



MOLD-TEK
Packaging Limited

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Date: November 04, 2025

To The Secretary, Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001. Scrip Code: 533080	To The Manager, Listing Department, National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051. Symbol: MOLDTKPAC
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Dear Sir/Madam,

Sub: Transcript of Conference Call for Investors held on October 29, 2025.

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith the transcript of the Earnings Conference Call for Investors held on October 29, 2025 to discuss the Q2 FY26 results of the Company.

This is for your kind information and records.

Thanking you,

Yours faithfully,

For Mold-Tek Packaging Limited

Harshita Suresh Chandnani
Company Secretary and Compliance Officer

Encl: As above



“Mold-Tek Packaging Limited Q2 FY ‘26 Earnings Conference Call”

October 29, 2025



**MANAGEMENT: J. LAKSHMANA RAO – CHAIRMAN AND MANAGING
DIRECTOR, MOLD-TEL PACKAGING LIMITED**

**MODERATOR: MR. NITIN GUPTA – EMKAY GLOBAL FINANCIAL
SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Mold-Tek Packaging Limited Earning Conference Call hosted by Emkay Global Financial Service Limited.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing '*', then '0' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Nitin Gupta from Emkay Global Financial Service Limited. Thank you and over to you.

Nitin Gupta: Thank you. Good evening, everyone. I would like to welcome Mr. J. Lakshmana Rao - Chairman and Managing Director, and thank him for giving us the opportunity to host the call. I shall now hand over the call to him for his opening remarks. Over to you, sir.

J. Lakshmana Rao: Good afternoon, everybody. Thank you very much for participating in our Q2 and H1 Results of Mold-Tek Packaging Limited.

I am very glad to inform you we have a decent growth in volumes. As you all know, Q2 and Q3 are typically our low-volume season, and a lot of rains in the last 4-5 months has impacted movement of goods and sale of some of the food products like ice creams and yogurts and also paints. But in spite of that, we have posted a decent 9.65% sales value up, and volume-wise about 7%, and EBITDA is also up by about 8.37% compared to last Q2.

So, in the overall H1, we have registered EBITDA margin of 40.6 per kg, as against 36.73 last year, registering a healthy growth of 10.5% in EBITDA terms. And most heartening and very good indicator for me is the growth in pharma packaging sales up by a massive 45% compared to Q1. While it was Rs. 7-point odd crores in Q1, it has gone up to Rs. 10 plus crores in Q2, which is a 45% growth in pharma packaging sales. So, we are on track to reach our target of Rs. 35 plus crores in pharma, and with a much higher sale price and EBITDA margins, and that is very heartening observation in this quarter, apart from other sectors like food and FMCG also has registered a decent growth.

So, now, I think through question and answers, we can exchange more information. I will leave it to the coordinator to start with the question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Darshita from DSP. Please go ahead. Participant has been disconnected. We will move on to the next question. The next question is from the line of Deepak Saha from Nirmal Bang Institutional Equities. Please go ahead.

Deepak Saha: Sir, just a couple of questions. Now, you mentioned on your media remarks that GST impact would have positive thing, but just wanted to understand, for the quarter gone by, that is Q2, did you have any adverse impact because of the announcement, any dispatches that got delayed and

your volume number could have impacted or could have grown much more better than what you have delivered? Just some color on that?

J. Lakshmana Rao: Yes, definitely GST being announced a month ago, that is somewhere in August, I think, and made it effective from September. There was some lull in the pickup in the month of September and orders started flowing only after the GST impact has been really affected. So, there was some lull due to that factor also.

Deepak Saha: And given that situation, do we expect that to come back in Q3-Q4? Because if you look at your 42,000 kind of a guidance that you earlier alluded to, so you still maintain that because of this shortfall, whatever we have seen in Q2. So, where do we stand now and because then we have to deliver some extra miles in Q3 and Q4, right? And typically Q3-Q4 left Q1 numbers. And on that number, in order to reach 42, we have to do a bit better slightly on the double-digit side for Q3-Q4. So, if you can give me some understanding that why do we stand on the volume side hopefully?

J. Lakshmana Rao: Yes. Always our Q2 and Q3 are typically low in a year and Q4 picks up momentum and that is how it will be in this year also. With GST getting implemented now, I should wait and see. October is still like September. It is moving a little bit slow, but we are on the positive side and November indications are pretty strong. So, I hope November and December should be decent enough to pull us up for at least a double-digit growth. And the 4th quarter, I am very confident because already our food and FMCG production started in Panipat and some of the orders also being executed there. So, 4th quarter definitely will pick up on those two counts and some of the orders and molds which have been coming in for pharma in this 3rd quarter will become productive in the 4th quarter. So, we will be running in all these 2-3 segments. But paints, it still depends upon the rains and when the rains stop because even now, we have cyclone going on in Telangana and Andhra for the last 2 days and extending another couple of days. But hoping that paint segment starts picking up, that is an indication given for November. So, hopefully, we will be back on track to achieve 10% volume growth. Here, another point I want you to observe, maybe we were always talking about volume growth. Here, the growth is coming in thin wall and food and FMCG, sorry pharma. That is where the weight of the components and the tonnage sale is less in terms compared to heavy products like pails, that is paint and lubricant buckets. So, it may look like the volume growth is less, but if you look at closely, while the volume growth is 6.8%, sales revenue growth is 9.65%. That indicates better value addition or improved selling realization because of the product mix shifting towards food and pharma.

