



MTPL/SECT/79/2025-26

Date: February 15, 2026

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

**Sub: Transcript of Conference Call for Investors held on February 09, 2026.**

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith the transcript of Earnings Conference Call for investors held on February 09, 2026 to discuss the Q3 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  
Q3 FY26 Earnings Conference Call”

February 09, 2026



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

**MODERATOR: MR. MOHIT DODEJA – EMKAY GLOBAL FINANCIAL  
SERVICES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Mold-Tek Packaging Limited Q3 FY26 Earnings Conference Call hosted by Emkay Global Financial Services 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 an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Dodeja. Thank you, and over to you, sir.

**Mohit Dodeja:** Yes. Hi, good evening everyone. I would like to welcome Mr. Lakshmana Rao, Chairman and Managing Director, and thank him for this opportunity. I shall now hand over the call to him for the opening remarks. Over to you, sir.

**J. Lakshmana Rao:** Good afternoon everybody. Thank you very much for joining in our Q3 results call. You might have already seen the results published on BSE and NSE that we have the EBITDA up by almost 20% in the nine months compared to the previous nine months, and sales are up by around 12% in value terms. And however, in the Q3-to-Q3, the sales volumes are up by 6% and EBITDA is also up by 14%.

You know traditionally, every year Q3 is our weakest quarter, but things started moving up right from January itself. We have more than double-digit growth in January this month, just this January. And order book looks pretty strong for February also. So going forward, I think we will be back to normal level of 12% to 15% volume growth, which is possible in Q2 and Q1 general -- Q4 and Q1.

So going next six months is our busy season, so things will be start looking up and we hope to catch up with the busy demand as we are well geared up in all terms. As I mentioned in my press release, we have completed mostly the consolidation of manufacturing units in Hyderabad, where we used to have five units and now that's going to be only two units, Unit 1 and 10.

The printing unit is also now accommodated in one of the blocks of Sultanpur Hyderabad unit. And Unit 4, which is a small unit catering mainly to Asian Paints, is also moved to Sultanpur B block. So now the five units are going to be only just two units starting from -- already two units are absorbed, but the Unit 4 will be absorbed from March onwards. So this will reflect better operational efficiencies, cost controls, reduction in movement of goods, and also personnel. So this impacts will be visible hopefully from next quarter.

So and also another positive sign is the Vibe Generation, with whom we have signed a MOU for unique, I mean, for developing their product patents and ideas in India for closures and other applications. We have received first two component drawings and designs have been started and pilot molds will be ready by end of this month. One of them will be ready by end of February, one by March, and their commercial feasibility will be tested thereafter.

And hopefully by end of Q1, we will be having commercial molds producing these components for not only European markets, but these products can also be sold to Indian market under our MOU with Vibe. So this is another development. And coming to Pharma, we are now -- have

more than 25 clients cleared our premises, audited our premises, and cleared them for production.

However, only less than half of them started commercial pickup, and the rest will start in the next coming months, ensuring a good volume growth in the coming quarters for Pharma as well. This is the future outlook and I think more can be discussed over the question-answer session. I put this call back to Anushka to arrange for the question-answer session.

**Moderator:** We take the first question from the line of Dipak from Nirmal Bang Institutional Equities.

**Dipak:** So sir, the first question is on the MOU that we have signed with Vibe Generation. If you can just explain a little bit about the nature of the product, what we understand this is on the industrial side that we have planted and does it has anything similar to do with say, the Lube products where the leakages are very critical in terms of, you know, that we deliver in terms of safety of leakages even in terms of the dust particles?

So if you can just elaborate a little bit on the nature of the product. Then secondly, on the MOU signed with Swiggy, do you see that kind of a product more of a, you know, the churn would be materially higher compared to the churn that we have say on the other categories of food? So these are my first two questions.

**J. Lakshmana Rao:** Yes, Vibe product details now I can't divulge because under the MOU, we need to develop the molds, establish the product quality before we make any announcement. But I can tell you that this product also has applications in India, in our client segments also as well. And this is adding quite a bit of a value in terms of application and user friendliness. So once these products are established and developed, probably in by April or May when we discuss our Q4 results, probably I'll be in a position to throw better light.

But I can tell you these products are definitely extremely user friendly, adding high value, and they are patented by Vibe. And we have the right to use the patent here in India and we see applications very much welcomed here also in Indian industry. However, I don't say that this is a hundreds of crores of worth of value, but certainly it will be tens of crores, which over a period of next one year we can see its potential.

**Dipak:** Got it, sir. So secondly, coming to the overall volume number, at the starting of the year, we were of the view say 43 to 45,000 total volume we can achieve. Nine months we are say 31,000. Now looking at Q4, even if we go say a little bit of early double-digit. Is it fair to enough -- we would be say, of the guided range of 43 to 45, we would be on the lower threshold closer to the lower threshold of the guided range?

Or you think the -- since you highlighted the momentum is strong at the starting of the year, the -- that we can have a little bit of a better quarter than expected and Q4 numbers can be relatively better than what we had in Q1 in terms of volume?

**J. Lakshmana Rao:** Probably we'll be matching Q1 and in the Q4 we may not be able to cross it. The Q1 was pretty strong, we had 11,400 tons production and sales in that quarter. Hopefully, we'll match it and

bring it to 42.5 thousand is as against 44, 45 what we initially projected. But still that will be somewhere around 11% volume growth, a bit less than what I anticipated due to extended rainfall in the first, especially in the second quarter.

