

Date: 04th June, 2019

To

Listing Department,
The National Stock Exchange of India,
Exchange Plaza, C-1 Bandra Krla Complex,
Bandra (E), Mumbai- 400051,
NSE Symbol: SALASAR

Department of Corporate Services,
The BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001,
BSE Scrip Code: 540642

Sub: Transcript of Conference call held on May 29, 2019

Dear Sir/Madam,

Pursuant to Regulation 30 (Listing Obligations and Disclosure Requirements) Regulation, 2015 enclosed herewith the transcript of conference call held on 29th May, 2019 and information asked during con call, enclosed as reply of con call queries, for your record and further dissemination.

Thanking you,

For Salasar Techno Engineering Limited


(Rahul Rastogi)
Company Secretary & Compliance Officer

SALASAR TECHNO ENGINEERING LTD.

Works : Unit-I : Khasra No. 265, 281- 283, Vill.- Parsaun- Dasna, P.O.- Jindal Nagar, Distt. Hapur- 201313 (U.P.)

Ph. : +91 8938802180 / 7351991000 Fax : +91-11-45823834

Unit-II : Khasra No. 1184, 1185, Vill.- Khera, P.O. Pilkhuwa, Teshil Dhaulana, Distt. Hapur- 245304 (U.P.) Ph. : +91 8938802184

Office : KL - 46, Kavi Nagar, Ghaziabad-201002 (U.P.) Ph. :+91 120 - 6546670, Fax : 91 - 11 - 45823834

CIN No. L23201DL2001PLC174076 E-mail : towers@salasartechno.com Website : www.salasartechno.com

An ISO 9001:2015, 14001:2015 & 18001:2007 CERTIFIED COMPANY

Regd office : E - 20, South Extension - 1, New Delhi - 110049



**“Salasar Techno Engineering Limited Q4 FY19
Earnings Conference Call”**

May 29, 2019

**MANAGEMENT: MR. SHASHANK AGARWAL – JOINT MANAGING
DIRECTOR
MR. PRAMOD KALA – CHIEF FINANCIAL OFFICER**

Moderator: Ladies & gentlemen, good day. And welcome to the Salasar Techno Engineering Limited Q4 FY19 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These states are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a remainder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shashank Agarwal – Joint Managing Director. Thank you and over to you, sir.

Shashank Agarwal: Thank you everyone, and good afternoon. Welcome to Salasar Techno Engineering Limited’s Earnings Conference Call for the Fourth Quarter and the Full Year ended 31st March 2019.

I would like to begin by expressing my gratitude to all of you for taking this time to join us today. On the call with me is Mr. Pramod Kala – Chief Financial Officer of the company, and Bridge IR, our Investor Relations team.

Before we get into the financials and business performance for the quarter, and the full year ended 31st March, 2019, I would like to start by giving you a short overview about the company.

Our journey began in 2006 as a telecom tower manufacturer, and over the years we have successfully diversified our business into other verticals, expanding our operations in various parts of India. Since inception we have supplied more than 25,000 telecom towers of various designs to all leading telecom players, and we share a very good business relationship with each one of them.

Our technical collaboration with Ramboll, a Danish company, has enabled us to emerge as one of the key players in manufacturing and fabrication of telephone towers. This collaboration has helped us provide our customers with better designs and less bulky towers. We are a preferred telecom vendor and tower suppliers today for all major telecom companies and enjoy a sizable share of the market.

Our total installed capacity today stands at 100,000 metric tons per annum and our offerings include steel fabrication and infrastructure solutions for telecom towers, transmission line towers, substation structures, solar module mounting structures. We also manufacture and provide utility poles to our customers for different uses, such as high-mast poles, smart-city

poles, the stadium-lighting poles, flag-mast and other lighting poles. We are also an approved vendor for Power Grid Corporation of India Limited.

Primarily, our business can be classified into four verticals. Number one is telecom towers, number two is transmission which can further be divided into EPC projects, turnkey projects, railway track electrification and supply of rural structures to other contractors for the similar projects. Number three is solar module mounting structures. Number four is poles which include high-mast poles, smart-city poles, lighting poles and other utility poles.

We are also an approved vendor for Central Organizing for Railway Electrification, that is CORE, to supply track electrification structures to other EPC contractors. Our company is gearing up to sharpen its focus on railway electrification and intends to increase bidding for sub projects.

