“Shaily Engineering Plastics Limited Q4 FY19 Earnings Conference Call”

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MANAGEMENT: MR. AMIT SANGHVI – MANAGING DIRECTOR, SHAILY ENGINEERING PLASTICS LIMITED
MR. SANJAY SHAH – CHIEF STRATEGY OFFICER, SHAILY ENGINEERING PLASTICS LIMITED

Moderator: Ladies and gentlemen, good day. And welcome to the Shaily Engineering Plastics Limited Q4 FY19 Earnings Conference Call. This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Amit Sanghvi – Managing Director of Shaily Engineering Plastics Limited. Thank you and over to you, sir.

Amit Sanghvi: Thank you very much. Good morning and a warm welcome to all the participants to the Post-Results Earnings Call of Shaily Engineering Plastics. I have with me Sanjay Shah – our Chief Strategy Officer and SGA, our Investor Relations advisors. I hope you have had a look at our investor presentation that is uploaded on our website and the stock exchange.

As you are aware FY19 has been a very tough year for us. We have grappled with labor absenteeism and power failure issues during the first half. And in the second half we witnessed a slow off-take in demand from one of our largest customers as account of change in their inventory management policy.

Let me detail out where we had drops and the amount which were a result of these drops:

We had cancelled orders mostly from the home furnishing major worth Rs. 26 crores. We had delayed projects, for reasons not only attributed to Shaily, worth Rs. 18 crores in FY19. We had delayed ramp-up in our LED business, which resulted in a reduction in revenue of Rs. 10 crores. However, the last three months average, with the LED customer, has been Rs. 1 crore per month.
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There was a big automotive project that we have been talking about for almost two years now. And post the design change, has finally actually been shelved. This was a project for General Motors, it was a headrest project, this was worth Rs. 24 crores. And we had a small loss of Rs. 2.5 crores on account of inability to supply 50,000 head injectors due to a reason where price revision was under discussion. So, the price revision is complete and we will be supplying it this year. Therefore, all in all, we had a total loss of Rs. 80 crores in FY19.

I am fairly confident that 70% of the above was on account of the customer and 30% on account of our operational issues, which are primarily labor and power.

What is heartening is that we were able to add new customers and garner incremental business from our existing customers during the year. We have added two new clients during the year. One is a large global department store; and another, a medical device company from South Korea. We see huge business opportunities with these customers, and are very optimistic of executing the projects in a time bound manner.

During the quarter, we received confirmation for two new Pens from a large domestic pharma company. We also receive business confirmation for one new product from Honeywell. In Q3 FY19 we had received confirmation for three new products from the same customer. Thus, through our capabilities and niche we have managed to increase business with Honeywell substantially.

We further received business confirmation from a new client from South Korea for the supply of Medical devices. In addition to this, we have also licensed two additional IP and device platforms, a pen injector and an auto injector that will be marketed and sold to generics globally.

So, I'll now share with you the highlights of our operational and financial performance during Q4 and FY19, following which we will be happy to respond to any of your questions.

For FY19 we processed a total of 13,258 tons of polymers, against 13,039 tons in FY18, which is a marginal increase of 2% year on year. During the quarter, we processed 2,961 tons of polymer, against 3,376 tons in the same quarter last year. Machine utilization rates stood at 68.5% during at FY19 while for Q4 FY19 it was at 61.5%. Exports during FY19 stood at 75% of the total revenue, and for Q4 in stood at 84%.

For FY19 our revenue stood at Rs. 338 crores, showing a marginal year on year growth of 6.3% from Rs. 318 crores in FY18. For Q4 our revenues stood at Rs. 77 crores, whereas it was Rs. 91 crore during Q4 of FY18.

EBITDA for FY19 is Rs. 54 cores versus Rs. 55 crores in FY18. EBITDA margins stood at16.1% in FY19. Our Q4 FY19 EBITDA stood at Rs. 12 crores, with a margin of 15.3%. Primary reason for drop in EBITDA have been other expenses from FY18 to FY19. We have had an additional expenditure on power and fuel of Rs. 1.58 crores, on sub-contracting and labor charges of Rs. 1.02 crores and on product testing fees of Rs. 1.39 crores.

We expect margins to improve going forward as pass through mechanisms start covering all contracts. Further operating leverage will also play out as our utilization levels increase.

Net profit for FY19 is at Rs. 19 crores, down 19% year on year with a margin of 5.7% while for Q4 FY19 the profits to that Rs. 3.5 crores, with a margin of 4.5%.

