

Dated: 28.05.2023

To,

| | |
|---|---|
| The Manager – Listing National Stock Exchange of India Ltd. Exchange Plaza, BandraKurla Complex Bandra East Mumbai – 400051 Symbol – SALASAR | The Secretary Corporate Relationship Dept. BSE Limited P.J.Tower, Dalal Street, Mumbai – 400001 Scrip Code: 540642 |
|---|---|

Sub.: - Earnings Release & Shareholders Letter

Dear Sir/Madam,

Please find attached herewith Earnings Release & Shareholders Letter of the Company w.r.t. Financial Results of the Company for quarter and Year ended 31st March, 2023, for your record and further dissemination.

Kindly take the same on record.

Thanking You,

Yours Sincerely

For **Salasar Techno Engineering Limited**

Alok Kumar
(Managing Director)
DIN:01474484

CIN No. - L23201DL2001PLC174076



Unit 1- Khasra 265, 281-283, Parsaun-Dasna, Jindal Nagar, Distt. Hapur-201313
Unit 2- Khasra 1184, 1185, Khera, Pilkhuwa, Tehsil Dhaulana, Distt. Hapur-245304
Unit 3- Khasra 686/6, Khera, Pilkhuwa, Tehsil Dhaulana, Distt. Hapur-245304
Office- KL-46, Kavi Nagar, Ghaziabad-201002
Regd. Office- E-20, South Extension 1, New Delhi-110049
www.salasartechno.com

+91 8938802180, 7351991000
+91 120 6546670
Fax: +91 11 45823834

towers@salasartechno.com
marketing@salasartechno.com

EARNINGS RELEASE & SHAREHOLDERS' LETTER

Q4 FY23 & FY23 | MAY 27, 2023

In This Report, We Cover

1. About Salasar
2. What Salasar Does?
3. Salasar's Strengths
4. Key Financial Performance
5. Financial Highlights
6. What Next?
7. Business Update
8. Management Commentary



ABOUT SALASAR TECHNO ENGINEERING (STEL)

- ❑ Established in the year 2006, STEL started its operations as a telecom tower manufacturer.
- ❑ Decided to expand its horizon and aspired to become a one-stop solution for India's Infrastructure sector. STEL commenced manufacturing customized, large & heavy steel structures, and provide EPC solutions to a diverse range of industries including Telecom, Railways, Transmission & Distribution, and many others by carrying out engineering, designing, procurement, fabrication, galvanization, and strengthening under one roof.
- ❑ Has 3 state-of-the-art manufacturing facilities having manufacturing capacity of 1,15,000 MTPA equipped with cutting edge technologies, In-House IIT certified designs, and time tested Ramboll designs and tools to enhance its capabilities.

WHAT STEL DOES ?

Processes Undertaken

Manufacturing

Contractual
Galvanizing

Strengthening

Designing

EPC Projects

Fabrication

Products Produced & Industries Catered to

Power

- Transmission Line Towers
- Substation Structures
- Transmission Line Monopoles
- Railway Electrification Structure

Telecommunications

- Towers and Monopoles
- Cells on Wheels
- Accessories

Heavy Steel Structure

- Bridges
- Buildings
- Heavy & Complex Structures

Renewables

- Solar Module Mounting Structure
- Solar Trees
- Solar Water Pumps
- Windmill Tower

Poles

- Lighting Poles
- Distribution Poles
- Infrastructure Poles

Smart City Solutions

- Smart City Poles
- Camouflaging Solutions

STEL's STRENGTHS

- ❑ PAN India presence and exports to 25+ countries including West Africa, East Africa, Central Africa, Philippines, Saudi Arab, Nepal, Myanmar, and many more.
- ❑ Served to over **600+** clients and customers, supplied **50,000+** Telecom Towers, Laid **~702 KMs** of Power Transmission Lines, Laid **~588** Railway Track KMs, indicating its strong presence, relationship, and capability to bag orders.
- ❑ A one stop infrastructure solutions company with strong presence in diversified industries, playing key role in the development of modern India.
- ❑ Strategic locational advantage allows it to procure best quality raw materials in line with stringent industry standard.
- ❑ Boasts of having zero defect production, shortest delivery production, and the ability to ramp up operations in minimum time anywhere.
- ❑ Certified by CORE and is an approved vendor of PowerGrid Corporation Limited.
- ❑ As of 31st March 2023, STEL has a strong diversified order book worth **Rs. 15,220 Mn.** providing strong revenue visibility