Deepak Saha: Right. Now, this really helps. So, thanks for this detailed answer. It is visible on the numbers because of the mix change, the realization improvement on Y-o-Y. That is clearly visible. Sir, just one last question. On the sweet pack side, the additional capacities that we are adding and we are expecting Q3 onwards that should overall impact the F&F number, food, and FMCG number in a positive manner. So, you have started seeing those traction on the sweet packs, how specifically the sweet packs if you can highlight, these are realizations and the margins would also be relatively better in that category. That would be my last question?

- J. Lakshmana Rao:** Yes, sweet packs have picked up in spite of GST or otherwise, September and even in October because it is a festive season, there was quite a big good demand and we did fairly well. And even that production has started there in North that is in Panipat. So, sweet box has not impacted, not much, people did not bother to buy sweets. So, that way there is not much of a drop or flattening of demand. That is doing good. And in North, now we have signed a couple of decent contracts with dairies in Delhi NCR area and that should add numbers from February onwards. So, as I said, our food and FMCG growth will be sustained with the Panipat operations coming into production.
- Deepak Saha:** Yes. That is helpful, sir. Thank you and all the best for the rest of the year.
- J. Lakshmana Rao:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Kaivalya Bang from IIFL Capital. Please go ahead.
- Kaivalya Bang:** Hello, sir. Thanks for taking my question. First of all, congrats on a good set of numbers. So, my question pertains to the weakness that we have observed and paint during this quarter. So, like last quarter, in the first quarter, we posted a near about 20% plus growth in terms of value and paint. But this quarter, we posted around 3.36%. So, could you just elaborate on that?
- J. Lakshmana Rao:** Yes. Paints, certainly when the rains are all around, I don't think anybody will paint their houses or offices or whatever. So, in the Q1, we have seen a decent growth, but in Q2, it is muted. In spite of good jump in ABG numbers, we ended up with 2.6% turnover growth or 3% volume growth. So, that is much less than our average, which is around 11% for 6 months. So, this is where the numbers have impacted due to heavy rains in the last 4-5 months. Last quarter, it was 21% growth in paints. It is now hardly 3%. So, that is one of the major drawbacks, I would say, in bringing down volume growth below 10%. But if the rain stops, there will be pent-up demand and activity picking up for summer and the rest of the season. I think the paint demand will go up from November-December onwards.
- Kaivalya Bang:** Well, sir. Didn't we have any seasonal impact in Q1 as well? Despite that, we posted near about 20% plus, so what exactly would be the possible reason for such a steep decline in growth?
- J. Lakshmana Rao:** Yes, that is what I said. One of the main reasons for decline in growth compared to Q1 is seasonality. And this time, the monsoon was so heavy that the paint and lubricant sections, both of them have done, paint has at least 3% growth, but lubes is down by almost 13% compared to Q2 last year. So, obviously, the movement of goods and materials will slow down in monsoon, affecting the lubricant demand. So, that is where we see our packaging also taking a beating. But food and FMCG, if you look at it, I am very happy to see the volume growth of 19% and Qpack also up by 20%. And pharma, of course, 900%, that is on a small base. But on pharma, you look at last quarter, where Rs. 7.42 crores were done, we have done 10.8, which is almost 46% growth in value terms and about 35% growth in tonnage terms. That shows that we are able to even get better pricing in pharma products in this quarter compared to last quarter.

- Kaivalya Bang:** Understood. This is very helpful. Just one last thing. I want to just add on that question. Are we seeing any decline in the terms of the demand from, let us say, players like Opus, like those which are driving the growth in the paint sector or is it like balanced across all the players?
- J. Lakshmana Rao:** It is balanced across all the players other than Birla Opus because Birla Opus is on the growth trajectory. And in fact, we have a very positive growth even in this quarter. We grew by around 16% in value, 17%.
- Kaivalya Bang:** This is for Opus specifically, sir?
- J. Lakshmana Rao:** Only for Grasim, yes.
- Kaivalya Bang:** Understood. So, there is no specific slowdown as such, right?
- J. Lakshmana Rao:** There is a slowdown. The rest of the people are in the negative or flat.
- Kaivalya Bang:** But not for Opus though?
- J. Lakshmana Rao:** Opus is the only, in terms of our sales to them, they grew very handsomely.
- Kaivalya Bang:** Understood. Sir, this is very helpful. I will rejoin the question if you find any further questions.
- Moderator:** Thank you. The next question comes from the line of Darshita from DSP Asset Managers. Please go ahead.
- Darshita:** Yes. Thank you, Lakshmana sir, for the opportunity. My first question was regarding the EBITDA per kg. Despite a better mix that we have seen from 1st quarter to 2nd quarter, our EBITDA per kg has come down from Rs. 41 to Rs. 39. Are we seeing any reduction in our EBITDA per kg within the F&F space? Is there any pressure there or is it largely because of lower volume growth?
- J. Lakshmana Rao:** It is due to a lower, not only volume growth, reduction in the capacity utilization. In Q1, the capacity utilization was as high as 74%. It has dipped to 63% in Q2. So, obviously, all the overheads will go up affecting the EBITDA. So, in Q2, typically, it would not be that bad. But due to several areas, severe rains and GST announcement, there was a lull in this quarter, which has impacted the capacity utilization. When the capacity utilization comes down, obviously, the costs go up affecting EBITDA. But I am very glad, it is much better than what it was last year. Last year, it was only 36.38, which has now gone to 39.4. That is almost Rs. 3 gain. That is mainly because of pharma and food products.
- Darshita:** Right. Got it. Secondly, within our paint segment, would you be able to share how much contribution do we have from Asian Paints and ABG versus how was it in the 2nd quarter, 2025?
- J. Lakshmana Rao:** Second quarter, 2025 to 2nd quarter of 26, in Asian Paints, it is more flattish. Volumes are maybe 2%-3% up or down. But there is a considerable jump of around 17%-20% in Grasim.

