



“Shaily Engineering Plastics Limited
Q4 FY2021 Earnings Conference Call”

May 31, 2021



MANAGEMENT:

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Moderator: Ladies and gentlemen, good day and welcome to Shaily Engineering Plastics Limited Q4 FY2021 Earning Conference Call. This conference call may contain forward-looking statements about the company, which are based on 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Sanghvi – Managing Director, Shaily Engineering Plastics Limited. Thank you and over to you!

Amit Sanghvi: Thank you very much. Good morning and a warm welcome to all the participants to the post results, investors and analyst meet of Shaily Engineering Plastics. I hope all of you are safe and healthy. I have with me, Mr. Sanjay Shah – Chief Strategy Officer and SGA, our Investor Relations Advisors.

I hope you had a look at our new comprehensive investor presentation that is uploaded on our website and the stock exchange. We have seen a major peaks and valley during the year FY2021 starting of the year with a standstill of the entire economy and it has also impacted us. After much delay in constructions as well as equipment installation, we have finally successfully commercialized operations at our carbon steel furniture plant in December 2020. This was one of the most technologically advanced projects which we had undertaken outside our core area of expertise and unfortunately due to the pandemic, we had zero to minimum support from suppliers of various equipments to set up this facility. In spite of such challenges, today the operations are running fairly smoothly. This shows our uniqueness and ability to grow in the most difficult of times.

I would like to announce the resignation of Mr. Anil Kalra from the position of Chief Executive Officer due to health reasons. Unfortunately, Mr. Kalra contracted COVID in the month of March and since his return from the hospital he had continued to have some health issues due to which he is unable to resume his responsibilities in the company. I would like to sincerely thank Mr. Kalra for his contribution during his short tenure which has helped Shaily in streamlining its operations and achieving new levels of operating efficiency. On behalf of the entire Shaily family, we wish him speedy recovery. We are actively looking for a new CEO and will try to fill the vacant position over a period of time.

Now some updates on the expansion of capacity announced in the previous call. We have started construction of our new plastic plant at our new campus at Halol. There has been no delay due to lockdown and we expect the plant to be fully operational in the first half of FY2022. This will help us service new orders especially the home furnishing orders.



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Let me now give some highlights on the business updates for the quarter for other segments. In Toys, we started production of two products for one of the world's top three Toy brands post approval in Q4 FY2021. This production is currently ramping up and will further ramp up in FY2022. In healthcare, I had announced during previous year annual earnings call regarding development plan for an auto injector. We are now double steps closer with likely industrialization by Q4 of FY2022 and in addition we have two new pens under development. This also includes supply to global companies.

We have also received order for supply of our child resistance closures during the quarter. Overall, throughout the year we have built a very robust order book which shall help us grow in the years to come. We anticipate fairly substantial growth in the current year, looking at our order book, we are fairly confident of achieving a much higher rate of growth in the current year.

With each passing year we are expanding our relationship with our largest customer in the home furnishings business and alongside developing different verticals in the Toys business adding global giants of the Toy world. It has been a mere one and a half years since we have entered into the Toy business with SpinMaster and we have now made our position even stronger with large orders from one of the world's top three Toy brands and are on our route of becoming one of the preferred Indian suppliers in the Toy industry.

Healthcare segment is equally promising with tremendous opportunities going ahead. At the end of FY2022, we shall have three additional platforms commercialized for both auto injector as well as pen injectors. We are also expecting revenue to scale up from registration backed supply from our existing platforms and a significant ramp up over the next two to three years. The commercialization of carbon steel operations will help us in increasing the revenue trajectory as well as improve EBITDA margins as utilization levels pickup in the coming quarters. Once we complete our ongoing expansion, our growth trajectory will touch new boundaries both in terms of topline as well as bottomline.

That is all from my side, I shall now handover the call to Mr. Sanjay Shah who will give you the operating and financial highlights of Q4 and FY2021. Thank you.

