"Shaily Engineering Plastics Limited Q1 FY-17 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Shaily Engineering Plastics Limited Q1 FY17 Earnings Conference Call. This Conference Call may contain forward-looking statements about the company which are based on believes, opinions and expectations of the company as on the date of this call. These statements are not the guarantee 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 the operator by pressing '*' then '0' on your touchtone phone. 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: Good afternoon and a warm welcome to all to post results earning call of Shaily Engineering Plastics Limited. I am joined by our CFO, Sanjay Shah and SGA, our Investor Relations Advisors.

I hope you have had a look at our result update presentation that is uploaded on our website and stock exchange. So I should start with giving you the update for the quarter gone by. And although it is not part of the speech I thought the biggest question everybody has is why our topline is not looking as attractive as it should. Well, there is good news and bad news. The good news is our topline from an order book perspective is as healthy as our projections given during the beginning of the year. However, there were some new projects that we executed towards the end of the last financial year for which we are taking a little longer to ramp up because of issues with some of the equipment. The issues have been sorted out and production ramp up is ongoing at the moment.

So this is a temporary thing which I certainly hope and I am confident that you will not be seeing again in the future. We are happy to share that during the quarter we have been able to increase our business with Gillette. We have in fact doubled our capacity with them and are confident that this traction to continue in the future.

We have also been awarded business from a global pharmaceutical major. Here our role is towards development and supply of the new range of ophthalmic packaging for regulated markets. This further validate our design and production capabilities in regulated markets having won orders from global clients.

Coming to the CRC Division. If you recollect we have shared with you that we won two orders from two large pharmaceutical majors. However, the ramp up of these orders has not taken place as expected due to recent changes in the regulatory framework. Now the USFDA has an update as US pharmaceutical guidelines issued in June for which there are some additional tests which are undergoing at the moment. And we will see those orders not only executed but also ramp up happening during the end of quarter 2.

Another step forward in our vision 2020 guidance is a deal, a large deal with a home furnishings major. Now this includes various articles and we expect the results to be declared by the end of Q2 FY17 and we shall share more details when the time is right.

We have been discussing for some time now on how we should be tracking the volume of polymers process. So in line with this we have shared through our presentation that for Q1 FY17 we have processed 41% more polymers than FY16. Since we have a price pass through arrangement with our client these growth numbers of volumes processed does not get reflected in the revenue growth. We continue to build momentum across our product segments and clients and are confident to achieve our target of US $ 100 million revenue with a global footprint by the year 2020.

That is all from my side. Now I will hand over the phone to Sanjay Shah who will take you through the financial performance of the company. Thank you very much.

Sanjay Shah: Thanks Amit. A very good afternoon to all the participants. I will show the highlight of our financial performance following which we will be happy to respond to your queries.

To begin with Q1 FY17 we achieved a revenue of Rs. 58.9 crores year-on-year growth of 8.2% from Rs. 54.5 crores in the same quarter last year. EBITDA is at Rs. 10.2 crores from Rs. 9 crores Q1 of FY16, a growth of 12.9% year-on-year. EBITDA margin stood at 17.3% in quarter 1 FY17 versus 16.6% in quarter 1 FY16 a margin expansion of around 70 basis points.

Net profit for Q1 FY17 is at Rs. 3.2 crores and net profit margin is at 5.5%. The net profit was affected by more than 50% increase in depreciation on year-on-year basis. Cash PAT is at Rs. 6.3 crores from Rs. 5.4 crores in Q1 of FY16 a growth of 16.4% year-on-year basis.

Machine utilization rate stood at 66.3% as we continue to focus on value-added based products. The utilization will improve further when we start utilizing our CRC asset.

Exports for the quarter stood at 78% of the overall business. That is all from our side. And now we can open the floor for Q&A. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

We will take the first question from the line of Jatin Agarwal from Perfect Research. Please go ahead.

Moderator: Ladies and gentlemen, the line for the current participant seems to have dropped out. We will take the next question from the line of Shashank Kanodia from ICICI Securities. Please go ahead.