We have already started building capacities and training our manpower to handle all railway related projects. The sector continues to witness uptick in both orders and execution, and we expect growth to remain strong and gain further pace with increased participation opportunities.

We have constantly innovated to provide efficient solutions. Our excellent execution capabilities have helped us gain the trust of our clients, which is quite evident from our strong repeat orders from all our clients.

Also, I am happy to share that during the year, the Salasar has been bestowed upon with two of the highest accolades at Indus Towers' Annual Partner meet held at Gurgaon, the Gold Award which is the top award among the category of towers and we have been given that top award in the infrastructure sector. And the Platinum Award, which is the Partner of the Year 2018-19, which is the highest and the most coveted award that Indus bestows upon any partner among fraternity of almost 400 partners across all product categories. So, that's a matter of proud for us.

These awards are testimony to our company's determination to provide the best services to its customers. Customer satisfaction has been and is our first and foremost goal. This year again, we continue to remain committed to meet our target of zero defects, always on time delivery and timely project execution at sites and in most ethical business practices.

Just to give you a little knowledge about Indus Towers. Indus Towers is one of the largest tower company, having 136,000 towers on ground, which is the largest company in terms of tower holding outside China.

Coming to the consolidated financials for the quarter and the full year ended 31st March, 2019. These numbers are in line with India Accounting Standards, i.e. IndAS guidelines

Financial highlights for the fourth quarter. Focus has always been on improving overall business, which can be seen in our performance. The company registered revenue of Rs. 187.6 crores with a year-on-year growth of 28% from Rs. 147 crores in the same quarter last year. The growth has been driven by a combination of increase in execution of orders and higher volumes.

The EBITDA was at Rs. 23.3 crores for Q4 FY 19, an increase of 45% as compared to over Rs. 16 crores in Q4 FY18. And it was mainly driven by higher revenue and better utilization of resources. That EBITDA margin increased by 150 bps in quarter four FY19 at 12.41% as compared to 10.91% in Q4 FY18. Profit after tax was at Rs. 10.2 crores in this quarter as compared to Rs. 9.5 crores in Q4 FY18, a growth of about 6.5%. Q4 FY 19 basic EPS stood at Rs. 7.66.

Coming to the financial highlights for the full year FY19. FY19 revenues stood at Rs. 654.9 crores with a year-on-year growth of 32.4%, compared to Rs. 494.7 crores in FY18. The growth has been on account of timely execution of orders across all segments and also from supply infrastructure for railway electrification that was started during this financial year.

Our EBITDA stood at Rs. 73.4 cross, representing a growth of 35.8%, compared to Rs. 54 crores in FY18, the increase in an account of operational efficiencies and higher capacity utilization. Our EBITDA margin in FY19 was at 11.2% against 10.92% in FY18, an increase of 28 basis points. The profit after tax was Rs. 33.3 crores versus Rs. 29.6 crores in FY18, representing a growth of 12.3%.

Overall, we see good demand in the industry. And our focus remains on increasing our market share and providing quality product and services to our clients. With a very competent team in place, we are confident of achieving these milestones we have set for ourselves.

Basically, this is all from our side now. And I would like to once again thank you everyone for your time and attention. And we are ready to take questions now.

Moderator: Thank you. Ladies & gentlemen, we will now begin the question and answer session. The first question is from the line of Ankit Merchant from SMC Global Securities. Please go ahead.

Ankit Merchant: Sir, a few questions, one is related to your order book. Can you share some light on the order book? Second is, how is the current debt? And third question is related to your working capital, can you share some light on the working capital also? Thank you.

Shashank Agarwal: Okay. So, the order book, the pending order book for EPC at the moment is Rs. 250 crores, which is for the projects which are running, which are in the execution mode. And we also have about Rs. 110 crores of orders wherein we are L1 and we will get the purchase orders or the letters in some time. Other than that, for the manufacturing order book, we have about Rs. 90

crores of orders pending from Reliance. And other than Reliance we have some Rs. 20 crores orders from other customers which we have confirmed in hand. And as you know the tower industry, the orders other than Reliance come on a monthly basis, on a very periodical basis, which is bound to repeat every month. So, confirmed orders in hand if you'd say, we have some Rs. 250 crores which is being executed on EPC, about Rs. 100 crores wherein we are L1 and we are likely to get the orders in few days or a couple of weeks' time. And about Rs. 110 crores of manufacturing order from Reliance and other telecom operators, and some other poles and lighting masts.

