SALASAR
Building a stronger future
Salasar Techno Engineering Limited

Date: February 24, 2022

Listing Department, **The National Stock Exchange of India,** **Exchange Plaza, C-1 BandraKrla** **Complex, Bandra (E), Mumbai- 400051,** **NSE Symbol: SALASAR**	**Department of Corporate Services,** **The BSE Limited,** **PhirozeJeejeebhoy Towers,** **Dalal Street, Mumbai-** **400001, BSE Scrip Code:** **540642**

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 16th February, 2022 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

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“Salasar Techno Engineering Limited's Q3 FY'2022 Earnings Conference Call”

February 16, 2022

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

Moderator: Ladies and gentlemen, good day and welcome to the Salasar Techno Engineering Limited Q3 FY'22 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, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikash Verma from Christensen Advisory. Thank you and over to you, sir.

Vikash Verma: Thank you, Inba. Good afternoon, everyone. Before we proceed, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

To take us through the financial results and developments 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, Vikash. Good afternoon, everyone. On behalf of Salasar Techno Engineering, I welcome you all to this earnings conference call to discuss the financial performance for the Q3 and nine months ended 31st December 2021.

I hope everybody is safe and is in good health and is taking necessary precautions in these current times.

We have already uploaded the "Investor Presentation" on the company website and stock exchanges and I hope most of you have gone through the same.

Salasar with its persistence, expertise and capability to work wonders with steel today is no longer confined to towers, but has expanded its range of products and services to encompass all the infrastructure needs of this rapidly developing nation. We have been delivering consistent financial performance driven by contribution from each of our business segments, along with our approach to diversify and enter new segments.

The company reported a revenue of Rs.507 crores in nine months FY22 as compared to Rs.385 crores in nine months FY21.

Manufacturing of Steel Structures contributed 75%, EPC for Power Transmission contributed 20% and EPC for Railways Electrification contributed 5% to the overall revenues in nine months

FY22. This was 83% from manufacturing of Steel Structures, 11% from EPC for Power and 6% from EPC from Railways Electrification during the same period last year nine months FY21.

EBITDA during nine months FY22 was at Rs.53 crores as against Rs.38 crores in nine months FY21. EBITDA margin at 10.4%, improved from 9.8% reported during nine months FY21. The company reported a PAT of Rs.24 crores in nine months FY22 as compared to Rs.20 crores in nine months FY21.

Moving on, Q3 FY22 performance, the company reported a revenue of Rs.174 crores, in line with Rs.174 crores reported in Q3 FY21. EBITDA was at Rs.17 crores with an EBITDA margin of 9.63% in Q3 FY22 as against Rs.18 crores of EBITDA and 10.3% EBITDA margin in Q3 FY21. The company reported a PAT of Rs.7 crores in Q3 FY22 as compared to Rs.12 crores in Q3 FY21.

We have an overall order book of Rs.1,030 crores as on date, underpinned by robust order inflows from reputed customers at our new growing verticals of heavy steel structures division.

The breakup of the order book as on 31st December is that we have unexecuted EPC orders of Rs.695 crores and EPC orders of Rs.95 crores where we are L1 and the LoI of the orders are expected. Manufacturing orders outstanding under heavy steel structure unit of Rs.163 crores and Rs.77 crores of export orders in hand.

Heavy steel structure division of the company which was started recently is witnessing good traction. As on date, the division has unexecuted orders of worth Rs.163 crores in hand and the company is in negotiation with some leading customers for supply of structures.

As on 30th September 2021, the unexecuted order book was Rs.61 crores from this heavy steel structure division. At present, the company in HSD division is having robust order book and the plant is fully booked for manufacturing for next one year for supply of rail, bridges or road over bridges, plant structures and prefabricated building structures, etc.

To cater to the high industry demand, we are expanding our product portfolio with optimal utilization of existing capacity as well as undergoing few capacity expansions.

Our CAPEX program is progressing as per schedule and we expect the new galvanized unit with a capacity of 96,000 metric tons to be commissioned by September 2022. Post-commissioning, it will become the largest structural galvanising plant in Asia, based out of our unit-III in UP.

We are also setting up a second plant of 25,000 metric tons capacity for heavy steel structural division in Bhilai, Chhattisgarh, at a cost of Rs.40 crores. The plant is also expected to be commissioned by September 2022 and will help us to tap opportunities in the eastern part of India.

