



“Skipper Limited Q4 FY17 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Skipper Limited Q4 FY2017 earnings conference call, hosted by IIFL Investment Managers Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal the 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. Tarang Bhanushali from IIFL Investment Managers. Thank you and over to you Sir!

Tarang Bhanushali: Thank you Lizaan and good evening everyone. On behalf of IIFL Investment Managers, I welcome you all for the Q4 FY2017 Earnings Call of Skipper Limited. On behalf of IIFL Wealth Managers, we would like to thank the management of Skipper for giving us this opportunity to host the call. We have today with us Mr. Sharan Bansal - Director of the company, Mr. Devesh Bansal - Director, Mr. Sanjay Agrawal - CFO and Mr. Aditya Dujari –IR from the company’s side. In the initial start, we would like the management to update on the company’s results and also the forward-looking statements and then may be we can have the Q&A. Over to you Sharan!

Sharan Bansal: Good evening and welcome everyone. I am happy to welcome you all to this quarter conference call of Skipper Limited. We are happy to report that the company has finished yet another successful financial year with good growth numbers. The net sales of the company have grown to Rs.1678 Crores as against Rs.1462 Crores in the previous year, which is up by 14.8%. The operating EBITDA of the company has grown to Rs.226.71 Crores as against Rs.201.11 Crores in the previous year, which is up by about 12.7%. The operating EBITDA margins continue to be robust at about 13.5% this year. Profit before tax has grown to Rs.156.52 Crores as against Rs.143.30 Crores in the previous year, which is up by 9.2% and profit after tax has grown to Rs.111.50 Crores as against Rs.95.13 Crores in the previous year, which is up by 17.2%.

Speaking about the particular quarter Q4, the net sales has grown to Rs.564 Crores as against Rs.522 Crores in the previous year quarter, which is up by about 8%. The operating EBITDA of the company has grown to Rs.74.87 Crores as against Rs.73.41 Crores in the previous year quarter, which is up by 2% and the PBT has grown to Rs.69.67 Crores as against Rs.52.64 Crores in the previous year quarter, which is up by 32.3%. Also we are happy to report that the order inflow in this quarter has also been revery robust. We have previously declared the order inflow approximately Rs.400 Crores. We are also declaring today again an order inflow about Rs.505 Crores in the engineering products segment. So,

that is our net order or our closing order book position to approximately Rs.2600 Crores for the company. Few of the other developments, which I like to share with you is that the company has also had good debt reduction, we have managed to achieve a good debt reduction of overall approximately Rs.30 Crores, which considered in combine with the growth of business volume of approximately 15%, this is a relative debt reduction of almost Rs.68 Crores for the company.

We have also brought down debtor number of days from 85 days to 75 days. The debt equity ratio of the company has been improved significantly from 1.24 previous year to approximately 0.89 this year. We have also for the second consecutive year running been awarded the Largest Tower Supplier award by Power Grid recently last week and the company has also entered into newer markets in the international geography in Botswana and Philippines. So these are first time entry market for the company. Also with the recent addition of our Guwahati plant, which has added 30,000 tonnes to our engineering product capacity, our total production capacity is now 230,000 tonnes per year, which is the largest capacity for T&D structure manufacturing in India. With this I would like to close my comments and I am open to the questions that you may have.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. We take the first question from the line of Bhalchandra Shinde from Anand Rathi. Please go ahead.

Bhalchandra Shinde: Congrats for good set of results. Sir regarding sales I would like to know how much was the volume in FY2017?

Sharan Bansal: We are maintaining our capacity utilization near about 90% in engineering products segment and in the polymer segment we have achieved about 55% capacity utilization.

Balachandra Shinde: 55% and sorry Sir I missed that part that now how much our capacity 2,50,000 tonnes?

Sharan Bansal: 2,30,000 tonnes in engineering products.

Balachandra Shinde: 2,30,000 tonnes.

Sharan Bansal: Just to clarify that 2,30,000 capacity we have as of now, but the year we have ended with a capacity of 2,00,000 tonnes.