- Darshita:** But how much do they contribute to our overall paints sales?
- J. Lakshmana Rao:** In the overall paints, I do not have the exact number. But Asian Paints will continue to be more than 60% and Grasim may be around 20%-25% and the rest is ExxonMobil, Berger, and KMB.
- Darshita:** Has the 20%-25% number gone up on a Y-o-Y basis?
- J. Lakshmana Rao:** Yes, of course. Last year, the sales were much lesser. So, they have really gone up considerably, 24%.
- Darshita:** Got it. And I am sorry if this question was already asked but are we still confident of meeting the Rs. 90 crores pharma revenue numbers that we were anticipating? I think earlier we had given a guidance around that number.
- J. Lakshmana Rao:** No, I think you heard it wrong. I never said 90. Last year, it was hardly Rs. 8-Rs. 9 crores. And this year we said Rs. 35-Rs. 40 crores.
- Darshita:** It was 28.
- J. Lakshmana Rao:** Yes, 28-90 is not a big deal. This year itself we may cross our Rs. 35 crores target. Because we are almost 10 plus in this quarter. So, even if you continue the same trend in the next 2 quarters, because the new product addition will be happening in Q4. Some of the molds are coming in this month and next month and there will be trial supplies and commercial supplies will start in Q4. So, even assuming we continue to do Rs. 10 crores for next 2 quarters, we will end up with Rs. 35-Rs. 37 crores, which is above our target of 35. And next year, our target is close to Rs. 55-Rs. 60. I think with the new molds coming in and becoming productive, we should be able to be there. And 27-28, yes, again we are looking at another 40%-50% growth, taking us close to 80-90 bracket.
- Darshita:** Got it. And our EBITDA per kg in the pharma segment will continue to be at around 100 odd levels, 100-120, somewhere between 100 and 120, conservatively 100?
- J. Lakshmana Rao:** Yes, certainly.
- Darshita:** Got it, great. Thanks for answering all my questions. Good luck.
- J. Lakshmana Rao:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.
- Shirish Pardeshi:** Hi sir, good afternoon. Thanks for the opportunity. Just in continuation on the pharma, the growth is stupendous and you are looking very strong, convinced. Which particular product is driving? Is it canister is driving or the caps and bottles are driving this growth?

- J. Lakshmana Rao:** Our EV tubes, caps and bottles at present are driving the growth. Canister just started picking up a couple of orders from, I don't want to name them, at least 2-3 clients and some bulk supplies also are happening in this month. And once the canisters really take off, the numbers can, at least the profitability numbers, if not the top line, would still improve. But keeping that as a conservative level, still the growth is coming from EV tubes and bottles and caps.
- Shirish Pardeshi:** And just to follow up on this, one of the large customers was doing the strategically test and pilot. Has that customer started officially giving us order?
- J. Lakshmana Rao:** Yes, there are two of them actually who are strategic and have the potential to become at least Rs. 10 plus crores per annum revenues. They both started giving small, I wouldn't call them huge orders, but at least order worth around 70-80 lakhs over the next 2-3 months. So, those orders have been just received in the month of September and being executed in this quarter. So, that will slowly add, I think in the Q4 they will add, at least in my opinion, each will add at least Rs. 2-Rs. 3 crores per quarter. So, the potential will be realized in Q4.
- Shirish Pardeshi:** My second question on the capacity enhancement at Grasim. So, Cheyyar and Panipat is now fully operational. Is there any further capacity addition which you are going to have and what is the capacity utilization at the end of quarter 2 for these two plants?
- J. Lakshmana Rao:** See, our total capacity creation for ABG would be around 10,000 tons in all 3 plants put together. And this quarter, we have done about 2,900 tons in the H1. So, we may end up around 6,000 tons plus utilization out of the 10,000 tons installed. So, around 60%-65% probably we will be utilizing.
- Shirish Pardeshi:** That is really helpful. The other question I wanted to check, you mentioned in the press release that you have introduced the next-gen IML molding, which actually cuts the production cost. So, is this project completely stabilized or is there some more likes to do it? And what is the cost reduction on this and what percentage of revenue you are targeting for FY '26?
- J. Lakshmana Rao:** When I said the IML integration is what I mentioned during my last call, we brought in all the IML operations under one roof at Sultanpur. And also, in-house, we are manufacturing the HTL labels and that is where we see benefits of integration, which might start from any time now. Last month, only in July-August, we closed our unit at Jeedimetla and shifted the machinery to Sultanpur, Hyderabad. So, their operation started from August-September. So, probably from Q3-Q4, you will see the benefits accruing in the cost reduction of IML manufacturing.
- Shirish Pardeshi:** So, what percentage of cost reduction it will be? About 7%, 8%, 10%?
- J. Lakshmana Rao:** In the consumable cost, yes. Not in the overall revenue. It will be in the consumables, which are around Rs. 22 per kg. Probably, you can see about a rupee benefit.
- Shirish Pardeshi:** And this will have a larger contribution in FY '26?