The company sees a lot of opportunities as telecom operators are working their way towards improving their connectivity. The telecom companies have again started to execute their CAPEX plans for installation of new towers for 4G and forthcoming 5G, and recent telecom package announced by the Government of India for telecom sector has boosted the overall sentiments of the industry.

Railways electrification and prefabricated heavy steel structure continues to remain a key growth segment and focus area for us.

As the country continues its growth trajectory, we stand tall, partnering to bridge the gap in nation's infrastructure needs with our sustainable and efficient business model. Our differentiated positioning in the country's most dynamic sector will accelerate our transition to diversify it and agile business to better serve our growing clientele.

As of now, this is all from my side. I would ask now moderator to open the floor for question-and-answer session.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. We will take our first question from the line of Sandeep Jain from Soma Capital. Please go ahead.

Sandeep Jain: Gud afternoon sir, I would like to understand how much volume did we do in nine months in current financial year and what is our current capacity utilization levels?

Shashank Agarwal: The capacity realization is at around 45% as of now for the nine months FY22 and I think we did close to around 34,000 metric tons.

Sandeep Jain: So, in this case, so why do we require significant amount of CAPEX for the new capacities with our existing capacity utilization level gives us good headroom for more revenue?

Shashank Agarwal: So, there are two things. There's one expansion for the galvanizing plant which actually caters to one particular product. So that is larger diameter size monopoles. So this plant would serve two purposes. And I'd mentioned in the earlier discussions also, that we'll be able to utilize this plant for our existing products, wherein we will have one of our plants as a standby. So you can say that enhancing the capacity in terms of size of the plant which would give some additional capacity and we'll have one of the plants as a standby and this new plant would give us efficiency in two ways, one is that it will improve our operational efficiency a bit plus it will serve to certain size of structures, which will be kind of monopoles structures for us wherein the realization and margins will be better, as far as the capacity goes, it keeps on varying. This year, we have worked at around 40%-45% capacity. So, during this last six months actually, in the domestic sector there were a little less visibility from the telecom sector because of the merger of Indus and Bharti Infotel and telecom operators actually waiting for the Government's view as to how the telecom sector is going to progress in the coming times, and after the clearance, a lot of visibility from the government and giving the telecom sector sort of a relief package. The telecom industry is now consolidating and the demand is being generated now. And the current quarter, we are operating at a much better efficiency and capacity.

Sandeep Jain: Any guidance in terms of volume and value for the current financial year as well as FY23?

Shashank Agarwal: I think last year we did close to Rs. 593 crores as a top line. This year we should be closing Rs.700 crores plus.

Sandeep Jain: What was the target for next year sir?

Shashank Agarwal: Again, a growth of almost 25%-30%.

Sandeep Jain: In terms of margins, as you mentioned that our focus would be better value addition products going forward. So, are we expecting any improvement in margins going forward?

Shashank Agarwal: Yes, once the new galvanizing plant comes and running, the structures which we are especially going to manufacture in those plants would definitely give us better margins, plus the new segment of heavy steel structure division wherein we have very good order book from Larsen & Toubro for our Mumbai-Ahmedabad bullet train project, wherein this plant is booked for next one, one and a half years, the margins are consistent and better, which will improve the EBITDA margins overall, plus better utilization of a plant.

Sandeep Jain: So can we see 11%-12% kind of margins going forward?

Shashank Agarwal: It's difficult, but yes, I think this year, we are running close to plus/minus 10%. We definitely see improvement on EBITDA margins going forward.

Sandeep Jain: How do commodity prices impact as you know contact structure in terms of pricing?

Shashank Agarwal: Commodity prices actually affect us in only one way that our inventory carrying costs goes up, but we have price variation clause with almost all the customers barring a few wherein very small projects are taken on a fixed price contract basis. The long-term projects are all on price variation clause. So, those are like pass-on costs.

Sandeep Jain: What's our current debt level?

Shashank Agarwal: We are at debt level of Rs. 227 crores, wherein we have fund-based limits of Rs.195 crores as a cash credit limit and we have Rs.32 crores of GECL plus we have bank guarantee limits of almost Rs.200 crores which are non-fund based limits.

Sandeep Jain: The CAPEX which we are undertaking currently, would that be funded through internal accruals or we would be taking some term loans?

Shashank Agarwal: So, for the new galvanizing plant, we have already tied up for a long-term debt with the bank and Rs.37 crores is already approved and Rs.12-13 crores is from our internal accruals, of the total CAPEX of almost Rs.50 crores. And for Bhilai plant, we have some plans to start using our internal funding, but we would also like to raise some capital to fund that project in Bhilai.