Balachandra Shinde: 2,00,000 tonnes and Sir in our current order book of 2600, are we including that order from Columbia?

Sharan Bansal: Yes, of course, that is part of our order book.

Balachandra Shinde: So how much it will be pending now Rs.400 Crores?

Sharan Bansal: We do not have the exact what is pending over that, but the overall order book consists of approximately 28% export orders right now and of course majority is still from the Latin American market and the execution in this year has been less in terms of exports, it has been more domestic led.

Balachandra Shinde: Sir from Northeastern parts, are we seeing any pickup in transmission capex or it is still distant away?

Sharan Bansal: No of course we are seeing that good number of as I mentioned in the last call that Power Grid is undertaking our large transmission project there in the Northeast for about Rs.10,000 Crores, the Northeast regional infrastructure system plan, so that is well underway Power Grid has started awarding contracts under that plan already. Skipper also had got some projects under that plan and as well as we are also witnessing a good number of TBCB projects being undertaken in that region, where private developers are also winning projects; recently Sterlite has also won a large project to the tune of about 600, 700 Crores in that region and so as the JV of Kalpataru and Techno they have also won a decent size project in Nagaland. So we are going to be seeing more and more projects in the Northeast both under government as well as TBCB route. Apart from these, why we are enthusiastic about the Northeast prospect because they also offers good opportunities in the cross border transmission lines that are being done between India and Nepal and India and Bangladesh. There is a lot of action in cross border transmission, which will also be a good project to service from our Northeast unit.

Balachandra Shinde: Sir in our profitability in this quarter was better in engineering products, any specific reason behind that?

Sharan Bansal: Yes, the profitability in this quarter includes the income from forward contracts, which has been accrued to the company in this quarter, which is to the tune of approximately Rs.16 Crores.

Balachandra Shinde: Rs.16 Crores. Thank you Sir! I will come back for further questions.

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

Kalpesh Goti: Congratulations Sir for the good set of numbers. Sir few questions on the order book side what is the order inflow for the Q4 and for the full year?

Sharan Bansal: The order inflow for particularly Q4 was in the tune of approximately Rs.900 Crores and for the full year it was approximately Rs.1400 Crores.

Kalpesh Goti: What for the opening order book?

Sharan Bansal: The opening order book was approximately Rs.2400 Crores and we have closed at approximately Rs.2600 Crores.

Kalpesh Goti: So is it including any other L1 type of order or something?

Sharan Bansal: Sorry, once again.

Kalpesh Goti: L1 order?

Sharan Bansal: These are contracts, which the company has secured, and as well as we are sure of securing, either the company is L1 or are favourably placed with a firm agreement in place.

Kalpesh Goti: Sir you talk about you enter into two regions Botswana and Philippines, can you throw more light when we can expect to bag the orders from these regions and what the opportunity we are looking?

Sharan Bansal: Yes, so Botswana is in Southern Africa. This is a high growth area where we are seeing a lot of transmission projects being tendered out, so we have been successful in our initial trials itself so definitely there is a lot of growth potential in this market. Philippines is an area we have been trying for a number of years although we were approved by Philippines The National Grid Corporation of the Philippines almost three years ago, but it is after a lot of continuous effort finally we have come to a position where we have secured a contract. So in Philippines also we expect that looking at the growth potential there they have got a new government in place last year. New government is also quite focused on power investment, so we feel that Philippines will be a high growth market for us in the future.

Kalpesh Goti: So can we expect something you know order inflow from this region in FY2018?

Sharan Bansal: Yes, as I mentioned earlier the company is continuously looking to add more and more geographies into our overall export portfolio, so this is in line with that. We certainly are looking at more other geographies in Africa and other geographies in Southeast Asia where we should land more contracts in the future. Even within Botswana and Philippines we have tendered into more and more projects, so yes there are certain bids, which are under consideration, but the results are not open yet.

Kalpesh Goti: Sir in this quarter particular our tax rate was around at 32% and this quarter is 22.4% any specific reason?

