)</b>	<b>14.07</b>	<b>12.93</b>	<b>8.82%</b>	<b>14.14</b>

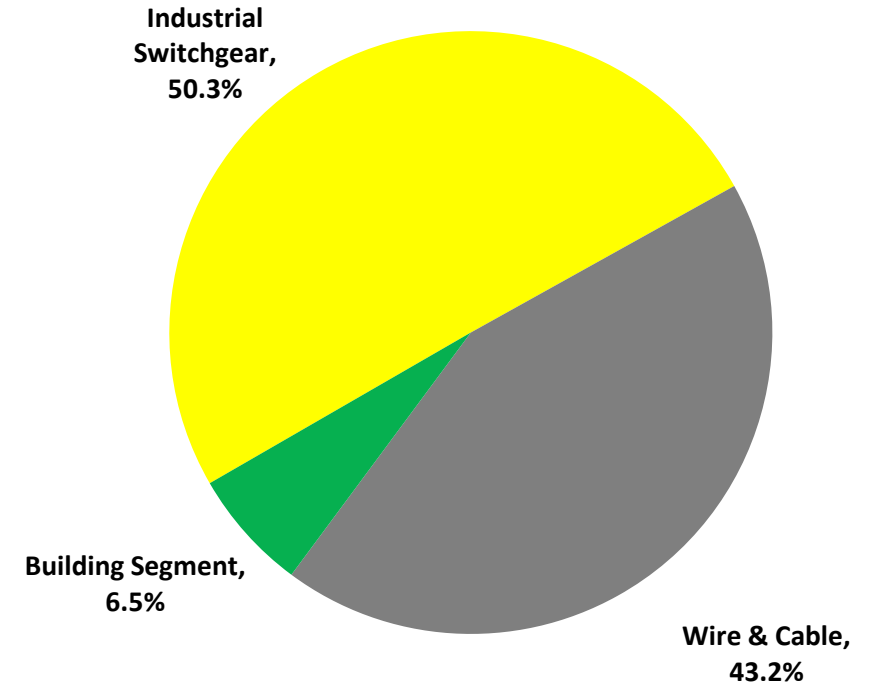
- Strong demand for industrial switchgear products, particularly wire harnesses and 3 phase dry type transformers
- Contribution from exports was 23.29% in FY22, mainly from higher exports to Middle East Africa , European, American and Asia markets
- Volatility in raw material prices and freight charges offset impact of price hike of finished goods

# FY22 Revenue Breakup – Business Verticals

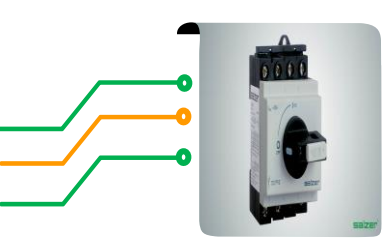
FY21



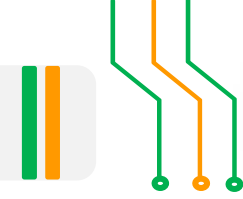
FY22



- Industrial Switchgear – 50.25% of net revenues
- Wires & Cables – 43.23% of net revenues
- Buildings Products – 6.52% of net revenues
- Energy Management – No tenders issued by the Government during this period