Moderator: Our next question is from the line of Vivek Kumar, an individual investor. Please go ahead.

Vivek Kumar: So, the company plans to reduce debt in next 12 months or 24 months. Does company have any visibility?

Shashank Agarwal: Since we are already expanding and we are looking at a growth of almost 25%-30% next year, so there is no way that we'll be able to reduce the debt.

Vivek Kumar: You are projecting for railways also. Because railways project could be larger project in coming years from the Government of India, so are you aggressive for bidding railways project?

Shashank Agarwal: So, we are aggressive for bidding, but we would like to keep our margins protected. We are not in rat race, we don't get and jump into every project. But yes, we study the project carefully and we bid at our own prices. From railways, we have more than Rs.300 crores of order book running at the moment.

Vivek Kumar: Current order book from railways project is Rs.300 crores sir?

Shashank Agarwal: Rs.250 crores plus.

Vivek Kumar: Current revenue percentage from railways project?

Shashank Agarwal: In nine months around 5%, around Rs.25-30 crores from railways, but another Rs.15-20 crores would be coming in this quarter. So from railways alone, that's only the service portion, which will be close to Rs.40 crores.

Vivek Kumar: For FY23, do you have any visibility for railways project, 10% or 15%?

Shashank Agarwal: We have unexecuted order book of almost Rs.250 crores for FY23, wherein most of the revenues would come during FY23 and partly next year after that.

Moderator: Our next question is from the line of Rajesh from Bothra Investments. Please go ahead.

Rajesh: You're into multiple business segments and each segment has its own growth trajectory. I would like to know what kind of business is coming from government orders and what is from private orders from the segment?

Shashank Agarwal: So telecom is private, I would say 95%.

Rajesh: No BSNL and MTNL order?

Shashank Agarwal: No, we don't work with BSNL, MTNL directly. Yes, we are working with ITI for their one defense project of national importance, which we recently got orders of almost Rs.60 crores. Telecom primarily is a private business and the EPC business is all government business and solar business wherein we supply solar structures or monopoles we supply to a lot of contractors, we supply structures to companies like Larsen & Toubro or Tata, there are so many other companies of EPC contract. That's all private business. The EPC contracts which we are working on our own 100% are government business basically.

Rajesh: Secondly in segments, are we directly dealing with the customers or we are subcontractors as well?

Shashank Agarwal: We are directly dealing with the customers like we have customers like Airtel, Indus Towers, American Tower Corporation in telecom.

Rajesh: None of the segments, we are subcontractors?

Shashank Agarwal: No.

Rajesh: What I have gathered and understand from the financials is we have a margin of around 10%-11%, and of which significant part is raw material constituting 89%-90%.. Raw material plays a key role and enhances profitability at all. What are the metrics or backward integration or assured supply of raw material at lower or cheaper cost, do we hedge something?

Shashank Agarwal: Our raw materials are commodity basically, it is steel or zinc, right. The commodity prices are driven by a certain market forces in terms of supply and demand and they are very open. If I have a requirement of 10,000 tons, I can go to a supplier and ask for a discount. The commodity prices are more or less open and they are fixed for everyone, whether by 10 tons or 20 tons. Yes, commodity prices when you go and buy, there could be some volume discounts available. Beyond that, there is no way that you can procure cheaper material. Import is out of question because even today at these prices India is cheapest in terms of steel production. Zinc is also available locally and is at par with the imported commodity prices of zinc. As far as backward integration is concerned, we haven't thought about it till now.

Rajesh: Because there is no scope as such, improvement in margin on account of input cost, because whatever increase or decrease will happen, we need to pass it on to the customers or we think of price increase?

Shashank Agarwal: We have a price variation clause with most of the customers and the prices are adjusted every month, depending upon the previous month.

Rajesh: Margin expansion scope is not there. So it will remain range bound in say 9% to 11%. If economies of scale kick in, but since those will not help out because 80% of cost is raw material.

Shashank Agarwal: That is the reason we are getting into newer products like we are putting in the largest galvanizing plant which would cater to monopoles of higher diameter sizes which would definitely improve our profit margins because there will be a kind of monopolized item.

Rajesh: But still I don't think it would exceed 12%-13% on a blended level.

Shashank Agarwal: No, 10%-11% by industry standard is also one of the best margins probably we have. If you compare our peers, probably we are best placed in the industry.

Rajesh: So, what would be the best segment in terms of margin profile if at all, or does all segments have similar margin profile?