Sharan Bansal: Yes, there is a specific reason. This quarter we have availed one of our MAT credit entitlements and so, which has an impact of around Rs.6 Crores, which has been taken credit in this quarter.

Kalpesh Goti: Thank you Sir!

Moderator: Thank you. The next question is from the line of Yash Mata from Vibrant Securities. Please go ahead.

Yash Mata: Can you speak about competitive scenario in the industry right now, how is the competitive scenario, is it more intense or may be compared to the lesser from last year, can you speak more about it?

Sharan Bansal: See the competitive scenario, obviously it is a competitive industry and the competition obviously does get more intense every year. Having said that obviously Skipper has a number of cost advantages, which make us more favorably play to fight competition even with increased intensity and at the same time we focus on the company to do more and more cost engineering and come out with more innovative ways to drive our cost down, so as to protect our margins and as you can even see that we have consistently maintained our margins over the last four years. We have maintained a healthy high 13% to 14% EBITDA margin for our engineering products segment, which is one of the highest in the industry.

Yash Mata: Sir because what I have seen is when there is intense competition in the industry the margins go down and when player starts leaving the margin increases, so you are saying that there has been marginal improvement going forward?

Sharan Bansal: See I think what is very important is to continuously keep expanding the market geography for the company, which is what our real focus is, so as to that we can continue to say no to contracts when we feel that in a certain geography the contracts are not very margin enumerative then we should have the ability to say no to those contracts, but if we are overdependent on any particular geography then certainly the competitive pressure will make sure that the margins go down. So I think as far as the company's management effort is concerned, it is purely focused about constantly increasing our geographical presence so that we can target the high margin orders in every geography and when a market is getting over competitive we either reduce our exposure to that market or completely exit from that.

Yash Mata: That is all from my side. Thank you.

Moderator: Thank you. We will take the next question from the line of Pawan Parakh from HDFC Securities. Please go ahead.

Pawan Parakh: Sir, my first question is, so the order book that we reported Rs.2600 Crores, so that is as on date or that was as on March 31, 2017?

Sharan Bansal: It is as on date, but it includes the order inflows in April, but obviously these projects have all been tendered in Q3 and Q4 of last year, so only when now we have got clear visibility of the procurement of these orders that is why now we have announced them. This is considered to be an opening order book for this year really.

Pawan Parakh: Right. Secondly Sir you said we have done about 55% capacity utilization in the polymer business. If I calculate that implies about 12% volume growth and about 15% increase in realization, so is that the amount of price hike we have taken in the polymer business or it is to do with something else?

Devesh Bansal: See 55% capacity utilization is really an average of all the plants that we have currently and it is not really a very accurate figure because in obviously our older geographies like Kolkata, we are operating at a much higher capacity utilization whereas in newer geographies like the North plant or the South unit the capacity utilization is low and it fluctuates on a month-to-month basis because these are very new markets, so it is not very consistent on a month-to-month basis. So that is why the 55% volume capacity utilization is not really a very accurate number, but the growth in the value that we have seen this year has been matched more or less with volume growth as well.

Pawan Parakh: Realizations are largely between 0% to 5% may be?

Devesh Bansal: Sorry.

Pawan Parakh: Realization increase would be largely flat to 5%?

Devesh Bansal: The realization per tonne would have increased more than that because of the change in product mix as well. We are getting into higher value added items such as fittings and CPVC pipes and the company is taking over a much higher proportion of our overall product basket and commodity prices have also increased from last year to this year. I would say that the realization per tonne is increasing on a year-to-year basis and capacity utilization is slightly fluctuating, but yes it is generally we consider it to be between 55% and 60% on an average.