**Dipak:**

Got it, sir. And sir on the Pharma side, if we see the traction remains strong and only nine months already you have done say INR25 crores. And just want to understand the Q3 seasonality trend that we have, does it apply to Pharma as well, and given that 4Q we should go back to the say normal run rate of INR10 crores, INR11 crores that we had, and given that INR35 crores kind of a earlier target that we had should be attained?

**J. Lakshmana Rao:**

Yes. We will be achieving INR35 crores, though we are at around INR25 crores in the first three quarters. As you correctly said, Q3 is a dampener for Pharma as well. This time it is a little more because of the uncertainty of tariffs from US, there were some uncertainty of volume pickups from the Pharma industry. But I think now that it is clarified, it might start picking up fairly good.

And whether it is done or not, for the Indian market also, winter months are low for EV tubes, which are the major segment which have impacted in Q3. But looking at the strong order book in January middle of January onwards, we feel we may be able to cross or at least reach the figure of INR35 crores for the full year.

And next year, we kept a target of INR50 crores to INR55 crores, that's again a 40% to 45% growth on the current year number we have taken, and that will be adding sizeably to the bottom line as well because we are now way above the break-even point.

**Dipak:**

Got it, sir. Last question before I join the queue. On the lube side, if you can call out, I mean, on the volume side we have seen continuous decline. We know this is the space where we have faced some challenges, but any incremental sign as per the discussions that we had with clients in terms of volumes growing a little bit on the higher side or improving year-on-year? Just my last question.

**J. Lakshmana Rao:**

Yes, lubricants we are noticing a dip, considerable dip actually. Even in this quarter, we ended up with a minus 10% volume growth in the lubricants. It's basically because we are not actively participating in the very low-grade lubricant market of DEF lubes, which are mainly urea-based lubricants. So those areas have become very low-cost product range where Mold-Tek is not inclined to keep its capacity.

So that is one of the reasons, and general trends in lubricant this year is down. I don't know much about how the lubricant company per se has performed, but due to five to six months of extended monsoon this year, the movement of goods and hence lube consumption has dipped is what the news I have.

So as whereas the clients like Castrol, we still have growth, positive growth, but there are clients where we have noticed a dip in their volumes. So that may be a universal in reason. Another reason, as I said, we are letting go some of the low-end lube opportunities.

- Moderator:** We take the next question from the line of Shankar from Iraya Capital.
- Shankar:** So while you have shared some color around how's the growth trends and shaping up, can you just share more color around, like, as you said that 11% volume growth, but what kind of sales growth we can expect in Q4, and if you can share a further outlook for next year if you're in a position to? So that's my first one?
- J. Lakshmana Rao:** Yes, this year we may close the year at INR870 crores top line. So for next year, we certainly have a target to cross INR1,000 crores. That is the capital, I mean, the internal target is to cross INR1,000 crores comfortably. So that's close to 13%-14% volume growth. And going by the trends of Aditya Birla Group ABG, which has grown around 21% in Q3, we are confident with their Mahad plant also going full stream, we may continue to see a good double-digit growth in Grasim.
- And with the RCP issues with Asian Paints being settled, we also started seeing volumes of Asian Paint picking up from January onwards. The RCP, they want 40% to 50% recycled plastic in their pails due to the government statutory obligation. So we have successfully developed that formula and able to start supplies from December and in January onwards, it will give them confidence that Mold-Tek will be pioneer or at least first, one of the first pail manufacturers to meet this statutory compliance.
- So with that being done, we hope Asian Paints, which is hardly 3%-4% volume growth, can go into double-digits in the next financial year, which will be a big pull for the rest of our other segments which are all definitely in the double-digits, healthy double-digits. So we are confident next year also, we are aiming 12 to 15% volume growth, and once we achieve that, we may probably cross the benchmark of INR1,000 crores top line.
- And this year EBITDA will be now, as you know, for the nine months it's INR125 crores and hopefully we close this at around INR170 crores is the target for the current year, up from INR144 crores last year. So that's again a 20%-22% EBITDA growth. And next year, we'll comfortably cross INR200 crores or maybe INR215 crores, INR200 to INR210 crores EBITDA.
- Shankar:** And from EBITDA to PAT, can you share some color around growth, like where this operating leverage you are expecting to flow in from EBITDA to PAT level, like?
- J. Lakshmana Rao:** Yes, in this nine months, we have declared 18% PAT increase, up from INR44.3 crores in the last nine months to INR52.25 crores, and earnings per share also gone up from 13.3 to 15.75. So we have a healthy growth at PAT level also, which is around 18%, and probably hopefully next year it should hit 20% growth.
- For this is for the nine months period, so hopefully for the full year, we'll be in a position to reach somewhere around INR70 crores, INR75 crores, INR73 crores to INR75 crores PAT up from INR60 crores last year. So that's around 20% PAT growth, similar to EBITDA growth. So similar growth we can anticipate for next financial year also as well.

**Shankar:** Understood. So you are saying that similar 20% growth we can expect for both for this year as well as next year at the PAT level. Is that?

**J. Lakshmana Rao:** Yes. Correct.

**Shankar:** Got it. And can you share some color around the capex that you would be closing this year, are there any changes in your guidance as stated earlier, and capex for if you have any estimation for next year?