Shashank Kanodia: Sir, firstly what is the capacity utilization rates spread we are currently operating upon right now?

Amit Sanghvi: Could you repeat that one more time?

Shashank Kanodia: So what is the capacity utilization rates that we are operating upon right now?

Amit Sanghvi: 66.5%, it is also in our presentation.

Shashank Kanodia: So what is the maximum turnover that we can achieve from our current capacities as on date?

Amit Sanghvi: In revenue or in percentage?

Shashank Kanodia: In revenue?

Amit Sanghvi: While we have not given that number but you can extrapolate it we can go as high as about 90% to 95% of our total capacity.

Shashank Kanodia: So roughly then Rs. 320 odd crores is a fair assumption to make for revenue at your full capacities.

Amit Sanghvi: You can do that extrapolation on ball park plus or minus yes, it is absolutely maybe a little higher.

Shashank Kanodia: Okay one broader question. You have mentioned a vision of $100 million by 2020. So firstly, does that take into account the current crude prices and secondly how do you plan to achieve this vision given that there is hardly any room for those kind of top 10 growth for next four years?

Amit Sanghvi: The last part of this as I know there is hardly any room for?

Shashank Kanodia: I said since the maximum turnover that we can clock is Rs. 320 odd crores so how do we reach Rs. 600 odd crores by 2020? What is the CAPEX plans or what is the vision and how do you achieve that?

Amit Sanghvi: Well fair question. We have a fairly solid pipeline and even if we look at our internal plans, of course there will be CAPEX required. We will be investing in additional Rs. 100 crores to achieve Rs. 650 crores of total revenue. And we continue to do so we continue to do it in different pieces every year. Even if you look at our balance sheet you will see that we were spending about anywhere between.

Sanjay Shah: We have invested Rs. 30 crores last year.

Amit Sanghvi: We have invested Rs. 30 crores in fixed assets.

Shashank Kanodia: Okay so for FY17, FY18 and FY19 then do we intend to cover this Rs. 100 odd crores of CAPEX in the next three years, is this a fair assumption to make?

Sanjay Shah: That is what we have said. If you look at in the earlier presentations and earlier earnings calls also that is what we said to go to a vision of Rs. 650 crores we would need to invest about Rs. 150 crores in the next three and a half years.

Shashank Kanodia: Okay and sir given that the plastic prices are kind of a derivative crude so this $100 million vision is acting the current quote price, right?

Amit Sanghvi: Yes, when the $100 million figure was put out, the dollar was at about Rs. 15 plus if you translate that in terms of rupee terms we are looking at Rs. 650 crores of top line revenue and certain raw material prices, you are right.

Shashank Kanodia: Okay and sir, what will your revenue for home furnishing segment for FY16?

Amit Sanghvi: We do not report individual numbers.

Shashank Kanodia: Okay like it was Rs. 82 crores in FY15 out of the entire pack of Rs. 180 crores so this year out of Rs. 226 crores what that would be?

Amit Sanghvi: Roughly about 55%.

Shashank Kanodia: And sir, if you can mention who will be our top three clients?

Amit Sanghvi: Top three?

Shashank Kanodia: Top three clients for us?

Amit Sanghvi: I will not be able to give out names so let us say top three is between covering home furnishings, healthcare and FMCG in that order.

Moderator: Thank you. We will take the next question from the line of Jatin Agarwal from Perfect Research. Please go ahead.

Jatin Agarwal: So sir I just have two, three questions to ask. First is during last quarter you got an approval from two pharmaceutical clients by which sales were expected to start from this quarter. So where are we in line with this expectations? And secondly, in last conference call you said that you have exited 95% of low margins business but still margins are not showing any positive trend. So any reasons for that and what is our expectation in terms of margin levels this fiscal? And last Ikea is expanding its presence in India so are we getting any positive traction or are we looking for any new tie ups or we are still focusing on existing clients?

Amit Sanghvi: Okay I will answer one by one. To answer your first question regarding CRC, as I mentioned at the very beginning of my speech that US guidelines were issued in June which requires additional testing, there is an additional testing required on the packaging which we are currently doing and we will supply the same material that we were going to supply in the last quarter during this quarter. What was your second question again?