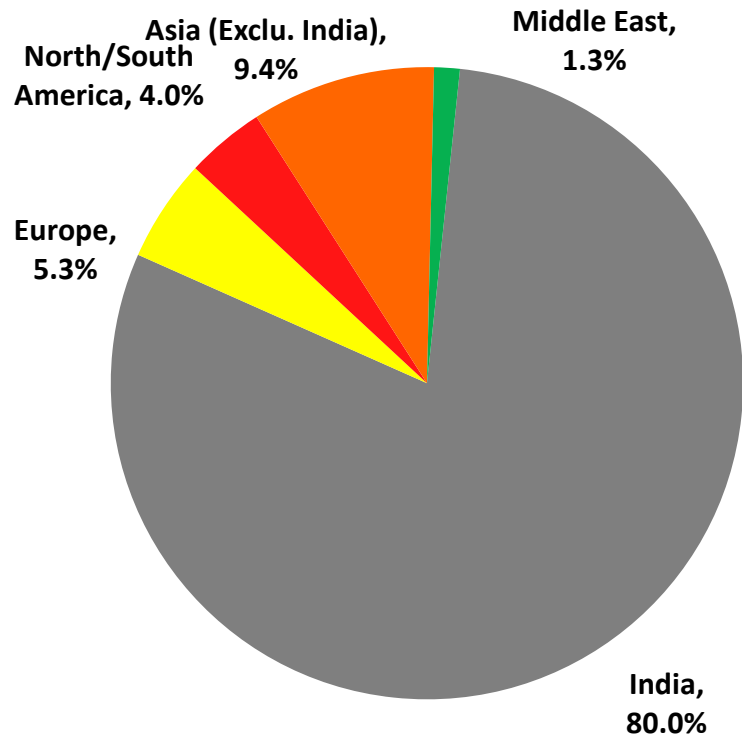


# FY22 Revenue Breakup – Geographical

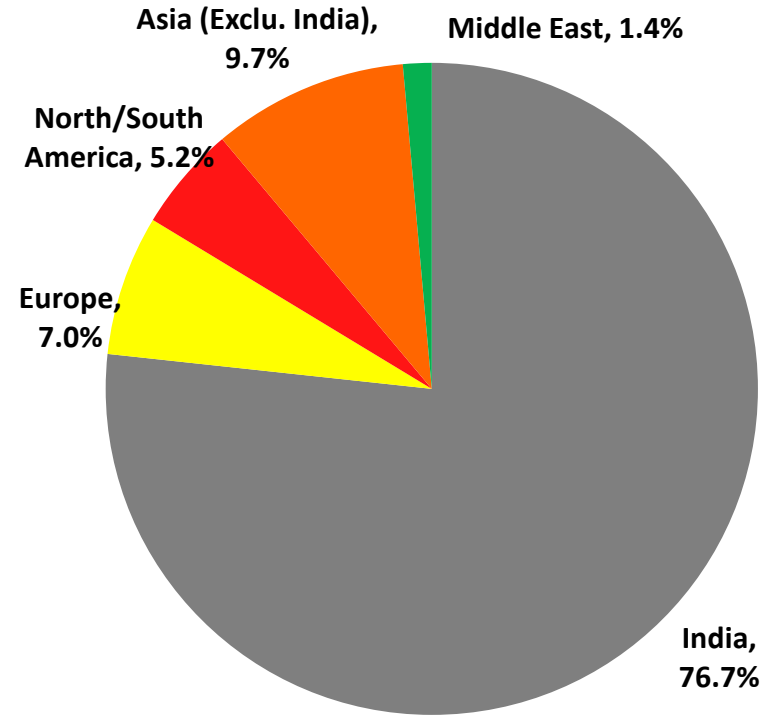


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FY21



FY22



# Balance Sheet as on 31<sup>st</sup> Mar' 22

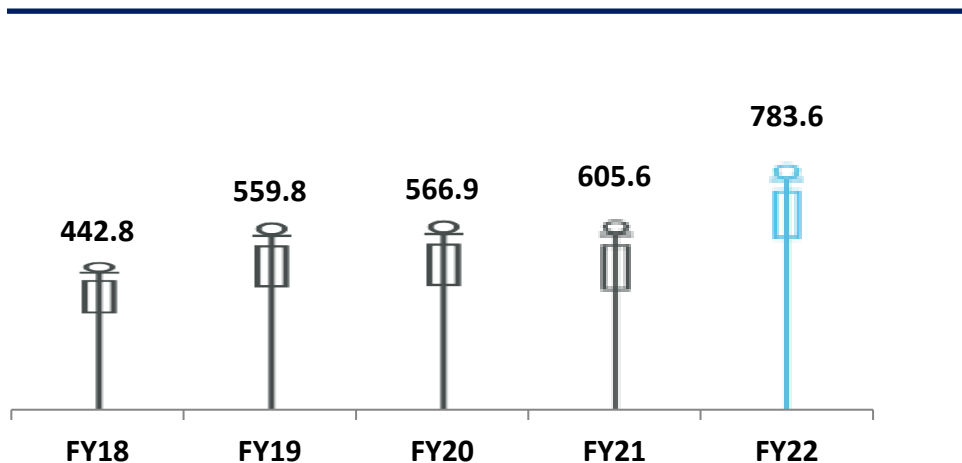
Rs. Crore	As on 31 <sup>st</sup> Mar' 22	As on 31 <sup>st</sup> Mar' 21
<b>Shareholder's Funds</b>	<b>351.47</b>	<b>331.29</b>
Share capital	15.98	15.98
Other Equity	335.48	315.30
Non Controlling Interest	0.00	0.00
<b>Non-current liabilities</b>	<b>32.01</b>	<b>35.03</b>
<b>Financial Liabilities</b>		
Borrowing	12.41	16.27
Provisions	0.00	0.03
Deferred Tax Liabilities (Net)	19.61	18.74
Other Non-Current Liabilities	0.00	0.00
<b>Current liabilities</b>	<b>358.31</b>	<b>307.91</b>
<b>Financial Liabilities</b>		
Borrowing	235.40	197.48
Trade Payable	73.77	58.81
Others	4.86	4.89
Other Current Liabilities	42.59	44.07
Provisions	1.70	1.30
Current tax liability (Net)	0.00	1.36
<b>Total Equities &amp; Liabilities</b>	<b>741.79</b>	<b>674.23</b>

Rs. Crore	As on 31 <sup>st</sup> Mar' 22	As on 31 <sup>st</sup> Mar' 21
<b>Non-current assets</b>	<b>261.15</b>	<b>260.14</b>
Property, Plant & Equipment	210.57	206.66
Capital WIP	0.78	1.35
Investments Property	0.01	0.01
Intangible Assets	3.86	4.10
FA - Investments	17.45	17.26
FA - Trade Receivables	11.63	11.60
FA - Others	11.83	17.27
Other Non Current Assets	5.02	1.89
<b>Current assets</b>	<b>480.64</b>	<b>414.09</b>
Inventories	223.70	177.38
<b>Financial Assets</b>		
Investments	3.10	3.90
Trade receivables	208.52	178.46
Cash & Cash equivalent	1.28	4.93
Bank Balance other than above	6.76	5.57
Loans	10.58	18.41
Other	0.35	0.34
Other Current Assets	26.35	25.10
<b>Total Assets</b>	<b>741.79</b>	<b>674.23</b>

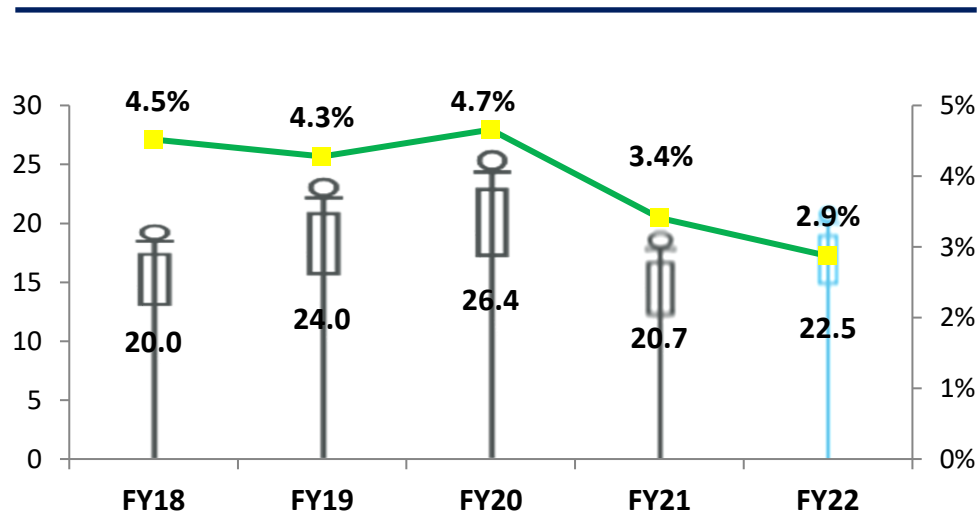
**Board has recommended dividend at the rate of 18% i.e. Rs. 1.80 per equity share of Rs. 10 each subject to shareholders approval**

