SALASAR
Building a stronger future
Salasar Techno Engineering Limited

Date: November 10, 2021

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Subject: **<u>Earning call Transcript</u>**

Dear Sir/Madam,

Pursuant to Regulation 30 (Listing Obligations and Disclosure Requirements) Regulation, 2015 enclosed herewith the transcript of conference call held on 01st November, 2021 and information asked during con call, enclosed as reply of con call queries, for your record and further dissemination.

Thanking You
Yours faithfully

For Salasar Techno Engineering Limited

Rahul Rastogi

Rahul Rastogi
Company Secretary

Salasar Techno Engineering Ltd.

Encl: as above

“Salasar Techno Engineering Limited Q2 FY-22 Earnings Conference Call”

November 1, 2021

MANAGEMENT: MR. SHASHANK AGARWAL – JOINT MANAGING DIRECTOR, SALASAR TECHNO ENGINEERING LIMITED
MR. PRAMOD KUMAR KALA – CHIEF FINANCIAL OFFICER, SALASAR TECHNO ENGINEERING LIMITED

MODERATOR: MR. LOKESH PAREEK – CHRISTENSEN ADVISORY

Moderator: Ladies and gentlemen, good day and welcome to the Salasar Techno Engineering's Q2 FY22 Earnings Conference Call. As a reminder, 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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone please.

Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Lokesh Pareek from Christensen Advisory. Thank you and over to you, sir.

Lokesh Pareek: Thank you, Janice. Good afternoon to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risk uncertainties another factor. It must be viewed in conjunction with our business risk that could cause future results and performance or achievements to differ significantly from what it expressed or implied by such forward looking statements.

To take us through the results and answer your questions today, we have the senior management of Salasar Techno Engineering represented by Mr. Shashank Agarwal - Joint Managing Director and Mr. Pramod Kumar Kala – Chief Financial Officer. We will start the call with a brief overview of the past quarter by Mr. Agarwal followed by a Q&A session.

I now hand over the call to Mr. Shashank Agarwal. Over to you, sir.

Shashank Agarwal: Thank you, Lokesh. Good day ladies and gentlemen, on behalf of Salasar Techno Engineering, I welcome you all for Q2 FY22 earnings call. hope that you, your family, and colleagues are well and safe and are taking the necessary precautions.

Let me start by taking you through some of the highlights for the quarter. I'm happy to share with you that your Company has delivered strong all-round performance during these challenging times. On a consolidated basis, Company has registered revenue of Rs. 200.2 crores for Q2 FY22 registering a growth of 35.7% compared to Revenue of Rs 147.6 crores in Q2 of FY21. This revenue contribution from the segments in Q2 FY22 is as follows, manufacturing of steel structures contributed 76%, EPC for power transmission contributed 22% and EPC from Railways Electrification contributed 2%. The growth during the quarter was mainly driven by timely execution of orders for all the segments as operations have normalised across all our locations post lifting of COVID led restrictions. EPC work is being carried out without any hinderance.

On profitability front, the EBITDA for the quarter stood at Rs. 21.5 crores compared to Rs. 15.0 crores in Q2 FY21, registering EBITDA margins of 10.7%, that is an improvement of 57 basis points year on year mainly driven by better realisation which shows a steady increase in our efforts to continuously strive towards improving our margins. The reported PAT for the quarter stood at Rs. 10.0 crores with a margin of 5.0%, registering a growth of 22.6%.

Our total order book as on 30th Sep 2021 stands at Rs. 967 crores, which includes unexecuted orders of Rs. 561 crore, L1 EPC orders of Rs. 110 crore, manufacturing orders outstanding under heavy structure unit of Rs. 61 crores and orders in the Salasar Adorus Rs. 235 crores. We have an order book of Rs 32 crores of export orders in hand.

The Heavy Steel Structure Division of the company has started its operations and as on date, the Company is having unexecuted orders of worth Rs 61 Crores in hand and is in negotiation with some leading customers for supply of structures. Telcom companies have again started to execute their capex plans for installation of new towers for 4G and forthcoming 5G, and the recent Telecom package announced by Govt of India for Telecom sector has boosted the overall sentiments of the industry.