- J. Lakshmana Rao:** Yes, obviously, FY '27, you mean>
- Shirish Pardeshi:** FY '27, sorry.
- J. Lakshmana Rao:** Yes, it will have a better addition in FY '27.
- Shirish Pardeshi:** And the last question, you mentioned that in a week's quarter, the volume is lower and that has reflected into the EBITDA per kg. But then you also mentioned that this is going to go away. I am not counting too much on the paint, but finally, the Panipat started rolling. So, is this confidence that we will be able to maintain 40 plus in second half per kg?
- J. Lakshmana Rao:** Yes, I am confident we will be able to maintain 40 plus even in the second half. Q3 may be similar to Q2, but Q4 would again go up to somewhere close to Q1 levels. So, we will end up 40 plus from 37.6 last year. It is almost 6%-7% improvement in EBITDA.
- Shirish Pardeshi:** Thank you, sir and all the best. I have a few questions. I will come back in the queue.
- J. Lakshmana Rao:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Shubham Jhawar from Dexter Capital Advisor Private Limited. Please go ahead.
- Shubham Jhawar:** Hi, sir. Thank you for the opportunity. I had primarily only a single question. Sir, if I look at our realizations per kilo in our food and FMCG space, this quarter it is somewhere around 295, right? And this used to be around 330-340 and from FY '22, it has been inching downward and it is now below 300 per kilo. So, sir, going forward, how is this realization going to be for food and FMCG and any particular reason, why it has dropped below 300 this quarter?
- J. Lakshmana Rao:** See, there is definitely some pressure in competition coming up in corners of food and FMCG sector. Here and there, I told even during last quarter also, there is an addition of few small-time players in different corners of the country who are definitely causing some competition. And we being all centralized in Hyderabad and supplying all the products across the country only from Hyderabad have the disadvantage of both time delays and freight costs. So, now that Panipat started and we already captured couple of big clients in that region, I am confident next season, we will be able to command and get back our numbers. But pricing wise, yes, there is some drop per kg value in food and FMCG. But still, it is much better than our other products.
- Shubham Jhawar:** Got it, sir. And my second question was, I do understand that ABG volumes have started increasing just FY '26 onwards. But I wanted to understand the demand forecast that they had given us in last FY. So, is the demand in that range itself or it is lower compared to what they had given us in the last fiscal year?
- J. Lakshmana Rao:** It started slow in the beginning of April-May, but it has really picked up decently well. But for the month of October, everybody dipped a bit because festival came early and lot of holidays in

this month. Most of the paint companies are flattish in October, but their projections for November are pretty good. So, I think their numbers will start improving.

Shubham Jhawar: Understood, sir. That was from my end. Thank you.

J. Lakshmana Rao: Thank you.

Moderator: Thank you. The next question comes from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

Jaiveer Shekhawat: Yes, thanks for taking my question. Mr. Rao, you mentioned that for Grasim, you did almost 900,000 tons in the first half. Is that right?

J. Lakshmana Rao: For Grasim, no. I said we have done about 2,900 tons in the first half. So, we are expecting to do 6,000-6,500 tons in this full year.

Jaiveer Shekhawat: This is specifically for Grasim, 2,900 tons?

J. Lakshmana Rao: Yes.

Jaiveer Shekhawat: Sir, if I were to, again, possibly for an annual basis that will be roughly about 6,000 tons of volume that you are saying. Last year, you did almost about 18,000 tons of volume in the paint segment. So, are you suggesting that by the end of the year, if we end up doing about 20,500-21,000 tons of volume, the rest of the segment would have declined by almost 15%-20% except Grasim. Is that a right understanding?

J. Lakshmana Rao: Not really. Asian Paints won't decline that much. It is hardly 2%-3% drop for us, at least for us. And in terms of FLEXO also, it is not a big drop. Actually, it is a flattish 0. And KMP also, it is just 4% growth. So, not necessary that the numbers will come down in other peers. The dip in Asian Paints itself looks big because they contribute a very big number of our paint sales. So, that is the reason why you may see overall growth being tepid in this Q2. But if you look at the H1, still the paint volumes are up by around 12%.