# Key Financial Highlights – Annual

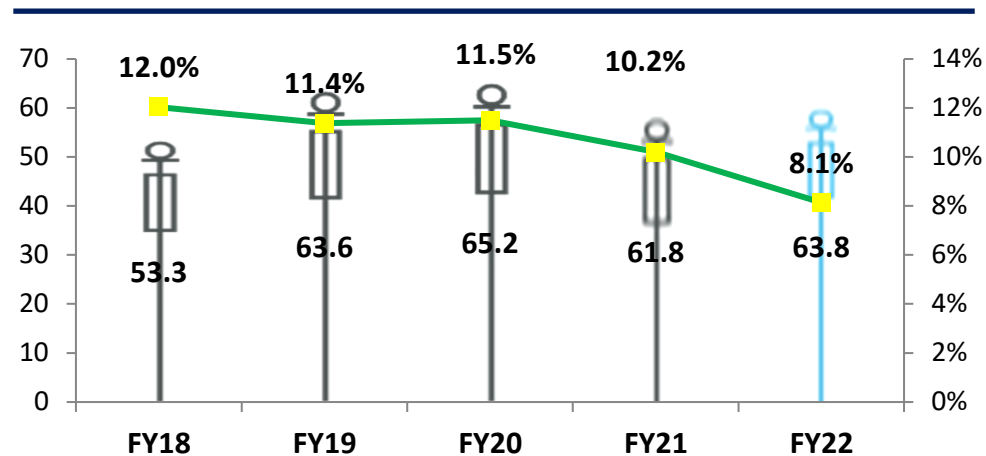
## Revenue (Rs. Crore)



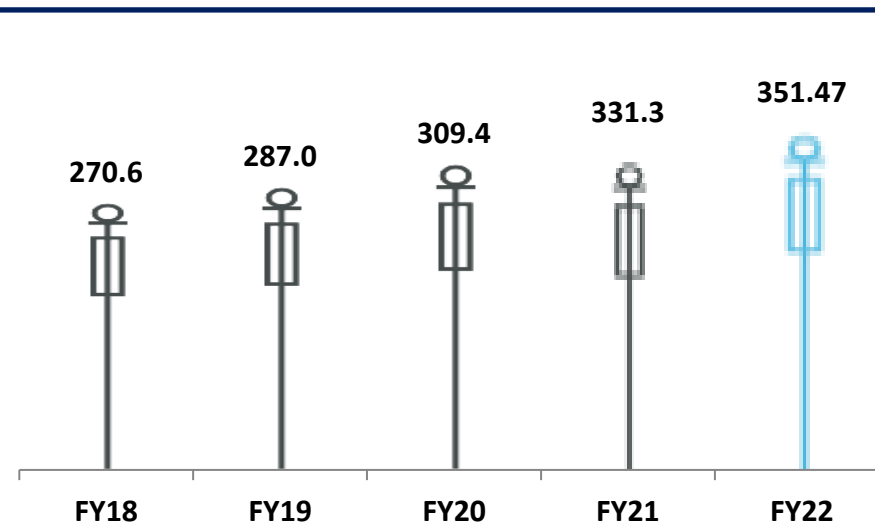
## Net Profit (Rs. Crore)



