



SALZER ELECTRONICS LTD

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February 16, 2026

To

THE CORPORATE RELATIONSHIP DEPT
BSE Limited
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M/s. National Stock Exchange of India Ltd.,
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Symbol: SALZERELEC

Dear Sir,

Sub: Transcript of the Earning Call on the Results of Third Quarter / Nine months ended 31.12.2025.

We wish to inform in pursuance of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 that the Company hosted an Earning Call with Analysts and Investors at 11.00 a.m., on Thursday, February 12, 2026 to discuss the financial results of the Company for the Third Quarter / Nine months ended 31.12.2025.

Enclosed herewith the transcript of the same for your records and dissemination.

The transcript of the conference call also posted on the Company's website at www.salzergroup.net.

Thanking you

Yours faithfully
For SALZER ELECTRONICS LTD

K M MURUGESAN
COMPANY SECRETARY

Encl : As above



Salzer Electronics Limited
Q3 FY26 Earnings Conference call

Event Date / Time : 12/02/2026, 11:00 Hrs.
Event Duration : 53 mins 11 secs

CORPORATE PARTICIPANTS:

Rajesh Doraiswamy
JMD Salzer Electronics

K. Raman
CFO

Jitendra Vakharia
Director, Kaycee

R. Menaka
General Manager (Accounts)

K M Murugesan
Company Secretary

Vinit Agarwal
Aditya Birla Capital

Savli Mangle
Adfactors Investor Relations

Rupesh Rege
Adfactors Investor Relations

Moderator

Ladies and gentlemen, good day, and welcome to the Salzer Electronics Limited, Q3 and 9M FY26 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touch-tone phone.

I now hand the conference over to Mr. Vinit Agarwal from Aditya Birla Capital.

Vinit Agarwal

Thank you, Karthik. Good morning, everyone. On behalf of Aditya Birla Money, I welcome you all to the Q3 and 9M FY26 post earnings conference call of Salzer Electronics Limited. This conference call may contain forward-looking statements, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance, and involve risks and uncertainties that are difficult to predict.

I now invite Ms. Savli Mangle for the opening remarks, to be followed by a question-and-answer session. Over to you, ma'am.

Savli Mangle

Thank you, Vinit. Good morning, everyone, and thank you for joining us today to discuss the unaudited financial performance for the third quarter and nine month ended December 31st, 2025.

I have with me Mr. Rajesh Doraiswamy, Joint Managing Director; Mr. P. Sivakumar, Assistant Vice President, Marketing; Mrs. R. Menaka, General Manager, Accounts; Mr. K M Murugesan, Company Secretary; and Mr. Jitendra Vakharia, Non-Executive Director, Kaycee Industries.

I shall now take you through the consolidated financial performance for the quarter and nine months ended December 2025.

During the quarter, our revenues increased by 24% YoY to INR 424 crores from INR 341 crores in the previous corresponding period. This growth was mainly driven by higher demand for industrial switchgear and wire and cable businesses, particularly in products like three-phase dry-type transformers, wire harness, relays, and new products like contactors, etc. The EBITDA excluding other income was INR 37 crores, a YoY growth of 4%. The EBITDA margin for the quarter stood at 9%, while the Profit After tax was INR 13 crores in Q3 FY26.

Coming to our nine-month financial performance, in the nine months ended 31st December 2025 , the net revenue was INR 1,284 crores, a YoY growth of 23%. This was largely driven by higher demand in both, industrial switchgear businesses, as well as wires and cables. The EBITDA excluding other income stood at INR 116 crores as against INR 105 crores in nine months FY25, a YoY growth of 11%, while the margin stood at 9%. The PAT was INR 43 crores, a YoY growth of 4%.

Coming through to our business divisions, the industrial switchgear division contributed to 56% of the total revenues in this quarter and 58% in nine months. The business grew by 12% YoY in Q3, and 22% YoY in nine months, while the margin in both Q3 as well as nine months, the EBITDA margin, stood at 12%.

Coming to wires and cables, this business contributed to nearly 39% this quarter, and 37% in nine months. There is an increase in 49% YoY during the quarter, and 26% in nine months FY26. The EBITDA margin for this business in both Q3 and nine months stood at 5%.

The last business, the building products, contributed to 5% to our revenues in this quarter, as well as nine months, and with this up 8% YoY growth in nine months FY26.

Coming to exports, for the quarter and nine months the export revenue stood nearly at 21% in Q3, and 23% in FY26, nine months FY26.

With this, I would like to now hand over to Rajesh to take us through the business development and the way ahead. Thank you and over to you.

Rajesh Doraiswamy

Thank you, Savli. Good morning, everyone, and a very warm welcome to Salzer Electronics earnings conference call for the third quarter and nine months ended 31st December 2025. Thank you all for taking time to join us today. We have already shared our results update presentation and media release. I hope you all have received and gone through the same.