Sanjay Shah:

Thank you Amit. Good morning everyone. I shall share with you the highlights of our operational and financial performance of Q4 and full year FY2021 following which we will be happy to respond to your queries.

During the quarter, we processed 4,356 tonnes of polymers vis-à-vis 3,267 tonnes in Q4 FY2020 which marks an increase of 33% on year-on-year basis. On a full year basis, we processed 14,602 tonnes of polymer as compared to 13,293 tonnes in FY2020. Machine utilization rate was 56% in Q4 FY2021 as compared to 64.5% in Q4 FY2020. This was basically due to increase in the number of machines which we added for the Toys business in our Halol and Rania facilities.



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Exports during the quarter stood at 77% of total revenue as compared to 68% in the same period last year and for FY2020 export stood at 73% as compared to 69% in FY2020. Our revenue stood at Rs. 109.8 Crores during Q4 FY2021 as compared to Rs. 79.6 Crores for the same period last year showing the growth of 38%. The double-digit growth is achieved on account of supply on carbon steel furniture and increased business on all other segments of business.

On a full year basis, the company reported with Rs. 360.6 Crores of revenue as compared to Rs. 336 Crores in FY2020. This is in back of the first quarter being a wash out during the current year. EBITDA for Q4 FY2021 is Rs. 22 Crores as compared to Rs. 15 Crores in Q4 FY2020. EBITDA margins stood at 20% in Q4 FY2021, 130 basis points improvement over previous year same quarter. For full year FY2021 EBITDA margins were at Rs. 62 Crores as compared to Rs. 59 Crores in FY2020. EBITDA margins in FY2021 were impacted in the second half due to withdrawal of MEIS benefits by the government post December, so that seems to be taken into account and also post commercialization of the carbon steel furniture business.

Net profits to get Rs. 9.7 Crores for Q4 FY2021 a growth of 39% year-on-year whereas full year FY2021, the company reported a net profit of Rs. 22 Crores as compared to Rs. 23.6 Crores in FY2020. Cash PAT for Q4 FY2021 was at Rs. 15.3 Crores as compared to Rs. 11.6 Crores for the same period last year. For FY2021, cash PAT was at Rs. 41.5 Crores same as FY2020. For the quarter, we incurred a capex of Rs. 32.8 Crores, total capex of Rs. 73.7 Crores for the full year for FY2021. We expect FY2022 capex to be in the range of about Rs. 80 Crores to 90 Crores.

With this, I would like to summarize on our operational highlights front and let you know that we are working actively towards diversifying of business model and we see better trajectory in this quarter to come as we start commercializing. This is all from our side. Now we can open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pritesh Cheddha from Lucky Investment. Please go ahead.

Pritesh Cheddha: Thank you for the opportunity and congratulation on improved traction and hope everything is safe and sound. My question is with respect to the new business confirmations which is Toys, six projects, furnishings incremental Rs. 180 Crores order wins and furniture Rs. 100 Crores, when do we see in terms of their peak revenue potential on a quarterly basis getting achieved on these three business segments? And associated question in healthcare I was a bit confused in your presentation, you are mentioning 2x to 3x revenue growth in three to five years, just wanted to check it is 2x to 3x of revenue in the next three years to five years or growth because these two means completely different and these healthcare pens which are five platforms and 12 projects, what should be the peak revenue potential and when should you deliver that peak revenue potential on a quarterly basis?

Amit Sanghvi: Pritesh, last question would be very difficult to answer given majority of our pens have been commercialized only in the last 12 to 18 months. Let me start with your first one. I think peak



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revenue potential for the new investments that we have made in the new plastic facility as well as carbon steel and Toys is likely to happen by the Q4 somewhere between Q3 and Q4 of FY2022 which means that at that point we will have a run rate that represents the peak potential we have for the current capacity. What was your second question? On the healthcare in the presentation, we have mentioned two to three times growth, so we are roughly looking at growing the business at somewhere between 35% and 45% year-on-year basis for healthcare business.