## EBITDA (Rs. Crore) / Margins (%)

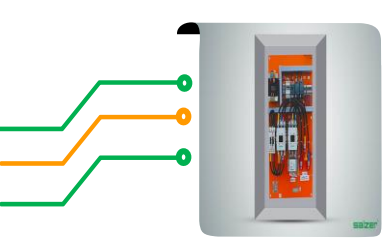


## Networth as on 31<sup>st</sup> March (Rs. Crore)

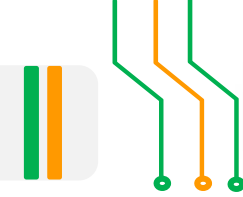


# Company Overview





## About Us



salzer

### 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

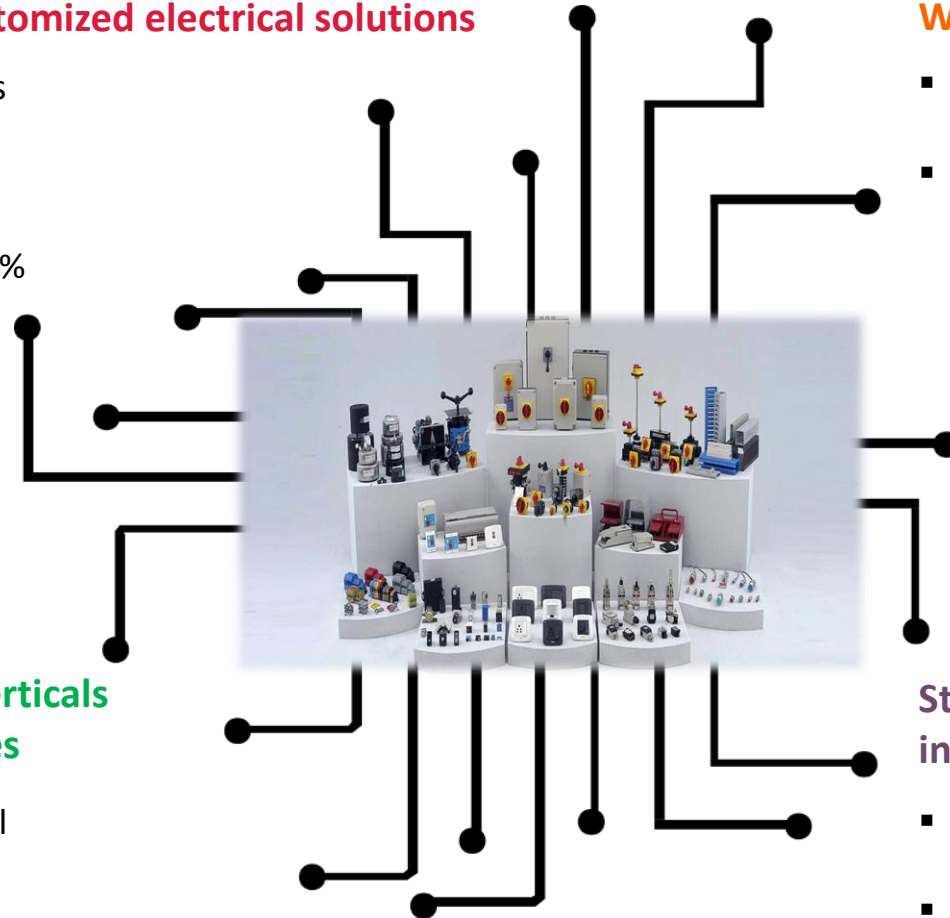
- Five manufacturing units located in Tamil Nadu
- More than 15 products catering to Industrial / Building / Automobile verticals

### Wide Distribution network – local and global

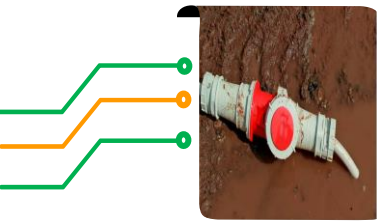
- Own distribution network – local and global – export to 50 countries
- Access to L&T's local network through more than 350 distributors

### 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





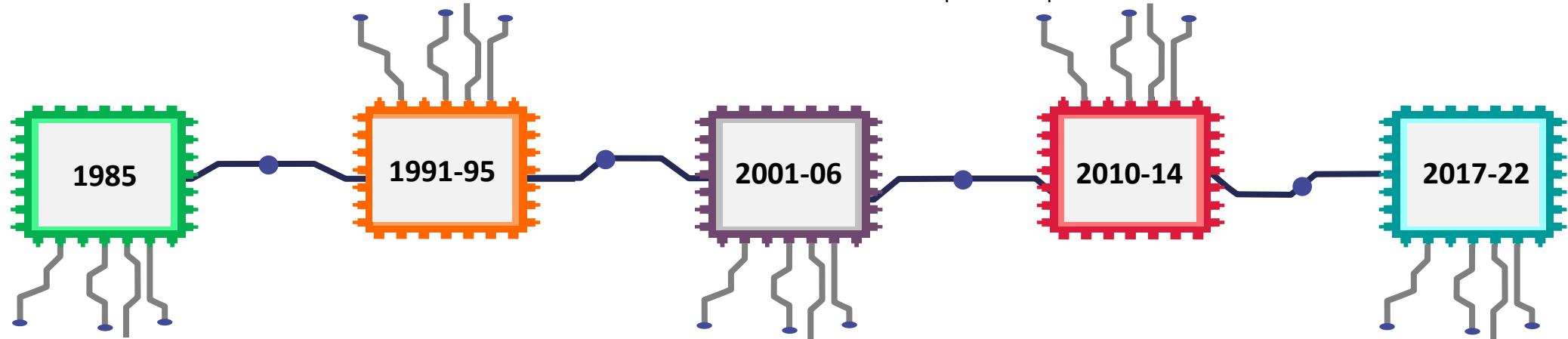


## From a Single Product Company...



salzer

- 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
- 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



- Established to manufacturer of CAM operated Rotary Switches

- Unit III - manufacture modular switches
- Started manufacturing of Wire & Cable for L&T

- 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 Steuerungsbaue 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'

... to manufacturing multiple products across sectors



## R. Doraiswamy

### Managing Director

- Qualified Electrical Engineer and Technocrat Entrepreneur with over 4 decades of experience
- Vast Experience in Foreign Collaboration & wide global contacts



## 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



## S. Baskarasubramanian

### Director-Corporate Affairs & CS

- Qualified Company Secretary
- Wide experience in company law/ corporate affairs



## P. Sivakumar

### AVP – Marketing Corporate

- Bachelors in Engineering with over 3 decades of experience
- Responsible for Sales & Marketing division



## M Laksminarayana

### VP - Operations

- B.E (Electrical) with over 2 decades of experience
- Responsible for Production, Planning, Inventory Management, Maintenance & General Administration



## 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

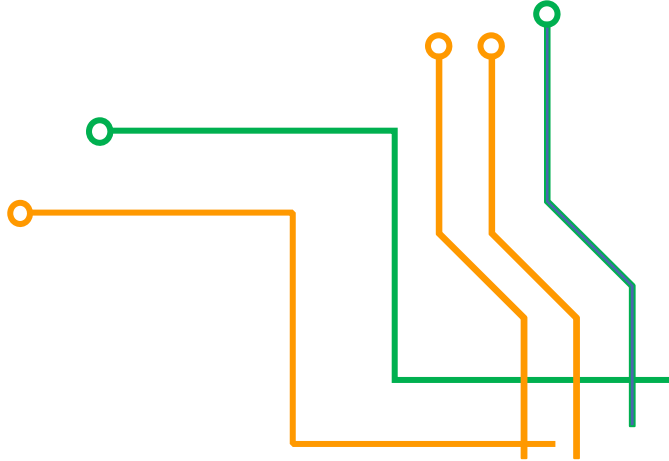
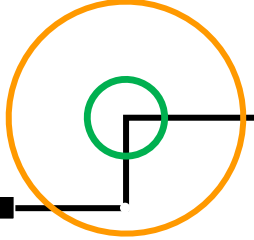