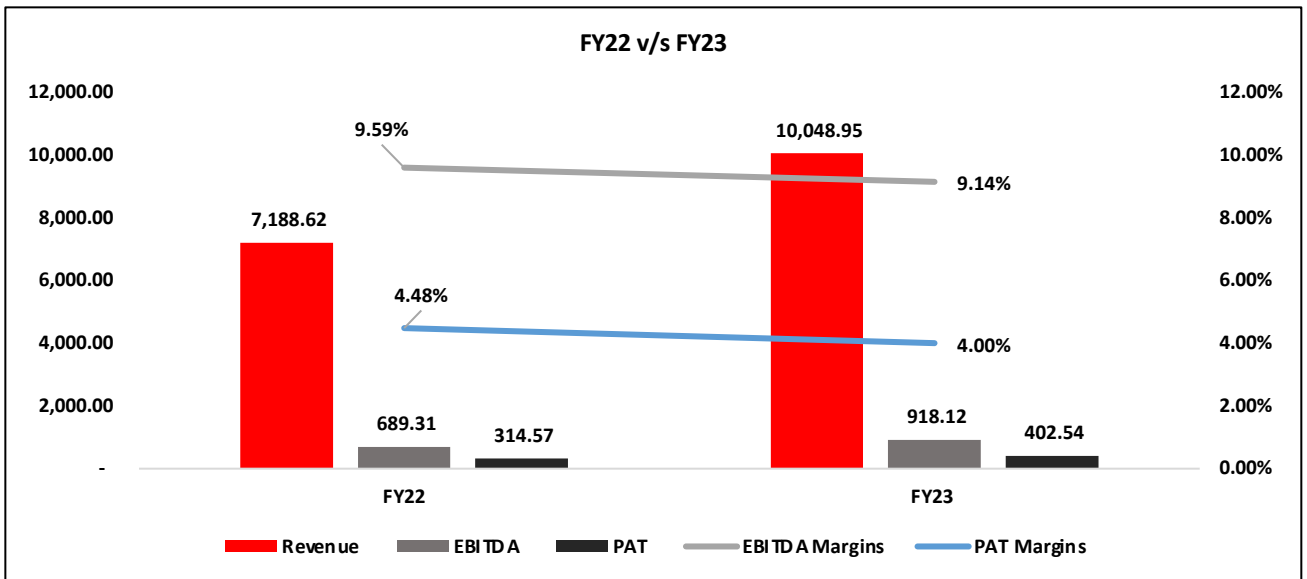
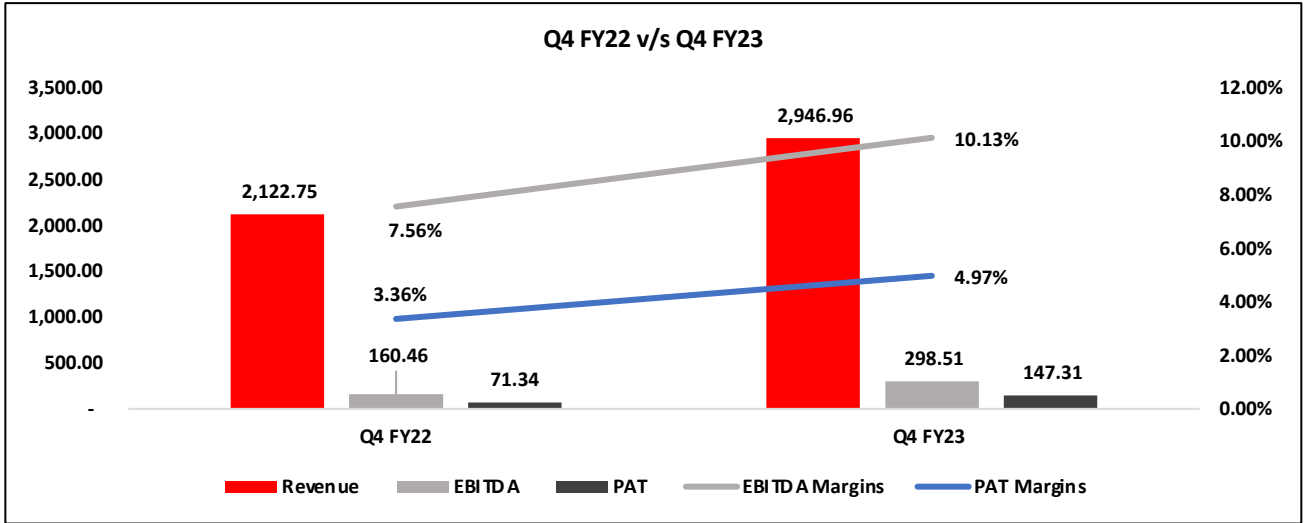
| Particulars (Rs. Mn.) | Value |
|---|-----------------|
| Domestic EPC Orders | ₹ 11,790 |
| International EPC Orders | ₹ 1,430 |
| Orders under Heavy Steel Structure Division | ₹ 1,150 |
| Monopoles | ₹ 850 |
| Exports orders (Telecom Towers and Poles) | ₹ 300 |
| TOTAL orders as on 31st March 2023 | ₹ 15,220 |
| <i>Over and above the current order book, STEL has regular monthly orders of telecom towers worth ~Rs. 30-35 Crore.</i> | |