Cash PAT for 2019 is that Rs. 34 cores, against Rs. 38 cores in FY18. And for Q4 cash PAT stood at Rs. 7.5 crores, against Rs. 10 crores in FY18. Primary reasons for reduction in PAT and PBT have been increase in interest cost, and CAPEX.

So, our CAPEX spend for Q4 was Rs. 13.5 crores, which primarily went towards land at Rs. 3.13 crores, building of Rs. 1.1 crores, plant & machinery of Rs. 5.7 cores, tools & equipments of Rs. 1.68 cores and others of roughly Rs. 1.9 cores. Our total CAPEX spend during a FY19 stands at Rs. 52.4 cores; major items again, we have Rs. 18 crores of land, roughly Rs. 7.5 crores of building, and the land I speak about is a new land we procured in Halol. Rs. 17.8 cores of plant & machinery, Rs. 2.6 crores of tools and equipments, Rs. 3.3 crores of electrification, this primarily represents the spend we had to make on the dedicated line from the substation to our factory; and others, other investment miscellaneous investment of Rs. 3.01 crores.

So, that is all from our side. And now we can open up the floor for question-and-answers. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question or the session. We take the first question from the line of Nikhil Parekh from Dhanki Securities. Please go ahead.

Nikhil Parekh: I wanted your comments on the volume number for the current year which is 2019-2020. We have had last few quarters where the volume numbers have sort of dipped. So, I wanted your comments on that number. And also, the kind of ramp-up that we are likely to see from some of the products, that new orders that we have got over the last two quarters. So, your comments on these two points.

Amit Sanghvi: So, I detailed out the all the places where we lost sales. What I believe is that, especially with regards to canceled orders and delayed projects, which amounts to a total Rs. 45 crores, plus the LED,, so Rs. 55 to Rs. 60 crores we are certainly looking as addition to this year, just because of what we weren't able to do last year. On top of that, there will be regular business growth. Now in terms of regular business growth and where we stand, let's just talk about our biggest customer here, the home furnishings major. Forecast for FY20 is slightly marginally up, about 5.4% over FY19. But we are working with them for increased volumes on certain products, where the forecast has been lower than what was awarded to us, which we believe that we should be able to get within this quarter. So, we will see, if we get the quantities allocated, we will see increased utilization, increased revenue from quarter two.

Nikhil Parekh: Right. And sir, would you say that the drop in volumes that we have seen in Q4 is largely because of these loss of orders that we were not able to fulfill,**Amit Sanghvi:** The loss of orders, Mr. Parikh, with respect to quarter one, quarter two primarily, were on account of labor and power. Now, in quarter three and four, two things have contributed, major is the change in inventory policy where our customers decreased their pipeline inventory drastically. And second was, delayed startup of projects. Now, this delay has not been on account of Shaily, this delay has been on account of design change by the customer as an additional requirement added, which required to the modification.

Sanjay Shah: Nikhil, just add to what Amit said, if you look at the Q3 concall, we had talked about home furnishings major going through an inventory correction, and that inventory correction basically lead to less orders, which basically lead to the volume drop in Q4.

Nikhil Parekh: Correct. So, my question, Sanjaybhaiwas that, what is the kind of sort of remainder effect that we are likely to see in this current year because of that inventory correction? I mean, when do we expect numbers to sort of come back to a steady state basis for this one large customer? And also, the kind of volume ramp-up that we are likely to see with the other customer for this year, which is 2019-2020?

Sanjay Shah: So, Nikhil, I think Amit already mentioned that we are looking at a 5.4% volume growth with this customer in the current year. That's based on current estimates which we have. At the same time, we are working with the customer to see how we can get a better volume number. And we should know that on the same, probably before the end of the quarter in terms of allocation of additional business and something. But when we look at this 5.4% number, that's over what we did for the whole of last year, there we have seen drops in Q3 and Q4 with this customer.

Nikhil Parekh: Okay. And for the other customers or where we have received some positive confirmations in the last, let's say, two quarters, are we seeing any noticeable ramp-up in this year?

Sanjay Shah: You should see ramp-up on the LED lighting thing where we have started supplies of fully assembled LED fixtures to this customer, and we are seeing ramp-up, again, as Amit mentioned, for the last three months and we see that continuing. We have also talked about the pharma pipeline, whatever we have developed, part of it getting commercialized in the current year. So, you should see a better ramp-up on the pharma participation also in current year.