Shashank Agarwal: See, steel and zinc are commodities which are open for everyone, right. And all the private customers when they do the costings, these costings are done on a very transparent manner, because they are passing on the cost to us, we are passing on cost to them depending upon the price variation causes. So, when you're dealing with corporates and big multinationals, the margins are limited in the range of 10% to 12% only. Yes, sometimes you can take advantages of some commodity price decrease, sometimes not much, more or less, the margins are going to be remained within this range only.

Rajesh: But when I look at working capital, five-six years before, we were at much lower level as compared to current level, not only the absolute amount, but as the number of days as well. So even if beyond 10%-11% margin, considering the capital blocked in working capital, funding cost will also be there. So, hardly less than 10% margin profile would be there at absolute level.

Shashank Agarwal: Even after paying the interest cost and everything we've been able to maintain a PAT of almost 5%. If you compare this year compared to last year or year before last, the steel prices almost doubled, the cost of inventory itself has doubled, and the working capital has doubled almost.

Rajesh: What I was looking at is, in case of investments in the company, the only way to look at is the growth in terms of business. If at all, last five years, though there has been no as such survey or study available in each of the verticals, what was a quantum of orders are allocated and what is our share and how is our share moving and what will be the future growth path? So let's say three to five years, where do we see our company in terms of the revenue and margin, will it be more or less remain same, in terms of revenues, doubling or tripling of revenues, how is it?

Shashank Agarwal: In five years, I see Salasar, at a revenue level of almost four to five times from here.

Rajesh: So that will throw up and if there is operating leverage kicking in so definitely PAT level, it could be six to seven times?

Shashank Agarwal: Possible, yes.

Moderator: Our next question is from the line of Amit Shah from Antique Stock Broking. Please go ahead.

Amit Shah: My question was pertaining to the L&T order that you shared on the call. So, if you can just throw a bit more light on the order, what is the scope of our work, what is the size of the order, by when do we intend to complete this particular order, and incrementally if it's a fixed price order or a variable price order?

Shashank Agarwal: This order is for the bridges, which are going to build on the bullet train project from Mumbai to Ahmedabad corridor. L&T has got a contract from National High Speed Railways. And the project is being monitored by the Japanese, the original design owners of the whole project. L&T has approved our new plan, which we had put up for the restructured division and the order size is of almost 10,000 tons valuing at around Rs.125 crores. And this project would go on for at least 12 to 15 months to be completed. Our scope of work is that we supply the structures as per their design under their supervision of quality and everything. And yes, there is a price variation clause and L&T has control over price variation, wherein they'll be finalizing the prices of raw materials which will be passed on to us and we have a labor component agreed with them over a period of next 10 to 12 months. And yes, we expect this order to even go up as soon as the first order is completed, probably it might double or triple after a year or so.

Amit Shah: What would be the total content, as you pointed out that Rs.125 crores is the initial order and incrementally we expect furthermore orders from L&T, so, in totality, if I look at the high speed rail overall size?

Shashank Agarwal: Overall requirement for this one corridor itself is close to 40,000 metric to 50,000 metric tons. Even the work has just started in the first corridor. The Government has already announced seven more corridors like this. So, for the next five, seven years, this particular work has some very huge potential.

Amit Shah: Any expansion plans on the lines of the kind of visibility that we have in terms of the incremental corridors as well as L&T giving us incremental orders?

Shashank Agarwal: So, as I mentioned, the new plant which we have put up in UP in our unit-III is already booked for next one, one and a half years and we think that this will be permanently booked by L&T or someone like L&T for future. So, we have already started planning a new project in Bhilai wherein we would be making the welded structures for our customers in eastern part of India.

Amit Shah: What would be the CAPEX?

Shashank Agarwal: As I mentioned in my initial listing, the CAPEX is going to be Rs.40 crores in Bhilai plant.

Amit Shah: What sort of top line it can generate sir?

Shashank Agarwal: Should be generating around Rs.250 crores plus.

Amit Shah: Incrementally sir, you told over the next five years, you intend to significantly grow your business and the revenue can significantly improve. So, what is the kind of mix we are looking going ahead,will it be more in terms of heavy structures or transmission lines or the telecom tower that you are doing, so, if you can just help us understand which are the areas which can help you deliver such a strong sort of growth on the top line front?