- ❑ Our substantial and diverse clientele consists of major players like:

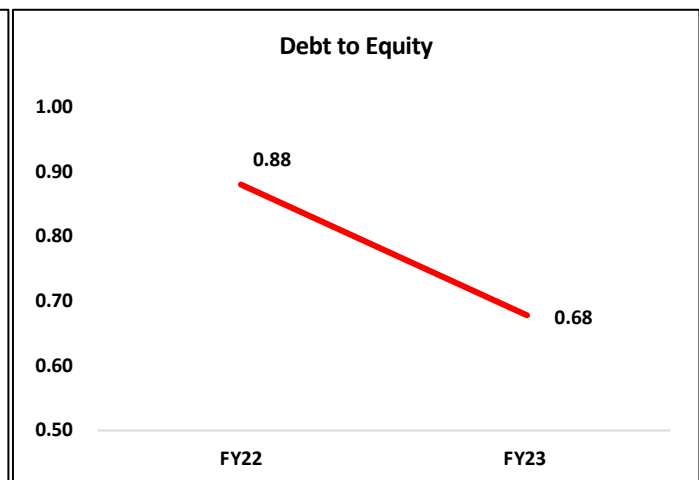
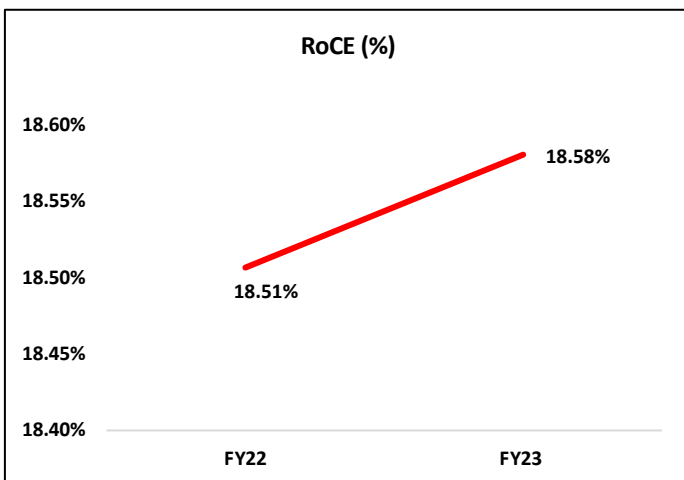
| Telecom Sector | Power Sector | Others/EPC |
|-----------------|-----------------|--|
| Airtel | KEC | UPPTCL |
| Indus Towers | Adani | Indian Railways |
| Tower Vision | Tata Projects | Jharkhand Urja Sancharan Nigam Limited |
| HUAWEI | BHEL | OPTCL |
| American Towers | Welspun Energy | HVPN |
| Jio | APB | AEGCL |
| ERICSSON | Power Grid | Kendriya Rail Vidyutikaran Sangathan |
| HFCL Group | Larsen & Toubro | Power Corporation |
| | Sterlite | |

