



“Skipper Limited  
Q4 FY2018 Earnings Conference Call”

May 17, 2018



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**Moderator:** Ladies and gentlemen good day and welcome to the Skipper Limited Q4 FY2018 Earnings conference call, hosted by Asian Market Securities Limited. 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 note that this conference is being recorded. I now hand the conference over to Mr. Amber Singhania from Asian Market Securities. Thank you and over to you Mr. Singhania!

**Amber Singhania:** Thank you Lizaan. Good evening everyone. On behalf of Asian Market, I welcome you all for Q4 FY2018 Earning Conference Call for Skipper Limited. We have with us today Mr. Devesh Bansal – Director of the Company, Mr. Sanjay Agrawal – CFO and Mr. Aditya Dujari – Investor Relation Executive from the Company’s side. We would start with some brief update about the Company and the results from the Company and then we can take it forward to the question and answer session. I now request Mr. Bansal to take us through the quarterly results and your thoughts and then we can start with the question and answer session. Over to you Devesh Ji!

**Devesh Bansal:** Thank you Amber Ji. Good afternoon to you all and thank you for your continued interest in Skipper. Please take note any forward-looking statement made during this call must be reviewed in conjunction with the risks that the industry and the company face.

As you are all aware that we have successfully completed our migration to Ind-AS and are required to report Ind-AS compliant profit and loss numbers for both the current and the corresponding last year. Thus the previous year’s numbers were reinstated and adjusted in accordance to Ind-AS provisions, so most of the adjustments made no material impact, but the requirement of forex derivative gain to be reported on mark-to-market basis has resulted in increased profitability numbers of previous year. The income from forex including gain on derivatives instruments and gain on exchange fluctuation during FY2017 was Rs.52.64 Crores and in FY2018 is Rs.27.62 Crores. Thus all-comparative growth numbers are required to be calculated excluding these numbers for better understanding and analysis on like-to-like basis. Reconciliation statements explaining the adjustment made for reinstatement of numbers between I-GAAP and Ind-AS is provided in slide 51 of the investor presentation. I am sure many of you would have specific queries to get better understanding. In this call, we will try our best to address all the queries and even afterwards you can reach our F&A team through Aditya.

The company continued its tradition of setting many new records in terms of its achievements and even outperform on its given guidance. Our reported net revenue earnings, before tax and net profit were the highest in the company’s history. The company topline grew by 24.6% to Rs.2074 Crores and what pleases us more is that we have been able to even outperform our revised guidance of 20%. The operating EBITDA increased by 25.2% to Rs.274.93 Crores with operating margins at 13.3% of net revenue as against 13.2% in FY2017.

The operating PBT increased by 23.1% to Rs.152.77 Crores against Rs.124.09 Crores whilst we reported profit before tax and profit after tax are at Rs.180.4 Crores and Rs.117.76 Crores respectively.

Few other key developments, which I would like to share with you, are as follows:

The engineering products capacity has been enhanced by 35000 tonnes during the year. Now the total installed capacity now stands at 265000 tonnes per annum.

The company has received approval from core in railways for manufacturing of traction masts. Several projects worth in excess of Rs.40000 Crores have been announced to connect the Northeastern states and areas bordering China, Myanmar and Bangladesh with the rest of the country. Being an East India player, we are logically very well placed to target these large upcoming opportunities as well as other opportunities across India and abroad.

The company continues to improve on its leverage ratio. The debt equity now stands at 0.78 as against 0.83 last year and net working capital cycle remains as far as our target range of 90 days.

Based on its improved results the Company Boards of Directors has recommended it's highest ever dividend of 165% for 2017-2018.

Some of the key financial highlights in comparison to the previous year's corresponding quarters were the net sales of the company increased to Rs.593 Crores from Rs.564 Crores. Reported EBITDA increased to Rs.108.58 Crores from Rs.101 Crores in the corresponding quarter and the reported PBT and PAT numbers were at Rs.74.08 Crores and Rs.49.35 Crores respectively.

On the operation side, the engineering product business continues to demonstrate robust performance in challenging conditions primarily due to the integrated nature of our business and world class capacities built through proactively absorbing new technology and modernizing process.

On the order front, I am happy to inform you that the company has yet another quarter of good inflows. We secured or are favorably placed in new orders worth in excess of Rs.620 Crores for engineering products, supplies from PowerGrid Corporation of India, SEBs, telecom and solar companies and for various supplies across Europe and Southeast Asia.

The total order book of the company as on March end to that Rs.2627 Crores and is well diversified between domestic, PCGIL and private players, SEB and exports. The total order book to sales approximately is at approximately 1.5x of last year sales and we foresee growth to remain strong and gain further pace with increased participation opportunity from export, Northeast and East India states like Jharkhand, Bihar and Odisha. The ordering in TBCB has been somewhat lull this year, but we

expect the activities to pickup in the next year. Also PCGIL getting active to build intrastate transmission projects by tying up with SEBs will give a big boost to the industry. Also we expect SEB action to remain healthy with states like Karnataka, Tamil Nadu, West Bengal, Andhra Pradesh, and Telangana increasing on their T&D spending to reduce AT&C losses and building infrastructure on high voltage lines. The continued government thrust towards expanding electricity across to all rural households and last mile connectivity under flagship programs like Saubhagya, IPDS and DDUGJY disperse good investments and opportunity in this sector.

We feel excited about the new export prospects rather the current rupee devaluation and we feel there are a lot more export opportunities will come our way. Also the company's strategy to enrich and diversify its product portfolio will enable it to tap the growing opportunities in sectors like railways, solar and telecom and reduce its overdependence on a particular end user industry.

On the polymer side, the performance of the polymer side remains challenging during most part of the year due to a lot of uncertainties surrounding GST and the aftereffects of demonetization. There was a sense of circumspect and confusion among the channel partners leading to deferment in placing newer orders and holding onto their inventories. Considering such challenging circumstances our performance remained muted with revenue growth of 5% over the previous year and 9% over the previous quarter.

As part of the company's strategy, we have taken a prudent approach of maintaining a balance between margins and growth and have not compromised on margins to chase topline, but with effects of demonetization, GST and RERA now waning off and a revival in the economy coupled with GST benefits for the organized players and post the infra and housing sectors spending, we expect the growth to get back to our earlier targeted range of 35% to 40% during this year. Also we are very excited to engage Vector Consulting Group for our polymer operations. Vector has assisted many reputed companies across different sectors in India to achieve significant improvements in their business performance through the application of theory of constraints in their processes. This will be achieved by building a robust sales organization and by enabling processes, which can rapidly increase reach and availability of its products across the country. Operations will be managed through a full-based replenishment system, which would ensure high availability at distributors with lower inventory in the company's supply chain. Vector will also aid in setting up and developing a meaningful association and partnership with the plumbers and contractors through a long term loyalty program across relevant product range.