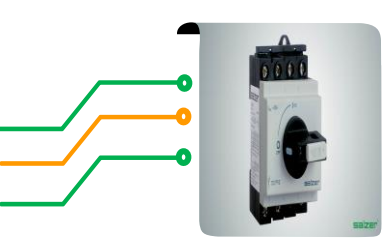
## R Karunakaran

### 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



## Building products

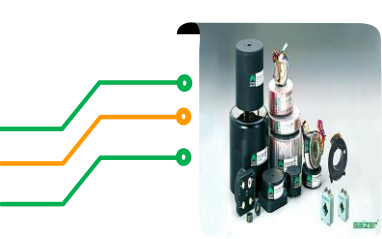
- Modular Switches
- Wires & Cables
- MCB's
- Changeovers

## Copper Products

- Wires & Cables
- Flexible Bus Bars
- Enamelled Wires
- Bunched Conductors
- Tinned Copper Wires

## Energy Management products

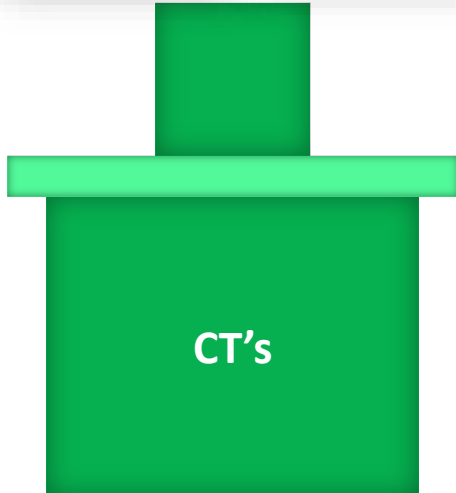
- Energy Savers
- Street Light Controllers



# Wide Product Suite- Customized for OEM's



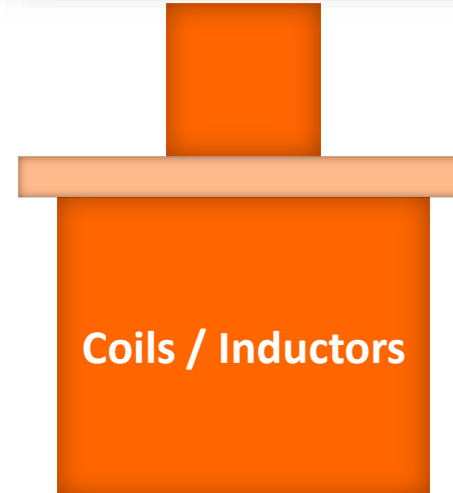
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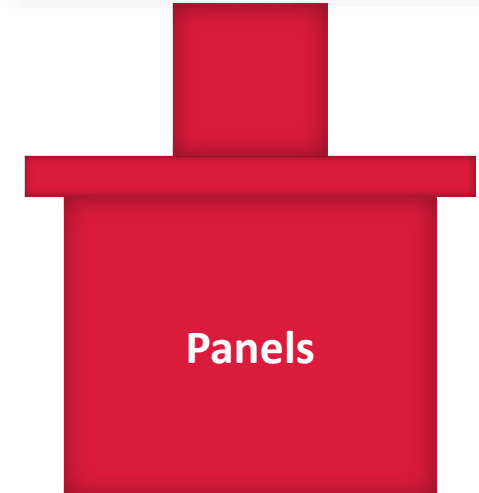
CT's



Terminal Sockets

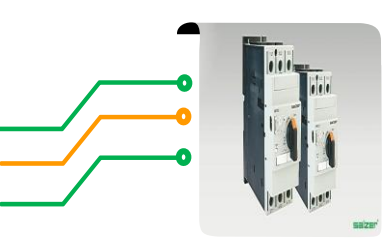


Coils / Inductors



Panels

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



## Key Strengths



### Complete Backward Integration

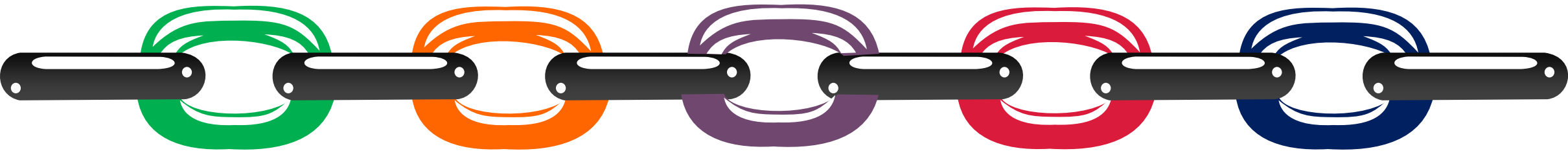
- In-house manufacturing facilities with process capabilities ensures better product development and customization
- Well developed R&D enables continual product innovation

### Strong Customer Relationships

- Strong customer relationships across globe
- Preferred supplier to GE, Schneider and only approved supplier of Nuclear Power Corporation
- Largest supplier of rotary and load break switches to Indian Railways

### Wide Distribution Network

- Wide distribution network – international and domestic
- Tie up with L&T – access to over 350 dealers in India; own network for modular switches with 50 stockist in 4 southern & western states
- Direct network across 50 countries with 40 international distributors



### Wide Product Suite

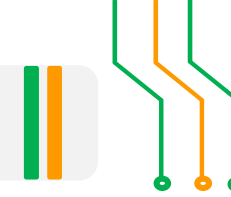
- Amongst few players in India, to offer total & customized electrical solutions
- Wide product basket – 15 products developed in-house
- Largest manufacturer and market leader in CAM operated rotary switches

