



Rajshree Polypack Limited

MFG of Plastic Rigid Sheets & Thermoformed Packaging Products

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website: www.rajshreepolypack.com | CIN: L25209MH2011PLC223089

Date:- August 24, 2023

To,
Listing Department
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Symbol:- RPPL

Dear Sir/Madam,

Subject: Transcript- Q1 FY24 Earnings Conference Call

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a transcript of the earnings conference call for the Q1 FY24 which was held on Friday, August 18, 2023. The same is also available on the website of the Company i.e. www.rajshreepolypack.com.

The conference call held on August 18, 2023, as per the Transcript enclosed incorporates mainly the highlights of financial results upto Quarter ended June 30, 2023, and other related information which is already in public domain and / or made available / uploaded on the Company's website.

Please take the same on record.

FOR RAJSHREE POLYPACK LIMITED

Mitali Rajendra Shah
Company Secretary & Compliance Officer
Membership: A48197
Place: Thane
Encl: a/a



Rajshree Polypack Limited
Q1 FY 24 Earnings Conference Call
August 18, 2023



MANAGEMENT:- Mr. Ramswaroop Thard:-Chairman & Managing Director
Mr. Sunil Sharma:-Chief Financial Officer.



Rajshree Polypack Limited Q1 FY24 Earnings Conference Call August 18, 2023

Moderator:

- Ladies and gentlemen, good day and welcome to Rajshree Polypack Limited Q1 FY24 earnings conference call hosted by Prabhudas Lilladher Private 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 ‘*’ then ‘0’ on your touchstone phone. Please note that this conference is being recorded.
I now hand the conference over to Ms. Stuti Beria from Prabhudas Lilladher. Thank you and over to you, ma'am.

Ms. Stuti Beria – Prabhudas Lilladher Private Limited:

- Thank you. On behalf of Prabhudas Lilladher, I welcome you all to the Q1 FY24 earnings call of Rajshree Polypack Limited. We have with us the management represented by Mr. Ramswaroop Thard - Chairman and Managing Director, along with Mr. Sunil Sharma - CFO. I would now like to hand over the call to the management for their opening remarks after which we can open the floor for the Q&A. Thank you and over to you, sir.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you Stuti. Good evening everyone. I welcome you all to earning calls of Rajshree Polypack Limited for Q1 FY24. Joining me on the call is Mr. Sunil Sharma, CFO. We have already uploaded the investor presentation and I hope that everyone got the opportunity to go through the same.
- For Q1 FY24, the company has achieved a turnover of Rs.72.69 crores as against a turnover of Rs.68.3 crores for the corresponding quarter of the previous year thereby achieving a growth of 6.4%. The EBITDA of the company stood at Rs.8.73 crores for the Q1 FY24 as against Rs.10.82 crores for corresponding quarter earlier year resulting in reduction by 19%. At the same time, the company earned profit after tax amounting to Rs.2.1 crores for Q1 FY24 as against Rs.4.76 crores for Q1 FY23 thereby reporting a fall of 55% over previous year. PAT margins for the period stood at 2.9% of sales against 6.9% of sales for the corresponding period earlier year.
- Looking at the sales, while the sales volume for the quarter went up by 16.67% as compared to Q1 FY23 from 2800 metric ton to 3275 metric ton, the same was majorly offset by lower realization on account of lower raw material prices. Further, the raw material prices drop also had significant impact on the profitability of the company, with the EBITDA margins dropping from 15.8% for Quarter 1 FY23 to 12% for Quarter 1 FY24. In terms of product wise sale, while the sales of packaging products went up by 11.88% from Rs.47.16 crores to Rs.52.76 crores, volume degrowth of 27% and a price degrowth of around 15%. We saw a drop of about 16% in the sales of sheet from Rs.19.75 crores to Rs.16.6 crores whereas the volume degrowth of 4% and price degrowth of almost 11.5%. The export revenue of the company went up by 3.5x from Rs. 2.17 crores to Rs.10.3 crores.
- Here I wish to highlight that generally Quarter 1 is the best quarter for the company in terms of sales, but the company generally maintain higher inventory right from the beginning to capture maximum demand. However, unseasonal rains had a direct impact on the sales coupled with a quick drop in raw material prices thereby impacting the

profitability of the company. While the demand growth in the key product segments remain muted, the company is expecting better off take of barrier products with the start of festive season. Further, the export demand of injection moulding product is stabilizing and the company is working to capture more market for the said product range. Looking at raw material front, the prices are currently stabilized and range bound and hence, we expect our profitability to improve during remaining part of the year.