Jatin Agarwal: In terms of margins you said that you have exited 95% of low margins business but still margins are not showing any positive trend?

Amit Sanghvi: Margin has improved somewhat but okay to answer your question again this correlates with the production ramp up issues we had for new project we have executed which is a fairly large one where due to the ramp up issues our costs have also been higher. And therefore they are not reflecting on the positive side of the margin gains. Those issues most of them have been sorted out and I think you will see a different trend going forward.

Jatin Agarwal: So sir what are our expectation in term of margins level at the end of this fiscal?

Amit Sanghvi: We will not be able to give a guidance on that. But you can extrapolate, you can take a look at our last year margins and you can extrapolate this. To answer your last question regarding new customers versus existing customers and growth avenues, we are aggressively going after existing clients for more business because that is an established relationship where it is much easier for us to get a higher share of products that we are doing or even adding products. At the same time, we are also exploring new customers, it is not that we are not exploring new customers. But I am fairly confident that most of our growth will come from the existing customers and a lesser percentage of the growth from the new customers.

Moderator: Thank you. The next question is from the line of Kalpesh Gothi from Veda Investment. Please go ahead.

Kalpesh Gothi: Sir, just want to know how much of the revenue you have missed because of the USFDA regulation issue? What was your target earlier for the CRC division?

Amit Sanghvi: Sorry I did not understand the question; can you repeat that?

Kalpesh Gothi: You said your revenue was hit because of the change in the regulation of the USFDA?

Amit Sanghvi: No, my revenue was hit because of production ramp up issue that we were having with the new project that we executed for one of the home furnishing majors towards the end of last year. The CRC supplies did not happen because of the regulation, not a significant revenue was hit because of that.

Kalpesh Gothi: Okay and sir coming to your CAPEX plan what will be the CAPEX for the current fiscal year?

Amit Sanghvi: Actually you can think an average of Rs. 25 crores to Rs. 30 crores every year over the next three, four years.

Moderator: Thank you. The next question is from the line of Maulik Patel from Equirus Securities. Please go ahead.

Maulik Patel: Coming back again on that bottle and cap for pharmaceutical, how many clients we have as of now?

Amit Sanghvi: Commercialized two, pipeline 12

Maulik Patel: 12?

Amit Sanghvi: Pipeline means where various testings are going on or trials are going on or samples are being evaluated or documentation is going on are 12 and commercialized would be 2. Although commercialized means we should have supplied but we will make those supplies in this quarter.

Maulik Patel: Okay and what could be the potential revenue from that one facility which you have set up and the maximum peak revenue from that facility because if I go and said that you have a strong pipeline is that you put in another capacity some time end of this financial year?

Amit Sanghvi: Maulik, what we have said on revenue from the CRC utilization would be somewhere in the region of Rs. 55 crores to Rs. 60 crores. What we expect is basically have orders for in the pipeline total capacity by end of Quarter 4. So that is what we expect.

Maulik Patel: Okay so that means you need to set up another facility sometime next year or probably by this year so that can come up probably next year right?

Amit Sanghvi: See the target is to fill up the pipeline this year and ramp up capacity significant capacity ramp up to happen next year.

Maulik Patel: Okay and if I understand the regulations correctly once you start supplying commercially which will happen in this quarter what would be the time line within that USFDA has to come and inspect your facility?

Amit Sanghvi: The USFDA need not come and inspect our facility. It is really up to them but if they do come and when they do come we are fully prepared we do not really have any issues. We are already you know supplying to regulated markets or developing newer products for regulated markets so that is not a concern for us.

Maulik Patel: Okay and just go back to like our earlier discussion that the proposition for all the domestic pharma company is the cost right? Is it the cost, Shaily provide at a lower price apart from probably you can have it on a better handing on the inventory side from a customer perspective?

Amit Sanghvi: Correct, a mix of those single source and I would like to believe very high quality.