Nihil Parekh: Right. And if you can just give a little idea about the capital expenditure planned for this for this year?

Sanjay Shah: So, this year in terms of CAPEX, I will break that CAPEX up into two parts, one is CAPEX on the regular plastics business, where we will invest about Rs. 20 crores in the plastics part of the business. Some of it will be in the pharma front, some of it will be for the home furnishings major, for tooling for those specific new products which we have taken. In addition to that, we would have about Rs. 55 crores of new investments to be made on the carbon steel project.

Nikhil Parekh: And the carbon steel will be commercialized by, let’s say, latest by December?

Sanjay Shah: Carbon steel should get capitalized somewhere between Q3 and Q4.

Amit Sanghvi: So, we have sales starting December. And just a small correction to whatSanjay mentioned on capex, . We are looking at investing a total of Rs. 10 crores in the plastics business this year, no more than that.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.

Ritesh Shah: Sir, is it possible if we could detail out the opportunity size for the business confirmation that you have indicated? Specifically, what is of interest is the two new pens from the large domestic pharma company and a new client from South Korea for a medical device.

Amit Sanghvi: So, the South Korean medical device is roughly Rs. 6 crore opportunity.

Ritesh Shah: And that would be spread over?

Amit Sanghvi: That's the highest volume projection. So, when we start in the current year, we are looking at roughly between Rs. 2 crores and Rs. 3 crores and then we will be looking at full ramp-up in the next year.

Ritesh Shah: Okay.

Amit Sanghvi: And on the pen we will only start supplies of the pen in September 2020. So, there will be some small supplies made of 100,000 or 200,000, but major supply, as in, product out in the market will be post September 2020, for which we have volume indications up to 5 million.

Ritesh Shah: Okay. Amit, we have indicated several business confirmations on Slide #7. So, can we expect some revenue uptake on back of any of this major business confirmation that we had over the last two to three quarters?

Amit Sanghvi: So, the South Korean devices we will start this year itself. For Honeywell we have business confirmation, which means they are currently under tooling, we will be starting this year as well.

Ritesh Shah: Okay. And what is the revenue potential over there?

Amit Sanghvi: Mature potential is about Rs. 17 crores.

Ritesh Shah: Okay, that helps. My second question is for the home furnishing major that we cater to. What is the inventory levels over there right now? we are looking at it from a revenue uptick for us over next two to three quarters. So, has it already been rationalized to the reduced number of days what they were looking at?

Amit Sanghvi: We believe so, because when we compare orders of Q1 FY18 and Q1 FY19 for the product that we manufacture, we are not seeing any drop.

Ritesh Shah: Okay. You indicated 5.4% volume uptick, how much would be the revenue uptick that one should look at? I am assuming this will be like 60%, 70% of our total revenues, would that number be correct?

Amit Sanghvi: Its 55% of our Total revenues and if I look at raw material between January 2019 and April 2019, there will be substantial drops in raw material prices. So, while the production goes up or utilization goes up, that may not translate into 100% into revenue potential.

Ritesh Shah: So, for balance 45% how should one look at the revenue trajectory as we get into a FY20?

Amit Sanghvi: Balance 45% will be largely driven by our healthcare business where we are doing well. You know, while on a specific product the sale have not picked up, but overall in terms of the products we have added and products in production at the moment its quite very good. We have a very healthy pipeline. Second will be the automotive opportunity primarily from Honeywell that we are looking at. So, a lot of that should commercializing in the current financial year itself. And third, is the LED. But what we are doing on the LED is, confidence level is certainly up from before, because we have seen consistently an average of one crores sale over the last three months.

Ritesh Shah: Okay, that helps. And last question for Sanjay. Sir, the CAPEX what you indicated, does it include the tooling CAPEX?

Sanjay Shah: Yes, Ritesh, that includes it.

Amit Sanghvi: In the current year, yes.

Moderator: Thank you.

Amit Sanghvi: Sorry, I think I should have added this on the last question, but in current year we are also looking at roughly Rs. 12 crores coming from the carbon steel plant.

Moderator: Sure. Thank you. Next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead

Ravi Naredi: Sir, everything is going fine, but these last two quarters makes everything down. So, are you seeing real slowdown at world level and internally we are feeling some problems with power and labor that's the reason?