- Looking at the key expenses, the employee expenses saw a growth of 12.8% over Q1 FY23 on account of annual increments as well as manpower to support increasing production at Unit I. Increasing power consumption coupled with higher power prices at Unit I, Sarigam led to power and fuel expenses going up by 26% as compared to corresponding quarter during previous year. Further, the job work expenses have gone up by 2x on account of increasing production and sales of injection moulding products under toll manufacturing agreement. Barring the above expenses and freight outward, we have been successful in managing all our costs prudently with marginal increase. The finance cost of the company went up by 66% from Rs.1.28 crores in Quarter 1 FY23 to Rs.2.13 crores for Quarter 1 FY24. The said increase is primarily fuelled by higher utilization of working capital limits followed by increased term loan interest. Further, the depreciation also has gone up by 21% from Rs.3.16 crores to Rs.3.8 crores for the period.
- Here, it will not be out of place to mention that your company has invested a cumulative sum of around Rs.105 crores in last 4 years in building more and more capacities to cater to increasing demand coupled with newer and better technologies. As a result, while the sheet extrusion capacity of the company has gone up by almost 80% from 10,200 metric ton to 18,200 metric ton per annum, the thermoforming capacity also has doubled from almost 4,320 metric ton to 8,770 metric ton per annum. At the same time, the printing capacity has increased by 51% from Rs.62 crores pieces per annum to Rs.94 crores pieces per annum. Such an investment coupled with higher fixed cost and working capital requirements had an impact on the overall profitability of the company in short run. However, it is time for us to consolidate our operations now, and before taking any major leap and reap the benefits of this investment with increasing sales and profitability in near future.
- On product development, I would like to share that your company developed and introduced eight new products within the quarter with aggregated product base now stands at 200 plus products across food packaging sector. We served close to 500 customers both domestic and international during Quarter 1 FY24 adding 79 new customer in this particular quarter. The new customer includes addition from injection moulding sector 8 customers and 15 customers from barrier packaging segment.
- Speaking on the marketing, we participated in the exhibition at Chicago in US in the last quarter which gave us a good and encouraging response. The company is working hard on converting such a response into more export sales in near future. Our ongoing project of sustainable packaging products under Olive Ecopack is coming up well and the construction is on schedule. Further, we have already placed order for various machineries with advanced payments, and machineries should start arriving in the factory by October end. With this, we expect to commence commercial production by end of December 23. We have invested a cumulative sum of Rs.16 crores in Olive till date, in which Rs.7 crores have been invested in Q1 FY24 alone. At the same time, we have also

achieved financial closure of the project with the first disbursement of term loan from the lenders. We shall keep you updated on the progress of the project from time to time.

- With this, I would like to invite your questions.

Moderator:

- Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and '1' on the touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use answers while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.
- A reminder to all participants you may press '*' and '1' to ask a question. Our first question is from the line of Mahesh Atal from Atal Advisory. Please go ahead.

Mr. Mahesh Atal – Atal Advisory:

- Sir, congratulations on a good set of numbers and thank you for taking my question. So, my first question would be, this Olive Ecopack thing, just now you said that it is into sustainable packaging product. So what kind of products will be coming out of this and what is the end user industry to whom you'll be selling this product and what kind of synergies you will get from your existing clients that you have? Are you going to sell this product to your existing customer or you need to work upon getting new customers for this completely?
- Second thing would be, and also on the scalability of this project, let's say, what is the revenue potential of this project entirely and what is our share? I think the JV share is 51, if I'm not wrong. If you can just elaborate?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, it is around 50.1.

Mr. Mahesh Atal – Atal Advisory:

- So if you can just elaborate like, what would be the revenue potential on a complete basis? I mean, I'm talking about the entire working shift. So if you can just please elaborate and give some time on this.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you, Mahesh for your question. Olive Ecopack basically will be making products made out of paper and this will be used mostly by quick service restaurants and in food delivery. So, it is sustainable because 95% of the component will be paper and we will be using water soluble coatings. So this will make the product sustainable. In terms of the overall top-line, what we can achieve on full scale production will be in the range of Rs. 220 to Rs. 230 crores from this particular project. And, we expect to scale it up gradually over a period of 2 to 3 years to achieve this particular top-line.

Mr. Mahesh Atal – Atal Advisory:

- Sir, if you can just please give me the margin on this particular thing, and, if I look at your financials, pre-COVID, were able to do 20 plus kind of margins. I'm talking about your EBITDA margins. So, do you foresee that we can reach that particular thing? And if I want to take...like, if I want to have the current business and the Olive business, and

then if I want to see the financial, what could be the sustainable EBITDA margin going ahead? Where do you see the margin in a sustainable bracket at any quarter level or yearly level? If you can please give light on this?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- So margin, I would say 14%, \pm 1% range will be operating. As we see pre-COVID level and what has happened over the 5 years is basically the prices of the raw material has increased by almost 40% to 50%. So what has happened, the base has shifted. Our margin in terms of EBITDA per kilo is constant more or less. So when we see in terms of percentage over the overall revenue, it looks dark. So that is one of the reason. And in overall sense, I would say we'll be in that particular range bound we will be there.