### Advanced Engineering Capabilities

- Strong engineering capabilities backed by in-house manufacturing and R&D team
- Technical collaboration with Plitron for Toroidal transformers – 1st company to bring technology to India, Joint Venture with C3Controls for contactors and relays
- Resulting in all products been international certified and universal acceptance



## Five Manufacturing facilities...



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### UNIT 1



- Rotary Switch
- Contactors & Relays
- Panel Assembly
- Lighting Energy Savers
- Automatic Meter Reading
- Three Phase Dry Type Transformers

### UNIT 2



- Toroidal Transformers
- Isolators (Dis-connectors)
- Terminals
- Wiring Ducts
- MPCB
- Wire Harness
- 3 PH Transformers

### UNIT 3



- Wiring Accessories

### UNIT 4



- Wires & Cables
- Flexible Bus Bars
- Bunched Conductors
- Tinned Wires

### UNIT 5



- Enamelled Copper Wires
- Fine Enamelled Copper Wires
- Polyester Coated Winding wires

...With In-house process capabilities...



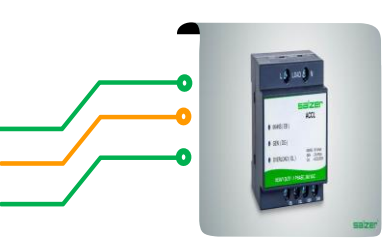
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- Full fledged **Type testing laboratory**
  - Loads up to 500Amps
  - Environmental test chamber for humidity test
  - Salt spray test & all other basic tests as per UL Standards
- **In-house tool room** facility for manufacturing and servicing of 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**

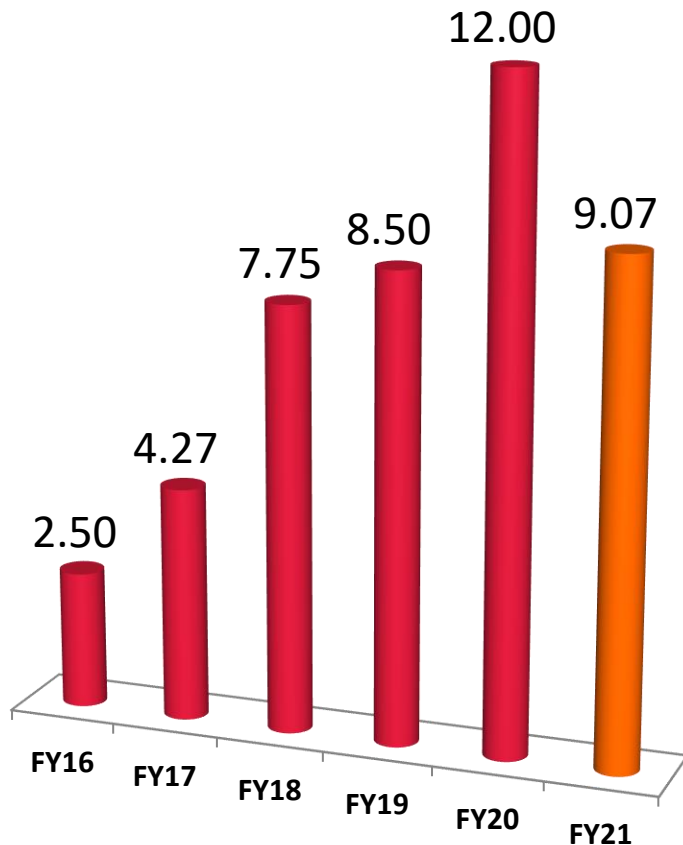




## ...And a strong R&D team

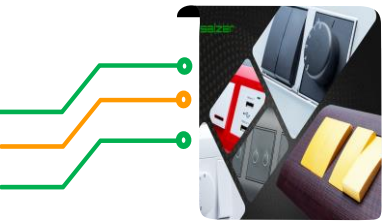


R&D expenses (Rs crore)



- In-house R&D Center
  - More than 35 engineers
  - Recognized by Department of Science, Govt of India
- Patented Rotary switches
- Five patents in process
  - Manual Single-Phase Starter with no voltage tripping, Energy Saver System for Street Lighting, Integrated ammeter / voltmeter selectro CAM operated rotary switch, Track Feed Battery Change Over System and Fuse Automatic Changeover System
- 1<sup>st</sup> 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

**Continuous product innovation**



Internationally certified



ISO 9001



ISO 14001



ISO 18001



CE Certification



UL Certification

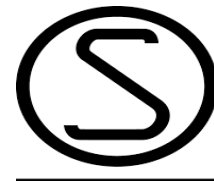


CB certification by IE

CB certification



RoHS



Intertek  
Intertek Semko approval



CSA Certification



ISO 16949  
CERTIFIED

... Across entire product portfolio

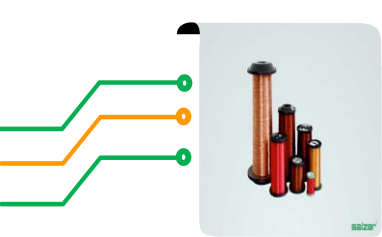
## Blue Chip Customers

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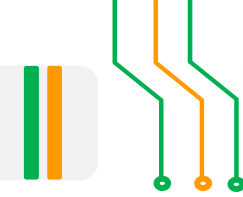


- Marketing Tie-up with L&T for Indian Market
- Largest supplier of rotary switches to Indian Railways
- Branding partner to various large OEM's in India