Going forward the market place looks exciting and ripe with opportunity. We are well positioned to capture these opportunities in both our sectors and deliver continuous growth and value creation. A strong engineering order book and rebound in the polymer market segments gives us a good visibility and confidence of achieving this growth.

To summarize, we are confident of delivering another strong performance in FY2019 with at least a 15% growth in revenue and with a consistent margin delivery of 30% to 40%. Thank you very much and we are happy to take all your questions now.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mayuri Yadav from Equentis Wealth Advisory Services Private Limited. Please go ahead.

**Mayuri Yadav:** Mr. Devesh my first question is regarding your quarterly performance if we look at your segmental numbers the engineering products division in terms of the topline has in fact declined compared to last year, so one my question is why that trend and what can we expect going forward? Second if we look at the EBIT margin for the engineering product have jumped considerably given that the topline has declined YOY then what explains this kind of EBIT margin jump from the engineering products? To be precise engineering products EBIT margin has gone up from 17.1% to 19.6%, so if you kindly explain this improvement in margins for the segment Sir?

**Devesh Bansal:** Madam your voice was not very clear. From what I could make out one of the questions was regarding the jump in margins in the engineering product segment in the last quarter. There was some execution of high margin contracts, which we undertook in Q4, which explains the jump in margins; however, our guidance with regards to the overall margin profile of our business the operating margin guidance would continue to remain at 13% to 14% on an operating level. This was probably an exceptional quarter and on a year-on-year basis we would expect that the margin profile should remain at anywhere between 13% and 14%.

**Mayuri Yadav:** Why the drop in segmental revenue in engineering products YOY for the quarter?

**Devesh Bansal:** I am sorry. Could you repeat that?

**Mayuri Yadav:** The segmental revenue in the engineering products has come down YOY, so can you please explain that?

**Devesh Bansal:** Segmental revenue in our engineering product segment from last year to this year, there has been a growth of about 28% in our engineering product segment.

**Mayuri Yadav:** Sir for the quarter it is Rs.492 Crores vis-à-vis Rs.505 Crores?

**Sanjay Agrawal:** Madam this is Sanjay Agrawal. I will reply to your question. Actually you were looking after the result, which we have uploaded to the stock exchange in this segment reporting. You see at the bottom of the result, we have given the net numbers separately. Post in the numbers for the current quarter there is no excise duty and in the corresponding previous year, there was an element of excise

duty included in the revenue numbers, but this is not actually comparable. For better comparison you refer our last page, point number six of published results.

**Mayuri Yadav:** Sir I am there on that page, if you look at the first two quarters you had grown an excess of 35% YOY, but in Q4 the growth is fairly subdued relatively, so what explains that Sir?

**Devesh Bansal:** What you have noticed Madam is that as the company's order basket from only domestic to international as well as into other products that we are now focusing on such as the telecom, such as railways, such as solar there is an equalizing effect that is coming in from what it was let us say two years back, so earlier it was heavily skewed in favor of Q3 and Q4. Most of the revenues used to come from Q3 and Q4, but in the last year or so, we have seen that there has been an equalizing effect and now we have seen that all quarters we have been able to clock good revenue growth and it is not heavily dependent only on Q3 or Q4, so I think this is a trend, which we probably will see going forward as well wherein the topline is spread out all over the year instead of just in one or two quarters.

**Mayuri Yadav:** Sir in that case can you please explain what is the revenue mix in terms of PGCIL, domestic, others, exports and probably some other new segments that you have added?

**Devesh Bansal:** We can share the order book mix, which is there is right now. As I mentioned in my opening statement our order book currently stands at about Rs.2600 odd Crores out of which approximately 44% is PGCIL, another 40% odd is SEBs and other domestic customers and the balance is exports.

**Mayuri Yadav:** Sir in the 40 domestic others what will the mix between SEBs and say other segments like towers and may be railways and solar?

**Devesh Bansal:** We have decided to categorize it into these three segments only because for reasons of confidentiality we would like to maintain it at the PGCIL, other domestic customers as well as exports.

**Mayuri Yadav:** Sir just any indication as to what the new segments are contributing because your entire revenue profile is changing for the company as you were just now explaining to us that it is no longer skewed towards Q3 and Q4, so it is important for us to understand as to how these new segments are contributing and what can we expect going forward if you can please give us some indicative numbers on that?

**Devesh Bansal:** I can indicate that at the moment there is still a much smaller proportion of railways and solar. These are very new businesses for us. The bulk of the order book would be mostly in favor of SEBs, private developers and telecom in the domestic side, but I am sure going forward you will find railways, which are a very exciting field as well as solar taking on a higher proportion of the other domestic order book.

**Mayuri Yadav:** Sir you had given a margin guidance of 13% to 14% next year? It will be nice if you can break it up between the segments like polymers and engineering products because I understand your polymer business is a far lower margin business so if you can kindly guide us on the segment level margins as well?

**Devesh Bansal:** Sure, so I think if you look at our overall topline mix almost 85% to 90% is made up of engineering products as well as the EPC business. There we would expect 13% to 14% to be the margin profile, which the company has been targeting for the last, may be three or four years and it has continued to maintain. On the polymer side you are right; the margin profile is slightly more modest. It is approximately 9% odd on an EBITDA level. We hope to maintain this high single-digit number as we have seen even in last year instead of chasing topline by diluting on margins the company decided to maintain a balance between the margin and the growth and we stuck to our margin profile of about 9% odd in the polymer business as well, so that is the trend we would like to see continue going forward as well, so you can expect similar margin profile going forward.

**Mayuri Yadav:** Sir my last question is with regards to your networking capital requirement for the year it has gone up if we look at specifically our debtor days and inventory days, it has shot up from approximately 75 days in last year to almost 85 to 90 days in FY2018, so can you please explain why this increase in debtors and inventory days?

**Devesh Bansal:** We have always maintained that our gross working capital cycle would be at roughly around 180 days, which it continues to remain at. Our inventory is close to about 100 days and debtors are at about 80 days. There is a minor fluctuation that keeps happening between these two numbers during the year so 180 days is really the benchmark that we set ourselves against and on a creditors we keep it at close to about 90 days, which it is also right now, so on a holistic level we are still at about 90 days of networking capital and 180 days of gross working capital. There might be slight fluctuation from time-to-time, but on an overall level we expect that this will be maintained going forward as well.