We are very confident about the opportunities in our focus sectors. We continue to see lot of opportunities coming in our way as the telecom operators are working towards improving their connectivity. Also, in the near future once the rollout of 5G begins, we expect exponential rise in the demand for telecom towers. Increasingly there is the demand from the power and railway segment and for our new heavy structure division.

We remain committed and are working towards our set targets for achieving higher profitable growth and becoming one of the leading players in our industry. I would like to thank all our shareholders for their continued support and faith in us.

This is all from my side, I would now ask Moderator to open the floor for question-and-answer session.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Diwakar Pingle from Christensen Advisory. Please go ahead.

Diwakar Pingle: A couple of things, Shashank. I think the performance has been fabulous. If you could brief on what is actually driving the growth, and how do you see this panning out for the rest of the year?

Shashank Agarwal: In all our sectors, I think we happen to be at the right time in the right place kind of a situation. Telecom, as I mentioned, the government helps is getting full focus on telecom as this is evident from the telecom package, which has recently been announced by the Government of India, where in AGR issues of the telecom operators have been taken care of. You have seen Airtel raising money for expanding.

So, all these positive steps from the Government of India, I consider them as a watershed moment for the telecom industry. It has not only given boost to the existing players to expand their networks but will also jump in by full force once the options of 5G are announced probably end of this financial year.

And as I have been mentioning earlier also, today India has only 650,000 towers, which basically means around 850,000 points of connectivity for the existing network wherever we are connected today. But as you would see there is a lot of trouble in connecting each other once you are out of the metro, you are out of 4G you get connected only on 2G. There is no data connectivity.

The data consumption in the rural areas is increasing day by day. And that is giving lot of opportunity for the telecom operators to expand in the rural areas. There is a lot of growth coming from the rural areas now, and this will keep on coming once the 5G is also announced. As far as power transmission goes, we have a very good order book already.

We have participated in certain tenders where we expect to be competitive and will share the results as soon as the tenders are announced. Similarly, in the railways, we have good order book running plus, we have participated in a lot of new tenders also. Government of India's focus is on railways and to convert all the diesel running lines into electric lines.

Similarly, all our verticals, whether it is, telecom, power transmission, railways and even the new vertical of heavy structure division, we have very good visibility of orders today and plus we are in the discussion with various very good customers. I would not like to reveal their names at this stage because they are a little confidential and market sensitive information and these companies are working on very large projects of national importance which are priority sector for the Government of India, and we expect to gain a certain market share from there also. So, this is about how the growth is going to span out over the years.

Diwakar Pingle: Yes, thanks Shashank. I just had one more question, on order book position. As I see your presentation, I see a number of about Rs. 967 crores there. I just want to understand, this would be executable over what next 12 to 18 months or how does it work?

Shashank Agarwal: So, EPC orders are typically would be executed over next 12 to 18 months. There will be certain portions that will be done in next quarter and then after that then there is some in one year, some in 12-18 months, some in even 24 months also. Like we have a project of Power Grid Corporation, which has 18 months' timeline. So, it will take almost 18 to 20 months to complete that. Similar in other projects.

Diwakar Pingle: Okay, and my last question is on your margins. I see a little bit of dip on the margins as far as this quarter is concerned compared to Q1. At a steady state, am I right in assuming that the company will be at about 11% to 12% margin, am I reading it right?

Shashank Agarwal: Well, we are trying to improve on all the fronts. I mean typically our margins have been in the range of 10% to 11%. I mean, that is what we have been doing. As I have been mentioning, we are not doing any rocket science. It is just that we are doing slightly better than others.

That is why, you know, we have been able to maintain those margins. It is very difficult for me to give you a statement that this will be 11% or 12%. They should be remaining in the range of 10% to 11% somewhere.

Moderator: Thank you. The next question is from the line of Kalpesh Gothi from Valentis Advisors. Please go ahead.