**J. Lakshmana Rao:** Yes. We have made our budgets during the last month for the next financial year. And the good news is the capex is going to come down considerably next year because all greenfield projects are more or less completed, but for a little bit work at Mahad. So next year, the major expansion will be in Pharma, wherein we anticipate to spend at least around INR25 crores and we may enter into couple of new products like eye drops, eye droppers and maybe nasal droppers towards the end of the year, nasal sprays.

So these two products already eye droppers is in a pilot mold development stage, but the project will be out only in the second half of '26-'27. And towards the end of the year, we hope to enter into nasal sprays based on our market research if there is a positive demand gap. But for ophthalmic, we are definitely going ahead. Already pilot molds are under development.

And as we go forward, Pharma will at least keep growing at least around 30% thereafter, after we hit INR50 crores, INR55 crores next year, thereafter we have a target of 30% to 35% volume growth coming from Pharma. And very heartening thing is majority of our clients who have started buying commercial, they are very happy with our quality and timely supplies.

And couple of them are even asking us to set up warehouses near their plants to enhance our business. So these trends give me a lot of confidence that we can become a reasonably big player in Pharma in the next two to three years' time.

**Shankar:** Understood. Can you just repeat the capex rupees spent you stated earlier?

**J. Lakshmana Rao:** Yes, capex for -- sorry, I didn't tell that. Last year capex was INR140 crores. This year it will be close to INR120 crores, and next year target is INR80 to INR85 crores.

**Shankar:** This year will be at INR140 crores and next year is INR80 crores to INR85 crores?

**J. Lakshmana Rao:** No, no. Last year was INR140 crores. This year it is closing at around INR120 crores, and for next year, the target is INR80 to INR85 crores.

**Moderator:** We take the next question from the line of Abhishek Navalgund from Centrum Broking.

**Abhishek Navalgund:** The first question on ABG in Paints. In the last earnings call you mentioned that I think in 1H we have done around 2,900 tons of volumes, broadly 30% of the total paints volume, and we have guided for around 6,500 tons by end of the year, I mean full year number. So where are we after nine months, I mean what's the number in broadly 3Q, because you mentioned about some 21% growth in this quarter in ABG, but broadly tonnage wise where do we stand now?

- J. Lakshmana Rao:** Yes, ABG this quarter was around 1,480 tons, and so far it is around 4,400 tons, and we hope to hit the 6,000 mark by end of this year.
- Abhishek Navalgund:** Sure. And the 10,000 tons capacity that we mentioned about ABG, so this includes even the Mahad one, or it is only the existing two?
- J. Lakshmana Rao:** Including Mahad.
- Abhishek Navalgund:** Okay, including Mahad, right? Okay.
- J. Lakshmana Rao:** Yes, yes. So currently this year we may be utilizing only 60% of that capacity, and we hope next year onwards it will be above 70%.
- Abhishek Navalgund:** Sure, sure. And since we'll be moving ABG to Mahad, have we -- I mean got some indication from Asian Paints also, because you mentioned the RCP thing, but apart from that I mean the volume, Satara plant was like underutilized for quite some time earlier. So do you expect that the ramp up from Asian Paints will be far stronger from maybe upcoming quarters once we move the production for ABG to Mahad?
- J. Lakshmana Rao:** Yes, once that RCP issue has been resolved, the numbers started going up and we could develop a recipe which is adopting 40% RCP, which is the government statutory compliance. Thereafter we are now seeing the numbers moving up and we hope we will gain a double-digit growth in Asian Paints in the coming year.
- Abhishek Navalgund:** Sure. Any possibility for market share gains there because you said you are the only player who has cracked that 40%-50%?
- J. Lakshmana Rao:** No, no, it's not necessarily, the others also will be simultaneously cracking that recipe because obviously the suppliers will go to all the manufacturers, hence it will be couple of weeks plus or minus. So it won't be a great advantage as such. But once this particular thing is been done, we've been -- we are confident that we'll get back our old percentage.
- Abhishek Navalgund:** Okay. And the capex for Mahad, broadly out of INR80 crores-INR85 crores, how much would be for Mahad, broadly?
- J. Lakshmana Rao:** No, Mahad is hardly anything because already those machinery are been installed at Satara. So what is happening there is only the shed and auxiliary equipment worth around maximum INR5 crores.
- But the other plants, tool room itself, replacement of molds itself around INR20 crores-INR25 crores for every year. And injection molding machines worth around INR9 crores are planned for all the plants put together, especially for North plant where we are seeing a good traction for our Thin-wall and Q-Pack.
- So that is causing our confidence to go up to capture the North market. So there is an injection molding enhancement of capacity in Panipat, not for ABG, but mainly for the sake of Q-Packs and Food and FMCG products. And around INR25 crores to INR30 crores will go towards

Pharma. That is why the next year capex could be controlled within INR80 crores to INR85 crores.

**Abhishek Navalgund:** Sure. And last question from my side. I mean since you mentioned Panipat F&F facility, so where are we in terms of the client engagement there, because have we finalized any client there for Q-Packs and...?

**J. Lakshmana Rao:** Yes, yes. Several clients, not one. We have at least 8 to 10 clients already started buying from us. And in this season, we expect it to go up to 25 to 30 clients in both Q-Pack and Thin-wall put together. And we are expecting that numbers to double in this coming season.