I would like to share some key highlights and recent developments and our outlook for the future before we open the floor for questions. Before I discuss our quarterly performance, I want to highlight the rare convergence of policy tailwinds we are witnessing at present. Just this past week, two significant developments have improved the operating environment for Indian businesses, and particularly, electrical equipment manufacturers.

First, The U.S.-India interim trade agreement announced on 6th of February has reduced the tariff on Indian goods from 50% to 18%. This restores our export competitiveness, and at 18%, India is now more favorably positioned than many of our other countries.

As you know, we had flagged U.S. tariff exposure in our previous calls, approximately 7% direct export and 3% to 4% indirect export. That overhang is now substantially lifted, and we are already seeing renewed inquiry levels from U.S. based customers. While it is early to quantify the revenue impact, we view this as a structural positive for our export earnings.

Second, the union budget 2026, continues with the government's infrastructure push with INR 12.2 lakh crore in public capital expenditure, the highest ever allocation so far. Importantly, the RDSS allocation has been increased to INR 18,000 crores, directly supporting smart metering deployment and DISCOM modernization via Salzer as a strategic positioning.

The budget also introduces a national manufacturing mission with a focus on clean technology, solar, EV batteries, motors, controllers and high voltage transmission equipment. Our core switchgear market continues to grow at 7% to 9% CAGR. India has crossed 50% non-fossil fuel installed capacity, and EV charging market is projected to reach \$1.6 billion to \$1.9 billion by 2030.

In summary, export competitiveness is restored, domestic investment is reinforced, and our addressable markets validated. Salzer's diversified portfolio across switchgears, wires and cables, smart meters, EV chargers, positions us well to benefit from this environment.

Now, coming to our key updates and the recent developments. I am pleased to announce that the appointment of Mr. Raman Krishnamoorthy as the Chief Financial Officer for Salzer Electronics Limited with effect from 1st of April, 2026. His appointment reflects our continued focus on strengthening the leadership team as we prepare for our next phase of growth. With his extensive experience and strong financial achievement, we are confident that he will further enhance our financial governance and strategic planning capabilities.

During the quarter, we also witnessed an unprecedented increase in key input costs, particularly silver and copper, which had a marginal impact on the margins to the extent of approximately two hundred basis points (2%). While we continue to actively manage pricing, inventory and cost optimization initiatives, such as sharp commodity movements in the short-term do create temporary pressure on our margins. However, we remain confident in our ability to mitigate this volatility through calibrated procurement strategies and operational efficiencies.

During the quarter we strengthened our capital base across key associates and subsidiary entities to support the ongoing and the future expansions. Specifically, Effilume Private Limited, an SPV floated specifically for executing Bengaluru energy saving project. The project execution is going on as expected, and we will start to see revenues coming in from September 2026.

Salzer Saudi Arabia Limited, our 100% subsidiary in Saudi Arabia, where we have started to install machinery, and we are expecting to start commercial production from June 2026. These investments align with our strategy of scaling both domestic execution capabilities and international operations for the long-term growth.

On smart meters, we continue to execute our existing orders, and engage actively with multiple AMISP's and DISCOMs. While we are yet to secure a large-scale order, this is primarily due to industry factors such as stringent eligibility criteria linked to the past execution, scale, evolving tender conditions, and also aggressive pricing dynamics.

Smart meter revenue for Q3 stood at INR 1.25 crore, taking the nine-month FY26 revenues from smart meter to INR25 crores. Our technology is validated, manufacturing capacity is ready, and we remain well-positioned to participate meaningfully as the rollout gathers pace and qualification barriers ease.

Our subsidiary, Kaycee Industries, continues to perform well. Kaycee's top line grew 22% YoY in Q3 FY26 to INR 14 crores from INR 12 crores in Q3 FY25, and a 14% YoY in nine months FY26 to INR 43 crores from INR 38 crores in nine months FY25. EBITDA was at INR 2 crores and PAT was at INR 1 crore in Q3 FY26. Nine months EBITDA was INR 6 crores and PAT was at INR 4 crores. The healthy margins at Kaycee continue to contribute positively to our consolidated performance.

I am pleased to share that we have been granted a patent for high voltage disconnecting and earthing device designed for the railway's locomotive applications. This rotary switch offers enhanced safety features, reduced size, and cost advantage compared to the conventional solution. The patent reinforces our commitment to innovation and import substitution.

On the temperature sensor product, which is currently under validation with two – tire-2 automotive OEMs, we are targeting commercial supplies by Q4 FY26. This product has application across automotive, HVAC, home appliance, and medical equipment. This opens a new addressable market for Salzer.

On EV chargers, through our partnership with Ultrafast Chargers Limited, we offer DC fast chargers ranging from 60 to 360 KW, as well as AC slow chargers. We continue to build our presence in this market, which as I mentioned, is projected to grow at around 30% CAGR for the next two to three years.