Pritesh Cheddha: Okay, and just on the first answer that you mentioned, this includes Toys, six projects, furnishing, incremental 180 Crores business and furniture, all three, you should be hitting the peak revenue potential of quarterly basis by the end of this year?

Amit Sanghvi: Yes, our run rate by Q3, Q4 has been more or less at peak potential.

Pritesh Cheddha: My second question is on the current asset which we have in the ground now what kind of peak revenue is possible on this current asset and did I hear it properly that you mentioned the capex for FY2022 at 80 Crores to 90 Crores or it was 18 Crores to 19 Crores, it was slightly inaudible sound, just was trying to correlate the two things as well?

Sanjay Shah: It is 80 Crores to 90 Crores which also includes the new plastic facility which we are setting up and expansion of the pharma facility.

Pritesh Cheddha: What should be the peak revenue potential of a current asset base?

Sanjay Shah: As Amit explained with all the new investments which we are doing in is for home furnishing facility is basically getting commercialized by Q2 and we will hit peak revenues somewhere between Q3 and Q4. So as Amit mentioned if we look at between Q3 and Q4 that is the peak revenue which we will achieve.

Pritesh Cheddha: That would be excluding the 80 Crores to 90 Crores of incremental assets, right?

Sanjay Shah: That will include the new plastic facility, but it will exclude the pharma facility, so pharma we will probably be not hit peak revenues this year, we will hit peak revenue next year.

Amit Sanghvi: No, next year either. Pharma will be a slower ramp up. In terms of the capacity that we put in of course revenue will keep coming in but peak revenue would be much later.

Pritesh Cheddha: So, can I correlate this way that your asset utilization is 58% that is obviously excluding furniture and you are at about Rs. 360 Crores of revenue, can I do the maths that way in terms of the current assets on the ground can generate whatever 360 Crores plus the utilization plus the furniture revenue?



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- Sanjay Shah:** If you were to look at from the current asset base then look at peak revenue you should probably look at somewhere between 2 and 2.5, I would say an average of 2 to 2.5 is peak revenue from the current asset.
- Pritesh Cheddha:** Okay, this includes furniture or excluding furniture?
- Sanjay Shah:** This includes everything.
- Pritesh Cheddha:** Thank you very much. This was very helpful and all the best to you Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Thank you for the opportunity. Couple of questions, first is if you can provide some color on a working capital days specifically there is a bump in few of the variables, if you can please detail that, that would be useful?
- Sanjay Shah:** Ritesh, working capital for the current quarter has gone up. This is on two accounts. One is blockage of funds on GST and MEIS is one account and second is overall inventory levels had gone up because we are executing multiple projects on the Toy segment where inventory has come in, in Q4 which we have now commercialized those projects in Q1, so we expect going forward, we should still be able to improve the working capital cycle between Q1 to Q3, hopefully also realize the GST and MEIS blockages as we move forward.
- Ritesh Shah:** Would it be possible to quantify how much is the number for GST plus MEIS and what is the normal inventory and working capital days one should look at going forward?
- Sanjay Shah:** I think if you were to look at normalized inventory and working capital days or normal net working capital, you should probably look at about somewhere between 75 and 85 days, we are today at a high number and we are working towards bringing it down.
- Ritesh Shah:** Sure and is quantum for GST and MEIS if I just have to adjust it?
- Sanjay Shah:** I will need to check that number. I will get back to you on that.
- Ritesh Shah:** Sure, my second question was on MEIS and RoDTEP, is there any progress towards here and it is hard to look at on a full year basis, was there some adverse impact because a new scheme has not been notified, so how should one look at, it is hard to adjust the numbers on gross margins basis, how should one understand that?
- Sanjay Shah:** Just to answer your first question, the total blockage on account of MEIS and GST is about 17 Crores, end of March. The new scheme has been notified but the new scheme also excludes EOUs and there is no clarity in terms of rates and what will happen, so currently we are not accruing any benefit on account of the new schemes, so it will be very, very difficult for me to



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comment what to and how will the new scheme pan out and what the benefits will be available to us.