**Abhishek Navalgund:** Any categories which you would like to highlight if not names?

**J. Lakshmana Rao:** All the categories, be it confectionery, be it yogurts, ice creams, protein powder, edible oils, cashews, basmati rice, like Q-Pack in the case of Q-Pack. So there's several ghee, all these features, we are introducing to start with six Thin-wall products immediately and another six by June-July, that is for the festival season.

So there'll be 24 molds, that is 12 sets operating in the North by June, which will be -- which is currently four sets. So there'll be huge increase in the Food and FMCG in that segment, I'm expecting. Already we are seeing a very good trend in Q-Pack sales, which are established 6-7 months ago. And you all know that Thin-wall started only in September-October, so that also is picking up and we see a good improvement in the coming season.

**Abhishek Navalgund:** Okay. So the element of seasonality will be relatively lower, right, from Panipat F&F?

**J. Lakshmana Rao:** Not necessarily. Again, Q3 will continue to be our bad, I mean least season, because all the consumption of paint, you name it, or sweets, or ice creams, they all come down in winter. So generally Q3 continues to be our weakest quarter.

Next weakest will be Q2, but this year it was pretty little worse than previous growth rates because of extended rains. Otherwise, Q2 also would be moderately good. And always Q3 is the worst quarter and that is over now, so hopefully next three quarters we'll be seeing a good volume rise.

**Abhishek Navalgund:** Okay. And sorry, Sultanpur capacity utilization as far as F&F broadly would be 50%-60% or lower?

**J. Lakshmana Rao:** It is around 60% now, and it will go up now.

**Abhishek Navalgund:** 60, okay. Got it.

**J. Lakshmana Rao:** But it has to go up now because all the machinery have been erected in one premises and there'll be, you know, fungibility in case of some machines are idle, easily molds can be put on and other products can be produced. So this gives a lot of fungibility and better capacity utilization at Sultanpur.

- Abhishek Navalgund:** Sure. Thank you so much and all the best.
- J. Lakshmana Rao:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Pratyush Dammani, an Individual Investor. Please proceed.
- Pratyush Dammani:** Hello, sir. Am I audible?
- J. Lakshmana Rao:** Yes, yes.
- Pratyush Dammani:** Yes. Thank you for the opportunity, sir. Just one question. Once all the greenfield plants are up and all the factories are running, what would be the peak revenue potential?
- J. Lakshmana Rao:** At peak level, we can with the current machinery and plant itself, we can reach INR1,200 crores-1,250 crores. But what happens is the capacity utilization won't be steady beyond 75%. Typically, beyond 75-80, you will tend to have mismatch of jars and caps and typically in injection molding, anything above 75 is excellent.
- So, I can safely say with the machines that are currently there, INR1,000 crores can be reached. And we are adding 21 more machines in the next 3 months and first 6 months of next financial year. So that will further add another 10% to 12% of the capacity, that means up to INR1,150 to INR1,200 crores, INR1,200 crores you can easily say is possible with the existing and planned machines.
- Pratyush Dammani:** Okay. But sir, like you mentioned about injection...
- J. Lakshmana Rao:** Sorry?
- Pratyush Dammani:** Yes, in injection molding
- J. Lakshmana Rao:** Sorry?
- Pratyush Dammani:** Hello?
- J. Lakshmana Rao:** Yes.
- Pratyush Dammani:** Yes, sir. I'm saying you mentioned that around 75% plus is a very good number for injection molding, so just wanted to understand what kind of difficulty do you face or do manufacturers face to scale up utility beyond 75 in injection molding?
- J. Lakshmana Rao:** Yes, what happens is product mix won't be perfectly matching your machinery capacities, and jars and lids are not completely fungible. Manufacturing a lid on a jar machine is not viable. You can do it, but it is expensive and won't give the yield. So sometimes you may have to use a bigger machine for a smaller component, thereby capacity utilization effectively will come down.
- Pratyush Dammani:** Got it, sir.

- J. Lakshmana Rao:** And so that is why anything above 75% injection molding capacity is considered good. And also you don't use the entire machine's capacity. For example, a machine is rated to produce 1,200 grams component, you may produce from 700 to 1,200. So effectively your output volume will not be as good as your capacity. And sometimes the width of the mold or depth of the mold component is different, then you need to use a bigger machine, but you get a lower productivity. So all this makes in injection molding capacity utilization anything above 75% a very good deal.
- Pratyush Dammani:** Okay. And in Pharma, what would be the ideal capacity utilization level?
- J. Lakshmana Rao:** Same. Again, there also injection molding and IBM machines are used. IBM is injection blow molding machine. There also you have similar limitations, so anything above 75% is a good utilization.
- Pratyush Dammani:** Okay. Fine, sir. Got it. Thank you and all the best.
- Moderator:** Thank you. We take the next question from the line of Akshay from Canara Mutual Fund. Please proceed.
- Akshay:** Yes. Sir, thank you for the opportunity. Sir, just one question. This is regarding the MOU that we have signed with Swiggy. So sir, can you just talk a bit more about it? Like what is the incremental opportunity that we get from here and also what kind of margins can we expect from here? Would it be like say a F&F kind of a margins or it would be like a paint kind of a margin?
- J. Lakshmana Rao:** Which one you're talking about? Vibe?
- Akshay:** Swiggy, sir, Swiggy.
- J. Lakshmana Rao:** Sorry?
- Akshay:** Swiggy, sir. Swiggy MOU that we have done?
- J. Lakshmana Rao:** Swiggy. Swiggy will be similar to our Food and FMCG margins. Basically they are buying restaurant packs and food packs for their brands which they promote. So they preferred, they put us as a preferred vendor for packaging products, so they will be directing their restaurants and partners to buy the packs from Mold-Tek.
- So we have been selected as a preferred vendor for Swiggy restaurants. So they will be similar to our restaurant packs, that is Food and FMCG EBITDA, which is around INR70 to INR80 per kg.
- Akshay:** And any volume estimate or assumptions that we can have from here? Say 500 tons or so for the next year?
- J. Lakshmana Rao:** Volume next year again we are planning, hoping to do around 12% to 14% volume growth, that's why from INR870 crores we are hoping we'll be crossing the INR1,000 crores benchmark.