Kalpesh Gothi: I think you have managed well this quarter on the margin front despite having cost pressures. So, my question is related to second half. Do we see cost pressure going forward or we continue with this 10% to 11% margins?

Shashank Agarwal: Kalpesh, the advantage I would say with us is that we have a price variation clause with most of our customers barring a few of that. Or even in the EPC projects have a price variation clause. Yes, there is a pressure in terms of cost of inventory going up. Because the steel prices have gone up, the zinc prices have gone up. But the good part is that we are able to pass those costs to our end customers.

Whether it is telecom or EPC business, we have different kind of formula with different customers, but basically those costs are passed on. Yes, you are right that we will be carrying a little extra inventory in terms of value, and this would be incurring a slightly higher margin and slightly finance cost in terms of carrying that inventory. But apart from that I think we should come out well.

Kalpesh Gothi: Sir, my question is on your top line. What was the run rate we are expecting in the telecom and how was the order book for the last six months?

Shashank Agarwal: So, last six months Telecom has not been too great, to be honest. Because the first quarter was affected by COVID, obviously due to lock down. And then in the early part of the second quarter, there was a news of Vodafone going down.

And a lot of apprehension in the minds of our customers in terms of weather Vodafone would remain in the market or will it burst. Once the telecom policy including some package has been announced by the Central Telecom Minister, there is a lot of positivity in the overall market, which has lifted the sentiments of the industry, and the order books are now good.

We see almost Rs. 30 crores to Rs. 35 crores of telecom business every month in terms of success. Last 6 months we have had orders regularly, but the rollout was not all that great as I mentioned. But going forward it seems to be lot of thrust, seeing lot of momentum. A lot of traction, which is coming in rolling out new sites now.

Moderator: Thank you. The next question is from the line of Ranveer Bothra from Bothra Investment. Please go ahead.

Ranveer Bothra: Sir, just wanted to understand how big is the opportunity size in different business segments? And how are we placed in grabbing those?

Shashank Agarwal: So, see it is a huge opportunity across all the sectors. Now it all depends how much we want to do and at what price we want to do? Our focus traditionally has been to maintain and to keep minimum margin. I mean we have an opportunity wherein probably in EPC business we can book an order of, you know, orders worth Rs. 10,000 crores.

But we do not do that. That is for two simple reasons. One, if we do that, probably we will be under bidding ourselves and we will be losing on the margins. Secondly, there will be huge issues with respect to the cash flows and other things. We do not have that much of capacity available to do that much of business,

I mean we would normally our policy has been we bite only as much as we can chew. So, I mean, it is a huge stake, you know, available in the market and it all depends how much we want to bite into it.

As far as the telecom is concerned, telecom looks like a good opportunity. I have said this earlier also. I will repeat it again. Whatever we have done, I mean the industry as such has done in last 25 years, probably is going to be repeated in terms of volumes or in terms of value in the next five years.

That is the kind of opportunities we are looking at. And in terms of increasing business of power transmission, it is evident that the power generation is increasing day by day and as lot of solar, lot of wind power, lot of other power generation is happening. So, you need the power lines to transfer that.

Similarly, in terms of railways, only 47% of the railways which has been electrified, balance 53% has to be electrified, and the government has allocated huge amount of funds for the railways to do that. So, opportunity itself is huge. It only depends how much you can bite into it and deliver efficiently.

Ranveer Bothra: I absolutely agree to your point that one should take or bite accordingly how much one can chew. But as you mentioned, you are rightly available in each of the business segment at the right time. So, let us say the business growth momentum is just for the sector. Different sectors at this point of time say, next 5 years, 7 years and post that there is a lull period for those sectors and segments.

So, why should not we grow at a faster pace and do business accordingly? Because I believe our peers are growing much faster than us. So, we would be losing market share on that front in terms of business opportunities gone by?

Shashank Agarwal: See if you talk about the peers, probably my peers compared to Salasar are 10 times bigger in terms of their balance sheets, in terms of their size, in terms of their experience, in terms of they are being there in the market. We are compared to them are a much smaller player. But yes, we are competing them in each of the tenders in front.