As far as the debt is concerned, working capital debt of Rs. 140 crores. As such, we have never had any long-term debt. So, as on 31st March we had Rs. 140 crores of working capital limits with the bank from SBI and HDFC.

Ankit Merchant: Sure. Sir, then for the year coming, for FY20, then what would be our top-line target which you could be looking at?

Shashank Agarwal: See, our internal target is... See, we will try and grow by at least 15% to 20%, there is a every chance that we might grow even beyond this. But this is something minimum we would like to achieve. I mean, considering that there is a stable government at the center, and the focus of the government is going to be infrastructure in the coming years. And we are expecting a lot of projects and spending happening in the coming months and the coming years. So, 15% to 20% is something which is the minimum we would like to achieve, it could be even more.

Ankit Merchant: And which segment will grow faster, will it be the telecom segment or will it be the EPC segment?

Shashank Agarwal: We are limiting ourselves in EPC to about 20% to 25% of our total turnover for the simple reason that the working capital cycle becomes a little longer. So, the growth would come partly from telecom and some growth I am expecting more growth in terms of percentage coming from railways, wherein we will be supplying a lot of structures to our own projects in railways, plus to other contractors like L&T and Tata Projects and Kalpataru, and other companies who are doing railway electrification projects. So, this year actually we started railway only in this financial year, the supply your structures I mean. And we have done about Rs. 50 crores of sales in this year, which I am expecting to almost double in the coming year.

Moderator: Ladies & gentlemen, the current participant has gone off the queue. The next question is from the line of Jehan Bhadha from Nirmal Bang Securities. Please go ahead.

Jehan Bhadha: Sir, my question is on railway electrification. So, I think according to government targets, over next three years the entire electrification process will be done. So, I mean, in terms of opportunity size, isn't that... like what happens after that? I mean, so within railways what is our strategy to grow? What if this gets exhausted over next three years?

- Shashank Agarwal:** Three years is still a long time. I don't really think that the amount of work which has to be done in the railways can be done in three years. Even today I think more than 40% of the railway tracks are not electrified, they are running on diesel. So, I really doubt if it can be achieved in three years, in fact, India doesn't have so much of resources that if you put together everything and we are able to complete that within three years. I am not sure where this is coming from, how do you say that it's going to be completed in three years, I am not sure.
- Jehan Bhadha:** Yes. So, there is actually a document prepared by CRISIL which says that by 2022, like that is the plan as of now. Yes, but obviously government delays will be there.
- Shashank Agarwal:** Yes.
- Jehan Bhadha:** Sir secondly, any other areas that we are eyeing beyond what you discussed in your opening remarks for growth or entering any new segments?
- Shashank Agarwal:** See, we are there in mostly every sector, we are in fabricated or galvanized structures can be used, except for the crack-barriers business which is like on the highways, side guards, except for that business we are almost there in every segment. And that segment in particular has a lower EBITDA margin. So, we have restricted ourselves to not get into that. We might get into that if we have some excess capacity available. As of now, whatever capacity we have we are trying and optimizing it for the existing sectors only. So, we will try and concentrate on the existing sectors wherever we are working at the moment.
- Jehan Bhadha:** And sir for this quarter particularly, the EBITDA margins were pretty high, so any particular reason?
- Shashank Agarwal:** See always what happens in Q4 there is always a manufacturing pressure because the customer has its own targets to achieve and they push us to manufacture more and dispatch more. So, if you see...
- Jehan Bhadha:** Basically, operating leverage.
- Shashank Agarwal:** Yes, operating leverages and operational efficiencies, plus we also got some advantage for some raw material prices during the fall in February.
- Jehan Bhadha:** Sir, nothing to do with the product mix change?
- Shashank Agarwal:** No, nothing as such. It's basically mainly because of operational efficiency.
- Jehan Bhadha:** And on telecom front if you can throw some light, I mean, can this telecom revenues continue to grow at 20% for next two, three years, just some color if you can provide.