- Akshay:** Okay. I was looking more from the Swiggy perspective, like what incremental volumes can come from Swiggy?
- J. Lakshmana Rao:** Swiggy, I can't say now because it's just a very recent MOU. They have to spread the news and some of the restaurants have to be contacted and it will be like one more client. I don't think it will be a very huge addition unless we see it for next couple of quarters. I can't comment on it. But the reach will be very big, and this will enable us to reach more and more restaurants and food delivery partners more rapidly. So we have to wait and see, just it was done a month ago, 15-20 days ago.
- Akshay:** Got it. Okay. Thank you so much.
- Moderator:** Thank you. We take the next question from the line of Shiv, an Individual Investor. Please proceed. I would request Shiv to unmute and then speak. We would proceed with the next participant. We take the next question from the line of Amit Khetan from Laburnum Capital. Please proceed.
- Amit Khetan:** Hi, sir. Thank you for taking my question. Can you -- you talked about the decline in lubricant segment. How much of that is sort of cyclical and should come back next year? How should we look at volumes in the lubricant segment for FY '27?
- J. Lakshmana Rao:** See, actually I missed one point when I answered that question, here I want to add it. One of the reasons why we have a drop in the lubes segment is we lost the tender for BPCL. The BPCL tender was completed last year and this year BPCL tender has not come in our favour, so that is one of the reasons why there is a decline in the lube numbers, especially in this quarter. Because till last year second quarter, I mean few months ago, the tender has been completed and we couldn't get the tender for the current year. That is one of the reasons for the lube drop.
- But I think overall 9 months the drop is not so as steep as 10%, it is somewhere around 6%-7%, I guess. So hopefully next year we should come back to at least recover this loss because we have added Veedol recently and they started picking up volumes for last couple of months and it may not be as big as BPCL, but to some extent they can -- it can fill up the gap.
- Amit Khetan:** Understood. And can you talk a little bit about the competitive intensity in general and specifically in the food segment?
- J. Lakshmana Rao:** See, as I mentioned to you in the last couple of quarters ago, there is a competitive activity in IML segment now, but with our variety of robos and variety -- huge range of product and multi-locational supply, we are in a position to retain most of our clients and even add several of them in this current year.
- Last year, we suffered the shortage of printing capacity which we have completely eliminated by adding quite a bit of capacity in printing and lamination, which has now become handy and enabling us to deliver goods in time, which has again gained confidence of even smaller and mid-sized companies and the growth is again back to mid-teens.

So going forward with North coming into picture -- into production full swing, we'll be sure of mid-teen growth in Food and FMCG. While Q-Pack is continued to grow around 25% to 30%, basically because the court cases we have put on competitors copying our patent and design have bearing fruit and recently a High Court bench has given an order in our favour, stopping three of our competitors who have infringed our patented model.

**Amit Khetan:** Understood. Lastly, if you can -- it would be very helpful if you can share what is the EBITDA per kg for the different segments, just a rough sense?

**J. Lakshmana Rao:** I think I've been sharing that. For the paint and paints and even Q-Packs, it is in the region of around INR30 to INR35, and Food and FMCG it's close to INR70 to INR80 and Pharma it's about INR120 to INR140, depending upon the product range.

**Amit Khetan:** And lubricant should be higher than 30 to 35, right?

**J. Lakshmana Rao:** A little better than paints.

**Amit Khetan:** Okay. All right. Thank you and all the best.

**J. Lakshmana Rao:** Thank you.

**Moderator:** Thank you. We take the next question from the line of Chirag from Keynote Capitals. Please proceed.

**Chirag:** Yes. Thank you for the opportunity. Sir, my first question is related to the paint segment. What will be the volume growth in paint segment ex-ABG?

**J. Lakshmana Rao:** Overall growth is 10.3%. In that, ABG alone has contributed about 21%, that is around 250 tons. So out of -- ABG is contributed 21% of the 50%, no? What is the tonnage of [inaudible 0:36:57]?

**Chirag:** Sir, if you could provide the volume of ABG in last year Q3?

**J. Lakshmana Rao:** Yes, it is about 4,800. So 250 means about 5% out of the 10% growth, 5%-5.5% growth has come from ABG, rest is from Asian Paints and others.

**Chirag:** Got it. Sir, second question is related to the same. Will the RCP which would be added into the raw material for us would lead to a decrease in EBITDA per kg in paint segment?

**J. Lakshmana Rao:** No, what will happen is RCP will be purchased at a little lesser price and the same benefit will be passed on to the client, so it will not impact our EBITDA at all.

