

07th November, 2023

To,

The Manager – Listing National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex Bandra East Mumbai – 400051 Symbol - SALASAR	The Secretary Corporate Relationship Dept. BSE Limited P. J. Tower, Dalal Street, Mumbai – 400001 Scrip Code: 540642
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SUB: Press Release on Financial Results for Q2 & H1 FY24

Dear Sir/ Madam,

With reference to the captioned subject and in compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that M/s Salasar Techno Engineering Limited has issued a press release today concerning the Financial Results of the Company for Q2 & H1 FY24.

A copy of Press Release issued by the Company is attached hereto for your kind perusal.

We request you to please take the same on record.

Yours faithfully,

For Salasar Techno Engineering Limited

Alok Kumar
Managing Director
DIN:01474484

CIN No. - L23201DL2001PLC174076



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EARNINGS RELEASE & SHAREHOLDERS' LETTER

Q2 & H1 FY24 | NOVEMBER 7th, 2023



ABOUT SALASAR TECHNO ENGINEERING LIMITED

- ❑ Commenced in the year 2006, Salasar Techno Engineering Limited (“STEL” or “The Company”) is engaged in manufacturing of large & heavy steel structures, and provide customized steel structures & EPC solutions to a diverse range of industries including Telecom, Railways, Electricity Transmission & Distribution, and Renewables by carrying out engineering, designing, procurement, fabrication, galvanization, and strengthening under one roof.
- ❑ Operates via 3 state-of-the-art manufacturing facilities located at Uttar Pradesh having cumulative manufacturing capacity of 2,11,000 MTPA. The strategic location of plants provides STEL with an advantage of procuring best quality raw material at competitive prices. The plants are also equipped with cutting edge technologies, In-House IIT certified designs, and time tested Ramboll designs and tools to enhance its capabilities.
- ❑ Has Pan India presence and exports to over 25 countries including West Africa, East Africa, Central Africa, Saudi Arabia, Nepal, and many more. Over the years The Company has served to over 600 customers, supplied 50,000+ Telecom towers, Laid ~746KMs of Power Transmission Lines, Laid ~629 Railway Track KMs.
- ❑ Boasts of having zero defect production, shortest delivery window, ability to ramp up operations in minimum time anywhere, and has a long standing relationship with Ramboll (Denmark) to manufacture lighter and lower costing tower structures and high mast poles.
- ❑ The Company’s past performance and track record has facilitated it to become an approved vendor of PowerGrid Corporation Ltd., CORE (Central Organization for Railway Electrification), and a qualified bidder for Rural Electrification Projects.
- ❑ STEL’s commitment to excellence in its framework and implementation has earned it numerous international laurels and certifications including ISO 45001:2018 for Occupational Health and Safety Management Systems, ISO 14001:2015 for Environmental Management Systems, and ISO 9001:2015 for Quality Management Systems.
- ❑ As of 30th September 2023, STEL has a strong diversified order book worth **Rs. 14,400 Mn** providing strong revenue visibility.