Looking ahead, we remain very confident in our growth trajectory. The policy environment with The U.S.-India trade deal restoring export competitiveness, and the union budget reinforcing domestic infrastructure spent is highly supportive. Our diversified business model across switchgears, wires and cables, smart meters and EV chargers provides multiple growth levers. For FY26, we reiterate our guidance of 20% revenue growth with a gradual margin improvement as operating leverage plays out and higher margin segments like switchgear scales up.

Our focus area for the coming quarter includes accelerating the smart meter order execution and securing new orders, commercializing our temperature sensor product, scaling up EV charger sales, progressing the Bengaluru BBMT project and leveraging the improved U.S. trade environment.

Before I conclude, I want to thank the entire team at Salzer Electronics for their dedication and hard work. I also thank all of our stakeholders, customers, suppliers, bankers, and shareholders for their continued trust and support.

This is all from our side for now. We can open the floor for questions. Thank you all once again.

Moderator

Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press * and 1 on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press * and 1 again. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

First question comes from the line of Arun, an individual investor. Please go ahead.

Arun

Can you hear me, sir?

Moderator

Yeah, you are audible.

Arun

Yes. Now, I can hear you. Sir, my question is regarding the wires and cables division. So, we have we are, like, working towards 5%-6% EBITDA margin. So I just want to understand how much of the bank facilities we are using for this particular business out of our entire borrowings. I just want to understand whether we are throwing some PAT level in this particular division, or we are still PAT negative?

Rajesh Doraiswamy

On the wires and cables, we are still PAT positive though the margins are at 5%. I think here the volumes are -- it's a volume game, so that's why I think the margins are down. But irrespective of that, I think the margins still have to be a little bit higher. On the borrowings, we use closed to 50% of our borrowings for the wires and cables.

Another point also I want to add, we have to see the pricing of the copper. I think that's also another reason you see a lower EBITDA margin, because the copper price used to be at around INR 800 a kilo, and now it's around INR 1,300 a kilo. So this additional difference is why the margins have come down -- the percentage.

Arun

But do you think that we can scale the wires and cables margin to like a 10% EBITDA?

Rajesh Doraiswamy

No. I don't think we will be able to reach 10%. I think we will be able to improve this by around 1.5% or 2% over the next one and a half years.

Arun

So, 6%, 6.5% or more than that?

Rajesh Doraiswamy

Yeah. Around 6.5%, as these price levels are common.

Arun

Yeah, if you are using INR 200 crore, INR 250 crore of your borrowings for your wires and cable division, so interest itself you are paying like INR 20 crore, INR 25 crore for this particular division. And so what kind of PAT percentage we do expect from this division? Because today, our market cap is INR 1,200 crore, and our sales are around INR 1,400 and INR 1,450 crore. So I don't think it's not -- it's creating any shareholder value at the PAT level. It's just throwing the revenue and bumping up the numbers, but it's not throwing any value to the earnings.

Rajesh Doraiswamy

I agree partly to an extent. I think we have to scale up the volume of the wire and cable business to see a better PAT margins and EBITDA margins in that.

Arun

And sir, regarding all the smart meters since last one, one and a half year. So almost we are talking about smart meters from October -- September 2024. And in last 15, 16 months everybody see that data, everyone know that how much revenue you have made in smart meters and something. Do you feel that we have misguided investors in the smart meter spend? Because we have made a thousand crore, then INR 700, then INR 500. Now we are not even able to make INR 100 crore. And everybody knows that it's all about smart meter implementation by the government. So, do you think that you have actually misled investors with very big guidance on the smart meter division?

Rajesh Doraiswamy

Okay. It was unfortunate for us also, because we expected that things will roll out in a specific manner, which is not happening. So to say that we have misguided, that's -- I don't agree with that, because we have invested and we have set up a facility, created a capacity of 4 million meters, which is live here.

And we are in discussion with various AMISP's, who have all visited our factories and seen what facilities we have, and we have also got approvals from various DISCOM's. And getting an approval from DISCOM for the meter is not an easy job, which we have done from Gujarat, from Maharashtra, from Andhra Pradesh, from Tamil Nadu and Karnataka. These are some of the states that DISCOM's, we have taken. So the expectation that we had also has not happened. So that is the reason that we are not able to execute in the last year order.

Arun

But even in the last con call you were talking -- yes, even in last con call, in Q3 con call, you were telling that even INR 300 crores, INR 400 crores is a -- there is a visibility for that particular year, this financial year, and I think we have missed it by a big margin. And if you remember, from the last four con calls, no analyst is interested about our wires and cables or our other businesses. Everybody is talking only about smart meters in our investor calls, which clearly indicates that our investor community is more enthusiastic about smart meters, because that was actually -- that entire episode was created by management.