- Pawan Parakh:** Sir this year we have done 25% value growth in the PVC business, what is the growth that we see for next two years in this business now?
- Devesh Bansal:** The value growth is approximately 30% in the previous year. We had expected it to be in excess of 50% to 60% last year. However, due to certain macroeconomic situations we could only manage a 30% growth. However, going forward this year we are definitely looking at achieving figures of around 50% odd growth this year.
- Pawan Parakh:** Value growth?
- Devesh Bansal:** Value growth yes.
- Pawan Parakh:** Sir can you just help me with the breakup of order book between PowerGrid, state, private and exports?
- Sharan Bansal:** Yes, sure. Out of our 2600 is about 28% exports, the balance comes from approximately 51% is PowerGrid; approximately 21% is from other domestic customers and private developers.
- Pawan Parakh:** Sir have we exhausted all our MAT credit or we will have some benefits going ahead also?
- Devesh Bansal:** This is the maximum amount, which we have already availed. We do not have any further carry forward MAT credit.
- Pawan Parakh:** Right, so except for the benefit that we have at Guwahati, we will be at about normal tax rate for FY2018 then?
- Devesh Bansal:** Yes.
- Sharan Bansal:** Yes, that is correct.
- Pawan Parakh:** Right and Sir inventory on the balance sheet has increased from about Rs.250 odd Crores to Rs.370 odd Crores and in terms of number of days also it has inched up to 80 days any specific reason?

- Sharan Bansal:** Yes. The two reasons for that, of course one is the general volume growth of the business in the engineering products business. The second is that on the polymer side of course the inventory has been growing, but the sales growth has not been in line with our expectation because of larger macroeconomic issues like demonetisation, etc., in the last two quarters. The third and most important reason has been that we have large amount of export execution coming up from Q1 onwards, so large part of our export order book is due for execution in this financial year. So the inventory and exports typically have a longer inventory cycle, so a lot of inventory buildup for that has happened in Q4 of last year, which is essentially has been the reason why inventory growth has gone up.
- Pawan Parakh:** Sir two more questions, one revenue breakdown between domestic and exports for FY2017?
- Sharan Bansal:** Export is approximately 8% to 10% last year.
- Pawan Parakh:** Sir finally what is the capex that we have done in the current year?
- Sharan Bansal:** The capex that we have done in FY2017 is approximately Rs.75 Crores for our Guwahati plant and some maintenance capex in the local plants, which may be could be...
- Pawan Parakh:** Rs.75 Crores is the total number?
- Sanjay Agrawal:** Rs.75 Crores in total that is the total capex of the year for the company.
- Pawan Parakh:** How much are we looking for FY2018?
- Sharan Bansal:** For FY2018 for both the businesses put together we are looking at approximately Rs.60 Crores, which is in line with our annual capex target, which we look at Rs.50 Crores to Rs.60 Crores of both the businesses put together. However, the board had also approved setting up a new tower testing station for our engineering products, which will be at an investment of approximately Rs.25 Crores. So we will look at may be as a total capex of approximately Rs.85 Crores for the company overall.
- Pawan Parakh:** That is all from my side. All the best Sir!
- Moderator:** Thank you. The next question is from the line of Amber Singhania from Asian Market Securities. Please go ahead.

Amber Singhania: Just couple of things. The one order, which you mentioned Rs.505 Crores recently got, what exactly is that order and from where we have got this?

Sharan Bansal: The order has been received approximately Rs.376 Crores of this is from domestic sources from PowerGrid Corporation. This is the part of that 800 KV HVDC, which we have been talking about, which has been under ordering, so we have secured in the previous order announcement of Rs.400 Crores we had won a package of 800 KV and apart from other state Transco orders and in this round also we have been successful in winning another project in that same big mega project 800 KV, so part of it has come from Power Grid Corporation, the other there have been some certain orders from Transmission Corporation of Telangana and Transmission Corporation of Uttarakhand as well. Apart from that, we have also witnessed some good order in the telecom tower space this time. After a long duration we have seen that telecom tower investments have also been significantly picked up, so approximately Rs.70 Crores to Rs.80 Crores of orders, out of this Rs.375 Crores, which I am talking about domestic has been from telecom towers and poles. So this is another interesting growth area for the company for the future as you know we were large manufacturers for telecom towers earlier, but the last between 2010 to 2015 there were hardly any investment, but now we are seeing the good amount of investment is flowing in again to the telecom tower space and approximately Rs.125 Crores order are from international market, which is Botswana and Philippines that I had mentioned.