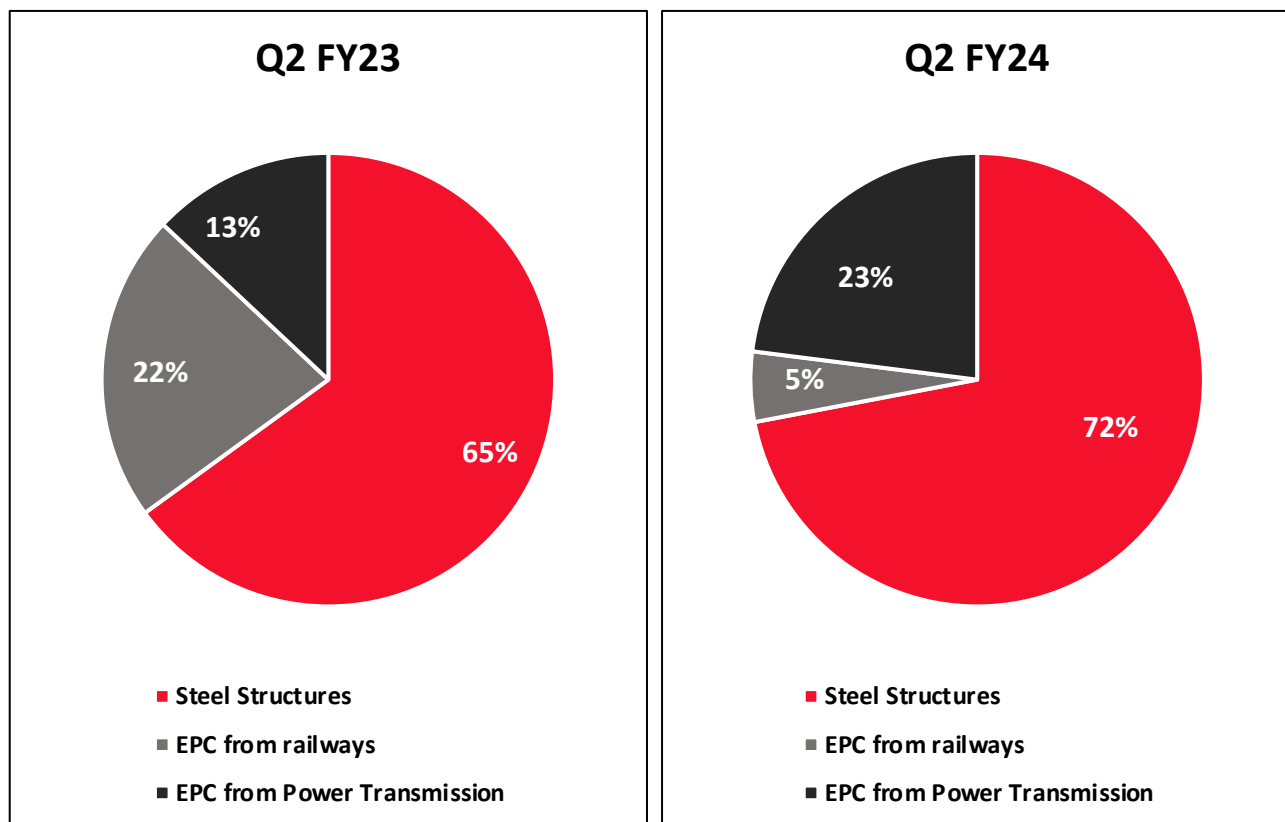
Particulars	Value (Rs. Mn)
Domestic EPC Orders	₹ 10,090
International EPC Orders	₹ 2,110
Orders under Heavy Steel Structure Division	₹ 1,300
Monopoles	₹ 530
Exports orders (Telecom Towers and Poles)	₹ 370
Total orderbook as on 30 th September 2023	₹ 14,400

Over and above the current order book, STEL has regular monthly orders of Telecom towers worth ~Rs. 300-350 Mn