Shashank Agarwal: Telecom, I see a consistent growth of not more than 8%-10% per year, this year probably we'll be doing around Rs.350 crores, next year also we'll be doing somewhere between Rs.350 to 400 crores plus/minus, over the next four or five years probably we'll be doing Rs.400 to 500 crores on the telecom front. I expect a very good top line coming in from our heavy structure division. So, probably will have a capacity of 40,000 tons next year by this time per annum, which itself would give us a top line of almost Rs.400 crores plus. Of course, when we have the new galvanizing plant running, we will have good capacity of galvanizing for monopoles, which would again give us a good top line from there. So, these are two, three areas of focus, which would actually give us the additional top line.

Amit Shah: How are the margins in this particular heavy structure and the monopoles segments, they are similar to telecom?

Shashank Agarwal: Monopoles will have slightly better margin because that is only plant in India or rather in Asia wherein we would be able to take some premium from the customer because of our capacity availability. As far as heavy structure division is concerned, typically, again, you're dealing with all big customers and corporate-to-corporate when they sit across the table, the margins are typically range-bound in terms of 11% to 12% probably.

Amit Shah: Last question on the retention money side. You were supposed to receive some retention money for the project that you completed. So, what is the current retention money on the balance sheet and what is the status of us receiving the same?

Shashank Agarwal: As of now we have a retention of almost Rs.23 crores and we have started realizing, we are getting some money in this week, plus over the next two to three months we should be able to get all these monies.

Amit Shah: So by year end what would be the number on the retention money?

Shashank Agarwal: More or less it should remain in the range of around Rs.15 to 20 crores because there'll be some retention money of some other projects coming in.

Moderator: The next question is from the line of Sandeep Jain from Soma Capital. Please go ahead.

Sandeep Jain: So, you mentioned that, you're looking at a significant increase in our top line in the next four-five years. So, are we expecting new orders coming in from the Government or would it be like some new segments from where this growth would come in?

Shashank Agarwal: The focus of the Government at the moment is to improve the infrastructure all across the country, right. The focus of government is to make Indian economy, you know what the numbers are, USD 3 trillion economy and all that, right. Steel production capacity in India is increasing and there is a plan to increase from the current capacity to almost three times in the next 10 years, by 2030 the Government would like to have the installed capacity of steel manufacturing at 300 million tons which is at around 105 million tons today, right. All the steel plants which are going to increase their capacity are going to require a lot of huge structures to put up those steel plants. And we are actually focused and we are consistently following that sector, wherein we would be supplying the prefabricated structures to these steel plants, whether it is Tatas or Jindals or anyone. So, I see a lot of growth coming in from this particular sector in the coming three-five years. And that is the reason, I am very bullish on top line growing three to four times from here in next three to five years.

Sandeep Jain: It will be driven more by private CAPEX or by government CAPEX?

Shashank Agarwal: Government CAPEX at the same time is a focus area. You can see the railways spending is quite clear. Every day there's a new project coming in. Even in transmission every day there is a new project coming in. In highways, there is a project coming. We have good demand of lighting poles, lighting mass structures. So, everything. We are in fact at the right industry at the right time kind of a scenario because there's a lot of spending going to be happening in the infrastructure sector whether it is from government or from private or from telecom, everyone. But at the same time, we had clarified earlier also, EPC segment wherein we are doing the complete EPC projects, we'd like to limit that sector because of the cash flows and the retention money and focus more on manufacturing.

Sandeep Jain: So, you have some export orders also. So these orders cater to which country?

Shashank Agarwal: We are primarily executing export orders of telecom towers at the moment and these are for Philippines and some African countries.

Sandeep Jain: So, we manufacture in India and supply to these countries?

Shashank Agarwal: Yes, we are manufacturing at our plant and we are supplying to all these countries in Africa and Southeast Asia.

Sandeep Jain: Are we expecting any improvement in debtor days going forward or these will remain largely at the same level?

Shashank Agarwal: No, we are expecting some improvement to happen as the EPC business is limited and the manufacturing portion increases. Of course, the number of debtor days will come down slowly.

Moderator: Our question is from the line of Rajesh from Bothra Investments. Please go ahead.

Rajesh: Just wanted to understand more clarity on the telecom side. There are I think rather two key players, Reliance, Bharti and Idea on the revival mode. How about payment terms from these entities? And what is the strategy going forward in terms of 5G and other new age technology?