We are running shoulder to shoulder with them. So yes, you are right, but again, I mean today if I have to do EPC jobs of Rs. 300 crores in a year I need a certain kind of a cash flow and suppose next year I would like to do Rs. 3,000 crores of EPC jobs, taking that I might lose the market share. But I must have those funds available, I must have the manpower available. I must have the requisite experience available to do that.

So, we are growing. We are growing at a steady rate. I mean I see a growth of 15% to 20% year-on-year basis, which is a good growth. I mean to double or triple the growth is going to be difficult. I mean we are a bit cautious of that.

Ranveer Bothra: I absolutely agree your point in terms of the capital requirement, but I think capital is to a large extent available easy money is there in the markets as of now. So why not go for right issues? The market opportunity is there? Why not have funding from the existing shareholder? Because if growth is there, existing shareholder will not mind putting more money into the company? And right growth momentum which is available in the industry?

Shashank Agarwal: You are right, and we of course will try and look at whatever options are available. See everyone would like to grow. I mean, we have been growing faster for last 15 years and going forward also we would like to be growing at least 15% to 20% every year.

And if there is an opportunity available wherein, we can grow by 50% or even 100%, we do not mind. We have options available. We are looking at opportunities, we are looking at how to make funds available for whatever we would like to grow. So, it all depends how the opportunity knocks.

Ranveer Bothra: Any other business the promoter is having apart from the current existing company?

Shashank Agarwal: No, we have only this business of Salasar Techno Engineering Limited wherein we are market leaders in telecom tower manufacturing as a tower manufacturer. We also export telecom towers, we do EPC business of power transmission, substations, and railways.

Ranveer Bothra: Okay and any specific reason there are no FIIs or DIIs in the company because though as you mentioned it has been growing at healthy pace, but still institutional interest is not visible in this company?

Shashank Agarwal: We have been a small cap company and probably institutional interest would come in now that we have been in the market for four years now. It is difficult for me to comment on that why there are no FIIs or institutional investors.

Ranveer Bothra: I think Rs. 750 crores are a decent sized company. There are lot of funds which tend to invest in small caps so that they can grow bigger in 2-3 years' time frame as midcap and then 5-6 years to become large cap. I think it is the right time that institutional interest awareness is made, and they are bought in as partners?

Shashank Agarwal: Yes sure, we will try and approach more people now.

Ranveer Bothra: You mentioned that you are undergoing some CAPEX plans. So, how are those CAPEX plan going to be funded and what would be the business opportunity it could translate into once CAPEX is over?

Shashank Agarwal: So, we have recently done a CAPEX of almost Rs. 20 crores, Rs. 25 crores wherein we started having success in the vision, which is going to give us a top line of almost Rs. 80 crores to Rs. 100 crores this year. And another CAPEX what we are doing is we are putting up a new galvanizing plant in our existing units by adding some extra land to adjacent to our existing plants.

So, what we would do is, we will make this plant the biggest plant in terms of size of galvanizing across all manufacturers. We will be the biggest in India wherein we will make transmission line monopoles for bigger sizes for higher voltages.

This will give us an edge in terms of our margins and also, some sort of extra advantage wherein we could cater to all the customers under one roof. We are doing transmission line even today, but we are doing the smaller size ones. The bigger size ones we have to leave because we do not have the facility for that. So, we are putting in that facility now. This will serve two purposes. We will put one of the existing plants as a standby because just in case that, you know, something happens so that at least we have something available to fall back to. Plus, it will give, since it is going to be set of plants, which we are importing from Italy It should give us efficiency in terms of our costs with respect to the raw material consumption and overall efficiency.

And the CAPEX, in this is going to be to the tune of about Rs. 50 crores, which is going to be funded partly by internal accruals and partly by bank funding. So, we have some Rs 37.0 crores of bank loan sanctioned for that. And rest is going to be our part. So, that is how the CAPEX funding is going to be done. And we see an incremental margin as well as we see a top line of at least Rs. 100 crores added to our business by being such so.

Ranveer Bothra: Okay, and in terms of your business segment, I am able to correlate telecommunication, power and renewables would be under one category only. Renewables is again, power only, right?