**Mayuri Yadav:** I get that Sir. Sir, will this change on a YOY basis can it be explained basis the mix change? Now PGCIL is increasingly contributing lesser and you have given the breakup of order book, so is it more growth towards SEBs and other segment as well as export that is contributing to this kind of networking capital cycle that we are looking at even though at a gross level you mentioned that the base remains more or less within the range, but YOY movement in debtors and inventory can it be explained because of the mix change?

**Devesh Bansal:** If I understood your question correctly I would think that one of the reasons for our extended working capital cycle is the integrated nature of our operations. The fact that we make our own raw material, which is MS Angle, it extends our working capital cycle by about 45 to 50 days. As the product

profile and the product composition and our order book changes as you mentioned from PGCIL to other businesses also, we do not expect a dramatic change in this going forward, but you are right. SME of the new businesses that we are getting into like solar or railways probably will not have as extended working capital cycle as the power business, so we might see some improvement in this going forward, but as per our guidance we would continue to place it at a 180 days gross and 90 days net.

**Mayuri Yadav:** Thank you so much Sir for answering my questions. I will join the queue back again.

**Moderator:** Thank you. The next question is from the line of Vivek Sharma from Pramerica Mutual Fund. Please go ahead.

**Vivek Sharma:** Thanks for taking my question. In the last few quarters we have seen that other expenses have been going up and in this quarter they are at Rs.119 Crores versus Rs.66 Crores in the previous quarter any reason for this? Is it Ind-AS related or any one off that have hit this particular line item?

**Sanjay Agrawal:** The other expenses in the corresponding period Q4 seems to be at a lesser amount of so. In the current quarter there are much more exports are there and its related freight part is mainly going to the other expenditure. Another thing that this Mr. Devesh Bansal, our Director had mentioned in the opening remarks there was foreign currency gain in the overall profitability of the company. During the previous years the overall gains as reported was more than Rs.50 Crores and most of them was in the corresponding quarter only. The impact of that in the other expenditure is coming as a negative item and that as actually bring down the overall other expenditure figures in the company.

**Vivek Sharma:** Can you please give us the numbers of forex gain in the last quarter and this quarter?

**Sanjay Agrawal:** Actually for better understanding in the corresponding last year quarter this was prepared under I-GAAP and the entire financial year FY2017-2018 has been prepared under Ind-AS. Actually the numbers are not comparable, so we try to avoid the quarter-on-quarter numbers for this forex exchange because of the exactly non-comparable in nature that is why we have shared the year-on-year forex numbers, so that better clarity will be there. From next year onwards once the comparable quarters are under the same accounting standards that is Ind-AS then only it will be better to have the quarter-on-quarter number.

**Vivek Sharma:** Similarly for the finance cost also it has jumped QoQ as well as YOY any particular reason?

**Sanjay Agrawal:** YOY finance cost if you see in percentage terms there is a dip of around couple of basis points. Around 20 basis points, there is a dip in the finance cost.

**Vivek Sharma:** I am talking about the absolute numbers Rs.13 Crores becomes Rs.24 Crores?

**Sanjay Agrawal:** You are talking about.

**Vivek Sharma:** Absolute?

**Sanjay Agrawal:** Any number if you talk about in the absolute number then this may be a misleading concept from our perspective because once the business is growing, we have grown the business by around 25% and if we really compare the figure on absolute number basis then we may restrict the business growth, so once the business is going upward we must see on the numbers in terms of the percentages.

**Vivek Sharma:** What I meant to ask was in this quarter was there any specific charges such as LC charges or anything that may have hit in this quarter or may not be recurring?

**Sanjay Agrawal:** There are a lot of expenditures that you mentioned that LC charges are there, bank guarantee charges are there, interest on bill discounting is there, interest on purchase is there, interest on cash credit is there, interest on term loan is there and all sort of expenses, which is related to finance are going to be debited to this account. Once the business is growing, the measurement basis should be percentage not exact numbers.

**Devesh Bansal:** I think what Sanjay is saying is the finance cost is simply a function of the growing scale of the business operations.

**Vivek Sharma:** Will it be fair to assume that the going run rate of finance cost would continue for the next financial year, so if Rs.24 Crores is this quarter, the finance cost for next year would be between Rs.90 Crores to Rs.200 odd Crores will it be a fair assumption?

**Sanjay Agrawal:** From our overall dept numbers that you will see there is some debt numbers are almost flat and there is slightly increase in the overall debt number in the working capital. You must assume that there might be some increase in the absolute value but on percentage terms, it must be within control.

**Vivek Sharma:** Fair enough. My second question is related to your guidance. You have added a few products in our portfolio and what would be their rough contribution in terms of growth because at 15% guidance, so are you not assuming that those products will not contribute much or the base engineering product segment would be on the lower side?

**Devesh Bansal:** When we talk about growth of 15% odd in the coming years, we talk about it from the entire segment, which is our engineering product segment, which includes the power T&D business, the railways business, solar as well as the telecom business, which we completed too and most of the capacities for us are fungible between all of these sectors, so the growth would come from the engineering products segment and with contribution from all of these different businesses it is slightly difficult to put an accurate number to each of their contribution to their overall growth, but the company has added

capacity and it is going to be utilized in any of these businesses, so on an overall level we are very confident of 15% odd growth, but each segments individual growth is slightly difficult to put a picture on right now.

**Vivek Sharma:** What I meant is it on the lower side, is it on the conservative side or do you think this is what should or could be?

**Devesh Bansal:** We started off last year also with a guidance of about a 15% growth, but there was obviously a commodity price increase, which helped us growth at almost 23%, so I would still peg this year's number at about 15% odd because we feel the commodity prices are also slightly on the higher side, so there might actually be an effect of commodity price de-escalation this year as well, so on a balanced level we would think that 15% is actually a reasonable guidance number for this year.

**Vivek Sharma:** Fair enough. Thank you Devesh for answering my question and best of luck.

**Moderator:** Thank you. The next question is from the line of Varun Agarwal from BOI AXA Mutual Fund. Please go ahead.

**Varun Agarwal:** Can you give me the volume numbers for FY2018 full year and quarter the engineering and PVC?

**Devesh Bansal:** Varun as far as the industry practice as well as for reasons for confidentiality we do not share our volume numbers. We have not been doing it for the last couple of years and we would like to maintain that.

**Varun Agarwal:** Utilization level if you can give?

**Devesh Bansal:** On a utilization level, I can very well share with you that out of our capacity of 230000 tonnes at the beginning of last year and we ended the year with 265000 tonnes and utilization has been very close to 90% odd.