- Shashank Agarwal:** See, telecom is one of the most unpredictable industries, in the sense that you never know what's going to happen tomorrow. But if you go by the numbers which are being projected by the industry, we might grow even more than 20% in telecom, because there is a huge opportunity in terms of 5G, which is knocking on our doors in early 2020, or later this year, which would require lot many structures, not particularly towers as such, but there will be lot many other structure, maybe lighter structures if you really want to cover the whole country. It all depends how the government allocates the spectrum for 5G and how the operators and tower companies decide to spend on 5G rollouts. The opportunity is huge, it is big. It all depends on the government policies, how fast and how soon they want it to be rolled out all over the country. Even today 4G is not connectable in many parts of the country, you go 100-200 kilometers out of the city center, and you are out of 4G as such. So, even in 4G a lot of coverage has to be done, a lot of structures have to be put up, a lot of monopoles have to be put up. Similarly, 5G presents a huge opportunity. But all said and done, it is always a very unpredictable industry. Unpredictable in the sense that we have actually grown more than what we had expected, not the other way around.
- Jehan Bhadha:** Okay. And what if the 5G deployment takes time regarding spectrums, so is there space enough in 4G to grow for next two, three years?
- Shashank Agarwal:** Oh, yes, of course.
- Moderator:** Thank you. Next question is from the line of Ashutosh Garud from Avendus Wealth. Please go ahead.
- Ashutosh Garud:** Sir, can you give me the order book number once again, I just missed it.
- Shashank Agarwal:** See, order book, the one which is under execution for EPC is about Rs. 250 crores, and we have Rs. 110 crores of L1 confirmation wherein we are L1 for Rs. 110 wherein we are going to get the confirmations and orders in next maybe a couple of weeks or three weeks. And other than that, from manufacturing side we have about Rs. 110 crores of orders confirmed in our hand.
- Ashutosh Garud:** On a confirmed level it is basically Rs. 360 crores?
- Shashank Agarwal:** Rs. 360 crores of EPC and...
- Ashutosh Garud:** Without the L1.
- Shashank Agarwal:** Yes, without L1, of course.
- Ashutosh Garud:** Okay. So, what was this same number last year same quarter?

- Shashank Agarwal:** I won't remember that, but it should have been somewhere in the range of about Rs. 300 crores, I am not sure about that, I don't remember that number.
- Ashutosh Garud:** And on Q-on-Q, let's say Q3 FY19?
- Shashank Agarwal:** I won't have that figures readily available in front of me, but that can be sent to you.
- Ashutosh Garud:** Sir, just wanted to understand that we have seen a couple of soft quarters in September ended and December ended, if you see on top line front those were soft. So, is this Q4 result as a result of delayed execution which has come together in Q4?
- Shashank Agarwal:** Partly yes.
- Ashutosh Garud:** Okay. And how do you see the next year, going and going into FY20 do you think that it would... be because as you mentioned, apart from maybe Reliance not many are going on for this telecom expansion per say.
- Shashank Agarwal:** No, I never said that. Everyone is going into expansion; Reliance is of course the major force. But just remember one thing, when one telco or one operator is spending on infrastructure, the others cannot be behind, they have to match up. See, the scenario today is that there are going to be only four operators in this country, one is Vodafone-Idea, one is Airtel, Reliance and the fourth is BSNL. So, it is like for them to cover the whole country and get the maximum benefit out of it. So, they have to have the best infrastructure. Vodafone-Idea, which was not spending last year because of their merger procedures going on, they have already started making inquiries now for their further expansion.
- Ashutosh Garud:** So, what sort of growth on total order book and total revenue front are you looking at for the next year?
- Shashank Agarwal:** See, we are eyeing minimum of 15% to 20%, it could be even more, it all depends on how telecom sector unfolds and how railway sector unfolds, how this government is focused and how soon they want the infrastructure sector to grow. That will also play a major part, like we are doing in railways, we are trying to double our capacity and we are trying to double our revenue from railway sector this year compared to last year. But, if there is a pressure from the government and pressure from the other EPC contractors to produce more, probably we could even more than double it.
- Ashutosh Garud:** And how much of this Rs. 360 crores order book is from telecom?
- Shashank Agarwal:** Rs. 110 crores.
- Ashutosh Garud:** And sir, on the working capital front how do you see that panning out going ahead, because last three, four quarters we have seen this interest cost piling up on your P&L and eating into your

PAT growth. So, how do you see this shaping going ahead? And how much of it was there anything to be linked with the NBFC crisis or any funds liquidity?