Jaiveer Shekhawat: I am just trying to understand, in the last year base, FY '25, what were the Grasim volumes? And next of Grasim, what is the growth that is happening in the paint segment? I think that is where I am trying to get to?

J. Lakshmana Rao: I can answer the first one that is Grasim's growth. And I can't give you the details of all the rest. Grasim has grown from, let us say, 1,250 tons in Q2 this year from 995, the previous year. So, that is a growth of 24% in the quarter. So, in the half year, it was 1,560 last year, it is now 2,900. So, that is a growth of about 86%.

Jaiveer Shekhawat: Understood. So, as you rightly said, except Grasim, I think the growth has been quite tepid. And with respect to the guidance that you had earlier said on volume growth, about 12%-15%, on the

first half, you have managed to do around 12%. So, do you sort of stick to that or is there going to be a revision downwards on that?

J. Lakshmana Rao: We are aiming to do that. I think we may at least stick to 12%. Because when I say probably the volume growth will come more in pharma and food and FMCG. So, in terms of tons, we may still see a growth of close to 12%. But in terms of sale value, we are aiming to try to hit at least 12-15 bracket, so which is now currently at 13.88 for the first half. So, sale value-wise, we will still be in 12-15. Volume growth-wise, we will be trying to maintain the 12%. I think it is possible.

Jaiveer Shekhawat: And sir, lastly, on the Panipat F&F expansion, is that up and running? And then, what is there as well? Have you started receiving larger orders? What is the capacity utilization for that?

J. Lakshmana Rao: Yes. Now, the capacity utilization is hardly anything because it is a very new plant. We have about 40 lakh sale in the month of October so far. That is hardly anything. But it is now picking up and we have signed one major contract. I can't divulge the details. That should add at least Rs. 4-Rs. 5 crores turnover next financial year from one client. And the molds are under manufacturing. They will be up and running from February. So, that will be one big addition for food and FMCG from Panipat. And there are several small and medium orders that are also coming in and I am sure the next season, that is Q1 of next year, we will see some decent addition from Panipat for F&F.

Jaiveer Shekhawat: So, overall on the F&F side, do you expect you will be able to maintain that 15%-20% growth? Again, something that you have already guided earlier to the market as well. Does that change in any way? Or do you think you can maintain that?

J. Lakshmana Rao: No, we are still confident we will maintain 15%-20% growth.

Jaiveer Shekhawat: Understood.

J. Lakshmana Rao: If you look at the 6 months, it is 17% so far.

Jaiveer Shekhawat: No, even in the coming year as well, 27 and 28, do you think your capacity will?

J. Lakshmana Rao: I can't say 28, but at least in 27, we can because the North will start contributing handsomely in 27. And even 28 also probably, but definitely in 27.

Jaiveer Shekhawat: Understood. Sure, sir. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Chirag from Keynote Capitals. Please go ahead.

Chirag: Yes, thank you for the opportunity. Lakshmana sir, my first question is related to the volume-value mix of IML and non-IML for Q2 FY '26?

- J. Lakshmana Rao:** Yes, I think they have now improved further again. From Q1, it was hardly moved a little bit. It was 75.02% IML and other label HDL together. And it is now 75.11. So, it has just moved a bit.
- Chirag:** This was from the perspective of volume terms.
- J. Lakshmana Rao:** Yes, in volume terms.
- Chirag:** And what about value terms?
- J. Lakshmana Rao:** Value terms is more or less similar. It is 77% last year. It is now 76.2% last quarter, Q1 and Q2.
- Chirag:** Got it. Sir, I missed one of the earlier participants' answers, which was related to drop in realization for F&F segments. Could you just repeat that once?
- J. Lakshmana Rao:** What he was saying is the drop was very marginal. It was Rs. 309 per kg in Q1 and it is around Rs. 300 in Q2. The product mix changes and also there is some competition in the nooks and corners is the reason what I have given. So, it was Rs. 309 in Q1. It has now become Rs. 300, Rs. 301 or whatever in Q2. So, I think he was referring to that.
- Chirag:** Got it, sir. My last question is related to the significant drop in lubes as a segment. You have mentioned that the major reason behind it was the rainfall. So, can I expect that the earlier 2,000 plus volumes as a run rate on a quarterly basis to come back specifically for lubes? And for paints, it is expected to come back to 4,800-5,000 tons per quarter level?
- J. Lakshmana Rao:** For paints, I am confident. But for lubes, I am skeptical because the movement of goods will pick up with the GST reduction and that might drive lubes growth. As I said, lubricants are coming out with more and more mileage per liter. So, definitely, though the economy is increasing in terms of movement of goods, the lubricant consumption may not grow in tandem. So, probably, you will still have a lag in growth in lubricants. That is my view. Whereas for paints, as the rains subside and people badly need it now because it rains washing away whatever paint is already there or not there, definitely the movement of paint will pick up in the coming months once the rains subside.
- Chirag:** Any guidance on CAPEX going forward?
- J. Lakshmana Rao:** CAPEX again continues to be strong. We already completed Rs. 60 crores and we have an annual another Rs. 30-Rs. 35 crores. Probably, we will end up with about Rs. 100 crores CAPEX this year also down from 140, 130 levels in the last 2 years. Last 3 years, it was averaging around 140. So, probably it will end up around Rs. 100-Rs. 105 crores in the current year.
- Chirag:** Out of this, what is maintenance CAPEX?
- J. Lakshmana Rao:** What is what?
- Chirag:** What is maintenance CAPEX?