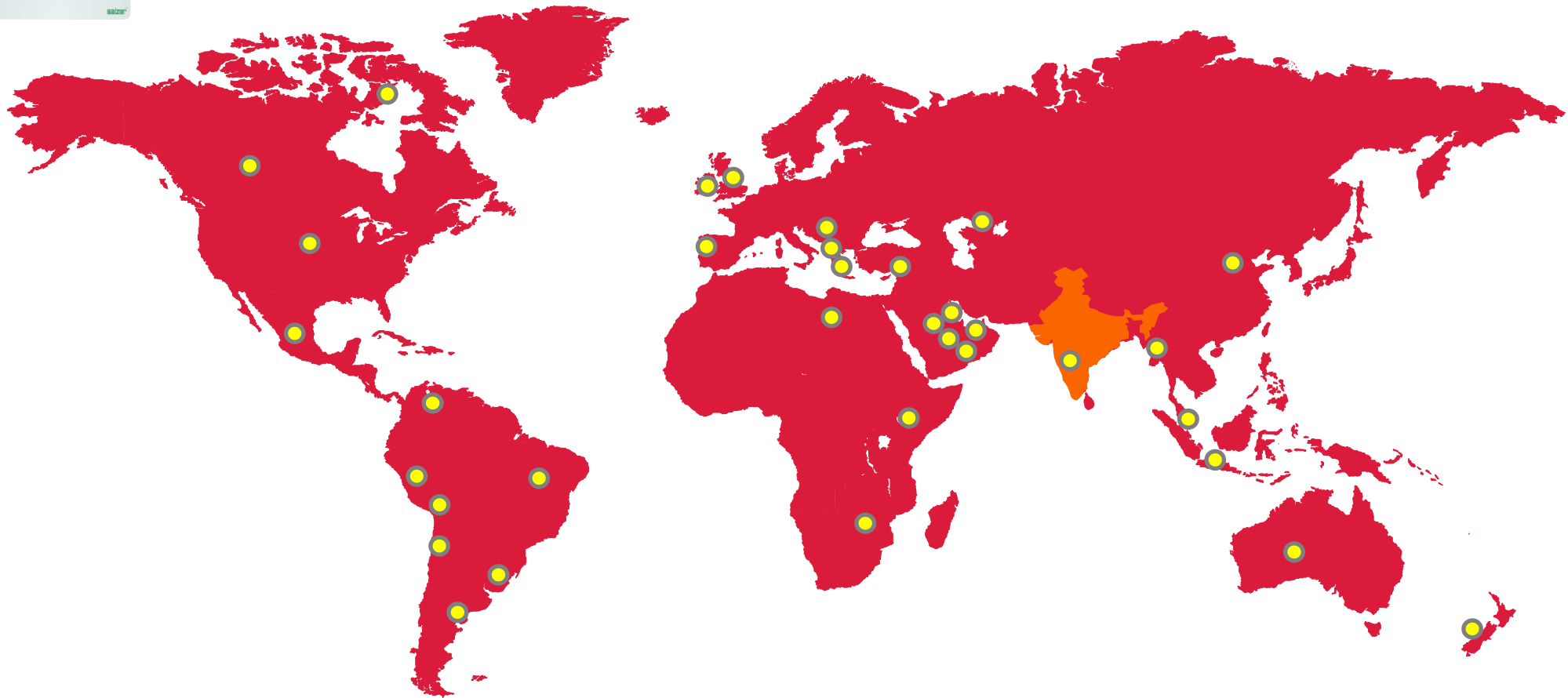
- Technical Tie-up with American Company C3Controls, to manufacture & market contactors & overload relays
- Technical Tie-up with Trafomodern for Three Phase Transformers
- Preferred supplier to:
  - Nuclear Power Corporation
  - Schneider Electric
  - GE Energy