**Varun Agarwal:** Sir on the engineering business front how are you seeing the overall ordering side? The ordering how do you think the next year will be?

**Devesh Bansal:** We feel that while as I mentioned in my opening remarks as well that the TBCB ordering has been slightly muted, but we feel that with PGCIL getting involved with states projects on a consultancy basis there should be definitely a good boost to the state ordering as well as the states themselves are looking at very good growth numbers this year. The private players also are getting into action quite a bit, so on a sectorial level we are very confident of investments coming in either from PGCIL, from states or from private developers. From a company perspective, we are absolutely agnostic whether it comes to working in either three of these sectors, so we are very, very comfortably placed. At the

moment, also our order book is about 1.5x of last year's sales, so we have revenue visibility for almost 18 to 24 months, but we are very confident of the sectoral growth happening in a very, very strong way. Apart from this on the export side as well last year almost 25% of the company's revenues used to come from the international business. Even going forward with the current devaluation of the rupee, we are very sure that export will be very, very robust and the company is entering newer, newer geographies all the time, so we definitely do not see any issues in order pipeline going forward.

**Varun Agarwal:** Because TBCB do you see impact on margins because the bids are getting quite aggressive here, so do you see any impact on the margins because of that and also we give out the overall bid book for L1 in our order book currently?

**Devesh Bansal:** What we have found there is definitely because of TBCB there is some pressure on margins, but Skipper being a very, very cost competitive manufacturer of this product we would like to believe that we are one of the lowest cost producers of this product not just in India, but one of the lowest cost producers globally. Even in spite of the slight pressure on the margins, we are able to maintain our target margin numbers of 13% to 14% on EBITDA level and even going forward look at the large customer base that we have spanning across geographies as well as within India in all of these three sectors PowerGrid, States and Private Developers we feel that maintaining this margin profile of 13% to 14% should not very difficult for us and with regards to L1, I think you asked a question about how many contractors in L1, so the current order book position that we mentioned of Rs.2600 odd Crores includes the contracts where we are favorably placed as well as the ones, which we already secured.

**Varun Agarwal:** Bid book if you can give in case?

**Devesh Bansal:** The bid book I would think that it is close to about Rs.25000 Crores, but maybe we can revert back to you with the exact number. We will have to just recheck on that number.

**Varun Agarwal:** Our win ratio would be somewhere around percentage terms?

**Devesh Bansal:** Sorry could you repeat that.

**Varun Agarwal:** The percentage terms the win ratio?

**Devesh Bansal:** We anticipate a win ratio of anywhere close to about 35% to 40%.

**Varun Agarwal:** Sir the previous participant also asked about the other expenses? It has jumped quite sharply in this quarter and for the year? If you can give me some flavor of where exactly incremental expenses have come, some qualitative and some quantitative numbers for that?

**Devesh Bansal:** Sanjay had explained that the other expenses of last year were shown lower because of the forex gain that we have accrued in the previous year of close to about Rs.56 odd Crores was deducted from the other expenses the segment of last quarters numbers, which makes the number look very small. Compared to that forex gain is only about Rs.27 odd Crores, which is why the other expenses, column looks like it has jumped significantly from last year to this year. However on an actual level the numbers have remained quite flat.

**Varun Agarwal:** Specifically of the other income for example right that is the difference? For the second segment PVC what is the strategy going forward? We have not been able to increase our volumes as expected, so just to understand from the business perspective, where are we lacking in? What are we doing to correct the overall strategy in terms of increasing the volumes and overall growth?

**Devesh Bansal:** You are right. In the polymer piping business last year was a challenging year for us, so the company is very prudently trying to maintain a balance between growth and margins although it was a difficult year wherein there was stiff competition from many organized players, but we company has decided to pursue a balanced approach and not sacrifice on margins completely in favor growth, so even though our growth was muted at roughly around 5% odd, but our margin profile still remained at 9% odd EBITDA. Now going forward we expect that the sector have started already easing out and it will further relax going forward with very, very robust demands coming in both from the agriculture as well as the construction sectors. To capitalize on that what Skipper has done as I mentioned is that we have engaged a very reputed consultation known as Vector Consultancy to implement theory of constraints and they have done very, very dramatic improvements to many companies' processes over the last few years. Very reputed brands have benefited from services in streamlining the supply chain as well as the sales and distribution. So we hope that with addition of Vector as well and as well as the sector rebounding we will see definitely good growth going forward, but what we are very clear about is that we will not pursue mindless growth by completely compromising on margins.

**Varun Agarwal:** Sir I will come back in the question queue for any other questions. Thanks.

**Moderator:** Thank you. The next question is from the line of Abhijeet Vara from Sundaram Mutual Fund. Please go ahead.

**Abhijeet Vara:** Thanks for taking my question. Sir first question is what is the capacity utilization for PVC?

**Devesh Bansal:** I am sorry. You will just have to repeat that question please.

**Abhijeet Vara:** What is the capacity utilization for PVC division?

**Devesh Bansal:** The PVC capacity stands at roughly around 51000 per annum.

**Abhijeet Vara:** Second is if you could also help us understand your overseas aspirations for the engineering products?

**Devesh Bansal:** Skipper entered the overseas market approximately four years back with customers in Latin America and Africa. Over the last four years Skipper has continuously added more and more countries onto its portfolio. We have gotten approvals and customers in not less than about 30 to 35 countries now and we are continuously expanding this base. Very recently Skipper got approved in Mexico as well as by Canadian Welding Bureau, which is one of the most prestigious and most difficult approvals to get, which qualifies Skipper to supply to Canada as well as North America. The strategy that Skipper has been following has been to continuously keep getting approvals and to keep interacting with customers, so that wherever the projects come up we are able to bid for them and secure orders from there and we have successfully done that, so currently at the moment also we would be exporting to not less than 15 to 20 countries.

**Abhijeet Vara:** Is there any aspiration to grow your order book to 25% to 30% from export markets something like that? Do you have any target in mind in the next one or two years?

**Devesh Bansal:** The idea for us is to have an order book, which is approximately 1.5 to 2x of previous year's sales that is the number that we have kept in mind and we are absolutely okay whether it comes from the international business or from domestic business. We are completely agnostic when it comes to that because the margin profile for us in both of these sectors is very, very similar, so we are happy with exports or with domestic whether it is PGCIL or states or private developers.

**Abhijeet Vara:** Sure. The utilization of PVC division, I wanted the utilization and not installed capacity?

**Devesh Bansal:** Utilisation last year was close to about 50% odd. As I mentioned obviously it was a muted year for us.