**Chirag:** Okay. So RCP currently is available at the lesser price than our current raw materials?

**J. Lakshmana Rao:** Yes, of course, more than at least 10% to 15% cheaper. So that's one of the reasons why we were not so competitive, because we could not effectively use 40%. Now with the new recipe we are able to do that.

- Chirag:** Got it. Fair enough, sir. Sir, my next question is related to the Food and FMCG segment. Just wanted some understanding related to once the printing press came into -- once the printing capacity came into picture last quarter, what has actually restricted us for growing at more than 15-20 -- 15% in this particular quarter?
- J. Lakshmana Rao:** Yes, this time it is around 11% growth in Food and FMCG, 54% in bulk packs, so put together it is close to around 12% volume growth. But Q-Pack we grew at 25%. The Food and FMCG also is a tepid quarter, Q3, but Q4 looks pretty strong, already in January we found it's more than 17%-18% growth we achieved. And going forward the season starts for ice creams and yogurts as the summer picks up in March onwards, so from right from February we expect a take-off in Thin-wall sales.
- Chirag:** Sir, I guess there is some issue related to the number that you have said. The growth in Q-Pack was around 34% for the quarter, Y-o-Y basis. You have such a huge difference.
- J. Lakshmana Rao:** For the quarter you are talking, I am talking about 9 months.
- Chirag:** Okay, okay. My bad. Okay. Got it, sir. Got it. Next question is related to the labour law cost that you have recently included in employee benefits. Was the entire cost included for this quarter itself or it is going to be an incremental cost, which would be coming in the next few quarters?
- J. Lakshmana Rao:** No, that initial employee costs are already absorbed. There is no extra coming up. It will be -- for...
- Chirag:** So one-time effect has been taken in employee expense?
- J. Lakshmana Rao:** Yes, it has been already taken.
- Chirag:** So going forward...
- J. Lakshmana Rao:** And we are expecting a...
- Chirag:** So, can I expect that going forward in the employee cost would be a lesser, comparatively lesser than current quarter?
- J. Lakshmana Rao:** Yes, maybe. Comparatively will be lesser because this quarter absorbed a little bit extra provisions of the previous 2 quarters. So going forward, it may marginally come down.
- Chirag:** Fair enough. Fair enough. And just for the understanding perspective, like we have signed an generally, the containers, the port containers would require a significant volume from the campuses. So just wanted to understand, is this the have been there any type of talk that they are asking you to set up certain plant and machinery into certain parts of the geography of India?
- J. Lakshmana Rao:** At current level, they are also not very clear how the volumes pick up. Maybe in future, once the volumes really pick up our last plant our West plant is also equipped with the capability to produce Sinwell products. And what mainly they will be looking at is resident tax. And in that, we are actually introducing some more variants in this March, April.

So probably as their volumes grow up and if they really want to have capacities, we have plans across India now. So additional capacities or molds can be created and production can be effectively made from those areas. But I think I would wait for a quarter to comment upon this.

**Chirag:** Sir, one last question from my in the oil business, we used to do annual volumes of about 9,500 to 10,000 MT current, if I look at the run rate, which is around 1,800, it has significantly dropped from that level to almost 7,000 to 8,000. So other...

**J. Lakshmana Rao:** Sorry, what you said 9,500 of what?

**Chirag:** We used to have an annual run rate in MT for oil business around 9,000 to 10,000. So quarterly run rate of 2,400 to 2,500.

**J. Lakshmana Rao:** You mean the edible oil part of Qpack sale?

**Chirag:** No, no, sir, the oil which is included in the Lubes?

**J. Lakshmana Rao:** Lubes, you're talking about.

**Chirag:** Yes. Yes.

**J. Lakshmana Rao:** So now on -- now currently per quarter, this quarter, we have 18,000 tons. So that means about the -- already 9 months, we did 6,900 tons.

**Chirag:** So earlier the run rate used to be -- so after losing BPCL in after Q2, what kind of run rate should we expect? Like it would be around 2,000. So we would be doing around 8,000 volumes from us for the next year?

**J. Lakshmana Rao:** Yes, we'll be somewhere around 800 tons for Lubes.

**Chirag:** Got it. Got it. And the last question. Are we seeing a pickup in volumes from ex ABG in paints segment in high single to low double digits now?

**J. Lakshmana Rao:** I would say from last -- just 1 month onwards, we are seeing good numbers from Asian Paints, which are more than 10%. From Berger and Nerolac, we have maybe 5%, 6% kind of growth. But there is an indication from Berger that they may move into some of the IML packs if they do that, probably that also we can expect a double-digit growth.

**Chirag:** Fair enough. Thank you so much, sir. That's it from my side.

**Moderator:** Thank you. We take the next question from the line of Shanskar from Eraya Capital. Please proceed.

**Shanskar:** Hello. Thank you, sir, for taking my question again. So you said that we lost a tender to BPCL this year. Can you highlight any particular reason for that? Was the price was a any reason for that?

**J. Lakshmana Rao:** Yes, price is the only reason, because we don't want to go below a certain threshold of profitability and pricing. But there may be some couple of aggressive bidders who wanted to go at a lower price. That is the reason.