Shashank Agarwal: No, we have got nothing to do with the NBFCs or anything. See, the simple math is that from Rs. 497 crores we have grown to Rs. 650 crores, that's almost 32%. And the interest outgo is Rs. 6.46 crores versus 10.35% crores, this year we have paid interest to the bank about Rs. 10.35 crores, whereas last year it was Rs. 6.46 crores. Last year the borrowings were Rs. 104 crores, this year its Rs. 145 crores. And the bank charges actually increased from Rs. 63 lakhs to Rs. 2.47 crores because of BG and LC charges. So, that has been the major contributor to the increase in finance costs. Plus, we must also understand here that last year when the IPO came we had that IPO money lying in our account for some time so that the interest cost paid to the bank was much less compared to this year. So, I mean, if you see percentage wise, the finance cost versus the turnover compared to our peer group, probably we are in one of the best situations.

Ashutosh Garud: So, do you mean to say this Rs. 5 crore kind of a run-rate will continue?

Shashank Agarwal: Rs. 5 crores per quarter you mean?

Ashutosh Garud: Rs. 5 crores quarterly run rate of interest cost should more or less come down from there?

Shashank Agarwal: Yes.

Moderator: Thank you. The next question is on the line of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: Sorry, I joined the call a tad late. Just trying to understand, just an extension of the question from the previous caller. Now considering the improvement and revenue traction you are guiding for, which is 15% to 20%, and considering the fact that you will have some internal accruals in this period, are you saying that your cash flow projection waterfall is still Rs. 5 crores in interest cost over the next four quarters or will that go up in conjunction with this 15% to 20% revenue growth that you are talking about?

Shashank Agarwal: I think it should rather reduce, I mean, Rs. 5 crores are something which is the highest cap we are putting into it. There is no reason that that should go up.

Baidik Sarkar: Okay. So, probably we are at peak finance costs as we speak?

Shashank Agarwal: Yes, I mean, of course the finance cost would increase in the ratio of our top-line probably.

Baidik Sarkar: So, that's what I am trying to clarify on the absolute amount of it. Obviously there will be internal accruals and you plan to grow at 20%. So, from an absolute perspective, I think what you see for just, it will drop from absolute perspective?

- Shashank Agarwal:** Yes.
- Baidik Sarkar:** I mean, if you want to take a minute and answer that's perfectly okay. But, that was important to answer that. Okay. And in terms of your order book that you mentioned, you said to Rs. 250 crores from EPC and Rs. 110 crores in manufacturing, by manufacturing did you mean railways or for telecom or both put together?
- Shashank Agarwal:** It is mainly telecom and railways.
- Baidik Sarkar:** Okay. So, over the last quarter what was your telecom revenues per say, and for the entire year what was your telecom revenues?
- Shashank Agarwal:** Telecom revenues have been, I think, close to around 60%. Just a minute, I have those numbers.
- Baidik Sarkar:** Give me the absolute numbers please.
- Shashank Agarwal:** I think railways was close to Rs. 50 crores, telecom was Rs. 397 crores.
- Baidik Sarkar:** And what was the previous year's figure for telecom in FY18?
- Shashank Agarwal:** FY18 telecom would have been Rs. 265 crores.
- Baidik Sarkar:** Okay. So, obviously, that's a good growth of 50%. Is there a risk of, again, taking on from the previous callers, what is the best-case growth scenario in telecom is concerned? I understand you have a quarterly offtake and your visibility reduced to just a quarter, but where would pick an absolute number for telecom for this quarter?
- Shashank Agarwal:** In this quarter, in this particular quarter?
- Baidik Sarkar:** No, I mean for this year 2020.
- Shashank Agarwal:** See, I think, not less than Rs. 400 crores. Of course, say would say that you have already done Rs. 397 crores to Rs. 400 crores, it is something which nothing you are giving guidance, but I think it could be anything between Rs. 400 crores to Rs. 450 crores.
- Baidik Sarkar:** Okay. So, which is almost a flattish outlook?
- Shashank Agarwal:** On telecom, yes. Because we are almost in terms of telecom, we are there almost at I would say maybe 75%, 80% of the capacity. Though we have added some new products to our kitty, and that might give us some extra revenue of some Rs. 25 crores, Rs. 30 crores this year, but I think it should be anything between Rs. 400 crores to Rs. 450 crores.