**Abhijeet Vara:** Sure. Thanks. I will get back in the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Alok Ranjan from L&T Mutual Fund. Please go ahead.

**Alok Ranjan:** Thank you for taking my question Sir. Sir if I see the order book breakup of last year and this year I find significant changes in terms of the PGCIL where you have given this year 44% compared to 51%, which is how the market is also expecting that the PGCIL order book has gone down and there has been no increased order from the SEBs and domestic, so can you throw some light on that and also the export order book has gone down, so how are you planning to increase it or what are your plans regarding that?

**Devesh Bansal:** Thank you for the question. As I just mentioned in the previous question from a company perspective we are very, very agnostic when it comes to whether the orders come from PGCIL, other domestic customers or from the international business because our margin profile in all of them is very, very similar. Now you are correct that the share of PGCIL has decreased from let us say 51% to 44% this year, but that is just the way the industry has evolved, but we have seen PGCIL getting active in as I mentioned in the role of a project management consultant for State Electricity Boards. What that is doing is that it is allowing the State Electricity Boards to take on more ambitious projects and to implement them much better, so I think that is the trend that the industry is following and from a company's perspective, this is absolutely a comfortable situation for us, so we will be happy working with states, private developers or PGCIL as the market grows.

**Alok Ranjan:** Sir related to exports so the exports here has fallen in the order book, so how is the margin? Like in domestic you mentioned that it does not matter whether it is coming from PGCIL or other players, but in terms of exports how the margin is different and are you planning to increase your order book in exports at the time of considering the crude oil prices are going up?

**Devesh Bansal:** The margin profile of even the orders, which are currently there in our order book for exports are also at the levels that we have in domestic. The order book composition changes as per the orders we are able to secure as per our margin expectations, so our margin expectation is 13% to 14% EBITDA and we try to make sure that we get orders from any of these four sources domestic, PGCIL, other states, private developers or exports and any of them if they give us the orders with our margin expectation, we are happy to take those orders, so any order, which is there in our order book will have a similar margin profile. The composition might change in favor one or the other and we are okay with either of them.

**Alok Ranjan:** Sir looking into the effect of how the rupee has behaved over the past one or two months, so I want to know with percentage change in rupee depreciation that means from supposed 67 it moves to 68 how much it impacts your topline?

**Devesh Bansal:** More than the impact on the topline, I think it makes Indian products much more competitive on the international scenario. We are very optimistic about getting much more international orders because of the devalued rupee, so I think it is in some ways it is a welcome occurrence and this would only help us in being more competitive in the international business.

**Alok Ranjan:** Sir my second question is regarding the topline guidance that you have provided around 15% growth, but at the same time we are witnessing commodity prices going up and the change in inventory has definitely saved this quarter, but in the 15% I think there will couple of percentage will be contributed by the inflation in the commodity prices, so is it not the guidance needs to be slightly more towards north of 15% because the commodity prices increase itself will contribute some percentage?

**Devesh Bansal:** At the moment, we feel that a 15% guidance is there; however, if in case things do go as what you have just suggested we might just have to revise our targets during the middle of the year, but at this moment we feel a 15% plus a little bit guidance is a fair guidance at the moment.

**Alok Ranjan:** Sir Can you please give in the year that has gone by what was your percentage increase in the revenue growth 25% revenue growth we have seen it is from the commodity price increase?

**Devesh Bansal:** Out of this growth of roughly around 23% to 24%, we expect that the increase due to commodity prices can be counted as roughly around 6% to 7% and the rest is because of volume growth.

**Alok Ranjan:** Fine. Sir my last question regarding the polymer division, so one is the utilization level is slightly lower right now, so assuming that the utilization level will improve and a bit renewed and launches of the CPVC and the branding exercise what is the EBITDA margin or fare EBITDA margin that you would like to see from this business going ahead?

**Devesh Bansal:** We definitely expect utilization to be much better in this year. As I mentioned the sector has seen a good growth and the company is taking all the required measures to improve our utilization of the plants. We would expect the EBITDA numbers to remain in the high single digits close to about 8% to 9%. That is really going to be the target of the management, so I hope that we will be able to achieve that this year.

**Alok Ranjan:** Fine Sir. Thanks for taking my question.

**Moderator:** Thank you. The next question is from the line of Aayush Sharma from Investec Capital. Please go ahead.

**Aayush Sharma:** Thank you for the opportunity. Sir my questions are on the polymer division. Sir it is possible to share the regional sales mix or product mix for this division?

**Devesh Bansal:** That is very, very specific data. Mr. Aayush, I do not have it with me right now and I am not sure if we can share that detailed data. May be you can connect with our F&A team later on and they could help you with that.

**Aayush Sharma:** Sure Sir that will be fine. Sir on the polymer side are we planning any capacity expansion as of now?

**Devesh Bansal:** What we have found is that in certain regions the capacity utilization has been quite good, but in other areas the utilization has been low, so overall numbers look low, but then in a couple of regions the utilization has been quite decent, so we might just see capacity addition in these geographies in the coming year and also in our fittings portfolio because we need to have a complete basket of products there is some capex planned for this year to increase our fitting basket as well.

**Aayush Sharma:** Sir what could this expansion be meaning the quantum of the expansion?

**Devesh Bansal:** This year capex in the polymer business is pecked at roughly around Rs.20 odd Crores, which includes the fittings, CPVC as well as pipes business and also the HDPE business.

**Aayush Sharma:** Thank you.

**Moderator:** Thank you. The next question is from the line of Rakesh Roy from Asit C Mehta Investment. Please go ahead.

**Rakesh Roy:** Sir my first question what is your total capex in FY2018 Sir?

**Devesh Bansal:** In FY2018 the capex number was Rs.61 Crores.

**Rakesh Roy:** Rs.61 Crores Sir?

**Devesh Bansal:** Yes.

**Rakesh Roy:** Sir my second question is generally in Q4 all the EPC businesses have the high quarter, but in your case it grew by only 5% and your execution rate has come down to last year 25% and this quarter it is at 19.5% any specific reason Sir? Any project delay?

**Devesh Bansal:** I did not get your question properly, but I think you mentioned that the quarter growth was only 5% is that what you mentioned.

**Rakesh Roy:** Yes first quarter?

**Devesh Bansal:** If you look at our overall annual growth that has been in excess of 23% and as I have mentioned there is an equalizing effect, which is coming into the company's execution. We are seeing more execution happening in the first two quarters as compared to what it was earlier, so you will see very high growth in Q1 and Q2 and even Q3 whereas Q4, which is traditionally a very strong quarter we see a modest growth in that, but on an overall level we are seeing a very good growth for the overall business in the year, so I think this is a trend, which is coming in and going forward once last year's numbers you will see the difference between Q1 and Q4 has significantly reduced, so going forward the growth numbers will be more even throughout the year.