KEY CONSOLIDATED FINANCIAL PERFORMANCE SNAPSHOT:

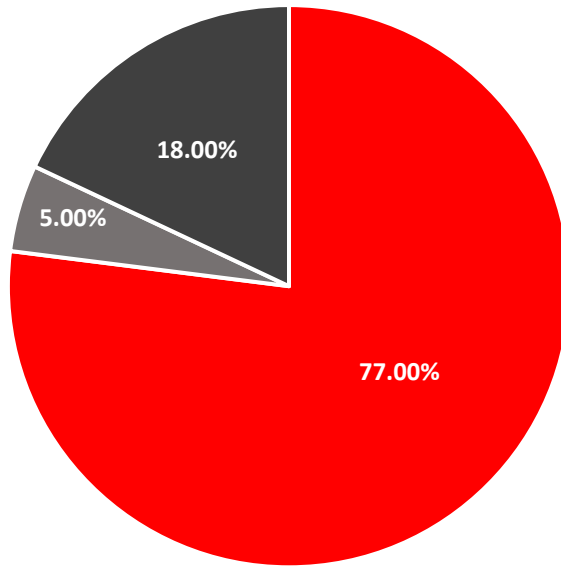
Figures in Rs. Mn.



Continuously focusing on improving return ratios by reducing leverage

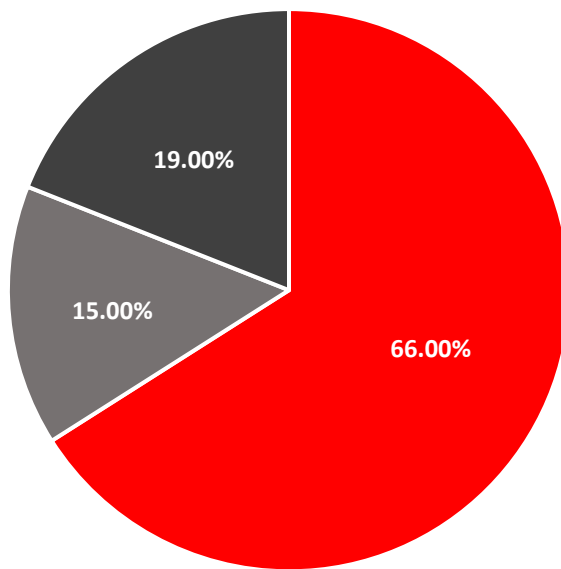


Segment Revenue Distribution FY22



■ Steel Structures ■ EPC from railways ■ EPC from Power Transmission

Segment Revenue Distribution FY23



■ Steel Structures ■ EPC from railways ■ EPC from Power Transmission

CONSOLIDATED FINANCIAL STATEMENT HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT

| Particulars (Rs. Mn.) | Q4 FY23 | Q4 FY22 | YoY (%) | Q3 FY23 | FY23 | FY22 |
|---|-----------------|-----------------|----------------|-----------------|------------------|-----------------|
| Revenue from operations | 2,946.96 | 2,122.75 | 38.83% | 2,407.98 | 10,048.95 | 7,188.62 |
| Other income | 16.29 | 4.40 | | 1.36 | 23.99 | 22.28 |
| Total revenue | 2,963.24 | 2,127.15 | 39.31% | 2,409.34 | 10,072.94 | 7,210.90 |
| Total expenses excluding depreciation, amortization, and finance cost | 2,648.45 | 1,962.30 | 34.97% | 2,167.41 | 9,130.83 | 6,499.31 |
| EBITDA | 298.51 | 160.46 | 86.04% | 240.57 | 918.12 | 689.31 |
| EBITDA Margin % | 10.13% | 7.56% | 257 bps | 10.00% | 9.14% | 9.59% |
| Depreciation & Amortization | 21.75 | 17.12 | | 19.85 | 79.50 | 70.97 |
| Finance Cost | 94.46 | 60.89 | | 78.15 | 315.61 | 218.10 |
| Exceptional Item | (6.45) | 0.00 | | 0.00 | (6.45) | 0.00 |
| Tax Expense | 44.82 | 15.50 | | 37.00 | 138.01 | 107.95 |
| PAT | 147.31 | 71.34 | 106.50% | 106.93 | 402.54 | 314.57 |
| Other comprehensive income | (0.79) | 7.26 | | 0.00 | (0.79) | 7.26 |
| Net PAT | 146.52 | 78.60 | | 106.93 | 401.75 | 321.83 |
| PAT Margin % | 4.97% | 3.36% | 161 bps | 4.44% | 4.00% | 4.48% |
| Diluted EPS | 0.48 | 0.25 | | 0.36 | 1.33 | 1.14 |