They are completely -- because nobody is interested about the existing business which are doing 20%, 25%. Everybody are interested that what you are going to do in the smart meter, because that's what -- that was the area where you pushed up all the investors, and share prices have crossed -- passed from 1,600 to 600. And for the investors like who are sitting in your share price on last two years, we are completely destroyed.

Rajesh Doraiswamy

I don't want to speculate on the share price. I think that's something that we don't talk about in the con call. On the business, as we think what is the futuristic business, we are trying to enter all those futuristic businesses, and we try to give guidance based on the market. Most of the times here -- sometimes we are unable to achieve what we commit. I think there are multiple reasons at the ground level. So, that's all I can say.

Yes, I think different con calls we have given different projections, we have scaled down on the smart meter projections, which I have agreed. There are difficulties in securing large scale orders, which is again what I have mentioned in the con call a little bit earlier. But we continue to work, we continue to see how we can scale up in every business that we have invested.

Arun

So do you think that we can --

Moderator

Mr. Arun, I am really sorry to interrupt you. Can you please join back the queue?

Arun

Okay. Thank you.

Moderator

Thank you. The next question comes from the line of Sudharshan Nachimuthu from Prosperity Wealth Management. Please go ahead.

Sudharshan Nachimuthu

Yeah. Thank you for the opportunity. Coming back again to the smart meters part, so if you can provide an update, because we were waiting on the transit co-tender, and that was a very large chunk, the 3 crore meters. So what is the current status on that? And are we seeing any delay because of the upcoming assembly elections in the state?

Rajesh Doraiswamy

So far there is no news about the tender. I think tender has been invited for, people have bid for it, and I think that's where it stands. So after that, there is no news. So I expect this not to move, because the elections are around the corner. So, most probably this will be reentered after the election is what I think.

Sudharshan Nachimuthu

Understood. And regarding smart meter order book, what are our expectations of order book in Q4, and what do you envision for FY27 except Tamil Nadu? What are the correlation between --

Rajesh Doraiswamy

I think that's exactly the conversation I think I was having before with one of our other investors, right now. The thing is it's very difficult to give a guidance on smart meters at this point of time, though we are working to see how we can fill our capacity. So as things evolves, I think we will keep informing the shareholders. But right now, we are trying to secure large scale orders from different AMISP's and DISCOMs.

Sudharshan Nachimuthu

Okay.

Rajesh Doraiswamy

I'm unable to give guidance at this point of time.

Sudharshan Nachimuthu

Yes, sir. Understood. And not on the guidance part. So, with your conversation with the players, what do you see is the difficulty in getting those large-scale orders in your conversations

Rajesh Doraiswamy

One is the, of course the execution by the AMISP's are also slow. Second, I think there's stringent eligibility criteria because of the new entrant that we are and also there's tender conditions that are evolving from state to state. These are some of the issues that we face as a new entrant when we get into the market, which we are working with the AMISP's and trying to address the concerns of those AMISP's.

Sudharshan Nachimuthu

Okay. And we did receive an initial order from one of the players. And is there any follow-on orders from the same payer? How was the feedback so on? And you did mention the feedback is good.

Rajesh Doraiswamy

The feedback from our customer has been good so far, and we still have a pending order from the same customer though there's no clearance for the dispatch. So we are ready with the products, and we are waiting for a clearance for dispatch. Once this is done, I think we expect further orders to come from them.

Sudharshan Nachimuthu

Okay, thank you. And the second part is on your wire and cable division actually, just following on the previous participant's question. The margins and ROE are lower and drawing down the consolidated ROE numbers down. So, when you move forward, FY2728, is there any particular action plan wherein you would like to increase the ROE, ROCE metrics margin, metrics for the division? Or else, is there any other products and divisions in play, wherein your entire consolidated ROE is increased? Because our ROE is anywhere around 19%. So, is there any plans to do it, because your wire and cables is pulling down the entire consolidated ROE?

Rajesh Doraiswamy

Yes, I think that is true. The EBITDA margins are pulling down for the ROE. We are trying to see how we can increase the margins on the wire and cable division and increase the volumes also in the wire and cable division. Definitely that's a constant work and continuous work that we are working on.

Sudharshan Nachimuthu

Okay. And in terms of guidance, if you want to put the number to it, are you targeting anything internally in terms of ROE?

Rajesh Doraiswamy

No. We are not -- there's no guidance I am giving you an ROE, but on the EBITDA levels, we are looking at around 6.5% from the current levels for the wire and cable division.

Sudharshan Nachimuthu

Okay, I understood. So that's it from my end. Thank you always.

Rajesh Doraiswamy

Yeah.

Moderator

Thank you. Next question comes from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri

Good afternoon, sir. Thank you so much for taking my question. So sorry, sir. Again, just talking a bit about smart meters. So just wanted to know that we received an INR 50 crore order, right? And even that in one quarter, because of the custom order, you're able to just execute with just INR 1 CR in Q3, right.