- J. Lakshmana Rao:** Maintenance will be always close to the depreciation which is around Rs. 35-Rs. 40 crores per annum. Replacement of machinery, replacement of robots and molds will continue to be there. The rest will be additional capacities, especially in pharma and balancing capacities in ABG plants. We already invested on land for pharma expansion in the first quarter, about Rs. 11 crores, we acquired 2.5 acres of land adjacent to our Sultanpur unit. So, that is the only Greenfield expansion which might happen in the next year. But for that, the rest all will be brownfield wherein it will be addition of machinery to balance the demands.
- Chirag:** They are expecting it to increase the capacity from 1,500-3,000, correct?
- J. Lakshmana Rao:** Yes, about 2,500 during the next financial year. It is happening in progression. It is not that it will happen in one shot. Probably in Q4, we will increase it from current level to one step ahead. And then probably by July, that is second quarter, we will be adding another capacity in Ophthalmic and other lines. So, gradually it will be reaching that level.
- Chirag:** Perfect. That is all from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Pratyush, an Individual Investor. Please go ahead.
- Pratyush:** Basically, I have 3 questions. Firstly, regarding the pharma segment. I think last quarter, you had given guidance that around 12 or 15 clients were in the pipeline and they were at different stages of approval. Can you please give an update on how many have been approved and how many clients will be onboarded in the current financial year?
- J. Lakshmana Rao:** I don't have ready answer for that. I think now the total clients who are actively participating in our sales are more than 20-25 now. And in this current quarter, I have not counted, probably there are at least 5-6 additions. And some of them, we have been working with last 7-8 months on different trials. So, they started giving small commercial orders. Prominent among them is Laurus and MSN. So, they started picking up small commercial orders. I won't call them huge. But they have huge potential. And if they being local, we will have an advantage to capture the demand.
- Pratyush:** And so, when we gave the pharma guidance, then was the assumption based only on the fact that we will receive orders from the current clients? Or what sort of vendor addition or client addition was assumed while arriving at the revenue guidance?
- J. Lakshmana Rao:** Yes, it is based on marketing feedback that what they feel. Some of them who are in trial lots might become commercial. And some of them who just completed audit may start giving trial orders. It is an ongoing process. And they are cumulative in nature. Because once they generally adopt a supplier, they stick with the supplier. And as I said last time, due to our innovation and able to develop quick solutions for clients, they are adopting us as a supplier. Once they take us as a supplier for one particular product, they are free to give any other product also to us as long as we match their price and quality. So, addition to stepping into a supplier name in the list of

supplier name in a pharma company is difficult. Once you enter there, it is your relations and your quality and timeliness is what makes you garner more and more orders.

Pratyush: And also the pharma guidance is based only on the brownfield expansion as of now, right? There is no completely new CAPEX which is considered in this?

J. Lakshmana Rao: Not now, not for this year or even for next year also. The gradual growth what we are initiating to reach the capacity by end of this financial year, that is March-April, we would be able to meet the next year demand of around 55-60 what I projected. So, going after that, we need to have additional facility for which we have acquired land. And probably that will go on stream by July-August next year. But I am not counting much to come from that capacity for the next financial year.

Pratyush: And regarding pharma only, there are mainly two streams, right? There was a bottle and there was a cap. So, I just wanted to understand whether these two products are related and we can expect the volume growth of both these products to always be in line with each other or are they unrelated products? And if so, what is the expected share of each of these products in the pharma sales?

J. Lakshmana Rao: First of all, there is no one bottle and one cap. There are several varieties of bottles, more than 40. Now, we already developed molds for more than 40 varieties of bottles. And there are at least 8-10 varieties of caps. And not necessarily the simple caps what you see on tablet packs but are also on the eye droppers or on the some cough drops. Like that there are different applications of caps we have started making. And some of them are in trial stage. Some of them are at testing stage. What we are selling now currently is standard bottles and caps and shell-resistant caps and EV tubes which are contributing mainly to our sale as of today. So, the number of bottle variety is very high. It is more than 40 and it might become 50. We talk next time. So, that way we are able to quickly rapidly expand our product range. But the majority of sale is still coming from EV tubes and bottles and caps and little bit from canisters.

Pratyush: And also, sir, can you please, is it possible to share the volume data of paints, goods supplied to paints in the current and the previous quarter?

J. Lakshmana Rao: I don't have the paint alone number. But the total paint alone, yes, I have. It is about, in this Q2, we have given 4,688. Is that correct? Sorry, 4,845 tons is the paint sale out of 10,000 tons.