Shashank Agarwal: So, the 5G spectrum auction is expected to happen somewhere in the month of April or May this year, right. And right now, the traction is coming from expansion of 4G in rural areas, wherein new towers are being put up. 5G is going to add a lot many points of connectivity. I'd mentioned earlier also in my concalls and discussions across various forums with various people. Today, India has close to around 600,000 towers running and operating. And considering an average of 1.35-1.4 tenancy, we have close to around 800,000-820,000 points of connectivity, right. For 5G to be effectively rolled out all across the nation, probably we need to double these towers from here in next three to five years. These 600,000 towers have happened during last 25 years. And we need similar number of points of connectivity in next four to five years if we have to roll out 5G effectively, yes, this current year has been slightly subdued because of the telecom sector going through a bad phase. Vodafone is having its own problems, Indus, Bharti being merged together, the clarity coming from Airtel and now Reliance Jio has sold its towers to certain investors, and now there's a clarity coming from Jio. Focus is going to be expansion of 5G in a huge and big way. Yes, the size of the towers is going to be smaller, but the number of towers are going to be huge and the real traction, I should say that would be seen from probably second quarter of next financial year and going forward that would remain a focus area for next few years wherein all the players would be trying to achieve as much space as possible, we have seen the operators have increased their ARPUs, they've increased their tariff plans, and I expect operators to again increase the tariffs in maybe three months or within six months so that they can get better ARPUs which will actually fund all these investments.

Rajesh: So on the telecom again, if we look at the previous upgradations, what was the quantum of CAPEX, which they did and what was the quantum which was assigned to business which we are into? And similarly, what kind of quantum of business can come through 5G? And how many players were there to grab that business? Let's say total CAPEX on upgradation was Rs 10,000 crores, of which ours related business was Rs 2,000 crores and there were ten players, each year could get around Rs.200 crores. So I'm trying to gauge the size of the business which could come from technology upgradation at telecom side?

Shashank Agarwal: Probably, the whole expansion of 5G would go somewhere in the range of Rs.1 lakh crore to Rs.2 lakh crores over a period of next five to seven years and probably 10% of what is the business would come to people like us, so maybe 10% to 20% depending upon the kind of towers they use, depending upon kind of infrastructure they use, because the idea is to make a very low cost effective sites, so that their CAPEX is less when the number of sites go up. And there'll be probably primarily three or four players grabbing that business apart from maybe five-seven players which are in a smaller size.

Rajesh: And I read somewhere barring the US, 5G technology has no major concern as such. I don't know about the health hazard, but otherwise no concern, but in the US some slight disruption news were there, air traffic control was not very much compatible with the 5G technology. So how are things like the Indian side?

Shashank Agarwal: It's very difficult for me to comment on that, because there is no specific data available.. There have been always different kinds of use on telecom, right? On one side there are activists who are opposing telecom towers, on the other side, even WHO has said that telecom towers are safe to be used. And today, the reality is that you cannot imagine a life without a mobile phone. Telecom towers are an essential part of our everyday life today, wherein we need to get connected continuously. So, it's very difficult for me to comment on the technology pros and cons. But yes, there are all sorts of views available all across the nation. But yes, the reality is that it's going to happen.

Rajesh: And can there be possibility of merger and acquisition in our spaces, are there opportunities available, small size, large size?

Shashank Agarwal: We are not looking at anything as of now, there might be some possibility somewhere in future, but nothing as of now, which is available in front of us or rather our interest.

Rajesh: But I guess there would be some stressed asset available on the block?

Shashank Agarwal: Possible, but we have enough capacity available, so there's no reason for us to acquire any other unit, right.

Rajesh: But considering growth opportunity, which you mentioned…?

Shashank Agarwal: Assets are always available. As soon as we have the capacity is exhausted and we can see an opportunity where we could make money by acquiring some other asset, probably we will do that.

Rajesh: Forgive me for my ignorance, are the promoters have any other business ventures as well apart from this one?

Shashank Agarwal: No, nothing we all are totally focused in this business. We don't have anything else to do or think of anything else to...

Rajesh: So in case our larger player comes and wants to acquire, can there be a possibility for such sellout?

Shashank Agarwal: It all depends.

Rajesh: I agree, it all depends upon the valuation, but at times what happens is there is no other business venture, whether the promoters are willing to exit or not, that is also a question.

Shashank Agarwal: Very difficult to comment on this. This is a very hypothetical question. So it doesn't have relevance here.

Moderator: As there are no further questions from the participants, I would now like to hand the floor back to Mr. Shashank Agarwal for closing comments. Over to you, sir.

Shashank Agarwal: Okay. Thank you, ladies and gentlemen for being with us during this conference call. And I wish that you all stay safe and sound during these tough times. And if there any questions, we have Christensen available for you and you can directly contact our investor relations team. Thank you again.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Salasar Techno Engineering Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.