**Moderator:** Thank you. The next question is from the line of Sameer Jahagirdar from Research & Ranking. Please go ahead.

**Sameer Jahagirdar:** Thank you for the opportunity. I had a couple of questions related to the capex first of all. Sir could you please share what is the capex plan from the two to three year's perspective and what would be the breakup of that capex between the engineering, polymer and the new segments that you are entering like solar and railways?

**Devesh Bansal:** The solar and railways also come under the engineering product segment only, so we divide our capex plan between the engineering products and the polymer products business. In the coming year the capex plan is pegged at roughly around Rs.75 odd Crores out of which around Rs.20 Crores is for the polymer business and around Rs.55 Crores is for the engineering product business, which includes the capacity expansion, the maintenance capex as well as the test bed, which is a capex planned, which has been taken over for this year, so the engineering business you can assume a capex of around Rs.55 Crores and polymer Rs.20 Crores and this is also a similar trend that we have seen in the last couple of years and this is expected to continue as the business grows.

**Sameer Jahagirdar:** Thank you Sir. My second question is related to the polymer segment. Earlier it was mentioned that the breakup between the agriculture and the construction segment in the polymer is around 90:10, so you had guided that it would go ahead to be around 60 to 40, so what is your strategy behind the same and what is progress to achieve that and how it would be achieved going ahead?

**Devesh Bansal:** About two years back the split between agri and plumbing in our polymer business was 90:10. The year before was at roughly around 70:30 between agri and plumbing and in the year that we just closed; it was also close to about 65:35 between agri and plumbing. The idea for the company is to keep on increasing the share of the plumbing business because that has slightly better margin profile and it also utilizes fittings, which again is better margin business, so the target for the company is to take this proportion up to 50:50 going forward between agri and plumbing.

**Sameer Jahagirdar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Jason Soans from Monarc Network Capital. Please go ahead.

**Jason Soans:** Thanks for taking my question. I know you have touched upon the things, which have not gone as per plan in the polymer business, but just if possible would want you to elaborate somewhere in October around you had guided for FY2018 growth in the PVC business to be around 20% to 25%, but it has come around close to 7.5% for the year, so just wanted to know if you could highlight certain things, which have not gone as per plan and you also said that Vector Consultancy you appointed it for the business, so what exactly would it be doing to rectify it or something which has not gone as per plan?

**Devesh Bansal:** Sure you are right. We revised our guidance number from the beginning of the year and in the middle of year. We had downward revised it in case of our polymer business and we finally ended up with a

lower number with a very modest growth over last year. I mentioned that the main reasons for this has been stiff competition from the other organized players in the market, but the effects of this have reduced substantially in the last few months and we expect the market to rebound to its normal self this year. To take advantage of Vector's expertise in implementing this we have just recently engaged Vector only a few days back. They have already started their work. What they do is essentially they implement a principles of theory of constraint, which is a worldwide accepted best practice and the idea is to optimize our supply chain as well as our sales and distribution network, so they have managed to achieve great success for many companies in India as well abroad and we are hoping that with their help, we will be able to further improve our profits in sales and distribution as well.

**Jason Soans:** In light of that Sir what do you think you can show a growth in FY2019 if it is possible you can give a number? I think you have mentioned 35% to 40% in the opening remarks?

**Devesh Bansal:** Yes, so overall the polymer business is expected to grow at a good pace of close to about 40% odd. The reason for that is that we enjoy a low base effect in this. It is not a very big business. It is close to about Rs.200 odd Crores in topline. Achieving a good growth of about 40% odd should not be very difficult. This of course being a muted year, we hope that this will rebound back to its normal size in this year.

**Jason Soans:** Thanks. That is all from my side Sir.

**Moderator:** Thank you. The next question is from the line of Supriya Madai from East India Securities. Please go ahead.

**Supriya Madai:** Just wanted to understand on the capex plan like last year we had outlined around Rs.85 Crores and currently you are saying that we did around Rs.60 Crores to Rs.65 Crores, so that the capex, which is planned on the project wealth plan that has been taken to the current year?

**Devesh Bansal:** Yes. We had actually planned for the test bed last year as well. However that capex got deferred to this year, so we are hoping to implement it this year.

**Supriya Madai:** The rest of the questions have been answered. Thank you and all the best to you Sir.

**Moderator:** Thank you. The next question is from the line of Bhalchandra Shinde from Anand Rathi. Please go ahead.

**Bhalchandra Shinde:** What I wanted to know is Sir because of this rupee depreciation effect will we be able to pass on this benefit to the export market or we will take that benefit in the next export orders?

**Devesh Bansal:** No, as a company policy, we are always hedged in all our international contracts, so any increase or decrease of the currency during the contract does not really benefit us or has a loss on us because we are completely hedged right from day one; however, because of devalue of the rupee for any new contract that we are bidding for we are more competitive, so the chances for getting newer international contracts has gone up significantly.

**Bhalchandra Shinde:** Sir in our export orders do we have any price variation clauses or it is mostly at the fixed price contracts?

**Devesh Bansal:** In most contracts, which are long-term in nature we generally have escalation and de-escalation clauses. In certain short-term orders, we might not have, which are let us say only three to four months in execution there we might have fixed price contracts, but any long-term contract we generally have escalation and de-escalation clauses.

**Bhalchandra Shinde:** Sir last question in our railways I would like to know do we see any prospects ahead and I think we are also working on some other prospects also like defense or solar or any other prospects, so if you can throw some more outlook on each of these industries where we see ourselves for the next to three years or five years?

**Devesh Bansal:** The Company entered into the railways traction mast business. We have recently got an approval from core for manufacturing and supply to railways projects and this is a very promising business for the company. The manufacturing capability and capacity that Skipper already has is completely useable in this business also. Fabrication and galvanizing is our strength anyway, so we are very excited about this business. It is a very large market and just recently only a day or two before the announcement came about the upgradation of the Northeastern infrastructure wherein Skipper will have a virtual monopoly over that market, so I think overall the railways market is very, very promising and Skipper is very well placed to take advantage of this business. In terms of solar obviously again this is a sector, which is seeing a lot of investments and the manufacturing in this is again very, very common with what we are currently doing for fabrication and galvanizing, so we are very confident of making a good market in this business as well. The good thing about all of these sectors whether it is towers, poles, railways or solar structures is that the capacities are to a large extent common and fungible, so we are able to shuffle between products wherever we see more prospects, so I think that is the advantage that we have as a company over here.