Ritesh Shah: Sanjay Bhai can you quantify how much was the benefit I think it would be there for half of the year, right? I think if I am not mistaken the scheme expired in September-October something, after that there was 2 Crores per month, there was some cap which was leveraged, if you could just explain that, that would be useful and has there been any proposals from you and the company or from the industry specifically for RoDTEP?

Sanjay Shah: Total benefit which we availed last year was somewhere in the region of about 5 Crores and odd.

Ritesh Shah: That helps and last question is on business outlook. This is specifically for Amit. You did indicate right the Toys outlook it looks promising and you also did elaborate upon the platforms to be ready for both Auto Injector as well as Pen Injector is also there in the presentation, can you put some more color over here on the size of the market opportunity that we are looking at and basically when you say that the business is promising, at what stage we are, when we are interacting with this overseas customers? Thank you.

Amit Sanghvi: Toys as an opportunity will be as large as our appetite. So essentially, I can say we could scale of the Toys business to where we are on our home furnishing business over the next probably four years to five years.

Ritesh Shah: Sure and specifically on the Auto Injector and Pen Injector?

Amit Sanghvi: The opportunity size is very large but we look at it from the perspective of molecules that we are supplying these Pens into, if you take Insulin away then basically all the pen injectors that we supply have a combined revenue today of somewhere around \$9.5 billion at an average price of \$3 we should be looking at a target market of 13 million pens in total out of which of course we do not expect entire 13 million but the generics we are working with let us say are able to take on 30% of the market share then we will be expecting somewhere between 10 million and 15 million. Pens outside of Insulin, Insulin the opportunity is massive, very hard to quantify but could be as low as 10 million to as high as 50 million.

Ritesh Shah: Sure, this is very useful. Is it possible if you can give color on the timeline on the scale up here because we do appreciate the technological advantage basically what the company has done the product offering the company has but eventually it boils down to the execution. So you did indicate in the prior question, how you see the revenue ramp up, if you could provide some more color on how you are visualizing the step over next two years to three years, any milestones that we can look at from outside?

Amit Sanghvi: We have existing orders for Insulin pen supply in the current year. We have orders for all the other pens, liraglutide, teriparatide again small batches, small variety, small batches, they are still somewhere between 100,000 pens to a half a million pens. In the next financial year, we see this



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ramping up on two molecules particularly to about 3 million pens and then 2024 is when we will have or our customers will have kind of a global market share on these molecules where we see substantial ramp up, so 2024 onwards we are looking at scaling up substantially.

- Ritesh Shah:** This is very useful. Thank you for a detailed presentation. I wish all the best.
- Moderator:** Thank you. The next question is from the line of Kaushal Shah from Dhanki Securities. Please go ahead.
- Kaushal Shah:** Thank you very much, Sir. My questions have been answered. Thank you.
- Moderator:** Thank you. The next question is from the line of Arush Oberoi from Vista Delta Securities. Please go ahead.
- Arush Oberoi:** Thank you Sir for the opportunity. I have couple of questions; the first one is that how much sustainable is our margin profile and from when we will see the steel business impact on our margins?
- Amit Sanghvi:** Sorry, what was your second question?
- Arush Oberoi:** From when we will see the steel business impact on our margins?
- Sanjay Shah:** Margins are sustainable and as we move forward, we expect margins to grow in the coming years. So, that probably answers your first part of the question. We have seen a gradual ramp up on our steel furniture business where we expect full ramp up to happen probably by Q3 and post that you will be able to see improvement in the margins there.
- Arush Oberoi:** Second one, from FY2020 to FY2021, our exports have increased by 6%, so do we have aggressive plan of increasing exports or is it a temporary phenomenon?
- Sanjay Shah:** Most of our business is export and exports will continue to grow for us. Even if you were to look at Toys, Toys it is all exports, so it is going to grow for us.
- Arush Oberoi:** Thank you, Sir. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Kunal Jain from District Capital. Please go ahead.
- Kunal Jain:** Thank you for the opportunity, Sir. Sir, my first question is for carbon steel, are we planning to target other clients apart from home furnishing majors?
- Amit Sanghvi:** Not at the moment.



