

Media Release

FY20 standalone Net Revenue maintained at Rs. 566.9 crore despite continued sluggishness in the industry

Standalone FY20 EBITDA at Rs. 65.2 crore – YoY growth of 2.4% on account of high margin Industrial Switchgear Products

Standalone FY20 PAT growth at 10.2% to Rs. 26.4 crore

Successfully completed acquisition of 74.91% equity shares of Kaycee Industries Ltd.

Coimbatore, June 18th, 2020: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), among leading players offering total and customised electrical solutions, announced its audited financial results for the fourth quarter and full year ended 31st March 2020.

Key Financial Highlights Rs. In Crore:

Particulars	Standalone						Consolidated
	Q4 FY20	Q4 FY19	YoY	FY20	FY19	YoY	FY20*
Net Revenue	132.3	155.0	(14.7%)	566.9	559.8	1.3%	584.4
EBITDA (excluding other income)	14.3	16.9	(15.2%)	65.2	63.6	2.4%	66.8
EBITDA Margin	10.81%	10.88%	(7bps)	11.50%	11.37%	13bps	11.43%
PAT	9.1	8.4	8.9%	26.4	24.0	10.2%	27.4
PAT Margin	6.91%	5.41%	150bps	4.66%	4.28%	38bps	4.69%
Basic EPS (Rs.)	5.72	5.28	8.3%	16.51	15.21	8.5%	16.96

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

As a result of the nation-wide lockdown declared in March 2020, the net sales in the last ten days of the fourth quarter and of the year were lower than the same period last year.

The operations at all our factories have started in a phased manner during May and June with all the requisite safety protocols being adhered to in a stringent manner. Most of the employees are working from home and necessary office connectivity is in place.

Standalone Financial Performance Highlights

For the quarter ended March 31st, 2020:

- **Net Revenue** in Q4 FY20, **Rs. 132.3 crore** as against Rs. 155.0 crore in Q4 FY19, **YoY decline of 14.7%**, mainly on account slower economic activities combined with lockdown announced during the last week of March and lower demand across key businesses of wire & cables and building segment
 - ✓ Contribution from **Exports increased to 18.1%**, as against 9.5% in the corresponding previous period driven by high margin Industrial Switchgear products and increase in exports primarily to USA and European markets

- Breakup of revenue:
 - ✓ **Industrial Switchgear – 46.5% of net revenues**, driven by higher exports
 - ✓ **Wires & Cables – 45.7% of net revenues, a y-o-y decline of 19.4%**, on account of low demand in domestic market
 - ✓ **Buildings Products – 5.6% of net revenues**. The revenue decreased by 30.2% on account of sluggish demand in domestic real estate industry
 - ✓ **Energy Management – 2.2% of net revenue** – order book driven business; revenue incurred from AMC charges for the past orders executed
- **EBITDA (excluding other income) stood at Rs. 14.3 crore** in Q4 FY20 as against Rs. 16.9 crore in Q4 FY19, **YoY decline of 15.2%**
- **Profit After Tax grew by 8.9% to Rs. 9.1 crore** in Q4 FY20 as against Rs. 8.4 crore in Q4 FY19

For the full year ended March 31st, 2020:

- **Net Revenue** in FY20, **Rs. 566.9 crore** as against Rs. 559.8 crore in FY19, **YoY 1.3% increase driven by growth in industrial switchgear business**
 - ✓ Contribution from **exports was 17.2% in FY20**
- Breakup of revenue for the Electrical Installation Products:
 - ✓ **Industrial Switchgear – 44.8% of total revenues, YoY increase of 9.9%**, driven by exports
 - ✓ **Wires & Cables – 47.0% of total revenues**
 - ✓ **Buildings Products – 6.2% of total revenues, YoY decline of 16.5%**
 - ✓ **Energy Management – 2.1% of total revenue**. This is an order book driven business and increase in revenues have been due to in AMC
- **EBITDA (excluding other income) stood at Rs. 65.2 crore** in FY20 as against Rs. 63.6 crore in FY19, **YoY growth of 2.4%**, mainly on account of higher growth in Industrial Switch Gear business
- **FY20 EBITDA Margin at 11.50%**, YoY increase of 13 bps, on account of growth in Industrial Switchgear business
- **Profit After Tax was at Rs. 26.4 crore** in FY20 as against Rs. 24.0 crore in FY19, **YoY growth of 10.2%**