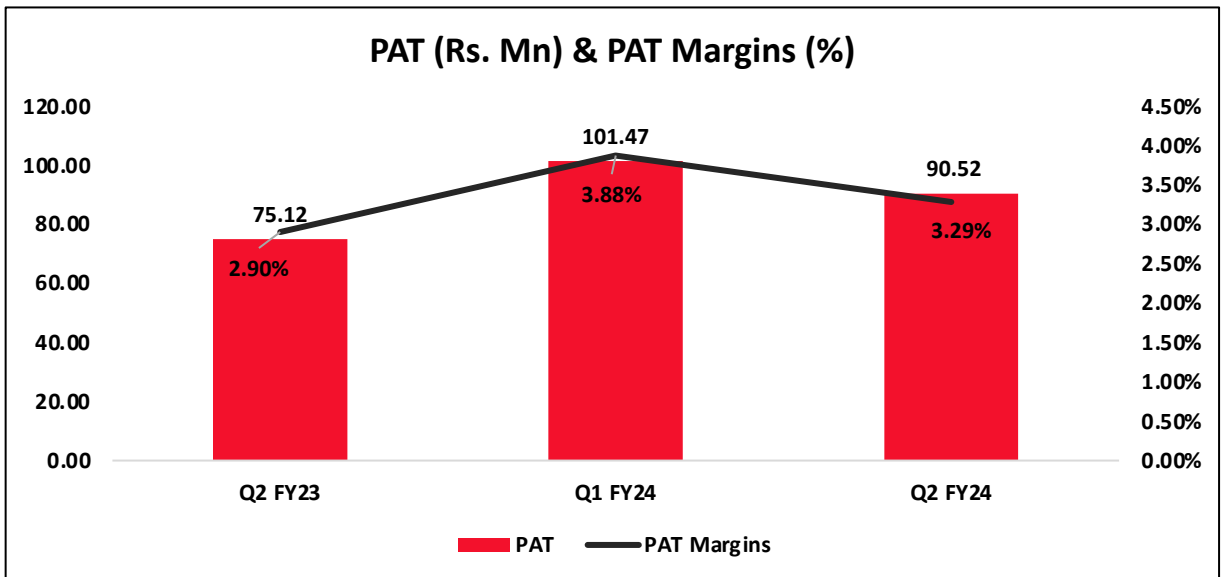
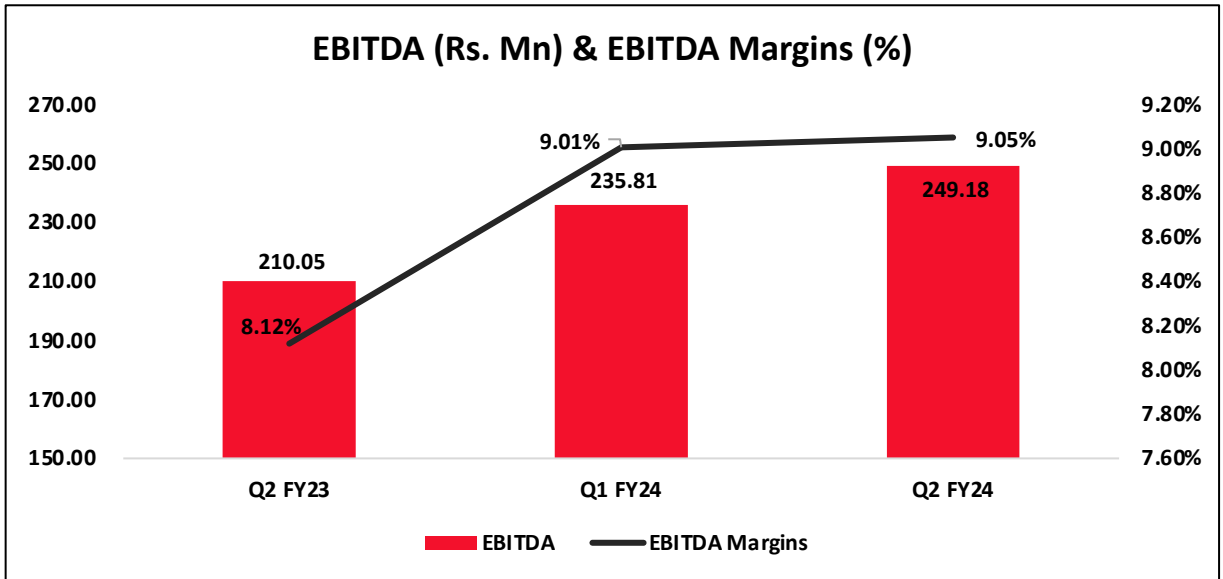
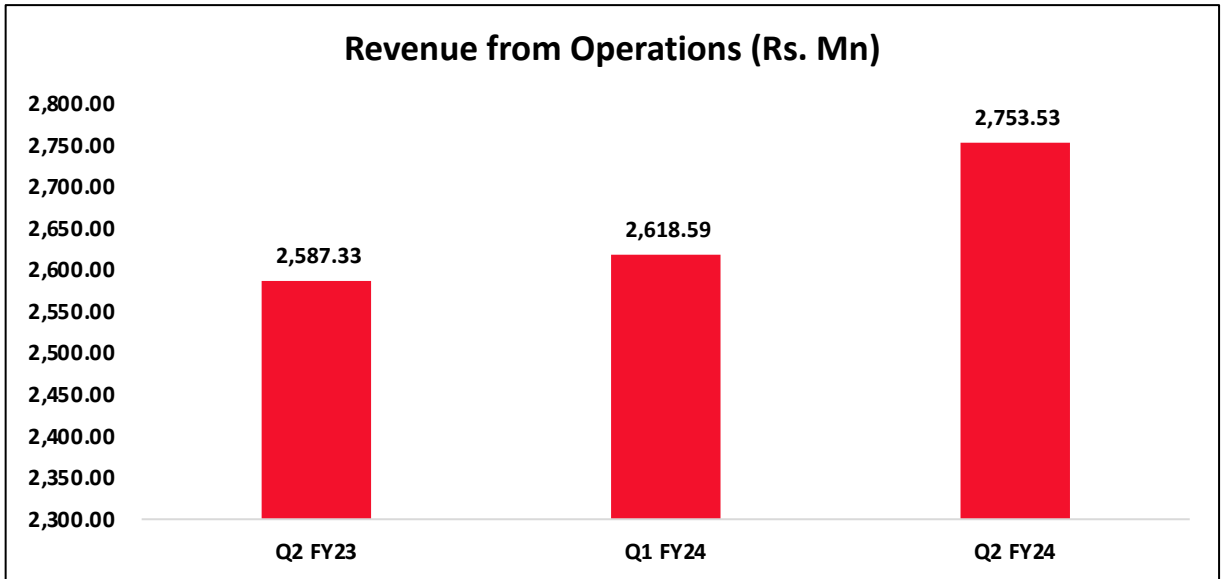
Key Developments in H1 FY24:

- ❑ Won an EPC contract from Energy Development Corporation Limited worth USD 9.40 Mn (Rs. 752.38 Mn) to provide an end-to-end EPC solution encompassing designing, supplying, and installation of 110kv transmission line connecting the African regions of Rwindwavu-Kirehe, Gabiro-Nyagatare, and Rulindo-Gicumbi. This order enabled STEL to expand its presence in international markets, serving as a testament to the trust placed by the foreign clients on The Company's technical excellence and dependability to provide top-tier work.
- ❑ Initiated operations at its cutting-edge new galvanization plant, boasting an impressive annual production capacity of 96,000 MT. This state-of-the-art facility is equipped with latest and advanced galvanization technology and holds a distinction of being Asia's largest galvanization plant. It is geared to produce customized large meter diameter transmission line monopoles, electric & telecom towers, and other large size steel structures in the field of infrastructure, construction, automotive, and more.
- ❑ Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed long-term rating of IVR A with a stable outlook and short-term rating of IVR A1 for the bank loans facilities for STEL. The rating continues to draw comfort from the established track record of operations and experienced management, diversified product portfolio, wide geographical presence, and healthy order book.

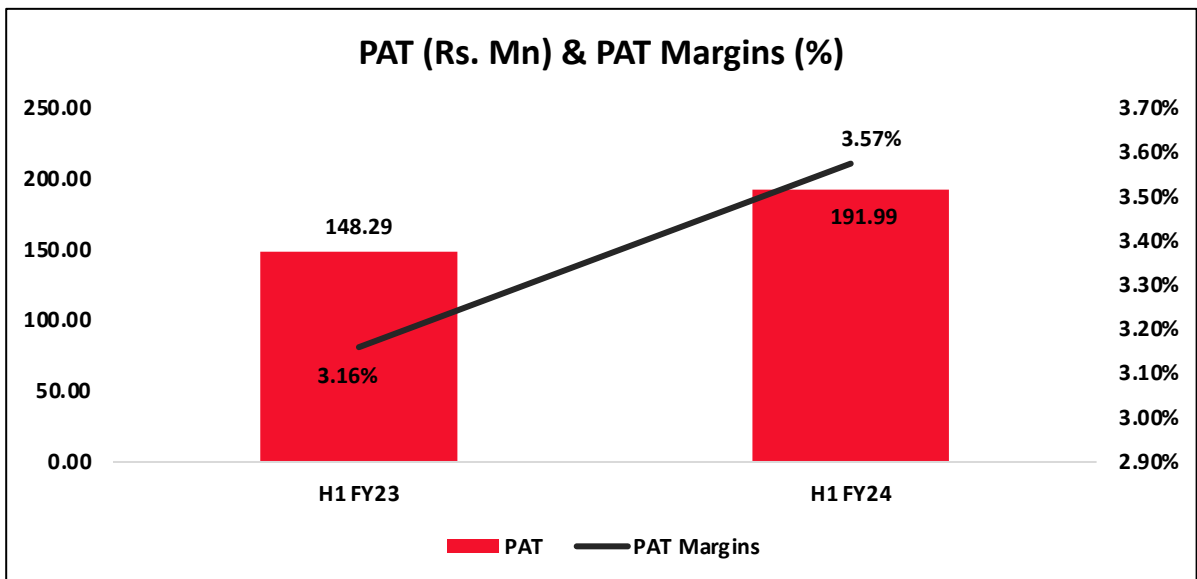
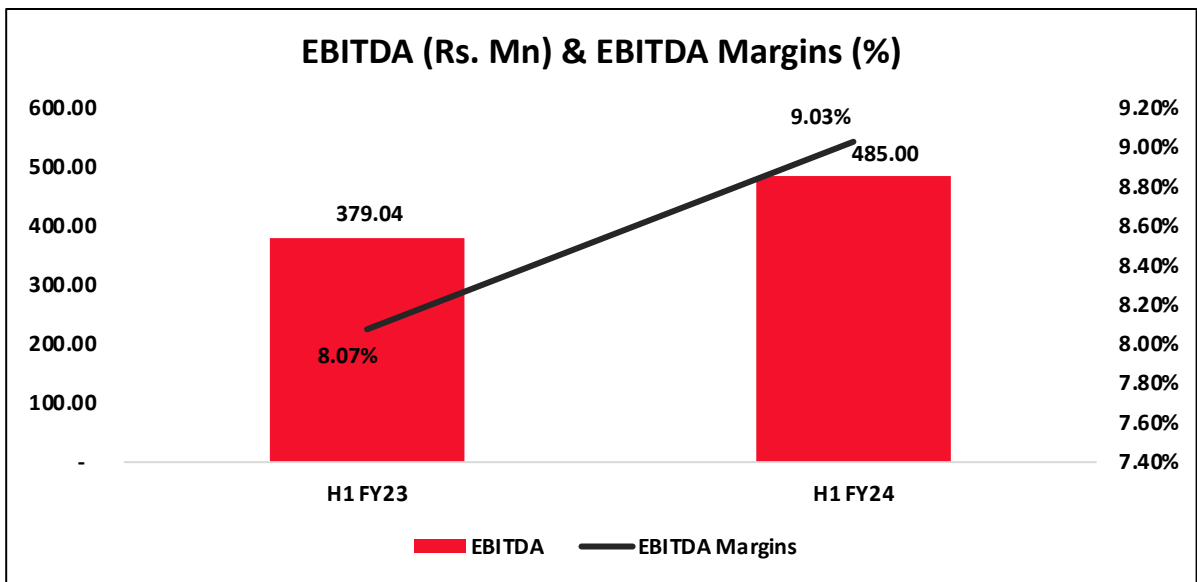
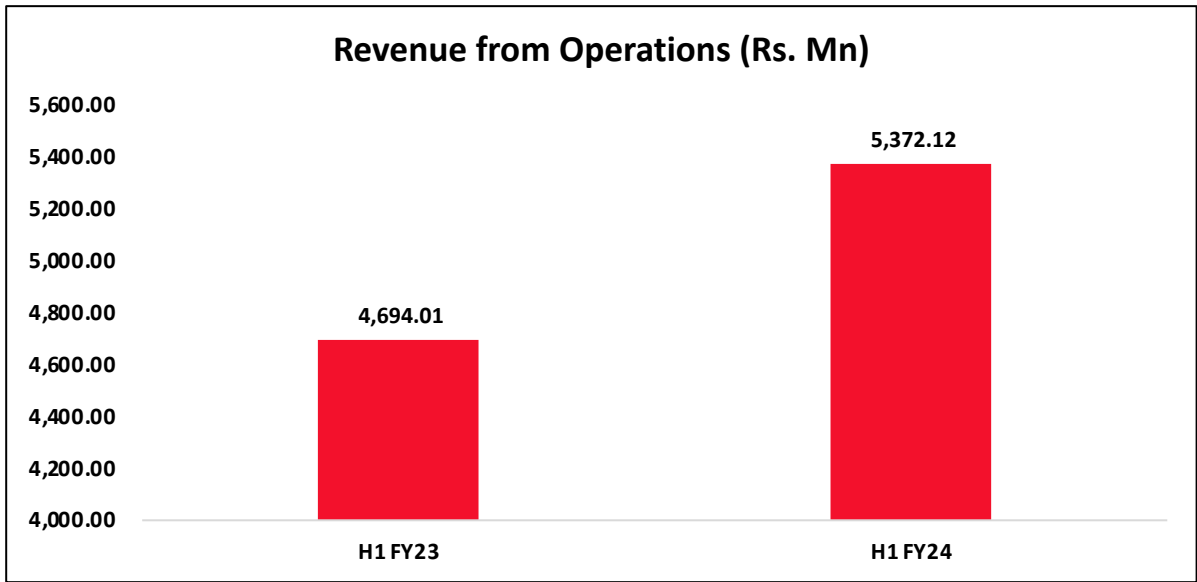
Revenue Split:



KEY CONSOLIDATED FINANCIAL PERFORMANCE SNAPSHOT:



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CONSOLIDATED FINANCIAL STATEMENT HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT

Particulars (Rs. Mn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	H1 FY24	H1 FY23	YoY (%)
Revenue from operations	2,753.53	2,587.33	6.42%	2,618.59	5,372.12	4,694.01	14.45%
Other income	3.10	0.50		4.95	8.04	6.35	
Total revenue	2,756.62	2,587.83		2,623.54	5,380.16	4,700.36	
Total expenses excluding depreciation, amortization, and finance cost	2,504.34	2,377.28	5.34%	2,382.78	4,887.12	4,314.97	13.26%
EBITDA*	249.18	210.05	18.63%	235.81	485.00	379.04	27.96%
EBITDA Margin %	9.05%	8.12%	93 bps	9.01%	9.03%	8.07%	96 bps
Depreciation & Amortization	22.93	19.21		22.28	45.20	37.90	
Finance Cost	106.02	85.27		81.90	187.92	143.00	
Exceptional Item	0.00	0.00		0.00	0.00	0.00	
PBT	123.34	106.07	16.28%	136.59	259.92	204.48	27.11%
Tax Expense	32.82	30.95		35.11	67.93	56.19	
PAT	90.52	75.12	20.50%	101.47	191.99	148.29	29.47%
Other comprehensive income	0.00	0.00		0.00	0.00	0.00	
Net PAT	90.52	75.12		101.47	191.99	148.29	
PAT Margin %	3.29%	2.90%	39 bps	3.88%	3.57%	3.16%	41 bps
Diluted EPS	0.29	0.26		0.32	0.61	0.51	

*EBITDA is calculated excluding Other Income

CONSOLIDATED BALANCE SHEET

Particulars (Rs. Mn.)	30.09.23	31.03.23
Assets		
Non-Current Assets		
Property, Plant & Equipment	2,138.73	1,592.16
Capital Work in Progress	2.40	214.09
Right of Use Asset	124.97	126.01
Intangible Assets	2.58	2.91
Investments	0.00	0.00
Other Financial Assets	306.39	147.83
Other Non-Current Assets	71.10	37.63
Total Non-Current Assets	2,646.17	2,120.63
Current Assets		
Inventories	2,899.54	2,627.44
Investments	0.65	0.52
Trade Receivables	3,362.97	3,298.31
Cash & Cash Equivalents	26.55	4.27
Bank Balance other than Cash	351.93	207.85
Other Financial Assets	590.26	536.97
Other Current Assets	388.79	345.48
Current Tax Assets (Net)	0.00	0.00
Total Current Assets	7,620.68	7,020.83
Total Assets	10,266.85	9,141.45

Particulars (Rs. Mn.)	30.09.23	31.03.23
Equity & Liabilities		
Shareholder's Funds		
Equity Share Capital	315.71	315.71
Other Equity	3,849.85	3,689.43
Non-Controlling Interest	4.01	4.02
Total Shareholder's Funds	4,169.57	4,009.15
Non-Current Liabilities		
Long-Term Borrowings	504.90	402.41
Lease Liabilities	13.78	13.25
Provisions	34.38	36.79
Deferred Tax Liabilities (Net)	49.99	51.01
Other Non-Current Liabilities	0.85	0.85
Total Non-Current Liabilities	603.88	504.30
Current Liabilities		
Short-term Borrowings	2,940.84	2,316.40
Trade Payables	0.00	0.00
Total Outstanding dues of micro and small enterprises	79.06	43.83
Total Outstanding dues of Creditors other than micro and small enterprises	729.94	682.36
Other Financial Liabilities	28.61	0.22
Provisions	4.63	4.73
Other Current Liabilities	1,693.89	1,567.73
Current Tax Liability (Net)	16.44	12.74
Total Current Liabilities	5,493.40	4,628.00
Total Equity & Liabilities	10,266.85	9,141.45

MANAGEMENT COMMENTARY

Commenting on the performance of Q2 FY24, the management team of STEL said:

“We are happy to share with you our robust business and financial performance. This quarter has been particularly eventful and successful for us, marked by robust financial performance, significant international order win, and capacity augmentation.