Shashank Agarwal: Yes, so the renewables what we do is we do not do EPC business in the renewables. We only supply structures for solar power plants to various customers like L&T or Adani. These guys are developers, so we supply fabricated steel structure, which is galvanized at our plants. We do not do EPC in renewables.

Ranveer Bothra: And in power what you have done? So, if you could share it, what is done in power?

Shashank Agarwal: In power transmission lines, what we do is we manufacture towers. And we do complete lines of installation. It is totally feasible like engineering procurement and construction. So, we take the complete job end to end from State Electricity Boards or PGCIL to put up a complete substation afresh or a line, completely new line.

So, right of issues, foundations, semi-foundations, tower supply, tower structure erection and installation of conductors or cables or insulators and then charging the whole line. That is a part of it.

Ranveer Bothra: So, if I have to understand it correctly, telecommunication I believe it is pan India business which you are doing for different players?

Shashank Agarwal: Yes, right.

Ranveer Bothra: Power again Pan India renewable present in India or is it some state specific?

Shashank Agarwal: See so renewables, mostly we do in Rajasthan, Gujarat, Haryana, Punjab, and mostly in the northern states and I mean in MP because then the freight element comes in. And this becomes difficult for a customer to buy into Tamil Nadu from here or in Kerala or in Andhra. Then customers prefer to buy from the local suppliers there.

Because the freight cost from here to there becomes high. So, we mostly cover Rajasthan and MP, and you know mostly northern states. And then in terms of power transmission, the EPC business, we are doing in Chhattisgarh, Assam, Arunachal, UP, Haryana, Gujarat. So mostly wherever we get an opportunity except for the seven states at the moment we are present, you know, more or less everywhere, and Bengal also we are not doing.

Ranveer Bothra: Okay, and in terms of Smart City, what is the exact product which we are offering in Smart City solutions?

Shashank Agarwal: So, in Smart cities we manufacture some specialized kind of towers which are basically serving, many purposes. It sounds as a street light pole as well as camouflaged telecom tower. And it serves not only as a camouflage telecom tower, but it also serves as billboards. It has cameras put onto it to monitor local area. It has emergency response systems, sometimes it has EV charging station also.

So, it all depends on the requirement of the customer. These all are customized solutions wherein we combine lot of parameters into one poll without actually affecting Smart look. Sometimes we are putting a tower, it becomes ugly, but when putting a smart poll, it actually enhances the aesthetics of the local area.

Ranveer Bothra: So, you mean to say the polls and Smart City solutions are our selling products in itself? Where can poll install, you can install Smart City solution as well?

Shashank Agarwal: Yes.

Ranveer Bothra: If you could throw some highlights on the artificial intelligence vertical? I think it is in nascent stage at this point of time but what exactly is in that particular space?

Shashank Agarwal: So, in artificial intelligence we had tried to do few things in using drone technology to survey the existing towers for telecom, as well as for power transmission, but that has been at a very nascent stage. We have not been able to do much on that because somehow that has not taken off too well.

We have developed some systems wherein we were able to monitor the progress of the towers remotely through cameras and drones and to do the health check of towers like the towers which have gone probably 25 years old. We could use the drone. It should go to the top of the tower and take photographs and analyze the health of the tower whenever it requires maintenance or, you know, replacement or anything.

But somehow those costs have been high, and the customer had not really accepted the whole school wherein they are, you know, if they have vigor going up the tower and, you know, checking the whole thing manually. So, nothing beyond that.

Ranveer Bothra: Okay. And then in the auditor report you mentioned that four entities have not been reviewed by the auditor. So, what are those entities and how come those are not reviewed?

Shashank Agarwal: Basically, these are subsidiary companies. I think, Pramod Ji would answer it.

Pramod Kumar Kala: So, these are basically the joint ventures we are having on a consolidated basis. These balance sheets are audited by the other auditors actually. That is what it has been mentioned.

Ranveer Bothra: Okay but there is no qualification as such on those companies as such?