So even if we are trying to hunt for a larger order, what is the guarantee that the execution is also not going -- the execution is going to be fast, right? Because even if after receiving a INR 50 CR order, we are not being able to execute it -- not maybe because any fault of ours, but it's still the market condition, right. So sir, your thoughts on that, sir. Even if we get a big order, what's the likelihood of execution -- being able to execute that big order, sir?

Rajesh Doraiswamy

There's no question of execution capability not existing with us. I think we do have the capability to execute. I think we have received the order and we executed half of it.

Rajesh Doraiswamy

We received a INR 50 crore order. We executed half of it. We don't have a clearance for supplying the material for the rest half, that's where we are waiting. So executing is what we are here to manufacture and supply the product which we are ready. The customer has not given a clearance for us to supply the material for the second portion of it.

Darshil Jhaveri

No. That's what I was getting at, sir, that I didn't mean execution on our end. Like, even if we get an order if the customer himself is not ready to be able to put it up or for whatever reason that their delay is happening. So what is the use of us as a company getting an order when we have all the capability lying with everything, but because of customers, you know, it's getting delayed?

Rajesh Doraiswamy

That I won't be able to answer, no sir. Because the customers, different customers have different issues, so we can't say that everybody will have the same issue. We are waiting for it, and we have to wait and see how it works out.

Darshil Jhaveri

So what I'm just trying to get -- yeah, yeah. What I'm trying to get, sir, is that the ground level reality in terms of smart meter being -- just being put in household, I think a lot of people are finding it difficult to execute the order. So I'm just trying to understand that, sir, even if we are hunting for a large order, will it be executed in the same space, because you being on there in the ground level that -- is the installation happening faster? That's where I'm just coming on, because if the installation is not happening.

Rajesh Doraiswamy

Things are definitely improving.

Darshil Jhaveri

So sir, in FY27 will we be able to -- I'm not even asking for a guidance. Will we be able to see orders coming in, right. Like, what is our qualitatively thinking that in terms of orders for -- is there a pipeline that we have right now, like that we could comment on, we've built for this much tenders or something like that? Or are we partnering up with someone that can help us get more orders, sir?

Rajesh Doraiswamy

See, the addressable market is quite huge, definitely. I think this -- we have been telling in the con call -- previous con calls, many con calls. Out of the INR 25 crore meters, the addressable market is still close to INR 20 crores for the next two, three or four years. So that's the addressable market that we are looking at and targeting.

And as for your question of execution, yes, the market execution, people are finding it difficult. There are different challenges. However, I think, it is getting cleared and people are solving those challenges and trying to execute.

Darshil Jhaveri

Okay. Fair enough, sir. And sir, with regards to our other business that we are very bullish on, the charging business, could you just help us understand what's the outlook for that for the next year? Like, I understand this year we've partnered up, and we are trying to scale the revenue out there. But like, any color on -- is the business profitable yet? Is it -- what's the outlook that we can expect next year maybe? Even if you don't want to give a firm number, I understand. But sir, any like positive vision for us next year, because EV adoption is increasing. So, I just wanted to get your thoughts. Like, how do we increase our sale of charges, sir?

Rajesh Doraiswamy

The guidance for current year, whatever we have given is around 20%. I think we are continuing to grow at around 20%, 22%. And for the next year too I think we will continue to grow at the same level.

Darshil Jhaveri

No sir, I was specifically asking about chargers, our DC chargers, sir.

Rajesh Doraiswamy

DC chargers, yes, I think we are partnering with these ultrafast chargers and the market is growing. I think so far in this nine month we have sold close to around 100 chargers in the market. And we are trying to tie up with large charge point operators to see how we can scale up that business and increase the volumes.

Darshil Jhaveri

Okay, fair enough. And that's it from my side, sir. Thank you.

Moderator

Thank you. The next question comes from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

Rabindra Nath Nayak

Thank you for the opportunity, sir. Sir, my question regarding your -- you mentioned that the copper prices have gone up by 62% on a YoY basis. But if I see the quarterly numbers, the price of the revenue has gone up by 51%. So, does it indicate that we are having some lower volume this year?

Rajesh Doraiswamy

If you look at our wire and cable business on a YoY or a QoQ, even sequential quarter we have grown at around 25%. And this quarter, YoY, we have grown at around 50%. So if you look at the -- YoY figure, if you look at, on the 50% value, we have -volume wise we have grown by around 20%.

Rabindra Nath Nayak

Okay. And because you mentioned already copper prices have gone up by 62%, so that is what I'm asking.

Rajesh Doraiswamy

Not 62%. I just gave a number, but it has been gradually increasing from 800. Today, is around 1,300. Every month, there is a jump. So it is not a 62% jump from last quarter to this quarter.

Rabindra Nath Nayak

Okay. And secondly, if you see your geographical mix, it is quite possible that the North America business due to tariff issue has been muted, and Europe is actually contributing. But your Asian market particularly, it has actually sunk. So, can you please give some reason for this?