Moderator: Thank you. The next question is from the line of Saumil Mehta from BNP Paribas Mutual Fund. Please go ahead.

Saumil Mehta: Your vision of taking Rs. 650 crore revenue over the next four years implies an additional I think revenue growth of about Rs. 400 crores against that I think CAPEX guidance will be about Rs. 100 odd crores. So do you expect the asset turn to improve significantly because looking at your current numbers the asset turn will be about 2.5x whereas the asking rate will be about 3.5x. So I am just could you help me you know go through that?

Sanjay Shah: There are two things to it. To answer you in two parts I will take your question. One is on the current capacity we are at 66% utilization we expect that utilization going forward in the coming quarters to improve to about 90%, 95% which is where we can do. So that would lead to that growth. And second part of it would basically come from the new investment which we make which is what as Amit indicated we are looking at about Rs. 100 crores to Rs. 150 crores investments over the period of next three to three and a half years which will help us to grow to Rs. 650 crores of revenue.

Saumil Mehta: So should one expect that the on a normal CAPEX what we will do, the asset turn will be closer to three times or you know would be a bit lower than that?

Sanjay Shah: Yes.

Saumil Mehta: And will your largest customer be still about more than 50% of the revenue in 2020 or you will see that mix changing?

Amit Sanghvi: 50% roughly you know give and take 10% but it will remain the largest customer absolutely but the struggle is always to grow everything else as fast as the largest customer grow.

Saumil Mehta: Sure, the last question is on I just missed the initial five minutes of the presentation and your speech. I think there was some issues related to CRC division which led to I think the export orders getting delayed. So what would be the quantum revenue loss on account of that?

Amit Sanghvi: No, again Saumil I answered this with last question. The revenue loss was on account of the project executed towards the end of last financial year where we were having issues on some of the equipment so we have not been able to ramp up production as required. Those issues most of them have been sorted out and we are currently ramping up that production. On the revenue loss. On the CRC there is a delay in supply of the orders delay is primarily because the regulations change for which we need to do another set of testing which is currently under way. And we will make that supply in this quarter.

Saumil Mehta: Okay and with respect to your 41% polymer processed in Q1, what was the growth in tonnage terms would be similar or how definite would that number be?

Amit Sanghvi: The growth you mean between Quarter 1 last year and Quarter 1 this year or are you asking whether it will be 41%.

Saumil Mehta: Yes, so I think the polymer process growth was about 41% on a YoY basis. What would have been because your revenue would have been a function of your pricing which looks down because crude oil prices were down and that impacted revenues. But I just want to know what would have been the tonnage growth or the volume growth?

Amit Sanghvi: Volume growth which we are talking about is the tonnage growth. Yes, it is the polymer growth. When you say 41%, it is the increase in the volume of polymer which we have processed.

Saumil Mehta: Okay so you know in terms of pricing would have been down 30% to 35% on a YoY basis would that be a fair assumption and that would have also led to lower raw material cost?

Amit Sanghvi: Yes, so there will be some on account of that because it has the price change mechanisms are on a quarterly basis so yes.

Saumil Mehta: And is it on a 100% pass through you know the up side and the down side and you know the cost?

Amit Sanghvi: This raw material is a pass through whether it goes up or down.

Saumil Mehta: Okay and so is there a lag you effect? I just want to know how would the translation work with the FX exchanges and all that?

Amit Sanghvi: Yes in a scenario where prices continue to go down, it is typically the formula is the average of previous quarters will be the price of the next quarter.

Moderator: Thank you. The next question is from the line of Saurabh Jain from Astute Investment Management. Please go ahead.

Saurabh Jain: I just had one question just following up on the previous participant's question. Just want a reconciliation of this numbers so in Q1 FY17 we processed 41% more polymer than Q1 FY16 but the machine utilization has actually gone down by 6%?

Amit Sanghvi: Right. Well, our machines in FY16 and FY17 are not the same so probably added about 10 machines and it often happens that you know there will be lot of product lines we are running at good capacity and there will be product lines where we will be ramping up or not running at such good capacity. So 66% number is on the overall hours based on the number of machines we have. But granted that we have added capacity last year, if you would just compare it against the capacity, we had last year then obviously that number would be much higher.