CONSOLIDATED BALANCE SHEET

| Particulars (Rs. Mn.) | 31.03.23 | 31.03.22 | Particulars (Rs. Mn.) | 31.03.23 | 31.03.22 |
|---------------------------------|-----------------|-----------------|--|-----------------|-----------------|
| Assets | | | Equity & Liabilities | | |
| Non-Current Assets | | | Shareholder's Funds | | |
| Property, Plant & Equipment | 1,592.16 | 1,249.15 | Equity Share Capital | 315.71 | 285.71 |
| Capital Work in Progress | 214.09 | 55.19 | Other Equity | 3,689.43 | 2,534.31 |
| Right of Use Asset | 126.01 | 8.83 | Non-Controlling Interest | 4.02 | 3.19 |
| Intangible Assets | 2.91 | 3.56 | Total Shareholder's Funds | 4,009.15 | 2,823.20 |
| Investments | 0.00 | 0.00 | | | |
| Other Financial Assets | 147.83 | 232.07 | Non-Current Liabilities | | |
| Other Non-Current Assets | 37.63 | 104.51 | Long-Term Borrowings | 402.41 | 433.43 |
| | | | Lease Liabilities | 13.25 | 1.35 |
| Total Non-Current Assets | 2,120.63 | 1,653.31 | Provisions | 36.79 | 32.43 |
| | | | Deferred Tax Liabilities (Net) | 51.01 | 49.83 |
| Current Assets | | | Other Non-Current Liabilities | 0.85 | 0.92 |
| Inventories | 2,627.44 | 1,523.64 | Total Non-Current Liabilities | 504.30 | 517.97 |
| Investments | 0.52 | 0.54 | Current Liabilities | | |
| Trade Receivables | 3,298.31 | 2,927.01 | Short-term Borrowings | 2,316.40 | 2,052.33 |
| Cash & Cash Equivalents | 4.27 | 2.77 | Trade Payables | | |
| Bank Balance other than Cash | 207.85 | 102.62 | Total Outstanding dues of micro and small enterprises | 43.83 | 27.08 |
| Other Financial Assets | 536.97 | 253.18 | Total Outstanding dues of Creditors other than micro and small enterprises | 682.36 | 481.43 |
| Other Current Assets | 345.48 | 352.13 | Other Financial Liabilities | 0.22 | 0.24 |
| Current Tax Assets (Net) | 0.00 | 10.96 | Provisions | 4.73 | 2.94 |
| | | | Other Current Liabilities | 1,567.73 | 920.94 |
| Total Current Assets | 7,020.83 | 5,172.84 | Current Tax Liability (Net) | 12.74 | 0.00 |
| | | | Total Current Liabilities | 4,628.00 | 3,484.97 |
| Total Assets | 9,141.45 | 6,826.15 | Total Equity & Liabilities | 9,141.45 | 6,826.15 |

WHAT NEXT ?