Pratyush: Sir, previous quarter?

J. Lakshmana Rao: Previous quarter, it was 5,593.

Pratyush: And last question, sir. Is it possible to share the optimum capacity utilization for each business segment, pharma, paint, everything?

- J. Lakshmana Rao:** See, optimal is always 100, but nobody can reach that because as I said last time, machines meant for bottles or jars will give you higher productivity compared to the caps because the caps are always lightweight, but they need similar machines because of the surface area. So, when you calculate capacity utilization in injection molding, if somebody crosses 75%-80%, that is really excellent. So, we are somewhere around 74% last quarter, but this quarter, it dipped to 63%. So, overall, for the 6 months, it is 69%.
- Pratyush:** Got it, sir. Thank you.
- Moderator:** Thank you. The next question comes from the line of Pratham from Quantum AMC Private Limited. Please go ahead. Pratham, please go ahead with your question. Pratham, we are not able to hear you. Please increase your volume.
- Pratham:** Sir, I was talking about that you have added some new products in the pharma segment. So, this essentially expands the earlier discussed Rs. 5,000 crores time or are these products already included within that time estimate?
- J. Lakshmana Rao:** What is 5,000?
- Pratham:** Rs. 5,000 crores time, which we have earlier mentioned in the last previous calls.
- J. Lakshmana Rao:** You mean the overall market demand in the country?
- Pratham:** Yes, for pharma demand.
- J. Lakshmana Rao:** Yes, the overall pharma packaging demand is around that, but what products we are making are also a part of that universe. So, some of them are innovative in nature. Some of them are just replicas or replacements of such products. So, with these, we are not going to change the overall size of the market, but certainly it will give us a part of the market share.
- Pratham:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Sandeep Modi, an Individual Investor. Please go ahead.
- Sandeep Modi:** Yes, sir. I wanted to just ask a question. Some case was going on regarding copying of certain products, patent right, etc., did we get any compensation for that?
- J. Lakshmana Rao:** See, we don't get any compensation from courts or anybody. We almost make them stop their production and seize their molds. That we did for two or three airing companies. So, we don't get any compensation.
- Sandeep Modi:** One more thing, sir. Total, how many pharma companies have visited our premises? And how many are active and any good news for pharma, etc.?

- J. Lakshmana Rao:** Yes. There are more than 50 at least, more than 50 visited and at least 20-25 started buying from us in small or medium quantities. None of them contributes 100% or 20% of the sales. Everybody is spread across, let us say, maximum sale may be 10%, my biggest client may be in EV tubes. Coming to bottles and caps, now we have started at least with 7 or 8 decent size clients. And those numbers for them will be somewhere around 25-30 lakhs per month for each. So, those numbers will start accumulating as we go forward. And the remaining 30 clients who have visited also approved our facilities, audited facilities. But the commercials and trial runs, we will take another few more quarters.
- Sandeep Modi:** And sir, how is the pump business going on?
- J. Lakshmana Rao:** Pump is not great. We are not seeing any major traction, but still it is in the plus side. We are able to sell about 30-40 lakhs worth of goods to both pharma side and cosmetic side.
- Sandeep Modi:** Any export orders cancelled regarding the tariff, etc.?
- J. Lakshmana Rao:** Not really. So, far, anyway, we are not great exporters to USA. Hardly, we sell about Rs. 2-Rs. 3 crores per annum. And that is continuing with respect to the tariff. Maybe they were expecting us to dip a price a little bit by 4%-5%, which we are also utilizing. But that is not, it is a negligent factor as of now.
- Sandeep Modi:** The land which we have acquired, when will that be fully ready with robots, etc., and start production for pharma?
- J. Lakshmana Rao:** Yes, there won't be any robots in pharma. Only for EV tubes, we have robots and we are not planning to add any more robots in EV tubes for pharma. Whatever we have is sufficient. The new facility, we are now yet to get the plant's approval because the land was just acquired 3-4 months ago. And now we have applied for plant approvals. Probably, we will get it in December and hopefully, we will start in December-January, the construction activity. And during the next financial year, maybe second half or July-August, we will be able to bring it to a shape. And as I already answered, those quantities and capacities are not counted for next year projections.
- Sandeep Modi:** And sir, how is business for Birla Opus?
- J. Lakshmana Rao:** Birla Opus is doing good as far as we are concerned. From us, they are giving us good growth.
- Sandeep Modi:** Thank you very much, sir.
- J. Lakshmana Rao:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Varun Singh from PMS. Please go ahead.
- Varun Singh:** Hi, thanks for the opportunity, sir. Just wanted to clarify that 12% volume growth which you talked about, that was meant for only paint business or for overall volume?