**Shanskar:** So are we seeing similar competitiveness in other tenders and contracts from other companies?

**J. Lakshmana Rao:** No, only from BPCL because these are government tenders and now today more or less our government Lubricant sales have become zero. Not even Indian Oil, not even other lube oil companies, none of them are buying from us. HPCL, BPCL, BPCL was the last to go, we let it go and actually in fact we may start adding another private sector vendor.

Last year we added Veedol, this year one more client is in the final stage. Their CEO also visited our plant recently, and if that happens positively, probably next quarter onwards we may have one more private sector Lube company joining our list.

**Shanskar:** So what kind of growth are you seeing in this segment for next, like 1 year or 2 years down the line? Or are we seeing it to remain at flat?

**J. Lakshmana Rao:** I would rather think it will be more stagnant, or growth of the private sector lube companies will be directly can be related to Mold-Tek, because now public sector is completely -- I don't think in future also we may able to compete or get into that kind of price war. So probably we'll stay out of it unless we get an opportunity. So having said that, I would be neutral on Lube growth. It will be again back to 2% to 3% annual growth, that is what is common with the private players.

**Shanskar:** Understood. And just following up on my previous question around PAT and EBITDA growth. So you told that the PAT will be in line with EBITDA around 20% levels only. So we would be -- we are in a way expecting that depreciation would also be on similar levels that it is right now around 20%-25%.

So when can we see depreciation coming off, or will it stay at similar levels or is there something that I am -- as you said that capex will be significantly low next year, so another year after that can depreciation come off or will it be around at similar levels only?

**J. Lakshmana Rao:** Yes, I think another couple of years the depreciation levels will be high because of the huge capex we did in the last 4 years. And it may taper down now because next year it will be around INR80 crores. And I think in future it will be equivalent to depreciation which is almost INR70 crores, INR65 crores, INR70 crores per annum.

At the current level it is around INR15 crores per quarter, so around 60 -- I think it is picking up now, it may stay around that level or maybe a little higher for next 1 year, and then it will start coming down or at least equal to stay at this level.

**Shanskar:** Understood. Got it. Thank you, sir.

**J. Lakshmana Rao:** Once we reach there, the PAT growth will be better than EBITDA growth. Probably instead of 20%, if EBITDA grows 20%, the PAT might grow around 25%.

**Shanskar:** No, obviously, like if your depreciation comes off and if that comes off at let's say 2 years down the line, so then -- then we can see a higher PAT versus EBITDA. So again, just one last question. Can you share utilization levels of your current capacity in totality and across segments as well?

**J. Lakshmana Rao:** Yes, as I mentioned, our overall capacity utilization is around 67% I think in Q3, it is less than 70% for sure. One second, I will tell you. It is now down to around 62.5%. It was 74% in Q1, fell down to 62.5% in the last two quarters. And hopefully in Q4 it will cross 70% plus and next year due to increased utilization of all ABG facilities and North thin-wall and Qpack, we hopefully stay above 70 for the next full year.

**Shanskar:** Understood. Thank you, sir. That was my last question.

**Moderator:** Thank you. We take the next question from the line of Deepak from Sundaram Mutual Fund. Please proceed.

**Deepak:** Yes. Hi, sir. Sir, I have two questions. So my first question is regarding this MoU which we have signed with Vibe Generation. So could you just elaborate what is the commercial arrangement in this MoU and let's say what is the margin profile of this safety caps and closure and when do we expect the revenue to flow through in our P&L from this arrangement? And is it mostly related to let's say Pharma segment of this caps and closures? That's my first question?

**J. Lakshmana Rao:** No, it is mainly to chemicals, lubricants, oils, high-end chemicals, also lubricants. So it is something to do with -- nothing much to do with Pharma. Maybe Pharma chemicals, what you call it ingredients may use it, but not for Pharma application, but it is also used in lubricants. And these caps and spouts are high value-add products. I guess at least the range of EBITDA will be in the range of 80 to 100 or can be better.

But the volume pickup will be progressive, it will not happen overnight, because the time is -- developmental time is longer, their patents need to be developed first into pilot molds, and once the pilot mold samples are approved, we have to go for commercial molds.

So the first two products started pilot mold development, end of this month one product will be out and second month, probably end of March we'll have both the products which are related products, they will be ready by end of March. And once we start marketing effort by Vibe from April, probably its commercial volumes can only go out in Q2.

So from Q2 if the numbers start coming in, by end of the year we can see or at least in the Q4, Q3-Q4 we can see some numbers adding in few crores. That will be the beginning, but once the relation is established and they gain confidence on us, they have several products to offer and we are also eager to do it because they are very challenging products, also good value-add products.

Even in Indian application we are under the MoU, we are allowed to sell them in India by paying them some small amount. So that enable us to explore the Indian lube market or Indian chemical market where some of them are still importing some of the closures.

Not in huge volumes, but it's picking up in India. And if it's in lubes, the volumes are tremendous. So there is a good opportunity, but it is a little time taking. And value add, it is pretty good value add.

**Deepak:** Okay. So the EBITDA per kg you said it's between INR80 to INR100 per kg, correct?

**J. Lakshmana Rao:** At least.

**Deepak:** At least. Okay. And sir, I just wanted to understand like as of now then how much of these products are import dependent and how much is catered through domestic manufacturer and who will be our competitor here, let's say from a local manufacturing point of view?