- Our Revenue from Operations grew by 6.42% from Rs. 2,587.33 Mn in Q2 FY23 to Rs. 2,753.53 Mn in Q2 FY24 and by 14.45% from Rs. 4,694.01 Mn in H1 FY23 to Rs. 5,372.12 Mn in H1 FY24. This robust growth was led by rise in domestic demand of our customised steel structures, EPC services, and efficient execution of order book.*
- Our EBITDA increased by 18.63% from Rs. 210.05 Mn in Q2 FY23 to Rs. 249.18 Mn in Q2 FY24 and by 27.96% from Rs. 379.04 in H1 FY23 to Rs. 485.00 Mn in H1 FY24 led by increase in scale of operations and cost efficient execution. EBITDA margins increased by 93 bps from 8.12% in Q2 FY23 to 9.05% in Q2 FY24 and by 96 bps from 8.07% in H1 FY23 to 9.03% in H1 FY24 due to increased capacity utilisation, and efficient resource utilisation.*
- PAT increased by 20.50% from Rs. 75.12 Mn in Q2 FY23 to Rs. 90.52 Mn in Q2 FY24 and by 29.47% from Rs. 148.29 in H1 FY23 to Rs. 191.99 Mn in H1 FY24 and PAT margins increased by 39 bps and 41 bps to 3.29% in Q2 FY23 and to 3.57% in H1 FY24.*

*In this quarter, we added a significant project in our order book reflecting our growing presence in the infrastructure and engineering sector. We secured a monumental EPC contract from Energy Development Corporation Limited valued at USD 9.40 Mn (Rs. 752.38 Mn). Our scope of work includes providing end-to-end EPC solution including designing, supplying, and installation of a 110kv transmission line in the African region of Rwinkwavu-Kirehe, Gabiro-Nyagatare, and Rulindo-Gicumb. The 110kV transmission line project is a specialized endeavour that demands a deep understanding of power transmission, engineering, and project management. Winning this order is a testament to our engineering prowess and our ability to execute complex projects on a global scale. It not only opens up new avenues for growth but also enhances our reputation as a trusted partner in the international market. This project bolstered our order book to **Rs. 14,400 Mn** as at 30th September 2023.*

Moreover, in line with our commitment to expand our manufacturing capabilities and to meet the growing demand of our products, we are thrilled to announce the commencement of operations of our new zinc galvanization plant in Uttar Pradesh. This state-of-the-art facility boasts of latest and most advanced galvanization technology having an impressive annual production capacity of 96,000 MT. The facility is geared to manufacture high quality galvanized products such as transmission line monopoles of up to 3 meter diameter in size, up from current capacity to produce 1.6 meter diameter monopoles. These higher meter diameter poles will be used in high KVA transmission lines offering us better revenue prospects. Moreover, this expansion enables us to manufacture large sized structures in sectors such as infrastructure, construction, automotive, and more. This strategic investment not only enhances our production capacity but also positions us as a prominent player in providing high-quality galvanized products to meet the ever evolving needs of our customers.

As we look to the future, we anticipate that our strong performance will remain resilient, underpinned by robust demand and the exceptional performance exhibited in the nation. On the energy front, the Central Electricity Authority (CEA) initially projected a peak power demand of 230 GW for the 2023-24 period however, the actual demand surged to an unprecedented 240 GW, prompting an upward revision for the next year, now estimated at 256.6 GW. This surge in power demand will drive the need for infrastructure development, generating significant demand for our products and giving us good revenue visibility for us.

In the telecommunications industry, we are currently witnessing a pivotal moment marked by significant potential, driven by the deployment of 5G technology and the government's increasing commitment to bolster the nationwide 4G infrastructure. In line with this, the two leading operators of India has already introduced 5G services in over 3,500 cities and towns, with comprehensive urban coverage expected to be achieved within this year. Remarkably, approximately 2,75,000 5G base transceiver stations (BTS) have been deployed by these operators across the country, exemplifying the nation's progress in the telecommunications sector. This robust growth and unwavering commitment exhibited by the telecom industry presents us with a significant opportunity to manufacture and supply the towers needed to meet the increasing demand.

Moreover, India is presently undergoing a notable upswing in the demand for steel, largely propelled by the construction sector and ongoing infrastructure initiatives. We expect this surge in steel demand to intensify with the commencement of new projects in upcoming years providing us good revenue visibility.

Lastly, We remain focused on our core mission of delivering exceptional engineering and construction 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.”

For further information on The Company, please visit: <https://salasartechno.com>

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.

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