Amber Singhania: Secondly, when we are taking infrastructure projects, which are basically EPC, do we also include tower sale in that?

Sharan Bansal: No, when we talk about EPC then we only talk about the services portion for that contract.

Amber Singhania: So if I see as a numbers on segmental basis, this quarter our tower sale is virtually flat Y-O-Y and for the full year it is roughly around 7% growth, so what could be the factors, which have contributed towards this lower growth because we were expecting around 20% growth for the full year earlier, So any particular factor, which has resulted into this growth?

Sharan Bansal: The overall growth of the engineering products segment has been approximately 9% on a year-on-year basis if you look at the value terms. The reason why that is appearing to be a bit on the lower side was because last year the revenue numbers also because there was a

large component of international export sales in last year numbers that included the freight in the last year number also. Whereas in this year the execution has been largely domestic, so we have not got the advantage of the freight value in the topline numbers. In terms of volume growth of course we had almost about 13% to 14% volume growth, but that is translated into a value growth of only about 9% because of that international freight not being there in those numbers and as far as the lower growth on the Q4 is concerned if you look at I think what we are witnessing a trend particularly in the engineering products segment is that now the growth across quarters is much more evened out rather the execution is much more evened out whereas in previous year we had seen that the execution in Q3 and Q4 always used to be a lot more heavier, but now I think with increased focus on faster execution of transmission lines we have seen across the quarter there is a more even spread of execution. So which is why if you notice our growth in Q1 and Q2 it was in the range of high 18% to 20%, but which is significantly lower in Q4, but overall in the year we have achieved volume growth of about 13% to 14%, which is in line with management expectation.

Amber Singhania: Secondly out of this total order book how much is the EPC portion pending now?

Sharan Bansal: The EPC is approximately 7% of our order book right now.

Amber Singhania: One more observation is if I remove the forex component of Rs.16 Crores from this quarter numbers EBIT then the EBIT margin is declined to around 13.1% versus 14.5% for engineering products on a Y-O-Y basis as such, so was that also because of the export component or any particular reason this margin has been slightly coming down? EBIT margin on the segmental numbers if I remove the forex component from that?

Sharan Bansal: On EBITDA basis, see on Q4 even without the forex income our EBITDA numbers have been approximately 13.6%, which is in line with management expectation. If you look at you know we have always maintained that our EBITDA numbers for engineering is between 13% and 14%, so it is still in the high 13% region, which is 13.6%, so that is in line with management expectation really.

Amber Singhania: No I can take it offline. Secondly Sir what is the outlook on the PVC side you are saying as you mentioned that 50% growth we are seeing, but if you can just highlight what is your experience on the region specific basis, since it has been almost a year of full run for most of the plants, which we started last year, so how is the experience on region specific where

we are seeing a better pickup, where we are seeing slightly pickup is taking time, how is your outlook on those region as such?

Devesh Bansal: On the PVC side after demonetisation obviously we saw couple of months of stagnancy, but post February things have been back to normal. So February and March were good months partly because of the types of demand and partly because of the year ending pressure, so we saw a decent lifting in February and March and that has continued into this year as well. So April has been quite robust as well. Going forward also on the region wise we have seen that Kolkata of course has been consistently performing. South has done very well us. The South plant in Hyderabad has been operating at very good levels and we are seeing good pickup from the market. North has been slow primarily because we are only servicing the higher end of the market the previous segment and North and specifically UP where the plant is located has a large unorganized market and is mostly agri focused seeing some stiff competition over there and we are still figuring out how is the best way to penetrate that market. West is now more or less a matured market for us, so there we are seeing stable numbers and northeast also we are quite comfortable. So apart from North, we are seeing a lot of stability in the other regions and that is the reason why we are quite bullish on seeing a decent growth number in FY2018.

Amber Singhania: Thanks and just a last thing factoring in the Guwahati tax benefits, what will be your normalized tax rate going forward?