- Baidik Sarkar:** Okay, so railway is Rs. 50 crores, telecom is Rs. 397 crores and the other segment would be which ones?
- Shashank Agarwal:** Let's say railways Rs. 250 crores... no, you are talking about the current number or the guidance?
- Shashank Agarwal:** Both, if you could just give the current number first and then we talk about the guidance.
- Shashank Agarwal:** Current number for telecom was Rs. 397 crores, railway was Rs. 50 crores, and others which include transmission line towers and everything else, which includes the poles and everything, it's about Rs. 90 crores or something.
- Baidik Sarkar:** Sorry, I just missed that number, transmission lines and everything was how much?
- Shashank Agarwal:** About Rs. 90 crores.
- Baidik Sarkar:** Is there another segment, I think there is some other segment, right?
- Shashank Agarwal:** No, I mean that includes almost everything. Transmission includes poles also, the transmission line poles and the lightning poles also. So, some Rs. 540-odd crores is from manufacturing.
- Baidik Sarkar:** And where would you peg railways and transmission next year, 20?
- Shashank Agarwal:** Railways, from 50 crores to anything between Rs. 90 crores to Rs. 100 crores. And telecom, anything between Rs. 400 crores to Rs. 450 crores. And probably this Rs. 90 crores could go... see basically this Rs. 90 crores is part of some of the supplies which we supply to our own EPC projects, the manufacturing, here we are talking about the manufacturing only. So, it could be, again, an increase of 10% to 15%, maybe Rs. 100 crores, Rs. 120 crores.
- Baidik Sarkar:** Because your consolidated revenues for this year is about Rs. 654 crores, so I think in your previous years number we still are missing some segment. What you have given adds up to just Rs. 540 crores.
- Shashank Agarwal:** Yes, so Rs. 113 crores from the services. That includes the EPC services, the tower installation services and bought items which we buy from through the trading numbers, I mean, the trading items which we buy from outside to complete the EPC projects.
- Baidik Sarkar:** So, the transmission number, what's the best case you said that will go to?
- Shashank Agarwal:** In terms of manufacturing?
- Baidik Sarkar:** Yes, in terms of manufacturing.

- Shashank Agarwal:** Anything between Rs. 100 crores to Rs. 120 crores/.
- Baidik Sarkar:** And the EPC number?
- Shashank Agarwal:** EPC number would be something around Rs. 150 crores, the services number.
- Baidik Sarkar:** And in terms of pricing, do you have any operating leavers to improve on your pricing or would you recommend the blended average for 2019 is the best possible scenario for 2020? And is there a risk to that margin?
- Shashank Agarwal:** See, there will not be a risk to the margins overall, but pricing scenario would depend on the raw material prices. In telecom, especially because the prices are revised every month or every quarter. So, if the raw material prices go up probably they will be revised upwards otherwise the other way round. But in case of transition EPC projects, we have fixed prices there. So, there will not be much of a difference there.
- Baidik Sarkar:** Okay. And CAPEX guidance for this year?
- Shashank Agarwal:** We haven't planned any CAPEX for the year.
- Baidik Sarkar:** Okay. And our blended the tax rate should be equal to what we have seen last year?
- Shashank Agarwal:** More or less, yes.
- Moderator:** Thank you. Next question is from the line is Kalpesh Gothi from Valentis Advisors Private Limited. Please go ahead.
- Kalpesh Gothi:** Sir, the last concall you said about there is some payment issue in the EPC contract that's why we have slowed down our EPC execution. So, what is the current status?
- Shashank Agarwal:** It is better now, we have recovered quite a bit. And the reason that we are limiting ourselves to about 20% in EPC of the total top-line is because that we don't want to increase much on the working capital cycle. And being government projects, the working capital cycles are sometimes very unpredictable sometimes, related to political decisions and things like that. But now, a very stable government being at the center, I think the things are going to improve. And as such, the project which we are doing, we are now more or less comfortable in terms of our payments as such, there is nothing that we feel that is stuck.
- Kalpesh Gothi:** But if you see your debtors is still high?
- Shashank Agarwal:** Yes.
- Kalpesh Gothi:** So, do you expect for the next year the debtors will remain at the same level?