Key Developments till date:

- In the end of March 2020, Company had to temporarily shut down its manufacturing activity due to nationwide lockdown announced by Government of India amid spread of COVID 19
- Salzer Electronics - an approved vendor for Schneider - was awarded as the Best Collaborative Supplier for 2019
- In line with the focus on increasing product offerings and expanding footprint into newer segments along with access to all India dealer network, the Company acquired 74.91% stake in

Kaycee Industries Ltd for a total consideration of Rs. 16.62 crore

- Kaycee Industries Limited a “**pre-independence**” Company with a legacy of “**three quarter of a century**”, being pioneer in Industrial Switchgear business and among the leading provider of electrical and electric component in India with manufacturing facility located at Ambernath – Thane
- Appointed Mr. Raman Krishnamoorthy as Vice President Finance & Operations of Kaycee Industries. Mr. Raman is a Finance Professional with over 21 years of experience in various aspects of financial and operational Management – Cost optimization, operating Controls, Accounting, Tax, Reporting, Budgeting, Cash & Treasury Management, Legal & Compliance, Insurance and Risk Management

Management Comment:

Commenting on the results, Mr. Rajesh Doraiswamy, Joint Managing Director and Chief Financial Officer, Salzer Electronics Ltd said:

“During the financial year ended March’20 we registered a revenue of Rs. 566.9 crore with an EBITDA and PAT of Rs. 65.2 crore and Rs. 26.4 crore respectively. We have been able to show modest performance despite the challenges of lower demand and slower economics activities in the country. Typically, the end of March is better than the beginning due to annual closing and various other schemes. But this year it was affected thereby impacting our sales in the last week of the month due to the lockdown on account of COVID 19.

Since the third quarter, FY20 has been started to see low growth as there were significant lower demand and no major capex plans by the industry that affected our revenues. Despite this, due to our long-standing relations with our clients and dealers we have been able to show a modest growth.

The current COVID 19 situations are tough and has resulted in shutting down factories and manufacturing activities for about a month and causing disruption in the market. However, we have used this time to fine tune ourselves and reformulate the strategies in term of reduction of cost, utilizing available resources optimally, recognising and identifying new clients in the domestic as well as export markets, etc. which will help us in the future. Though the near-term future is fluid, we are optimistic on the medium term based on the indication from various experts in the markets.

Our focus has always remained on adding new high margin niche products, reach out to different markets with customized products and solutions in order to add new clients and grow our business. To aid to this we are constantly on the lookout for any new opportunities for technical associations to strengthen the base for our product offerings.

Overall, we remain committed to our set agenda of delivering sustainable growth. I thank all our stakeholders for their continued support and faith in our Company”

About Salzer Electronics

- Salzer is a Leading player offering Total and Customized Electrical Solutions in Switchgears, Wires & Cables and Energy Management business. It is the largest manufacturer of CAM Operated Rotary switches & Wire Ducts in India. The Company caters to a wide range of products with four in-house manufacturing facilities, located in Coimbatore

- The Company has a wide distribution network locally and globally, exporting to many countries. In India, Salzer markets its products through its own distributors and more than 350 local distributors of L&T. The Company has a strong R&D team that focuses on developing and commercializing the technologies of the products, and as a result, can offer total customized electrical solutions to its customers.

For further information, please contact:

Mr. Baskarasubramaniam

Salzer Electronics Ltd.

Email: baskarasubramanian@salzergroup.com

www.salzergroup.net

Ms. Savli Mangle / Mr. Smit Shah

Bridge Investor Relations Pvt. Ltd.

Email: savli@bridge-ir.com / smit@bridge-ir.com

www.bridge-ir.com

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