Sharan Bansal: See it will depend on the level of capacity utilization we are able to achieve in Guwahati plant, so obviously this is the first year of operation for the Guwahati unit, so it honestly will depend on how much revenue we are able to get from that unit.

Amber Singhania: Thank you very much.

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

Abhijit Vara: Thanks for taking my question. Sir first question is on capacity utilization for the transmission tower division, I missed the number.

Sharan Bansal: It is between 85% and 90%.

- Abhijit Vara:** It is 90%, is it?
- Sharan Bansal:** It is close to 90%, but..
- Abhijit Vara:** On 2,00,000 tonnes of capacity?
- Sharan Bansal:** That is right. The last year full year capacity was 2,00,000 tonnes because the last plant of Guwahati, which has a capacity of 30,000 that has come on line towards the end March only. So for the full year we are operating with an installed capacity of 2,00,000 tonnes, so we have achieved approximately 85% to 90% capacity utilization.
- Abhijit Vara:** Volume growth is about 15%, is it?
- Sharan Bansal:** No, the volume growth is approximately 12% to 13%.
- Abhijit Vara:** Sure. Second question is on this net capital employed, which you published along with segmental, in that the net capital employed for the PVC division it has increased from Rs.118 Crores to about Rs.204 Crores, but new capacity has not come in right during the year? I think it is getting commissioned Q1 of FY2018, so most of this increases because of the inventory, is it?
- Sanjay Agrawal:** No, during this FY2016 and FY2017 this Telangana plant had come in and this previous Guwahati pipe plant was also commenced during last year only and further capex has also been done at our Kolkata mother plant. A lot of other activities were also going on towards the development of our increasing the capacity in the existing plant as well as in the new plant because the year we have started with our capacity of around 25,000 something and we landed with a capacity of 48,000 metric tonnes. Also because of the increased volume we would have seen increase in capital employed business.
- Devesh Bansal:** Working capital obviously have gone up.
- Abhijit Vara:** Sure. Third question is on the margin guidance for the PVC going forward. Previously I understood that because you are trying to enter into new geographies there might be some sort of overrates initially and hence the margins might be under pressure for PVC division. What is your reading now and when can the margins come back to probably 12% sort of EBIT margins for the division as a whole.

- Devesh Bansal:** We are still at a stage where we are doing market penetration in a lot of markets, you know only one or two years of operation in any market is not really enough to get us to the position of being an establish player there, so we are still spending quite a bit on penetrating these markets and adding on more channel partners. If you see our channel partner strength at the closing of last year had gone up to more than 3500 channel partners up from approximately 1500 channel partners in the previous year. So, there is a lot of effort happening in increasing our footprint and our margins on a EBITDA level are at approximately 10 odd percent, so the effort is going to remain at double digits this year also and then hopefully in another year or so once we are an established brand in these markets then we can look at increasing these numbers to close to about 11% or 12% going forward. However, at least this year the effort is going to be to maintain these numbers at double digits.
- Abhijit Vara:** Sure Sir, one last question on the engineering products again. The volume growth is quite decent, but the revenue growth for the division is 7%, is it because in the export market some realizations might have got hit or how is it?
- Sharan Bansal:** No, as I explained earlier the overall value growth has been approximately 9% in this division and that is predominantly because last year the value, which was there on the topline on the engineering product topline it also included the freight component because there were large set of export orders, which were recruited last year, so the topline was held by the freight element, which was not there this year because this year the exports have only been 10% compared to almost 40% to 45% last year, so because of that the freight element has not come into the topline, so the volume growths are not being reflected in the value of the topline growth.
- Abhijit Vara:** Sure Sir. Those are my questions. I will get back to queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from Asit C Mehta. Please go ahead.
- Dhiral Shah:** Congratulations for the good set of numbers. Sir recently you have entered into a Mexico market, so what is the scope of opportunity and research in that market?
- Sharan Bansal:** We have not secured a contract till now, but we are now approved by LatAm, which is the engineering division of CFE. CFE is the central electricity authority of Mexico, they have

now approved us as a supplier for supplying into all CFE projects, so definitely they had opened the market opportunities for us, we are yet to secure a contract, but it is a significant development because Mexico also is the interesting market like other developing markets Mexico also have lot of opportunities for transmission projects.