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- Kunal Jain:** My next question is mostly regarding the lockdown, so for our UK subsidiary set up is there any delay due to lockdown or travel restriction, are we expecting any loss of business due to the same?
- Amit Sanghvi:** There is no loss of business, but yes, the set up is delayed of course. We planned on going upstream in June, we are now looking at going on stream in September.
- Kunal Jain:** So, September, okay. And Sir, for this past month like April and May did we face any logistics issues because of this lockdown or any disruptions?
- Amit Sanghvi:** Issues would be there. We are able to manage them at the moment.
- Kunal Jain:** So, nothing major affecting numbers or anything like that?
- Amit Sanghvi:** Not, yet.
- Kunal Jain:** Thank you. Those were all my questions. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Atul Kothari from Progwell Securities. Please go ahead.
- Atul Kothari:** Thank you Sir, for the opportunity. Sir, I have just couple of questions, Sir my query basically is in reference for the Toy segment. So, currently we are having only two companies as customers or do we cater to more clients as far as our Toy segment is concerned?
- Sanjay Shah:** Yes, we are currently working with two companies. As we move forward, we will look at adding customers, but with these two companies also we see a lot of growth potential which is there.
- Atul Kothari:** Sir while we are looking for expansion will you also be targeting Indian Toy brands?
- Amit Sanghvi:** No.
- Atul Kothari:** Secondly Sir, was there any loss of business in Q1 FY2022 due to the lockdown on account of the second wave of COVID-19?
- Amit Sanghvi:** Yes, there has been some. So, against the monthly plan that we made, we have had some issues in April and March primarily because of availability of people.
- Atul Kothari:** Okay, so the overall impact will be marginal or it will be significant?
- Amit Sanghvi:** No, it will not be significant, it will be marginal.
- Atul Kothari:** Thank you very much, Sir. That is all from my side.



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- Moderator:** Thank you. The next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.
- V P Rajesh:** Thanks for the opportunity. Just trying to understand your customer concentration, so in Toys as you already said you are only supplying to two customers and I believe for the furniture it is just one customer. What is the situation in the other businesses if you can just elaborate on that?
- Amit Sanghvi:** Apart from Pharma we probably have a list of 20 customers to 24 customers and the top six or seven would contribute to 85% of our revenue.
- V P Rajesh:** The large customers that you are talking about are those contracts long-term in nature, what is the structure of those arranged deals?
- Amit Sanghvi:** We would not be able to disclose contract, but what I can tell you is once we acquire a customer, I do not think there has been a single instance in the last 32 years of company's existence where we have lost a customer.
- V P Rajesh:** Alright, I was just trying to understand whether those contracts are long-term in nature or they can be terminated on a very short notice and they can contract with some other parties, I was just trying to get a sense of that?
- Amit Sanghvi:** Typically, they are long-term in nature. The type of business which we are in we could not be looking at short-term.
- V P Rajesh:** Thank you very much. That is all.
- Moderator:** Thank you. The next question is from the line of Chirag Jain an Individual Investor. Please go ahead.
- Chirag Jain:** Thanks for the opportunity. Sir, my question is on the management side, as Mr. Anil Kalra has left the company, how are we looking for the next CEO, so would be he joining from the promoter family or would be he on the professional side like, he will be from Anil Kalra was?
- Amit Sanghvi:** It is open. There are no boundaries as such. There was a candidate profile we are looking for and then, I think we are quite open in terms of what background the CEO comes from, but yes there will be a heavy emphasis on operations.
- Chirag Jain:** Yes, good and the other question is on the total fixed assets side, so we have approximately Rs.220 Crores of fixed assets on our balance sheet. Can you give me a rough estimate on how the segment wise would be, Healthcare and Plastic side and the Pharma side?
- Sanjay Shah:** We would not be able give you that break up.