Amit Sanghvi: Power and labor issues were primarily only up to the first half of last year, so really not a contribution for Q3 and Q4. As far as your question is concerned, do we see a slowdown happening globally? I wouldn't say that yet. We are seeing increased business from most of our customers in terms of, even in terms of volume. How much of that translates to revenue? It will depend on the pricing quarter on quarter. Now, beginning starting April, mid of April, we are also looking at an upward trend in raw material, which will only come into effect for us in August. So, we need to be a little bit more patient in terms of how much translates into revenue growth.

Ravi Naredi: So, this year how much growth we can expect in comparison of financial year 2019, can you predict something?

Amit Sanghvi: This year our revenue projections at the moment stand at roughly Rs. 402 crores.

Ravi Naredi: And at current margin or some improved margins?

Amit Sanghvi: Well, I think from FY19, which was a tough year for us in terms of both top-line and bottom-line, we should have margins at least to the tune that we had in FY18.

Ravi Naredi: And the labor and power problem is sorted out for this current year as well, no problem at all?

Amit Sanghvi: Power is sorted out; we have a dedicated line from the substation. So, now the only outages we have is when the substation is going through any kind of maintenance work. On labor, I will not say they are 100% sorted out, but they are more or less sorted out. We have introduced a third labor contractor here and we are working on some programs for workers, we are also recruiting from ITI where we get a little bit better manpower in terms of the skill set. So, we should see some more improvement this year.

Ravi Naredi: And dividend skip is only to keep the flow in the company, that is the only reason?

Amit Sanghvi: We are going through a very significant CAPEX cycle.

Ravi Naredi: Yes, that is what I am asking. Is this due to flowing back the money in the company, is it right?

Amit Sanghvi: Yes, that is correct.

Moderator: Thank you. We take the next question from the line of Hitesh Taunk from ICICI Direct. Please go ahead.

Hitesh Taunk: Sir. I have missed something from your opening remarks of that the mixed revenue part. So, can you please repeat that one again, on that Rs. 26 crores, I just missed from where we lost that revenue.

Amit Sanghvi: Rs. 26 crores of cancelled orders for the home furnishing major. Rs. 18 crores of delayed projects, which was to come in between Q3 &Q4. In Q3 I had mentioned that there was a particular product for which tool modifications are going on, so that one product we started up in the last week of March, which means that we are now producing it. We had a delayed ramp-up in the LED business. A big automotive project that got canceled by General Motors was worth Rs. 24 crores. So, that will not come in FY19 as that has been shelved. And we had a delay in supply of 50,000 insulin pens to one of our customers, for which we lost about Rs. 2.5 crores. So, this delay was on account of increased prices of inputs which we were negotiating with the customer.

Hitesh Taunk: And sir, my next question is, you mentioned around Rs. 400 crores of top-line for FY20, am I right sir?

Amit Sanghvi: Yes.

Hitesh Taunk: And also, you mentioned like from this Rs. 80 crores around 50% to 60% would flow in FY20, so that counts around Rs. 390 crores, Rs. 400 crores which is coming from the orders which we have canceled, or say which is kind of backlog, and those revenues are coming in FY20. So, the growth is largely coming from that lost orders or the cancelled orders, but not the new orders, is it right understanding sir?

Amit Sanghvi: There are new orders, like I said there is a 5.5% increase in forecast. But whether it translates depends upon the Raw material prices. See pricing today is based on raw material prices of the last three months, which are at an all time low over the last 12 months. Which means revenue is also calculated based on that pricing. I think in upwards trend in raw material will help us when we have the next review in August.

Hitesh Taunk: Okay, I understood. The next question is, I just want to confirm a few things, like in nutshell the business confirmations, in pharma in Q3 and Q4 we have received total four business confirmations and one confirmation from the Korean company, is it right understanding sir? I mean to say, there is total five business confirmation in the pharma?

Amit Sanghvi: Yes. So, out of those five, the confirmation from Korean company, we will actually do the start up in this year. So, we will see revenue from end of quarter two. For the other four, especially for the two that we mentioned in the last call, we will see some revenue this year. You are aware these development cycles go into several years. What happens is that we will be submitting product whether it is for exhibit batches, for stability, or for various testing purposes in couple of 100,000 units. So, you will see that revenue will come in this year. But in terms of mature revenue, it only it will only start to come in after 2021.

Hitesh Taunk: Okay. And in the auto segment like we are going to, we have a business confirmation of around four products, in Q3 three products were there and one product was in Q4, total four products are there, am right?