- Dhiral Shah:** What kind of order you envisage for current year?
- Sharan Bansal:** See we will be happy if we secure a small initial order of something about Rs.50 Crores to Rs.60 Crores that would itself normally that is what we seek in any market where we enter into the first time, the first entry orders are always to the tune of Rs.50 Crores, Rs.60 Crores and Rs.70 Crores and then the order you know once second and third year they will pick up more.
- Dhiral Shah:** Sir what is the growth outlook for engineering products business because you have shown 13% to 14% volume growth in FY2017, so do you maintain this kind of run rate going ahead?
- Sharan Bansal:** Yes, absolutely, it is in line with the capacity addition that we are doing also.
- Dhiral Shah:** Sir what is the outstanding Bidding order book?
- Sharan Bansal:** Currently the bidding order approximately with the company has participated in, but awaiting results is approximately Rs.1300 Crores.
- Dhiral Shah:** Sir lastly what was the total order inflow during the year?
- Sharan Bansal:** The total order inflow was approximately Rs.1400 Crores for the year.
- Dhiral Shah:** Thank you Sir! That is it from my side.
- Moderator:** Thank you. The next question is from the line of Dimple Kotak from SKS Capital & Research. Please go ahead.
- Dimple Kotak:** Thanks for taking my question. Sir what is the overall guidance for the full year next year in terms of order book and in terms of your growth and margins?

Sharan Bansal: We should be looking at a comfortable corporate growth of approximately 15% and the margins will be in the range of 13% even after compensating for the lower EBITDA margin for the polymer division.

Dimple Kotak: Sir order book where do you see Sir next year?

Sharan Bansal: Look as far as order book is concerned, I would not like to put any guidance numbers. The focus of the company is to get order, while maintaining our margin, that you know that we have not compromised on our margins you were seeing consistently over the last several quarters though it is very important that the company gets the orders, which help us maintain or improve the margin. There are plenty of reserve opportunities available both in domestic as well as international markets to be not under any pressure and as it is the order book it is again nearly about 2X of our last year sales as well. So really, honestly there is no real need for us to going for massive order book expansion at the cost of margins. Another factor, which we are observing in the domestic market at least is that as I mentioned the execution cycles have shortened significantly in the transmission space, so transmission projects are getting executed much faster than what they were earlier. So definitely our customers are also demanding that supply order cycles should also be reduced correspondingly. So it is difficult to get really long-term orders, which are being supplied over 2.5 years to 3 years, which was the case earlier.

Dimple Kotak: Sir any debt repayment schedule for the year?

Sharan Bansal: Yes of course, consistently the company if you look at it even last year with the capex of almost Rs.70 Crores to Rs.80 Crores, we have not added to our overall debt number rather we have brought it down by about Rs.30 Crores both put together, so certainly the debt repayment schedule, which is over there this year will be met comfortably and we consistently look to bring down our long-term debt number.

Dimple Kotak: Sir if you can just help me with the quantum by what amount you look forward to reduce the debt?