Pramod Kumar Kala: No, not at all.

Ranveer Bothra: Okay. And in terms of management experience, I will see the enormous experience. How long has been the senior management apart from the promoters associated with the company?

Pramod Kumar Kala: We have a professionals in all the departments. Finance I am heading. I am having experience of around 25 years. And in the engineering department also we have the professionals, marketing department also we have the professional. Our All departments have been headed by very senior professionals.

Ranveer Bothra: Thanks for answering my inquiries and only suggestion is that since the business growth momentum at this point of time we should try to and aim to grow at a faster pace. If borrowing is required rights issue can be done and so forth.

Moderator: Thank you. The next question is from the line of Ajay Parmar, an individual investor. Please go ahead.

Ajay Parmar: I have two questions. Basically, just to view on the current capacity and what are our current capacity and the next three years, not the next one year and all say in the medium terms what kind of capacity expansion we are looking at?

And along with that, what kind of CAPEX we are envisaging and what are our asset turnover ratios? So, I just want to understand can we reach maybe Rs. 2,000 plus crores in next three years provided the demand dynamics are in our favor?

Are we capable of doing that? And second, just wanted to know, 5G and beyond will require a lot of technology upgradation and lot of innovations will come in towers also. So how are you going to tackle this innovation challenge in terms of tower technology and all?

Shashank Agarwal: I will answer them one by one. As I said that we have recently done a CAPEX of a few crores wherein we have started a new division of heavy structure steel, which is going to be Rs 80 crores to Rs. 100 crores incremental revenue every year.

We further plan to increase that. And probably we are looking at just so it will be a forward-looking statement. We are planning to create more facility to our heavy structures division at a different location. That is on the anvil. The things have not yet been finalized, but we are thinking of doing something which would cater to customers across all the mostly catering to the eastern side of the country.

This would require a CAPEX of around Rs. 40 crores. And this should give us a revenue of almost Rs. 150 crores to Rs. 200 crores every year. That is the thinking. That is on the drawing board, nothing has been finalized as yet, but we are thinking about it. That is one. With respect to the heavy structure steel division.

Secondly, with respect to our galvanizing, we are putting as I mentioned we are putting a new galvanizing plant by doing a Rs. 50 crores of CAPEX. This would give us an incremental capacity of almost 90,000 tons. At the same time giving us some advantage of, having sort of an edge wherein we would be the only one manufacturing those kinds of things, which will give us margins as well as revenues.

Plus, this will also serve as a driver. I think one of the existing galvanizing plants would serve as a backup in case of an emergency. So that covers your first question. With respect to your second question, we are very well prepared for 5G deployment. We have very good inhouse design team. Wherein we are working hand in hand with our customers to develop business solutions. This is going to be smarter which are going to be lighter which are going to be deployable at very fast pace and see today the challenge in front of the telecom companies is the revenue because the call charges in India are still lowest in the world. The average revenue per user hardly is Rs. 150. And I am of the view that most of the operators are going to increase it as they have EBITDA, CAPEX in the very near future.

So, even if they do an increase of 15% to 20%, it is like Rs. 30 to Rs. 40 per month. And if that revenue comes in, they will be able to do lot of good CAPEX. But at the same time, even then it is going to be very challenging for the tower companies to find ways to install more and more towers in a very short span of time because the demand is going to be huge.

So, we, at our end have very good design capabilities. We have very good design partners. We have a design team in house as well we have very good design collaboration with the Danish company called Ramboll, which have. So, all of us are working hand in hand with customer to develop new and offering new solutions every day.

I mean, there is a continuous effort and emphasis that the designs are smarter, designs are lighter weight, designs are cost effective so that the roll out for the 5G happens at a very fast pace.

Moderator: Thank you. The next question is from the line of Ranveer Bothra from Bothra Investment. Please go ahead.

Ranveer Bothra: Sir, just wanted to check can we have one slide in which we talk our peers in different verticals? And how are they placed in terms of their operating performance, learning capability and all those stuff, orderbook size? And also, are we competing with D-Link in the Smart City solution business?