Amit Sanghvi: Yes.

Hitesh Taunk: And have you delivered any of the products in Q4 or in FY19 or it is going to book 100% in FY20?

Amit Sanghvi: So, all four products, the way it works with this particular customer is that he will always do a prototype which they will test out, so there will be a prototype mould made, we will supply some parts of it which will be tested, and then we will receive business confirmation. Therefore, the product has been tested, we are now in the process of making the production moulds, and post which we will start supply. So, you will see revenue in FY20 for at least three of them.

Hitesh Taunk: Okay. And for house furnishing major, in the first quarter we have received business confirmation of carbon steel projects and then you mentioned that nearly six new products will be launched in the segment during the years. And then again, we have in Q2 and Q3 we have received around one new business confirmation from the same housing major. So, I wanted to know, the order of three new products are coming from the housing major, am I right sir? And six is from the carbon steel project?

Amit Sanghvi: Correct.

Hitesh Taunk: Okay. So, any of this order is going to materialize in FY20 or not?

Amit Sanghvi: I mentioned that I think just before we took your question that we will see Rs. 12 crores of revenue from carbon steel in the current year. And for the other three products we will certainly see some sales this year. I don't have an exact number at this moment, but two of those are under finalization in terms of tooling right now. So, we will certainly see revenue this year.

Hitesh Taunk: Sir, we have added one new customer in the large global department store in Q2. So, just wanted to know what is the revenue potential from that customer? And when are they going to flow in our financials?

Amit Sanghvi: So, the revenue potential is about Rs. 9 crores to Rs. 10 crores. And the ordering cycle is in October, which means this product will get ordered in October for supply in Q4. So, it should flow in this year, a significant portion of it should flow in this year.

Hitesh Taunk: Okay. Sir one question from the debt balance sheet side. If you see, our debt level is at peak, if you see the last 10 years history of around Rs. 100 crores, I am including the working capital also in that. So, what is your assessment? I mean, what is your assessments in case, we are in an expansion spree, we are going to expand our business, definitely we have good CAPEX plans also. So, what is your assessment in terms of maintaining the debt level from here on? Or we see any kind of reduction in the next one year from this level?

Sanjay Shah: So, what we are looking at is, you would see debt levels going up marginally in the current year, but post that they will be very, very marginal. And post that should see debt levels coming down. My sense is, on a net level, debt would go up about Rs. 30 crores in the current year. And then you would see reduction of about Rs. 20 crores, Rs. 25 crores every year.

Amit Sanghvi: We are becoming more disciplined in terms of where we spend, how much we spend. So, we are not looking at any significant expansion, apart from some marginal expansion, we are not looking at anything else, not any major expansion in our plastics businesses this year. We need to make effective utilization of the capacity that we have created.

Hitesh Taunk: Sir, you mentioned CAPEX of Rs. 60 crores for FY20, if I heard right, is it right?

Amit Sanghvi: Yes.

Moderator: Thank you. Next question is from the line of Nitin Gandhi from KFS Trade Center. Please go ahead.

Nitin Gandhi: Sir, two things, something on finance cost. This has been just shooting from 2.10% of sales to 2.8% of the sales. So, with debt question earlier, what is your plan, where do you see it stabilize, at around 2.5% or will you be back to 2%? That is the first question. And the second question is the tax rate which has moved on 30% to 36%, so if you can share some color on that for FY20?

Sanjay Shah: On the interest cost, this year we basically added a lot of CAPEX which got capitalized. So, the interest cost pertains to that. As you see volume is going up and business ramping up, you would see interest cost as a percentage of sales coming down. And on tax rate, we will be going forward at about maximum rate. **Amit Sanghvi:** Yes, so the major contribution this year for tax rate being at almost 36% has been at Rs. 2 crores write-back of PAT asprevious years adjustments.

Nitin Gandhi: That's for your assessment, not in the books?

Amit Sanghvi: Yes.

Nitin Gandhi: As far as the interest is concerned, I am not clear, because you say the interest is already capitalized, right, for the projects in hand?

Sanjay Shah: No, in this year basically what I am saying was that, we basically commercialized a lot of projects. So, a lot of interest was charged to revenue. We invested about Rs. 25 crores of internal accruals, that basically meant that we fully utilized our banking limits which were not utilized earlier. So, these were two reasons for the increase in the interest cost.