Saurabh Jain: Right. Just looking at your gross book in FY16 you added about 20% odd of gross block but if I can get the number you know if what was the number of machines we had in Q1 FY16 and what is the number of machines we have in Q1 FY17?

Amit Sanghvi: See between Q1 of FY16 and Q1 of FY17 we added about 10 new machines.

Saurabh Jain: 10 new machines okay on a base of how many?

Amit Sanghvi: Today it is about 106 machines now.

Moderator: Thank you. The next question is from the line of Suvarna Joshi from SMC Global Securities. Please go ahead.

Suvarna Joshi: Sir, just you mentioned in your initial comments that we have won some new orders from a global pharma major for ophthalmic packaging. So could you please throw some more light on this particular order win that we have got in this particular quarter and for how many years are we being going to be associated with this pharma major? That is the first question.

Amit Sanghvi: How many years have we?

Suvarna Joshi: Sir I mean what is the period that we are going to be associated with this pharma major that we have got this order for? I mean is it going to be a longer term kind of an association or is it just going to be on a project base kind of an association?

Amit Sanghvi: No, in regulatory market if you end up developing a product for a customer, that customer is basically stuck with you for the life of that product. So I anticipate that this business will be long term and we have been associated with the company for some time. So there is a good relationship there. And since we are developing it and we will be commercializing it, we do not see this business going anywhere else. It will be very difficult for anyone it is not economically viable or good from a regulatory standpoint.

Suvarna Joshi: Just a follow up on that sir, what is the order size that we have got from this particular company and would we look to monetize such a product with other pharma companies as well?

Amit Sanghvi: The answer to the second part is yes, we will look to monetize similar products for other companies given if we have an opportunity. Opportunity will arise I am sure you know I cannot tell you on the timing and with any new products that a pharma company does for regulated market you know volumes are it is very difficult for me to give you any number because the range is just too vast.

Sanjay Shah: I think the important thing here Suvarna is that if we are moving forward, you are seeing the pharma business and pharma products profiles increasing which is more. It is in line with our 2020 vision of increasing our pharma business. And when you develop something for any pharma company that relationship is essentially forever.

Suvarna Joshi: Sir, also I think you mentioned about the CRC division that the main proposition is import substitution and we stand to benefit because of the cost differentials. So would you be able to help us with flushing out what the cost differential would be for the imported CRC I mean the caps and vis-à-vis that of our company?

Amit Sanghvi: Yes, I think there are lots of companies that import in to India so I will not be able to shed light on everybody but.

Suvarna Joshi: Just a broad understanding would probably help us?

Amit Sanghvi: Broad understanding, there is a project and I have you know I remember my research from Boston, there was a good 20% savings and more than the savings, it is difficult to explain this from a consumer perspective but the fact is that our products have better functionality. Selling products on costs is essentially the worst thing you can do because you open up your competitors to sell at a lower margin. The fact that you want to sell on the quality and the performance of the products like I said it has 100% friendliness in the CRC and while still having a 99% resistance. The official certification from the FDA only requires 80% and above. But our closures and primary packaging is very high performing.

Suvarna Joshi: Sure sir thank you that was quite helpful sir and just one last question. If you could just help me with what were the volumes of polymers processed in the fourth quarter of FY16 if possible? Sir, I think in the last quarter we had mentioned about the machine utilization on an annual basis. So I just wanted to get a sense how have we actually done in terms of volume tonnage over the quarters I mean the previous quarter and this quarter?

Amit Sanghvi: Between Q4 and Q1 there has been a volume growth of about 16%, 17%.

Moderator: Thank you. We will take the next question from the line of Sunil Jain from Nirmal Bang. Please go ahead.

Sunil Jain: Sir, I got one question related to capacity utilization. If we exclude your existing CRC cap manufacturing capacity, then what was the utilization and I think last year that was not there in your this thing?