**Moderator:** Thank you. The next question is from the line of Ashutosh Adsare from Sharekhan Limited. Please go ahead.

**Ashutosh Adsare:** Good evening Sir. One question on polymers; last year also you had guided the 40% topline growth and this year, but we ended in 7% to 7.5% of topline growth for this year for polymers, so this year

also you had guided for 40%, so what is the spend like the board is thinking about hiving off business into new entity as it is also low margin business compared to our T&D?

**Devesh Bansal:** You are right. Beginning of last year we had put in a guidance of close to about 40% to 50% growth because honestly that is growth that we should see in a business, which has a low base to start off with. At Rs.200 Crores odd the business can easily grow at 40% to 50% considering that the market is more than Rs.25000 Crores in size. We saw a muted year this year. We did not see the growth that we wanted because we did not see the balance between margins and growth that we normally like. Going forward, we are confident that this business is large enough, the sector is large enough to accommodate a large player like us, and so we are very confident of achieving these growths in the years to come. With regards to the margin profile of the polymer business, the industry average is close to about 14% to 15% EBITDA and we are sure that once our business reaches a certain size of Rs.600 Crores Rs.700 Crores in volume we will also be able to see margins in that profile range, so it fixes perfectly with the Skipper's current margin profile and at the moment there is absolutely no planning of hiving off this business into a separate entity.

**Ashutosh Adsare:** Sir on a prudent basis currently it is not making that much margins, so why not different entity or different subsidiary and like carry the business on that part?

**Devesh Bansal:** While it is not on the company's plans at the moment we will definitely look at your suggestion.

**Ashutosh Adsare:** Thank you Sir. That is it.

**Moderator:** Thank you. The next question is from the line of Parth Parekh from Equity Master. Please go ahead.

**Parth Parekh:** Sir Can you please give updates on the JV with Metzerplas the expected investments in this JV and how we will fund the same and the margin profile of this business?

**Devesh Bansal:** The JV with Metzerplas is expected to start operations by October 2018. The work is already underway and the location has been shortlisted as Hyderabad, so the work has already started in Hyderabad for this business. The capex in this business wherein Skipper is a 50% joint venture partner the overall capex is close to about \$4 million of which Skipper's portion is about \$2 million, which is roughly around Rs.12 Crores to Rs.13 Crores and it is going to be funded by partly debt and partly our equity portion.

**Parth Parekh:** Sir what would be the margin profile of this business?

**Devesh Bansal:** Again if you see the established player in this business they are operating at margin profiles of close to about 15% to 16% EBITDA, so hopefully as the business becomes established we will be looking at similar margin profile.

**Parth Parekh:** In the capex guidance, which you have given for FY2019 is this figure included in that guidance?

**Devesh Bansal:** No, this was not included in that. This will be part of our investments actually because this would be an investment by Skipper into the JV Company.

**Parth Parekh:** Got it. That is it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Mayuri Yadav from Equentis Wealth Advisory Services Private Limited. Please go ahead.

**Mayuri Yadav:** I just missed out on the orders inflow number for the quarter and if you can also please share the corresponding number for last year same quarter?

**Devesh Bansal:** The order inflow in the last quarter was close to around Rs.620 odd Crores. Corresponding quarter last year I do not have the number in front of me Madam. I am sorry.

**Mayuri Yadav:** Full year what was the inflow that you reported?

**Devesh Bansal:** Full year inflow would be close to about Rs.2100 odd Crores, but I would just request you to get in touch with the F&A team post the call. They will be able to give you the actual numbers.

**Mayuri Yadav:** I will do that. Thanks so much.

**Moderator:** Thank you. The next question is from the line of Rakesh Roy from Asit C Mehta Investment. Please go ahead.

**Rakesh Roy:** Sir one question is any capacity addition in engineering segment in FY2019 or FY2020? Right now we have 2.65 Sir?

**Devesh Bansal:** I am sorry could you repeat that question Sir?

**Rakesh Roy:** Sir any capacity addition in engineering segments in FY2019 this year?

**Devesh Bansal:** Yes definitely so the capex plan, which I mentioned of Rs.55 Crores in the engineering products category would also go into capacity addition because we are already operating at 90% utilization, so we will not need to add capacity to continue to grow.

**Rakesh Roy:** Sir how much going to add Sir? Right now we have 2.65? We are going to add another 30000 Sir?

**Devesh Bansal:** Another approximately 30000 odd tonnes.

**Rakesh Roy:** For FY2020?

**Devesh Bansal:** The idea is to go grow at 15%, so the growth in capacity would also be proportionate to that.

**Rakesh Roy:** That is from my side. Thanks Sir.

**Moderator:** Thank you. The next question is from the line of Amber Singhania from Asian Markets Securities. Please go ahead.

**Amber Singhania:** Just a couple of questions. One as the earlier participant also has asked about the working capital, while I am currently looking at the working capital debtor days has gone up to 91 days and inventory at 116 days is definitely higher than our targets as such, so could you give some idea about where exactly this working capital has got stuck? Where exactly this increase has happened? Is it stuck to any project, which is not moving or what exactly is happening there?

**Devesh Bansal:** No really. The targeted numbers that we generally keep for ourselves is 90:90:90 between inventory, debtors, and creditors, which give us a gross working capital days of 180 and networking capital days of 90. Now at the moment, you will find that our creditors are at 87, which is almost as per the expected numbers. Between inventory and debtors there has been a slight shift from debtor to inventory, but that is a very normal phenomena. During the year this number keeps shuffling back and forth, so there would be times wherein the debtor days might just go up slightly and in times the inventory days go up slightly. Here you find that instead of 90 inventories has gone to 100, but in debtors it has gone from 90 to 81, so this is a very normal shift, which happens during the year.

**Amber Singhania:** Sir Debtor has also gone up right from 90 to 216 if I am not wrong?

**Devesh Bansal:** No debtor is at 81 days.

**Amber Singhania:** From Rs.373 Crores it has moved up to Rs.516 Crores?

**Sanjay Agrawal:** Actually debtor is being calculated on gross sales basis Amber Ji, so it comes to 81 days because while we charge to the debtor, we charge along with the GST amount, so absolute number of the debtors comes along with this. The actual number has gone up from 370 to 516 so that is right. That is right the overall number of days the debtor days has come to 81 days. It is almost flat and in line with our guided number of 90 days.

**Amber Singhania:** Because why I am saying is that our topline has grown at around 23% to 24% whereas the debtor's number has grown significantly higher, so that is why I was just wondering where exactly?