Moderator: Thank you. We have the next question from the line of Nihil Parekhfrom Dhanki Investment. Please go ahead.

Nihil Parekh: Sir, just wanted to understand in Q3 FY19 we received orders for six different types of pens. And in Q4 also receive two more orders, they were supposed to start in 2019-2020. So, just wanted update on that.

Amit Sanghvi: So, I had mentioned to a gentleman earlier that two of those we will start in 2019-2020, in the current year. There will be marginal supplies made, but they will be made. About 100,000 pens will be made. And then you will have a gap of close to six to nine months post which we will start commercial supplies.

Nihil Parekh: Okay. And any update on CRC, I mean we had a huge pipeline there, any update on that?

Amit Sanghvi: We had projected a capacity utilization of somewhere between 15% to 20% in the year that just passed. We have achieved 11%. Yes, we are still struggling. But we have also added one key account, large key account in the last year for which we will see supplies this year. So, this year's target for CRC supplies is going to be about 20% to 25%.

Moderator: Thank you. Next question is from the line of Manish Gupta from Solidarity Investment. Please go ahead.

Manish Gupta: Amit, I guess there has been a lot of learning in this year. Keeping aside all these learnings and the fact that sometimes things don't go according to plan, you had guided roughly for Rs. 650 crore revenue by fiscal year 2021. What range are we working with now?

Amit Sanghvi: I believe that we are basically delayed by one year, otherwise Rs. 650 crores was to come in in FY20. We are now looking at Rs. 650 coming in in FY21. And a lot of it will depend, you see, let's just put it in perspective. We are currently projecting Rs. 402 crores for FY20. The carbon steel business is an annualized business of Rs. 130 crores. So, we know for a fact that even if there is zero growth in FY20, we don't add anything in FY20, we will be at Rs. 530 crores to Rs. 550 crores in FY21. Now, all those new projects that are going on-stream in the current financial year are adding about Rs. 40 crores of revenue. So, we have visibility to Rs. 600 crores in terms of FY21. The balance is new business that we need to add in the current year.

Manish Gupta: Right. Second question was, could you give some color on the home furnishing major that we work with. Do you track any metrics around what share of wallet you have as an Indian supplier for them?

Amit Sanghvi: Yes, we do, we track it on a product-to-product basis.

Manish Gupta: So, could you share some more details on that, is our share of wallet increasing, is it decreasing, is about the same?

Amit Sanghvi: Our share of the percentage of product we supply will not decrease. And the reason is that they attach markets to you and those markets stay with you. Now what can happen is the market can fluctuate, it can go up or down. But the share of overall business does not decrease in terms of a percentage. We have products where we have share as low as 11% of global volume, two are at 100% where it is sourced only from Shaily. So, there is a wide range. If you were to look at an average, we would be around 30% to 33% on all of our products, if we were to take an average of global supply.

Manish Gupta: Okay. And lastly, just wanted to compliment you on putting the ESOP scheme in place, I think it's a fantastic initiative for employees, to share the value creation.

Moderator: Thank you. We take the next question from the line of Pritesh Chedda from Lucky Investment. Please go ahead.

Pritesh Chedda: Sir, I missed the CAPEX figure for FY20. What is CAPEX figure for FY20?

Amit Sanghvi: Rs. 54 crores in carbon steel, Rs. 10 crores in plastics. So, you are looking at about Rs. 65 crores.

Pritesh Chedda: And what is the total investment that would go in carbon steel over this year and next year? So, you would have invested something this year, right?

Amit Sanghvi: Total investment in carbon steel is Rs. 56 crores because proportion of the land which is allocated to carbon steel is about Rs. 2 crores that was invested last year.

Moderator: Thank you. We take the next question from the line of Ravi Naredi from Naredi Investment. Please go ahead.

Ravi Naredi: Sir, how many percentages of margin we are expecting from carbon steel?

Amit Sanghvi: I won't be able to comment on that, I said that in the last call as well.

Moderator: Ladies and gentlemen, that seemed to be the last question for today. I would now like to hand the conference over to Mr. Amit Sanghvi for closing comments.

Amit Sanghvi: Thank you. Thank you, everyone for joining the call. We hope that we have been able to answer your questions adequately. For any further information, I request you to get in touch with SGA, our Investor Relations advisors. And thank you once again.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Shaily Engineering Plastics Limited, that concludes this conference. Thank you for joining us. You may disconnect your lines now.