Amit Sanghvi: Sunil, when we report the utilization levels, we have been reporting utilization levels at company level and not at individual plant level. So we still want to continue. The CRC attributes are actually the plant was already set up last year right, so the number of machines given in the calculation were there the capacity we added the additional 10, 11 machines it has not been in CRC it has been elsewhere. And each machine is of a different type.

Sunil Jain: Fine that means you got enough capacity even excluding the CRC to grow the volume if suppose we get a good business apart from this cap then also there will be enough capacity available to take advantage of that?

Amit Sanghvi: To answer your question very simply we do not have any constraints. You know again there will be specific products where we might have a constraint but overall we do not have capacity constraints.

Sunil Jain: Okay and this new order with ophthalmic product what we are getting do you see this again bigger opportunity like cap or it is not comparable to that?

Amit Sanghvi: The ophthalmic opportunity will not be added in the CRC opportunity, no. It is mainly as I said increasing the basket of products which we do for the pharma segment. See today we have two variants in our ophthalmic range and big variants in our CRC range. So from a portfolio perspective we need to increase the number of products we do in primary packaging so that we can provide solutions to a company for a lot of their requirements not just one or two.

Moderator: Thank you. We will take the next question from the line of Rahul Singh from Ampersand Capital. Please go ahead.

Rahul Singh: Just a couple of questions. Firstly, if you look at the first quarter volume process have grown 40% and EBITDA has grown only 13%. So assuming that your conversion margins would remain the same apart from the raw material pass through. Would it be fair to say that if the ramp up issue was not there in that home furnishing project which was launched last financial year, the EBITDA growth would have been in line with the volume growth of 40% in the quarter?

Amit Sanghvi: Not 100% but the EBITDA growth would have been higher for sure.

Rahul Singh: Okay the reason I asked this is that last year if you look at the full financial year Fiscal 16 the volume growth was 66% and EBITDA growth was 49%. So there was a lag there was a bit of a gap there also. So just wanted to understand what leads to that gap and how should we look at that gap barring this quarter which was obviously probably an aberration because of the ramp up issue? Will there always be a gap between EBITDA growth and the volume growth?

Amit Sanghvi: Absolutely because of raw material.

Rahul Singh: No, but assuming that on a per kg or a per ton basis you are charging the same conversion price only the raw material is pass through, then the EBITDA growth should be in line with the volume processed growth assuming the mix remains the same of your kind of products which you are marketing?

Amit Sanghvi: Theoretically you are right, but the problem is from year to year quarter to quarter month to month the product mix changes. So you know in the whole basket of products there is an off take of very bulky articles in one product then your raw material content is higher. So depending on how the product mix changes the margins will also change but in theory you are right, but in practice it does not really happen that way.

Rahul Singh: Okay so do we see this kind of a slight gap between volume growth and EBITDA growth continuing this year or maybe next one or two years I mean a fair guess I mean I am not asking you to give a concrete answer but any kind of guess would help?

Amit Sanghvi: See I think you will see maybe slightly during the year as we go to Quarter 2, Quarter 3 and Quarter 4 maybe there will be a more clearer answer to your question. I do not think you will see the same gap which is today as we progress during the year, there will be a gap but it could be smaller.

Moderator: Thank you. We will take the next question from the line of Vishal Saraf from SBI Funds Management. Please go ahead.

Vishal Saraf: Just wanted to understand a little bit more on this ophthalmic packaging order you are talking of. Can you please help us understand what is the nature of the product exactly and what is the revenue potential from this?

Amit Sanghvi: It is an eye drop. You know they are meant for eye drops.

Vishal Saraf: Okay caps for the eye drop bottle, is it?

Amit Sanghvi: No, the whole packaging it has the container, the nozzle from where the drop comes out and the cap.

Vishal Saraf: Okay and are we into this business already, are we supplying eye drop bottles to anyone any of the existing customers?

Amit Sanghvi: Yes, we are we have been supplying for two years now and but this is not the same product. This is a different variant or a different design altogether. What we are supplying right now is a three-piece eye drop container in 5 ml and 10 ml.

Vishal Saraf: Okay and the current one?