## Wide Distribution Network



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### International

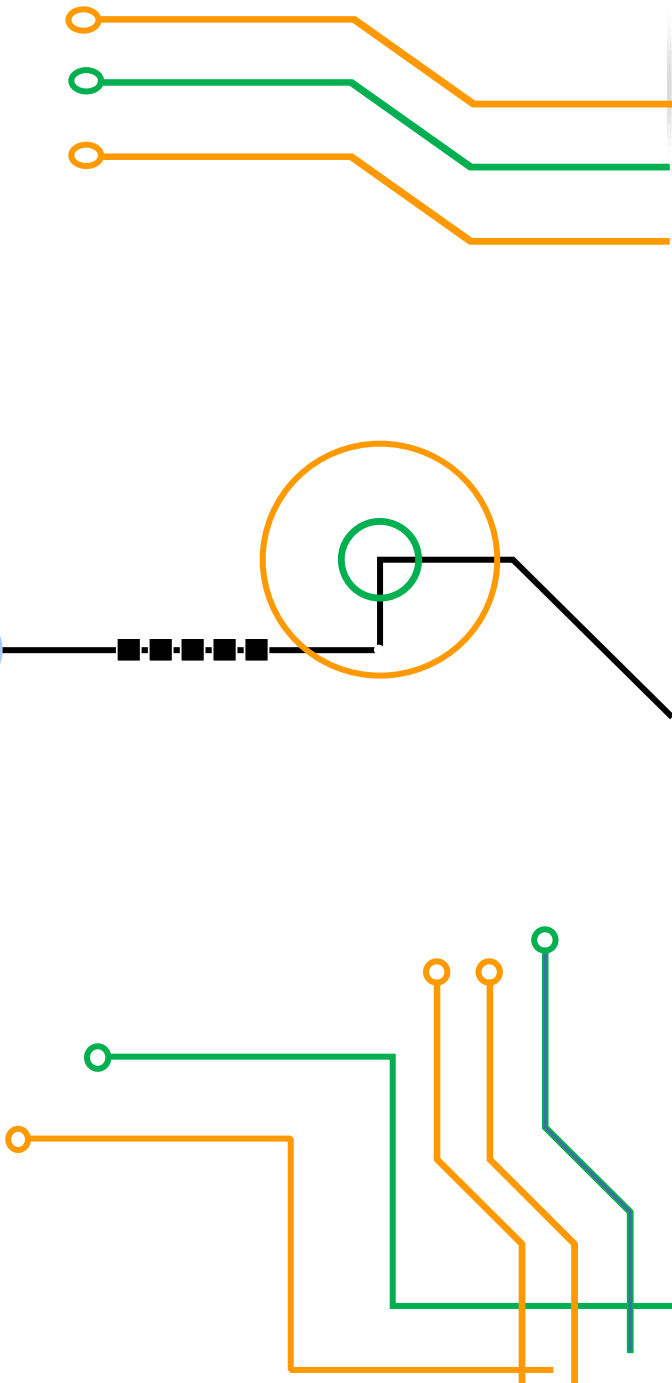
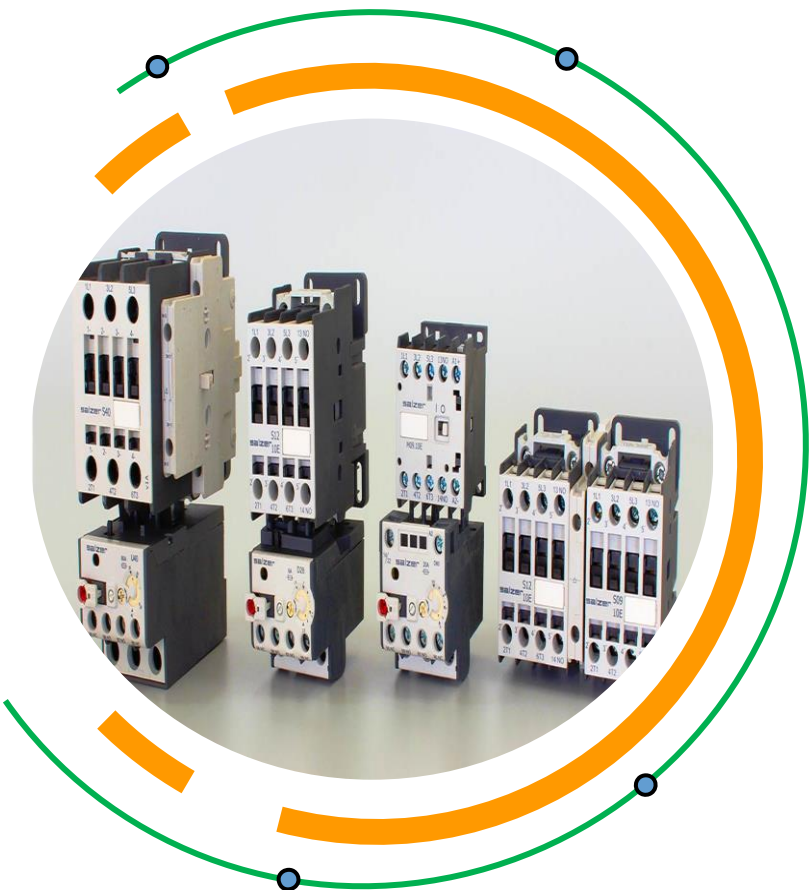
- Direct network across 50 countries
  - 17% of sales from global distribution
  - 40 international distributors
- Plans to expand in US, Africa and Middle east

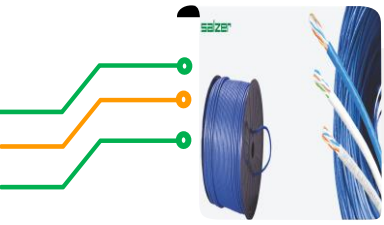
**Direct network  
across 50  
countries**

### Domestic

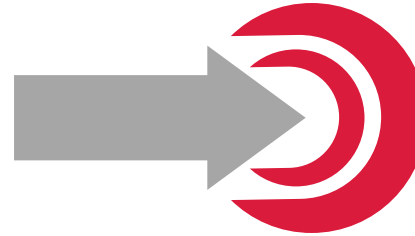
- Tie up with L&T – access to more than 350 dealers in India
- Direct network for Modular Switches – 50 stockists in 4 southern & western states

**Way Ahead**



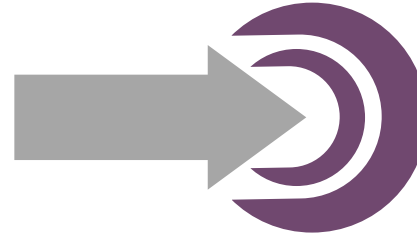


## Way Ahead



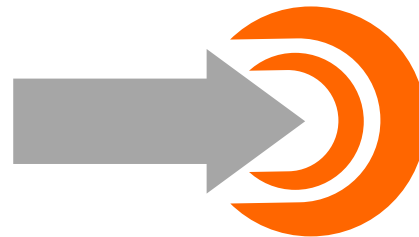
### Operational Excellence

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



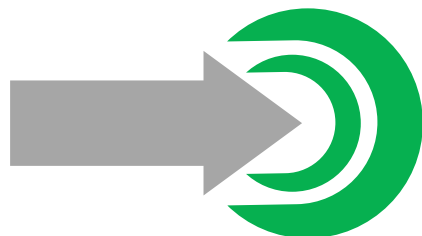
### Venture into new project/ product development

- Seek Technical alliances to develop new and technically advanced products
- Formed JV's with Kostad Steuerungsbau GmbH & EMarch LLP to enter EV market
- Acquired Kaycee Industries for new product development, enter new ventures and leverage brand & distribution network



### Focus on margin improvement

- Increase sales of high margin products – existing and new
- Increase exports – fast growing markets of US, Africa and Middle East



### Growth and expansion of existing product verticals

- Constantly develop new products through in-house R&D
- Expand existing product portfolio to newer geographies



## Environment

- 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



## Social

- 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



## Governance

- 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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