Rajesh Doraiswamy

Sir, overall, I think the export has been down in this quarter because of various reasons. I think the American market is one, and I think we have grown -- of course, in Europe we have grown. And Asian market, I think sequentially we have grown. YoY we are a little flat. But otherwise, sequentially, Asian market is doing well, Middle East also is doing well. [indiscernible 00:33:22] supplies are down. And that's what I said, this is an indirect export that we have been doing. So that is down because of the tariff reasons.

Rabindra Nath Nayak

Okay. No, sir, I'm just referring from your presentation, it is Asia excluding India is 13% last year in Q3. It has come down to 5.3% this year. So, whether the reason you are citing that the supply to the Asia, that is low, that is why revenue is down?

Rajesh Doraiswamy

So, you're looking at the percentage. As a percentage to the revenue you're saying, yeah, but if you look at the growth figures on the absolute numbers, that's what I was talking about. We have grown in the Asia YoY close to 20%.

Rabindra Nath Nayak

Okay, I appreciate it. So sir, regarding your guidance, you are saying that the copper has contributed significantly to this year, your turnover largely, majorly, because of the price increase you have taken. So you are saying that the next year you will go 20%. It means which segment you are looking at the growth would come, whether smart meter or the other sub-segment which you are having -- you are seeing the growth? Can you please highlight something on that one, please?

Rajesh Doraiswamy

The major growth for us is now coming from the industrial switchgear market, particularly the transformers and the control gears that we are making. We are seeing good demand coming in from these products and that is where we are seeing the growth coming in.

If you look at our share over the last few quarters, from around 50%, 50%-50% from wire and cable and the industrial switch gears, currently we are standing at around close to 60% revenue coming from the switchgear, and around 35%, 37% coming from the wire and cable. So that means more -- as we go forward, we will see the growth more -- higher growth coming from the switchgear market.

Rabindra Nath Nayak

But in the presentation, it's 55.7% sir, in Q3. It's again 60% last year.

Rajesh Doraiswamy

Yes, 55%. I think nine months if you see we are at around 57%, and wire and cable is around 37%.

Rabindra Nath Nayak

So, you mean to say the industrial switchgear will grow, because some copper -- also the copper must be contributing something to the growth of industrial switchgear also?

Rajesh Doraiswamy

I'm talking about the volume -- I am talking about volume growth, sir, not copper price growth.

Rabindra Nath Nayak

Okay. So, you mean to say the industrial switchgear is going to grow? That is the growth you are - based upon that we are giving guidance of around 20%?

Rajesh Doraiswamy

Correct.

Rabindra Nath Nayak

So, this 20% guidance you are giving in the volume or it is in the revenue guidance?

Rajesh Doraiswamy

I mean, of course, revenue growth, but we are definitely seeing volume growth also coming to the same level.

Rabindra Nath Nayak

Okay, 20%. Sir, what is the -- and also, again, I'm just -- one question on the smart meter side. What is the expectation for next year for smart meter? Can you please share? And which are the states you are looking at and where -- what is the potential? Can you give some light? I understand that this year may be a little bit disappointing, but next year, what is the guidance you are looking to see?

Rajesh Doraiswamy

Sir, I would like to refrain from giving a number for the smart meter's guidance, because that's where I think a lot of issues have happened in the past, because it was not explained.

I have already said several times that we have created a very good capacity, very good facility to produce a complete meter in-house, which I think only top players in the country has a facility like that, one.

Secondly, on which states we are looking at, I think we are looking -- we are talking to various AMISP's who have taken orders from Maharashtra, Andhra Pradesh, Gujarat, Punjab, Madhya Pradesh. These are some of the large states that we are talking to, including UP also to some extent. So these are the states that we are looking at. These are the customers we are talking to.

Rabindra Nath Nayak

But sir, your competitor efficiency, Zenith and HPL, they are doing well in this business. But what is the gap where you are -- according to you, for which we are not able to grow? Because Adani has a solution. They have already -- they've done a very good execution. But so far, what is the gap with we are finding according to you? Candidly, you can say that, that we can understand, that how to see this business in the future.

Rajesh Doraiswamy

It's only -- it's a problem for the new entrant. I think that is where we are seeing the issue. Because the HPL you mentioned, and Zenith also we see, I think they are all very old companies in the meter business. They have been in the meter sector for many, many years, and they are continuing to do the business.

For us, we are a new entrant in this business, and we are seeing all the difficulties and challenges any new entrant will face in a government-linked product. A product where the tender conditions are different, the customers are different. So we are facing those challenges and we are trying to solve them.

Rabindra Nath Nayak

Okay. So is there any difficulty in marketing, so that for the sales or marketing we are facing? Because it is overcapacity right now in the meter, so far as the meter is concerned. So how will you sell through this? Because you have already invested around close to INR 25 crores- INR 26 crores in this business. How would we address the gap going ahead?