**J. Lakshmana Rao:** No, no, no, currently there is nobody in India making this or using it in a big way. This even in the lubricant industry, our competitors are current competitors. But this product what we are developing, once it is -- the details are completely out and we are able to demonstrate its capability, it will be definitely a different ball game in terms of its functionality, and which may give us, you know, good growth back in lubricant industry also if it is adopted by them.

**Deepak:** Okay. And sir, one final question on cost item. So this quarter we have seen that other expenses show -- saw a sharp decline of 8% Q-o-Q. Just wanted to understand what led to this. Is it one-off or is it more sustainable number going forward? I mean to say in terms of operational efficiency?

**J. Lakshmana Rao:** These are definitely due to operational efficiencies, you will be keep seeing it improving. What do you mean by other expenses? [Inaudible 0:53:46] can you help me with that? What is the other expenses come down, he's saying? There's some power incentives or rebates we got. That's what. That might have brought down the other expenses.

And as I said, once the units are consolidated, the inter-unit transfers will come down considerably. That's also are classified under other expenses. And we are also going for solar, more and more solar plants have been getting operational at all the units. Hopefully by June-July, most of our units will come under solar power, which will also save us power cost.

**Deepak:** Yes. Thank you, sir, and all the best.

**J. Lakshmana Rao:** Thank you.

**Moderator:** Thank you. We take the next question from the line of Dipak Saha from Nirmal Bang Institutional Equities. Please proceed.

**Dipak Saha:** Sir, just one question. On the—what would be the mix for IML and non-IML for the quarter?

**J. Lakshmana Rao:** Yes, it's around 75% IML and HTL to label containers. 25% is non-IML, plain or screen printing.

**Dipak Saha:** Fine, got it. Thank you.

**Moderator:** Thank you. We take the next question from the line of Pratyush Dammani, an Individual Investor. Please proceed.

**Pratyush Dammani:** Yes, thanks a lot, operator and sir. Sir, just one question that I see that we've been giving dividend for the past 3-4 years, maybe around INR15 crores, INR20 crores per year, which is around 0.4%-0.5% in terms of dividend yield.

But if the same dividend was directed to repayment of interest cost, maybe we would have saved INR5 crores, INR6 crores in interest cost annually, so that would have added 1%-1.2% to ROE. So can you just once explain the rationale and trade-off between paying dividend and like repayment of debt? Because I think shareholders might be a little happier with repayment of debt so that free cash flow and return on equity is better for us.

**J. Lakshmana Rao:** Yes. We have taken that suggestion from various investors, not only individual investors but also funds. And if you notice, the dividend outflow has come down considerably in the last three years and to safeguard the ROE and also to reduce the debt. So the similar trend will continue in future too.

**Pratyush Dammani:** Okay. Fine. Got it, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Chirag from Keynote Capitals. Please proceed.

**Chirag:** Thank you for the opportunity again, sir. Just one question. Since last eight quarters, ex-Pharma, if I'm able to see all the three segments food, Qpack, Lubes, what I'm able to see is that our realization or revenue per kg is on a declining trend. Or this quarter it is at the lowest of the last eight quarters. So just wanted to understand, is there any kind of raw material cost passing taking place or is it because of the competition that is impacting us?

**J. Lakshmana Rao:** See, there is a reduction in the overall cost per kg, I agree with you in the last few quarters. But if you look at our raw material cost, the mix is also coming down. The raw material cost in Q1 was INR94 per kg, has come down to INR86.67 now, almost INR8. And the sale price has come down by around INR9.

So that delta is hardly INR1. And in Q1, generally our food and FMCG will be highest as a percentage of sale compared to Q2 and Q3. So whatever is the raw material recipe cost come down, we are generally passing it on to the clients to stay competitive. So we are not going beyond into our own means to reduce our profitability.

Otherwise we can't sustain growth in EBITDA per kg. If you look at the EBITDA per kg, last year 9 months it was INR37.6, and this year 9 months it is -- last year full year it is INR37.6, and this year 9 months is INR40.24. That's a clean INR3.5, INR2.5 increase in the EBITDA per kg. So that shows the company's ability to sustain its margins in spite of competition.

**Chirag:** Sir, I totally agree to the point that our EBITDA per kg is remaining constant and in an upward trajectory. But if I'm not wrong, in the last conference call, you have mentioned that you are facing some kind of a competitive intensity in the food segment particularly...

**Moderator:** Sorry to interrupt, Mr. Chirag.

**Chirag:** It is a follow-up question, ma'am.

**J. Lakshmana Rao:** Yes, yes. The definitely competition in all the fields is increasing, there's no doubt about it. Our ability to retain the clients comes with our timely supplies rather than pricing, because most of the Food and FMCG companies are seasonal demand in nature and they want in-season good service from the suppliers of packaging products.

So there, they can't bet on anybody who has two or three robots and running few product range when compared to Mold-Tek with more than 120 robots and 200 injection molding machines in 10 plants across India.

So definitely our ability to service them is much better, but for last year when our printing capacities have been somewhat miss planned. So going forward, we may very rarely lose a client, we certainly lose here and there, but we are able to add much faster also.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we take that as the last question for the day and would now like to hand the conference over to the management for closing comments. Over to you, sir.

**J. Lakshmana Rao:** Thank you very much for all the participants actively participating in our third quarter results investor meet. And I also thank Emkay Global for arranging this call, and also thanks to Anushka. You all have a great day. Bye. Thank you very much.

**Moderator:** Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.