**Sanjay Agrawal:** This is not because of percentage of business. It comes from the number of days actually earlier even the taxations, which were being charged to the invoice that were around 15%, 12.5% to excise and 2% to GST. Now this amount is being charged to the invoice at 18%, so 3% amount is being charged to the customers is getting debited to their account extra, so it is always better to have the number of days in terms of what we have sold to them otherwise in terms of the business percentage, our percentage of the sales we might not get the proper numbers, and see their expense side the income side, the EBITDA numbers and all this, but as far as the balance sheet numbers are concerned, it is better way to see in terms of the number of days.

**Amber Singhania:** Sir secondly I understand that last year Q4 there was a forex component and accounting change because with the other expenditure was looking much lower and this time because of the GST it is looking higher but when I am comparing Q3 versus Q4 FY2018 Q3 our expenditure was 78 Crores and Q4 it has gone up to 119 Crores whereas the revenue number is more or less similar at 567 Crores and 593 Crores. So could you explain where exactly this jump has come in, in Q4 in the other expenditure is there any major line item which is there, which might not be there in the going forward numbers and or any one off in that case if you can share some detail on that?

**Sanjay Agrawal:** As I mentioned in another earlier question that in Q4 we have quite good number of exports and in case of exports the freight has been charged in the topline and accordingly we have to charge the freight and other delivery expenses to the other expenditure so that is one of the major impact in terms of the other expenditure is there.

**Amber Singhania:** Sir is it possible for you to share rough-cut percentage number of export in the as a total percentage of sales?

**Sanjay Agrawal:** Export as a total percentage of sales right now actually I do not have that , you can get in touch with us we will definitely share with you.

**Amber Singhania:** Secondly Sir there is quite some confusion about the forex component, which we have taken earlier and now with Ind-AS going off and GST came in and new Ind-AS how things are panning out. Going forward how the treatment of this forex component will be there in our reported numbers will we included in our revenue and subsequently it will reflect in the EBITDA how that will be reflected in our numbers reporting going forward and also Sir I understand you have shared annual number this time but going forward will we be able to get that quarterly details on the same because every quarter there will be fluctuations on the forex numbers?

**Devesh Bansal:** I think Amber Ji definitely we wanted to share the annual numbers of the forex impact, which we have done this time. We are still trying to internally debate whether it will be a fair and a prudent

thing to do quarterly reporting of the forex numbers honestly because of the fluctuations it can be very misleading but this is something that we probably decide upon and revert back in a few days.

**Amber Singhania:** But just a suggestion from my side that generally the practice is to disclose the forex number every quarter so that we as an analyst to understand what is the actual business growth, which is happening and we do not get any wrong notion about the growth just because that it could be a high loss or high gain because of the forex so in communicating the same on a quarterly basis would be pretty helpful and that anyways at the end of the year it will get neutralized after that.

**Devesh Bansal:** Yes I think it is a good suggestion. We will definitely discuss that internally Amber Ji.

**Amber Singhania:** Just last thing from my side is sir what is the total gross debt number including the current maturity?

**Sanjay Agrawal:** Total gross debt number is around 498.

**Amber Singhania:** And how much is the current maturity in this?

**Sanjay Agrawal:** Current maturity.

**Amber Singhania:** The debt number which comes which is maturing in this year?

**Sanjay Agrawal:** Debt coming with the current maturity numbers that will be around around 45 Crores.

**Amber Singhania:** On that business do not you think that the guidance on the interest cost which you have given which is roughly around 90 Crores plus is pretty high given the current debt of below 500 Crores?

**Sanjay Agrawal:** See Amber Ji I repeatedly clarify this thing in all our concalls and our meetings always that the interest cost and finance cost is not only the impact. It is not only the result of only the debt number we have. It is also the result of the other business activities like the LC discounting, bill discounting, payment to the vendors and a lot more activities are also associated and contributed to us the finance cost. If you simply calculate the 500 Crores into 8% or 9% this will come to around 45, 50 Crores only. This is the combination of the other business day today business activities, bill discounting of the vendors, and the bill discounting from the customers it all including all the GST charges, bank guarantee charges, charges everything.

**Amber Singhania:** That is all from my side.

**Moderator:** Thank you. The next question is from the line of Supriya Madai from East India Securities. Please go ahead.

- Supriya Madai:** Sir I had a question on the capacity you just mentioned your capacity has been increased to 265000 for the end of March so is it operational by last quarter or we can expect the operation from the first quarter in the current year?
- Devesh Bansal:** The capacity of as I mentioned we started the previous year at a capacity of 230000 tonnes and we have been adding capacities during the year so part of the capacity had become available during the initial few months and then during the year rest of the capacities were regimented so it was not a one shot capacity addition that was done so it is difficult to say that it is only operational for one or two quarters but it was added throughout the year.
- Supriya Madai:** Yes I just wanted to ask about the net capacity of the 30000 but still because in last concall you mentioned that the new capacity which came under stream with the 30000 tonnes has already booked for the almost next 18 months and the 2 lakh capacity is already operation in 1995 so this balance 30000 which has not been mentioned till last third quarter just want to understand how the things has come up on that particular deal?
- Devesh Bansal:** I think the capacity that you are talking about was the Guwahati capacity, which was setup in March 2017 which is part of FY2017 capacity and that has already become that became operational in March 2017 and that has already seen good output. The balance 35000 tonnes were added during FY2018 during the year and definitely quarter four it become completely operational.
- Supriya Madai:** Q4 it will become completely operational?
- Devesh Bansal:** Yes and this completed most of the capacity expansion before quarter four so I think quarter four definitely saw the full capacity utilization of that.
- Supriya Madai:** Sir just one more question like we are seeing this raw material prices are continuously on the rise, so how we are able to pass it on is this a lag effect or we are in a position to pass it on?
- Devesh Bansal:** As you know most of our contracts come with escalation de-escalation clauses so any increase or decrease in raw material prices is passed on to the customer so we are not affected by that in and anyway.
- Supriya Madai:** Thank you so much and all the best Sir.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Amber Singhania for his closing comments.



*Skipper Limited*  
May 17, 2018

**Amber Singhania:** Thank you, Lizaan. On behalf Asian Markets, I thank everyone for joining this call and a special thanks to the management of Skipper Limited for providing this insight about the company's business and future outlook. We conclude this call. Devesh Ji would you like to add any closing remarks?

**Devesh Bansal:** Thank you everyone for your continued interest in Skipper and we look forward to speaking to you in the next quarter. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Asian Market Securities that concludes today's conference. Thank you for joining us. You may now disconnect your lines. Thank you.