- Shashank Agarwal:** See, may be a few days here or there, we are actually focusing on reducing the debtors. But somehow this year we have not been able to, but of course the focus is to reduce the debtors and collect as much as money as possible from the EPC projects.
- Kalpesh Gothi:** What was the CAPEX figure for this year?
- Shashank Agarwal:** We have not done any CAPEX, nothing significant.
- Kalpesh Gothi:** No, for FY19, what was the CAPEX?
- Shashank Agarwal:** No, there was no CAPEX as such.
- Kalpesh Gothi:** So, that was maintenance CAPEX.
- Shashank Agarwal:** Yes, some addition of cranes and some extra machinery for the routine extra production, maybe improving infrastructure.
- Kalpesh Gothi:** So, what is your take on the telecom segment, for the past six months you are expecting the order inflow from telecom will go to come in FY20 also. So, I think what is the current order book from Jio?
- Shashank Agarwal:** Jio, we have pending order of about Rs. 90 crores to be executed. And from others we have around Rs. 20 crores, plus we have orders from railways. Telecom as such looks quite positive to me. I mean, I have been always bullish on telecom, though some people have countered it by saying that the growth might not be there, but we have continuously grown in telecom sector. And even today I feel the same. I am still very bullish on telecom, especially the way we are placed with the customers, we are in a very good position wherein we are... probably today we are the only company which is present in every kind of a structure which is required for a telecom site, it could be a tubular tower or an angular tower or a smart pole or a mono pole or a slip-joint pole or a flange-joint monopole or ground based mono pole or a smart pole, or a rooftop pole, or a cell-on-wheels, complete solution for any telecom company. So, I am still very bullish. In fact, rather, this year only in FY20 we have started a new product which is cell-on-wheels which is a good product and it is being taken by the customers' very well, it has been received by the customers very well.
- Kalpesh Gothi:** So, what is your telecom growth expectation for FY20?
- Shashank Agarwal:** As I said, anything between 10% to 20%.
- Kalpesh Gothi:** But still if you compare with the historical growth, it is less.
- Shashank Agarwal:** See the base today is about Rs. 400 crores, right? Earlier base was Rs. 250 crores.

- Kalpesh Gothi:** So, are we expecting any order from Vodafone?
- Shashank Agarwal:** Yes, we are in talks with them. See, what has happened is, Vodafone-Idea they do only very little work on their own, they basically are operators. So, they are not putting many towers on their own, they give it to either Indus Towers or American towers or Tower Vision or Bharti Infratel. And these are basically tower cos are the ones who are putting more towers than the operators. Operators are putting very specialized kind of small poles in some area. So, the volume coming directly from Idea-Vodafone is not much, it could be very small quantity. But of course, indirectly they are customers because they are leasing sites from Bharti Infratel or Indus Towers, whom we are supplying towers to them.
- Kalpesh Gothi:** Okay. And sir how was your first two months of FY20? Do we expect slow down because of elections?
- Shashank Agarwal:** No, because of elections, no. We have had a decent run for two months, and of course there is some billing to be done for the EPC, but otherwise manufacturing wise we are pretty decent.
- Kalpesh Gothi:** And how the raw material price?
- Shashank Agarwal:** Raw material prices are more or less constant for last couple of months, or other three months. So, not much of a change.
- Moderator:** Thank you. The next question is from the line of Apoorva Mehta from AM Investments. Please go ahead.
- Apoorva Mehta:** Sir, just wanted to ask in telecom side we are at Rs. 400 crores, railways are about Rs. 50 crores, transmission was Rs. 97 crores and EPC what we are seeing we have an order of Rs. 250 crores, and we have transmission order of Rs. 110 crores. So, that Rs. 250 crores will be executed in this year or how would you see that?
- Shashank Agarwal:** See basically this Rs. 250 crores is going to be completed the next 18 to 20 months.
- Apoorva Mehta:** And Sir, we had one huge debtor which was there of close to Rs. 70 crores, Rs. 80 crores, Rs. 100 crores of debt coming from a single client.
- Shashank Agarwal:** Yes.
- Apoorva Mehta:** So, how is that, where is that likely to get in next three months?
- Shashank Agarwal:** See that project is going to get over in the next two to three months wherein we have to do a billing of about Rs. 40 crores odd more. And we have been able to recover some amount, I mean, good amount of money in March. I think all the PVNL amount should be recovered in next six months once we complete the order.