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- Chirag Jain:** Okay, I was asking because for the past four, five years we have not been able to work on the Healthcare side, we have been lagging on that, so any colour can you give on that?
- Sanjay Shah:** Chirag, if you were to look at whatever we have been talking for the last four calls, we have said that our Healthcare has been probably one of our fastest growing segments in the last year and we expect similar growth as we move forward in the next three to five years.
- Chirag Jain:** Okay, any colour on that, any estimate, how far we can grow, any revenue, any margins?
- Sanjay Shah:** We will not be able to put in a number. What we have indicated and also as Amit, mentioned earlier in the question in which one of the participants asked, we are looking at a 2x to 3x growth over the next three to five years on the Healthcare part of the business.
- Chirag Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Manish Gupta from Solidarity. Please go ahead.
- Manish Gupta:** Two questions Sanjay Bhai. First one was that your gross block is about Rs.220 Crores right now, and there is about Rs.23 Crores of capital work-in-progress and to the question that Pritesh had raised earlier, you said that peak revenue on base can be about 2x to 2.5x which we should see in Q3 or to Q4 of this year. Is this understanding correct?
- Sanjay Shah:** Yes, it will basically be between Q3 and Q4. Manish what happens is we have different projects with different customers which will get commercialized at different period of time. So, there will be something which is getting commercialized in Q1, similarly something which is getting commercialized in Q2 and as move forward something is getting commercialized in Q3. The effect of this will again have different timeframe so somewhere between Q3 and Q4 is when you probably see peak revenue coming from the investments which we have made.
- Manish Gupta:** Got it. So, if I just do some very simple math on this, I want to make sure I have understood you, right. So, this Rs.220 Crores of gross block and Rs.23 Crores of WIP that is about Rs.243 Crores, let us get it round it off to about Rs.240 Crores, right and you are saying 2x to 2.5x asset turn, so if I take 2.25x the average of that we will come to approximately that is about Rs.540 Crores, on an annualized basis. Would I be right in my calculation that let us say Q4 of this year your annualized run rate could be about Rs.540 Crores of revenue?
- Sanjay Shah:** Manish, you also need to take into account that we are looking at investing Rs.80 Crores in the current year out of which a large part of the investment will be done by Q1. I would say 50% of the investment will be done by Q1 which is what also we are looking at ramping up between Q2 and Q3 which is the new plastic factory.



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Manish Gupta: Got it. So, the way I have to look it is on the existing investments the run rate would be say Rs.540 Crores or something plus the additional revenue on any investments you do in Q1 and Q2 of this year?

Sanjay Shah: Yes.

Manish Gupta: Got it, very clear. Second question is, based on what you know right now, what is your capex plan for the next few years like you said Rs.80 Crores to Rs.90 Crores this year, next few years any visibility on what your capex plans are?

Sanjay Shah: Manish, a large part of our capex plan would get decided based on business confirmations which we have from customers, with some customers we have some sort of visibility in terms of what sort of growth are we looking at and based on that we would basically at some point of time need to set up one new factory for a manufacturing Toys as we move forward. So, incrementally I would say for every Rs.100 of revenue you probably look at somewhere between 2x and 2.5x of investment which would be required in capex. It is my mistake. If you look at the capex, we probably look at a revenue of somewhere between 2x and 2.5x is what we look at.

Manish Shah: Yes, I get that. My question is that do you have any visibility on aggregate capex you will do FY2023-FY2024 so on and so forth?

Sanjay Shah: FY2023 we will have similar number as the current year about last 50 to 70 Crores is what we will do in capex.

Manish Shah: Third question is Amit our historical challenge in the last few years has essentially been not orders but ability to ship orders out. So, can you provide some colour on what we have done over the last 12 to 24 months to strengthen this aspect of our business?