- Sanjay Agrawal:** See as per this repayment schedule we have it is around Rs.40 Crores, which are due for payment during this year.
- Dimple Kotak:** Thank you so much Sir! That is all from my side.
- Moderator:** Thank you. We will take the next question from the line of Tarang Bhanushali. Please go ahead.
- Tarang Bhanushali:** Few questions at my end. The Rs.505 Crores order you mentioned, so was this largely received in April or was that some portion received in Q4 also?
- Sharan Bansal:** Yes, we were favourably placed in the number of them in March itself, but most of them have been converted to actual orders in April.
- Tarang Bhanushali:** So this largely I would say Rs.500 Crores were received in April only for us.
- Sharan Bansal:** Yes, correct.
- Tarang Bhanushali:** And are we still favourably placed in any of the orders?
- Sharan Bansal:** No, now this covered the entire contracts, all of them, which we have secured as well as some of them, which we have favourably placed as well.
- Tarang Bhanushali:** So out of these Rs.500 Crores, what would be the quantum of L1 orders?
- Sharan Bansal:** Approximately I believe Rs.150 Crores.
- Tarang Bhanushali:** What would be the opportunity coming for us in the Northeast side because we hear a large Capex over there, so what quantum are you looking at as an opportunity size for us in the Northeast region?
- Sharan Bansal:** I had replied to this a little while earlier, but essentially if you look at Northeast there are three important developments I would say, one is of course the power grid project, which they are executing, which the total value is about Rs.10,000 Crores that is a significant project. Second is the number of TBCB projects, which are getting awarded there. Sterlite has won decent size project there in Assam. The JV of Techno and Kalpataru had also won a significant project in Nagaland. So we are likely to see more and more TBCB projects

coming up in the Northeast region in this year and next year as well and lastly we are seeing a lot of cross border transmission lines being built between India-Nepal and India-Bangladesh as well as India-Bhutan in fact, so the Northeast will be a good hub for supplying to all these cross border transmission projects. So in terms of business outlook we are quite bullish that the region offers good business opportunity, so only about how fast we can get up our capacity utilization in that region so the plant has just been commissioned and the capacity of 30,000 tonnes, target is to get at least 50% capacity utilization in the first year itself.

Tarang Bhanushali: Are we entering into any new states this year because the state capex is expected to be very large, so which states are we targeting?

Sharan Bansal: We have entered into Uttarakhand in a big way where we have secured back-to-back two orders in the last 2 to 3 months. Uttarakhand is an interesting area, UP of course under the new regime now also we are expected to do a lot of projects. Tamil Nadu is also another very interesting state and of course Telangana has been doing very, very well for the last 2 to 3 years is expected to continue to do well.

Tarang Bhanushali: Thanks a lot.

Moderator: Thank you. We take the next question from the line of Aditya Khetan from Nalanda Securities. Please go ahead.

Aditya Khetan: Sir for this year, the employee benefit expense was significantly higher as compared to the last year at Rs.73 Crores versus Rs.49 Crores, so what is the reason for this?

Sharan Bansal: Of course with the growing capacity particularly in our different PVC plant as well as our new Guwahati plant obviously we have had a lot of recruitment and the revenue from these plants is yet to achieve full potential, so which is why we are seeing a significant growth in terms of percentage basis in employee benefit expense.

Aditya Khetan: So going forward also this will continue?

Devesh Bansal: This will probably see some kind of on a percentage basis once the revenues from these plants come in you might see the percentage rationalizing to a large extent and also the company is investing into very professional management so you are seeing senior people

joining the management team as well, which is only going to help the growth of the company going forward.

Aditya Khetan: My second question is Sir can you give me the breakup of your margins between exports and domestic?

Sharan Bansal: Export sales have not been very large this year, they have been less than 10% of our sales and largely they are at similar levels the export margins and domestic margins.

Aditya Khetan: So they are at the same level?

Sharan Bansal: Yes.

Aditya Khetan: Sir you have said that our marginal in exports will be driven by the new markets, which we will foray on, so can you tell me the new markets, which you are targeting currently?

Sharan Bansal: We are targeting different geographies in African continent as well as Southeast Asia some of the countries like Indonesia, Vietnam we are also targeting.

Aditya Khetan: Thank you Sir! That is all from my side.

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

Tarang Bhanushali: Thank you. On behalf of IIFL Investment Managers, I would like to thank everyone who has joined the call and also a special thanks to the management of Skipper Limited for giving us insights on the sector and about the company. We would like to conclude the call Sharan do you want to add something?

Sharan Bansal: No. Thank you very much for all your patient hearing and we look forward to interacting with you on the next quarter call.

Moderator: Thank you. Ladies and gentlemen with that we conclude today's conference. Thank you for joining us. You may now disconnect your lines.