- Apoorva Mehta:** So, next year what you are telling is Rs. 450 crores from telecom and railways will contribute how much?
- Shashank Agarwal:** See, telecom would be anything between Rs. 400 crores to Rs. 450 crores and railway should be anything between Rs. 90 crores to Rs. 100 crores.
- Apoorva Mehta:** And EPC and others will be others that would be there?
- Shashank Agarwal:** EPC would be close to Rs. 150 crores, anything between Rs. 140 crores to Rs. 150 crores.
- Apoorva Mehta:** So, roughly if we see the current run rate of Rs. 187 crores of turnover which we make 12% margins, that will be the run-rate for the next three quarters also because we want to increase...? Because see, if you are telling that operational sales is there that's why we had a better 12% margin, so.
- Shashank Agarwal:** See, every quarter is not the same, this quarter we have had a good run because Q4 is the best quarter in terms of dispatches, in terms of the operational efficiencies. But, of course, I am not guiding you for the quarter wise, but of course we have been guiding you for about 11% EBITDA overall year-on-year basis which we have achieved, right. So, we will keep on growing, we will keep on trying to deliver as best as possible. But it will not be right for me to comment on the future EBITDA margins.
- Apoorva Mehta:** But normally what will be there, telecom is always a lower margin business were we would like to grow a little slower this year, our guidance is it is slower where we are guiding only 10% growth.
- Shashank Agarwal:** Right.
- Apoorva Mehta:** And others which will be growing much faster where the EBITDA margins are better than telecom.
- Shashank Agarwal:** See, the reason for growth is not only the margins, it is also the opportunity available. Railways the opportunity available is much bigger compared to the telecom, because telecom already we are on a Rs. 400 crores base. Wherein in railways we are only at a Rs. 50 crores base. So, if you say that I have to double my telecom business, it will be almost impossible to achieve. So, the base in telecom is higher, is much bigger compared to the base in railways.
- Apoorva Mehta:** So, my point was that if we grow a little slower in telecom, maybe 10% or so, our margin should include because other business will have a better margin?
- Shashank Agarwal:** See, overall the margins in telecom also vary from customer to customer. And it's a mix of margins. So, of course, sometimes railways have better margins, sometimes telecom have better margins, it all depends.

- Apoorva Mehta:** Okay.And sir, this Rs. 140 crores debt will be your peak debt for next year?
- Shashank Agarwal:** No, I think there will be
- Apoorva Mehta:** ifwerecovermoney,we have money stock of maybe Rs. 100 crores or Rs. 70 crores or Rs. 80 crores, whatever you had taken last time.
- Shashank Agarwal:** So, the utilization should be in the similar range, but we will try and keep it with the banks, that we take some little extra available limits with them. But we'll try and keep the debt as minimum as possible. But you know, if we are increasing our turnover by 15% to 20%, probably the utilization at some point in time might also increase a bit. May peak up for few days and then it can come back again. So, anything between Rs. 150 crores to Rs. 160 crores should be something which should be reasonable.
- Moderator:** Thank you.The next question is from the line of Ashutosh Garud from Avendus Wealth. Please go ahead.
- Ashutosh Garud:** Just wanted to understand when you are talking about this Rs. 5 crore interest cost in line with yourgrowth in the revenue and IPO funds not being available and working capital going up,so it would be safe to assume if we grow on 15%, 20% in the future?This interest costwill also increase in the similar kind of promotion, right?
- Shashank Agarwal:** See this year it is not Rs. 5 crores, the total finance cost this year is about Rs. 16.5 crores. Only in fourth quarter it is something which is Rs. 5 crores wherein we have achieved a turnover of Rs. 187 crores. So, yes, I mean, if we are doing a turnover of Rs. 750 crores to Rs. 760 crores, probably Rs. 20 crores is the maximum finance cost which we will incur.
- Ashutosh Garud:** Because if you see in the last quarter also, let's say, we did like around Rs. 150 crores kind of a top line and we were almost touching Rs. 5 crores as an interest in Q3 also.
- Shashank Agarwal:** Because there were a lot of bank charges other than the interest costwherein,we had to get the BGs and LCs issued for the project, which we have tendered.
- Moderator:** Thank you.Ladies and gentlemen, that is the last question. I now have the conference over Mr. Shashank Agarwal for his closing comments.
- Shashank Agarwal:** Thank you and I would like to thank once again all the people on the call for taking out your time and showing your interest in the company. Thank you.
- Moderator:** Thank you.Ladies & gentlemen, on behalf of Salasar TechnoEngineering Limited, that concludes today's conference. Thank you for joining us. And you may now disconnect your lines.