Rajesh Doraiswamy

Sir, I mean, how would you address? I think we are doing whatever is possible by us to see how we can fill our capacity. I think that's what we are doing. So, there are several things that we are doing. We are hiring domain experts. We are having marketing people. We are visiting customers. There are different issues

for each customer that we are having and we are solving them. How will you do it? I think we are confident that we will do it. That's how -- that's what I can say at this moment.

Rabindra Nath Nayak

All the best for that. But conservatively, how much you can give for next year, you know ultra-conservative? Just where there are 2x sales or 3x sales, what you can expect for next year?

Rajesh Doraiswamy

Sir, as and when we get there -- I think, as and when we have the orders and we execute it, we will definitely inform the market. Right now, I refrain from giving any guidance.

Rabindra Nath Nayak

Okay. Thank you. All the best.

Moderator

Thank you. The next question comes from the line of Girish S, an individual investor. Please go ahead.

Girish S

Hello. Thanks for the opportunity.

Rajesh Doraiswamy

Yes, sir.

Girish S

I have a couple of questions. One is, have you taken any price hikes across any of our products? So that's my first.

Rajesh Doraiswamy

Yes. Price hike, we have done. I think we have done a very small price hike in the month of November. However, I think in February we are going in for a major price hike, because of particularly the silver price. I think silver also is a major contributor for our switchgear business. So the price of the silver as we all

know has gone up by close to 3x from where it was. So that has impacted our switchgear margins also close to around 2 percentage points (200 basis points). So we are going in for a price increase in the month of February and March.

Girish S

Okay. My second question is related to the data center market that will be coming up -- is already coming up in India. Do any of our products find its way into these data centers, especially hyperscale data centers?

Rajesh Doraiswamy

Yes, I think we -- some of our products are not directly going to the center, but indirectly we are supplying to customers who are making products for data centers; the transformers, inductors, and filters that we make, and wire harnesses. So, these are some of the products that find the market in the data center business. And we see that that's a major market. That's a good growing market where we see good demand coming in from. Data centers is one, and also the renewables.

Girish S

Okay. That was actually going to be my next question, that looking forward to this market, which is expected to be quite huge, how are we -- have you made any plans on the drawing board of how we are going to place ourselves for this big order, that is big market that is going to unfold?

Rajesh Doraiswamy

No, I think we have already identified data centers and renewables as a major growth market. I think, in our last call or even a call before last quarter we mentioned about this. We have already seen the outlook for the entire digital infrastructure growing at a very fast pace, and we are all set and ready to take advantage of this growth for whatever products that we have that can address this market, particularly the three-phase transformers and wire harness I mentioned.

Girish S

Okay, fine. I'll just put the same question in a different form. Like, if you're currently looking at the hyperscale data centers that are growing in U.S., there is a big -- there is a shortage of components and products, the way they are expanding. So I was trying to figure out, are we able to understand that how

we are able to place, so that we should not have any issues regarding our supply chain whenever those orders come in, so yeah.

I think you have answered. All the very best. That's all from my side. Thank you very much.

Rajesh Doraiswamy

Yes. I would also add a little bit more. I think the U.S. data center market was actually growing at a very high speed a few quarters away, ago. But in the last few quarters actually they have slowed down a little bit, I would say. But I think now maybe in the post April, we can see the demand coming up again. But right now, the U.S. data center market business is a little slow for us.

Girish S

Yes. That's what I'm trying to -- is it slow because of the supply chain disruption is what I've understood? It's become -- the market has become a bit slow because of the supply chain disruption or I don't know whether it's because of the new orders that are coming in.

Rajesh Doraiswamy

Okay. I mean, that's something that we -- I don't know. But overall, it slowed down a bit, and we expect this to get back again.

Girish S

Thank you, sir. Thank you very much for the opportunity once again, and all the very best.

Rajesh Doraiswamy

Thank you, sir.

Girish S

Thank you.

Moderator

Thank you. We have the next question from the line of Ankit Kapoor, an individual investor. Please go ahead.

Ankit Kapoor

Sir, actually most of my questions have -- already you have answered regarding smart meters and other product divisions. So my concern is only regarding the increasing debt. As I've already asked that question in last phone call, if you remember, that when are we planning to reduce our debt because it's increasing quarter after quarter and impacting our bottom line. So, my concern is increasing short-term debt that's impacting our balance sheet.

Rajesh Doraiswamy

So, if you look at our debt, I think we have been stable from March, not much of an increase. Whatever the short-term working capital that we have increased is only for our working capital, and particularly because of the smart meter. I think the increase in the debt is because of that. So once the smart meter starts running at a run rate that we expect, things will be normal, and we will start reducing the debt from there.

Ankit Kapoor

Sir, this quarter also, interest expenses as I -- if you see it's compared to last quarter and from last year also interest expense has increased significantly.