- J. Lakshmana Rao:** No. Overall volume.
- Varun Singh:** Overall volume. And secondly, like in second half, is it fair to assume 4%-5% realization improvement? Because in first half, sir, we had seen around 3%-4% kind of an improvement in the overall realization. But having said that, I think the base in 1Q FY '25, it was more favorable because that time realization was Rs. 200 per kg?
- J. Lakshmana Rao:** It is not because of the Rs. 200 or Rs. 203. It again depends upon the raw material pricing. It will be due to product mix. The product mix as food and FMCG and pharma increases, per kg realization increases. So, what you said is 8.3% is the growth in EBITDA margin in the H1. I think we will continue to see somewhere around that and deliver EBITDA margin of 40-41 even in H2 which was 37.6 for the last full year. So, there is a big jump of more than Rs. 3 or at least Rs. 3 in EBITDA per kg.
- Varun Singh:** Right. So, in second half, may be around Rs. 42-Rs. 43 EBITDA per kg is a reasonable assumption. That will be correct, sir?
- J. Lakshmana Rao:** No. Last year, second half, it was hardly 37-38. So, on that, assuming 5%-6% growth, we may be in the range of 40-41 for the H2 also. So, full year, we may come somewhere around Rs. 40-Rs. 50 or Rs. 40-Rs. 70 level. Which is up by more than Rs. 3 compared to Rs. 37.6 for the last full year.
- Varun Singh:** Right. But in that case, I think we would be cutting or reducing our guidance from Rs. 40 to Rs. 40.75?
- J. Lakshmana Rao:** No, I said our guidance is Rs. 40-Rs. 42 depending upon the growth. But with the tepid growth in Q2, we feel we will still do Rs. 40.7, may be Rs. 41 at the best.
- Varun Singh:** Understood. And sir, one last question regarding GST and the confusion regarding shipment. The benefits of that flowing into this quarter, which is Q3, so, given that and of course, I think rain and the cyclone which is happening in Andhra that will have a role to play. But still, you think that overall 12% volume growth in Q3 would be reasonable kind of an assumption or you think that is too high?
- J. Lakshmana Rao:** I think in Q3, we may have growth similar to Q2. But in Q4, I will be confident we will be indefinitely in double-digit growth. Seasonally, Q3 is the least. Q2 and Q3 are the lower seasonal months. But what helps is the pharma growth and our growth in food sector in North. So, hopefully, profitability might remain intact. Volume growth expectation in Q3, I would be close to Q2. And in Q4, definitely, it will be back to double-digit.
- Varun Singh:** Understood. Sure. Thank you very much and wish you all the best.
- Moderator:** Thank you. The next question comes from the line of Vishwa from PL Capital. Please go ahead.

- Vishwa:** Yes. I had the similar question for the second half, EBITDA per kg. So, it has been answered. Thank you.
- Moderator:** Thank you. The next question comes from the line of Sanyam Shah from Solidarity Advisors. Please go ahead.
- Sanyam Shah:** Hi, sir. Thank you for the opportunity. I just wanted to understand what is the steady state EBITDA per kg that you can look for food and FMCG segment? And does this number factor in the decreasing realizations that we are seeing?
- J. Lakshmana Rao:** Yes, I answered that. There is small reduction in the realization per kg in food and FMCG with competition hotting up in corners of the market. And this can be effectively handled at least with a growth number through our plant in the North, which will be able to cut down the supply cost and supply time in the northern region. So, the growth of 19.54% for Q2 and 16.97% that is almost 17% growth in H1 is very positive for us. And we will be able to maintain that momentum by our North plant starting operations. So, while EBITDA per kg might take a dip in food, but the overall growth rate of 17% is really heartening.
- Sanyam Shah:** I just wanted to understand, sir, what is the steady state number, normalized number for EBITDA per kg for food and FMCG?
- J. Lakshmana Rao:** Food and FMCG, we have. As of now, the segment wise data is not available, but that remain to be in the region of 70-75 per kg. Probably, it was earlier 75-80. So, Rs. 3-Rs. 4 per kg EBITDA might have come down in food and FMCG. But as I said, the volume growth will offset through better utilization and that can also sustain EBITDA.
- Sanyam Shah:** And sir, for the pharma segment, once we expand the capacity to 2,500 tons, what is the peak revenue that we can do at that capacity?
- J. Lakshmana Rao:** You can take about Rs. 350-Rs. 360 per kg as a sale value, so probably around Rs. 85-Rs. 90 crores.
- Sanyam Shah:** And sir, if I take a slightly longer term view, specifically for the pharma business, maybe 4-5 years out FY '30 or FY '31, do you think pharma can be Rs. 150-Rs. 180 crores business in terms of revenue for us?
- J. Lakshmana Rao:** It is a long term view to give, but certainly it is possible. We are looking at such figures 5 years down the line.
- Sanyam Shah:** That is all from my side. Thank you.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

- J. Lakshmana Rao:** So, I take this opportunity to thank everybody who has shown interest to participate in concall of our Q2 and H1 Results. And I am sure that as the company has plans to geographically expand and improve its segment-wise growth in food and FMCG and pharma, the future looks bright and better utilization as the rains subside and demand picks up due to GST reduction should improve the numbers going forward. And I wish all of you a very happy evening and good future. Meet you later. Bye-bye. Thanks.
- Moderator:** On behalf of Emkay Global Financial Service Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.