Shashank Agarwal: So, in Smart Cities we do not offer complete solutions because see Smart City requires many things which is normally the tenders which are floated are including putting out the smart solution, then connecting the whole city, laying of the fiber.

Then making a central control system, connecting it to the hub wherein government would like to have so much information available to the local municipal authority or local administration in terms of traffic moving, in terms of management of crowd, in terms of cameras working.

So, what we have been doing is in the Smart Cities we have been basically supplying smart polls to the companies who have taken that work in turnkey basis like HP or Honeywell or Wipro or L&T or Allianz. And, you know, because it includes not only supply, it includes maintenance and then operations also for three years and five years, you know, before it is handed over to the local authorities. So, that is what we do in Smart Cities. And I was not able to get your first question. Can you repeat that please?

Ranveer Bothra: It is not a question; it is just a suggestion. If we could include the peer comparison in your corporate presentation or result presentation wherein in different segments, you are competing with whichever player, their financial statement vis-à-vis your financial statement. If you can give?

Shashank Agarwal: So, to be honest the kind of products or the kind of businesses we are doing, I mean we have a mixed business basket. If we compare that with, let us say with any peers there are people who are doing only transmission line business.

Partly transmission, partly telecom, but there is no one who is doing everything. I think we can do that. That is a good suggestion. We can try.

Ranveer Bothra: On a segmental basis you can give a comparative analysis of what is their revenue, what is our revenue, what is our margin, what is their margin. I think overall company level it might not be possible, but on a segment basis I think we can do it.

Shashank Agarwal: Okay, let me see. Let me check. I will discuss this internally with the finance team.

Ranveer Bothra: And also, sir, our return on equity is less than 15%, I guess. So, I mean, any thoughts on that? How are we going to do even shape up on a higher trajectory?

Shashank Agarwal: So, I think ROC is good. It is around capital employed is I think 19% to 20%. If I remember it correctly.

Ranveer Bothra: ROC is also around 15% odd. So, it is reasonably okay not, I mean exciting. It is not that exciting to investors both on ROC and ROE level I think you need to have a scale up at a healthy pace going forward. And additionally, the dividend deal is also not encouraging. Since we are always doing CAPEX on 1:1 basis, I guess. Debt to equity is 1:1. So, whatever profit is earned, I think requirement is in business is there, but dividend payout is also I think on a lower side.

So, any policy decision on dividend payout that threshold is there or how is it?

Shashank Agarwal: So, we have been continuously paying dividend and we have, see, there is no return policy as such, we have been paying almost 10% of our net profits as dividends every year and this we have been doing since the day we went public. I mean, we started the first dividend in 2017 and then we have been paying continuously. Typically, we have been paying 10% of the profits as dividends.

Ranveer Bothra: I guess if we can increase it to 25%, 30% that would be great, and because in that sense, as a shareholder the promoters will also stand to benefit. And in this case rights issue. I think they could also increase money in the company and then build confidence to the investor and gain back. And sir, in terms of taxation we are not having 25% tax bracket.

I think there was a tax concession given to corporates for floating new companies at 15%. Are we not are exploring those things avenues?

Shashank Agarwal: No, I think that was available to the companies who were, you know, being put up as fresh new. We were already there in the market.

Ranveer Bothra: I agree. All new businesses can be taken up in the new company. So, in order to reduce the tax liability and I think that would also help. And in additionally the existing companies I think tax bracket is 25%, got down to 25%, but what I see prima facie your tax is still very high than 25% for last year or so?

Shashank Agarwal: We are in a longer tax bracket whatever it is. We are not there in any subsidiary or any special considering bracket as such.

Moderator: Thank you. Ladies and gentlemen, which was the last question for today. I would now like to hand the conference back to the management for their closing comments. Over to you all.

Shashank Agarwal: I would like to thank everyone once again for taking time out to be with us this afternoon and I wish each and every one of you and your family members a Very Happy Deepavali. Thank you.

Moderator: Thank you. On behalf of Salasar Techno Engineering, which concludes this conference. Thank you all for joining. You may now disconnect your lines.