Rajesh Doraiswamy

Yes. But if you look at the sequential quarter, we are at the same level, sir. Compared to last year, yes, it is definitely up.

Ankit Kapoor

For next financial year can we expect reduction in debt for FY27?

Rajesh Doraiswamy

Next financial year, we will remain stable at this level, I think so. But once we start seeing the normal business continuing, then we will start reducing it.

Ankit Kapoor

Okay. And sir, what's the update on that, you received the patent for disconnecting and earthing device for high voltage activation? Any update on that product?

Rajesh Doraiswamy

It's a new innovative rotary switch that we have developed for more than 1,000 volt. Until now it was around 600 and 800 volts. So we have developed a switch that can withstand 1,000 volts, and this is a specific application for the railways. So, railways have been increasing the voltage levels from 600 to 800, now 1,000. So we have adapted to a product that can withstand 1,000 volts. So this is the first time that somebody has done a single switch that can withstand 1,000 volts in the rotary switch market, and that's where we have got the patent.

Ankit Kapoor

Okay. And then last question is just on behalf of minority shareholders, but just to boost the sentiment, can management consider some inherent dividend or a bonus issue to boost the minority shareholders' sentiments? It's a request from my side. Thank you.

Rajesh Doraiswamy

Definitely consider that. Thank you for giving the inputs from you.

Ankit Kapoor

Thank you.

Moderator

Thank you. The next question comes from the line of Kishore Jasotani, an individual investor. Please go ahead.

Kishore Jasotani

Hello sir. Sir, I have two questions. One is regarding the LOI you talked about in the last quarter, the INR 30 crore LOI for smart meter. Sir, what is the progress on that front? And another question is, sir, you talked about 20% growth in some segments of our business. So sir, on a blended level, can we maintain

20% growth without the smart meters? And what will be the blended EBITDA margin on that in the next year, in the FY27?

Rajesh Doraiswamy

All the growth projections that we are giving is excluding smart meters. So, as a company we will definitely be growing at around 20% for the financial year FY27. So that's the target that we have, and we are confident that we will be able to achieve a 20% growth at the company level, excluding smart meters.

Kishore Jasotani

And sir, blended EBITDA margins?

Rajesh Doraiswamy

Blended EBITDA margins, I think we are, we should be able to do close to around 9.5%, 10% for FY27.

Kishore Jasotani

And sir, the LOI of INR 30 crores, sir, what happened to that?

Rajesh Doraiswamy

The LOI is still -- I think the order is still there, and LOI also is still there. We are waiting for certain clearances from the customer and the DISCOM to continue that execution.

Kishore Jasotani

Okay. And sir, when we talk to the other players in the smart meters industry, I understand that you are a new player, but HPL and others talked about things improving on the ground. So sir, can we expect, like with quarter or two quarters things will improve, things will start improving for us as well?

Rajesh Doraiswamy

I also mentioned that things are improving, things are getting better. So we will definitely see some kind of a change and order inflow for this division for us.

Kishore Jasotani

Okay, sir. Thank you. All the best.

Rajesh Doraiswamy

Thank you, sir.

Moderator

Thank you. The next question comes from the line of Navneet Bhaiya, an individual investor. Please go ahead.

Navneet Bhaiya

Hi. My questions are answered, so I have no further questions. Thanks.

Rajesh Doraiswamy

Thank you, sir.

Moderator

Thank you. The next question comes from the line of Devashish Shroff, an individual investor. Please go ahead.

Devashish Shroff

Hello, sir. My name is Devashish, and I want to ask that, what will be your full year of FY27 growth plan will be?

Rajesh Doraiswamy

So, I think we've -- as I mentioned, I think the sectors, particularly the industry of switchgear sector is seeing a good demand, and lot of products that we have in that segment is seeing good demand, like

three-phase transformers, single-phase transformers, wire harness, and some control gears. So that's why we are giving a guidance of around 20% growth for FY27, excluding smart meters.

Devashish Shroff

And sir, is it innovating any new products or something?

Rajesh Doraiswamy

Sir, that's something that's always on the table. We continue to develop new products. We continue to develop new technologies, enter into new technologies. So that's the constant process, but nothing significant or immediate for us to tell to you right now.

Devashish Shroff

Okay, sir. Thanks.

Moderator

Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Rajesh Doraiswamy, Joint Managing Director, Salzer Electronics Limited, for closing comments.

Rajesh Doraiswamy

Thank you. Once again, thank you all for your interest. I can understand the kind of information that you need from the company, particularly on the smart meters. I think that's a concern that every investor and shareholder has. I think we are working -- once again, I would like to assure that we are working hard to see how we can scale up every business that we have invested in. So with that assurance, I would like to thank you all once again for taking interest and joining us today. I look forward to talking to you again in the next quarter. Thank you.

Moderator

Thank you, sir. On behalf of Aditya Birla Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.