Amit Sanghvi: We have spent a lot of money on maintenance of existing facilities, tools and machines. I think if you also look at our R&D, you will see a higher amount than previous quarters and previous years for repairs and maintenance. One thing we have done is we have tried to bring in our assets to a level where they can be much more efficient from a manpower perspective we haven't faced, except lack of manpower on account of COVID we have not faced any other challenges probably since the lockdown ended, doing quite well in that area. We have hired lot of ITI graduates, new facility the hiring has already started. We have filled all key positions for our new facility and even some factory workers, but we are not classifying anyone as a factory worker in the new facility. They will all be skilled and they will all be production team members. So, we are trying to bring in a sense of belonging at least in the new factory where there is a greater level of motivation and being connected with the company in the new facility that will go on stream in July.

Manish Shah: Excellent and last two questions. First one is that in the nature of conversations that you are having now with the Swedish major or with the Toy customers, are you seeing more complicated



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engineering or more complex engineering kind of orders coming to you. So, the level of skill that is required in these orders is it increasing or is it more of the same?

Amit Sanghvi: No, we see both. We see increased complexity projects also coming our way and we also see simple products where there is need for a very high output.

Manish Shah: Last question that a few years ago we had defined a vision for ourselves we are obviously behind that, but one can clearly see a lot of progress otherwise. Have you defined any new vision for yourselves say five years out what margin profile or what revenue profile you think the company should at?

Amit Sanghvi: I have a vision, but I am not sharing it at this point. I think we will wait for this year to end and then maybe apprise everybody of my vision. It has to do with revenue and numbers and just overall vision in terms of where the company should be headed.

Manish Shah: Okay, Amit last call, I had requested this that if we can have a five-year kind of roadmap and you said you take a look at that, I think at some point in time it will good if one can share in management's longer-term vision of where the company is headed, I mean we are long-term shareholders, right, so while the short-term is important we are looking at the long-term. So, I think it will be good if you can put this on the calendar at some point in time?

Amit Sanghvi: Sure.

Manish Shah: Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.

Nikhil Jain: Thank you for the opportunity. Just a couple of questions; first was that do you anticipate that our debt levels will be increasing year-on-year given that the capex that we are planning to do at something like Rs. 80 Crores to Rs.90 Crores, every year, this year and next year. So, right now it is not uncomfortable, but they are reasonably high. So, is there any plan that we have on what could be the guidance on that kind of a thing, what could be the debt level going into FY2022 and that was question?

Sanjay Shah: Nikhil, if I were to look at from a debt level perspective probably you are seeing a peak level, debt that is peaking out at its peak in the current quarter or so post that you will see absolute debt levels going down and hence the ramp up in revenue happens from margins. Basically see overall debt equity and debt to EBITDA going down. If we look at March 2021, while debt EBITDA is a little higher, definitely which needs to be kept in mind, there were two major projects which we executed last year and one project which is getting commercialized this year for which debt was raised last year, we had COVID due to which there were delays on the steel furniture plant. All of the ramp up will happen in this year, so you will basically see overall margins going down. But



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in spite of that our DSCR margins or DSCR ratio has been quite healthy even for March 2021 and as we move forward. So, DSCR has been very, very competitive. These are ratios which we constantly monitor on a month-on-month, quarter-on-quarter basis.

Nikhil Jain: Right, good to know that. So that was question number one. The question number two is in the last quarter call you overall said that in FY2022 we are looking at let us say a topline of around Rs.550 Crores odd, right so is that the current visibility for this year also, as now given that we have a second wave of COVID and other things?

Sanjay Shah: Yes, we would say we are still under same numbers we would have the same visibility, yes.

Nikhil Jain: Thanks a lot.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Amit Sanghvi: Thanks to everyone for joining this call. I hope we have been able to answer your questions. For any further information, I request you to get in touch with SGA, our Investor Relations Advisors. Thank you once again and greetings to all and stay safe.

Moderator: Thank you. On behalf of Shaily Engineering Plastics Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.