Amit Sanghvi: The current one is 5 ml and 10 ml we have two sizes, with the tamper evident cap and what we are developing is a different type and it is a different design as well.

Vishal Saraf: And this is with the same customer or a different customer?

Amit Sanghvi: I cannot disclose that either way even if it goes to the same or different customer I will not be able to disclose.

Vishal Saraf: Okay and any potential size of the business if you can disclose?

Amit Sanghvi: It is too soon let us commercialize it then if maybe there is some changes we can let you know.

Vishal Saraf: Okay and sir again one more clarification on the CRC cap thing. While you have discussed several times in the con call already, just wanted to understand you are talking of some additional testing required. What is the kind of testing if you could discuss and are the customer approval subject to this testing or the two customers have already been through these kind of tests and already approved?

Amit Sanghvi: No, the testing is in progress. It is an inventor testing and post the reports from the testing we will be able to make the supply.

Vishal Saraf: Okay but just now the revenue from CRC caps has been accrued zero for us, is it?

Amit Sanghvi: Correct. I do not know it is some small revenue but yes it is nearly zero.

Vishal Saraf: Obviously sir only subject to this approval the revenues will start?

Amit Sanghvi: Right.

Vishal Saraf: Okay and sir just one more point on the delay in ramp up of this home furnishing business. This is with the existing client or this was for a new client?

Amit Sanghvi: You are putting me in a tough spot. It really does not matter, does it?

Vishal Saraf: No, just wanted to understand if you have been able to add new clients into the business or we are primarily growing with the same?

Amit Sanghvi: We have added new clients we would have talked about it in our presentation.

Moderator: Thank you. The next question is from the line of Vishal Borwankar from Sarah Mutual Fund. Please go ahead.

Vishal Borwankar: I just wanted to understand that most of the revenue portion is highly concentrated of home furnishing if I am not wrong it is approximately 55%. And we have been hearing since couple of quarterly results that your focus is on the healthcare side now. Just to diversify your portfolio so and your target is to take it up to 20% or 25%. So my question is, have you been able to see any trends so far as far as the revenue increase in healthcare segment specifically?

Amit Sanghvi: Yes, the answer is yes absolutely. See it is very unfortunate when a product or device is under development study from a customer, we are not really allowed to say anything and even if we were, it would not be right for us to say so. But we have a strong development pipeline and which will reflect on revenues going forward. So we are seeing traction and just to clarify it is not that our focus is only on healthcare we are equally focused on our home furnishing business and our FMCG business and all our businesses. Anything that constitutes to margin is always possible

Vishal Borwankar: So is there any plan to add more clients as far as furnishing is concerned. I do not want to know the name the client but we are still concentrating on one particular client as far as our overseas or domestic presence is concerned? So is there any pipeline deals or anything?

Amit Sanghvi: See the home furnishing space is such that most potential customers out there would be say multi-brand retail and what happens in multi-brand retail is they are looking to pick up off the shelf products. Now we are an OEM manufacturer so yes would we like to add another customer absolutely. But that also means spending significant amount of resource from developing your own product lines which at the moment is not a core focus area for us. Our priorities are to service the existing accounts that we have effectively and grow them.

Moderator: Thank you. We will take the next question from the line of Girisha Saraf from Ambit Capital. Please go ahead.

Girisha Saraf: Could you please tell me what is happening on the insulin pen front what sort of volumes you are making? Earlier I remember you mentioned that Sanofi and Wockhardt are two of your customers. Have you added any new customers for insulin pens?

Amit Sanghvi: No, we have not added new customers for insulin pens. But our insulin pens we are selling more than we were.

Girisha Saraf: So could you please give us some idea as to may be the volume numbers or what percentage growth you have seen over the last year?

Amit Sanghvi: I will not be able to do that, Girisha. I am sorry.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments.

Amit Sanghvi: Thank you. I just like to thank everyone for joining the call. I hope that we have been able to respond to your questions adequately. For any information that you may need, I request you to get in touch with SGA, our investor relations advisors. And thank you once again for your time.

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