- ❑ The recent government allocation of approximately Rs. 2.4 Lakh Crore towards the Railway sector and its electrification efforts, presents STEL with a significant opportunity to expand its operations and increase its market presence.
- ❑ Increasing electricity demand in the country has led to a need for enhancing Sub-station capacity portraying a significant prospect for the growth of the company.
- ❑ Rolling out of 5G services in India will drive the growth of telecom towers in India. The Telecom sector expects the number of towers to grow exponentially from 6 lakhs to 16 lakhs in the next 5 years.
- ❑ Further STEL's foray into new Heavy Steel Structures enables it to cater to growing demand for high-end infrastructure from refineries, steel plants, power plants, rail and roadways.
- ❑ STEL is setting up a new galvanization Plant and a Heavy Steel Structure Plant. The former plant will be set up at Hapur, Uttar Pradesh with a manufacturing capacity of 96,000 MTPA making it Asia's largest Galvanization Plant. The latter plant will be located at Bhilai, Chhattisgarh, having a manufacturing capacity of 25,000 MTPA allowing STEL to cater to southern and eastern regions of Indian markets. At full capacity, STEL is poised to experience a substantial boost in revenue, propelling it to the next level.

BUSINESS UPDATE

STEL has secured a Letter of Intent worth Rs. 1,430 Mn. From Nepal Electricity Authority (NEA) for Procurement of Material equipment, associated accessories, and necessary installation services including design, erection, testing, and commissioning of 33/11 KV substations and 33 KV, 11 KV, 400 V Lines and Distribution system Networks in Dang, Rukum East, and Baitadi Districts of Nepal. The project is expected to be completed by FY25.

MANAGEMENT COMMENTARY

Commenting on the quarterly and yearly performance of the company, the management team said:

“We are pleased to present our business performance for Q4 FY23 and Financial Year ended 31st March, 2023 period. In terms of financial performance, Revenue from operations stood at Rs. 2,946.96 Mn for Q4 FY23 against Rs. 2,122.75 Mn for Q4 FY22 and Rs. 10,048.95 Mn for FY23 as compared to Rs. 7,188.62 Mn in FY 22. This robust growth was led by increasing demand for our diversified EPC solutions and efficient execution of order book. Our EBITDA stood at Rs. 298.51 Mn for Q4 FY23 v/s Rs. 160.46 Mn for Q4 FY22 and at Rs. 918.12 Mn in FY23 against Rs. 689.31 Mn in FY22 increasing by 86.04% and 33.19% respectively led by stabilization in steel prices and increased capacity utilization. EBITDA Margins were recorded at 10.13% in Q4 FY23 as compared to 7.56% in Q4 FY22 and at 9.14% in FY23 as compared to 9.59% in FY22. PAT stood at Rs. 147.31 Mn in Q4 FY23 v/s Rs. 71.34 Mn in Q4 FY22 and at Rs. 402.54 Mn in FY23 as compared to Rs. 321.83 Mn in FY22. PAT margins were witnessed at 4.97% in Q4 FY23 and 4.00% in FY23.

In terms of business performance, we believe this robust performance is likely to sustain on the back of healthy order book and elevated government spending on Railways, roll out of 5G services, increasing focus on infrastructure, growing demand for electricity, and shift towards renewable energy. Furthermore, our exceptional product quality and efficient process has aided the company to become a highly sought-after supplier for a diverse range of clients.

In addition, we have expanded our service offerings which requires deep expertise in engineering and construction space that has been well-received by our customers. This has allowed us to further differentiate ourselves from our competitors, while also driving incremental revenue growth and order wins.

To capitalize on the upcoming opportunity, we are setting up two new manufacturing units in Hapur, Uttar Pradesh and Bhilai, Chhattisgarh producing value-added products which will double our manufacturing capacity and further add on to our EBITDA and EBITDA Margins.

Looking ahead, we remain focused on our core mission of delivering exceptional engineering and constructional solutions to our customers while driving sustainable growth to our stakeholders. We will continue to invest in our network and technology, while also exploring new opportunities for growth and innovation. We would like to conclude by thanking our whole team who have stood tall with us in every situation.”

DISCLAIMER

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Salasar Techno Engineering Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstance.

CONTACT DETAILS

Pramod Kala (CFO)

Salasar Techno Engineering Ltd.

Email: pramod.kala@salasartechno.com

Contact: +91 9810300655

Krunal Shah/ Naman Maheshwari

Captive IR Strategic Advisors Pvt. Ltd.

Email: krunal@cap-ir.com/naman@cap-ir.com

Contact: +91 93724 67194