Mr. Mahesh Atal – Atal Advisory:

- Okay. Also sir, as I queried you earlier, the synergies that we have from our existing clients in this particular business, are there any enquiries coming from our existing clients for this Olive thing? Or you need to go and search and look for the new clients completely because you said QSR, right? So, rather than QSR like, we are also doing this Tata Gluco thing and we are also into Epigamia and all those things, I guess. So are those companies have and do those have any products where they will be requiring these product? Are you in touch with them?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- So, what happens is, they have different businesses. Like, Tatas have different businesses which are into Coffee and QSR. Similarly, I would say Devyani International, they have businesses into different formats. So we have some customers who are common. And apart from that, there are customers in the export market, they are common, and they buy the similar range of products. And in domestic market, where we sell material through our distribution network, there also some customers are common. So, I will say around 50% to 60% of the customers are common, and probably 30% to 40% will have to look for new customers, which we are already working on.

Mr. Mahesh Atal – Atal Advisory:

- All right, thank you and all the best. I have further questions. I'll join in the queue, sir. Thank you.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. Before we take the next question, a reminder to all participants that you may press '*' and '1' to ask a question. Ladies and gentlemen, you may press '*' and '1' to ask a question. Our next question is from the line of Ananth Shenoy from AS Capital. Please go ahead.

Mr. Ananth Shenoy – AS Capital:

- Good afternoon, sir. My first question is on barrier packaging. In the last call you had mentioned that there is more customization, validation that happens in the barrier sheet. So can you talk about that like, what extra happens in the barrier packaging? Sir, what

customization the customer has to do? Or is there anything different versus the ordinary sheet that we sell?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Good afternoon. First of all, in barrier packaging, what happens like, this is being used where we have to increase the shelf life of the food. So when we talk about validation, so the customer, when they do the trial, they keep the pack for two months or three months, depending upon the shelf life what we are looking for that particular product. And hence we say it takes a longer time for validation in barrier packaging. So it is directly related to the shelf life of the product what the customer is looking at.

Mr. Ananth Shenoy – AS Capital:

- And can you talk about any breakthroughs, any clients? Because you have mentioned there are 15 customers and last year we saw a good growth. So, any big client wins that we have this quarter in the barrier packaging?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- In barrier packaging we have added customers. I will not like to directly disclose the names, but definitely we have added 15 set of good customers in this particular segment. Maybe I can name one. Unibic is one we have added.

Mr. Ananth Shenoy – AS Capital:

- And now if you see this quarter, the sheet sales have come down. So what is the reason for that? And in barrier packaging, the sheets are counted in the sheet sales part, is it?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- First, I will answer the question of the sheet sales. If you see in terms of volume, there is only 4% drop. The major drop is only due to the change in the raw material prices. So that is for the overall sheet sale. And barrier packaging, we sell sheets as well as we sell products, both. So the sheet will go into the sheet sale and packaging will go into the packaging category.

Mr. Ananth Shenoy – AS Capital:

- And roughly what was your barrier packaging sales this quarter?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- For the full year, last year it was around Rs. 20 crores. Quarter 1, this year we have sold around Rs. 3 crores in this particular quarter. So Quarter 2 and Quarter 3 is basically the period where we get the maximum sales for barrier when the festive season starts.

Mr. Ananth Shenoy – AS Capital:

- And my next question is on this one, in the annual report there was an advance from customer of around Rs. 16 crores in the other current liabilities. Can you talk about what is this advance that we have received?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, basically one of the customers have provided us a long-term finance for investing in few of the machineries to meet their demand.

Mr. Ananth Shenoy – AS Capital:

- Okay. So this is for like sheets or packaging?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Packaging products.

Mr. Ananth Shenoy – AS Capital:

- Okay. So this should be used for capacity increase, right?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Capacity increase, yes.

Mr. Ananth Shenoy – AS Capital:

- So is it part of the CapEx for this year or like how...?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- We have done already, the CapEx has been done last year.

Mr. Ananth Shenoy – AS Capital:

- Last year, okay. And you had mentioned that this year we have targets to reach Rs. 300 crores in the standalone basis. So do we have that visibility? Are we on track to reach Rs. 300 crores this year?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- We should be in the range of 285, \pm 5 because the raw material prices have dropped drastically. So, volume wise if you see, we will achieve those numbers.

Mr. Ananth Shenoy – AS Capital:

- Okay. And any plans to increase the injection moulding, that toll manufacturing?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, we are definitely looking at different avenues and working on various aspects to grow the injection moulding segment in the coming quarters I will say.

Mr. Ananth Shenoy – AS Capital:

- That's all from my side, thank you.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. Our next question is from the line of Gurjot Ahluwalia, who's an investor. Please go ahead, sir.

Gurjot Ahluwalia – Individual Investor:

- Good afternoon. So first question is around the EBITDA margin guidance because in the earlier question I heard you say that raw material prices have gone up 40-50% in the last 4-5 years whereas the margin on EBITDA per kg metric is more or less constant. So, this tells me that there is no pricing power and with time and with inflation, raw material

prices will only keep going up. So by this logic, company's margins will keep coming down if the EBITDA per kg margin is going to remain constant. So can you clarify what you meant by it?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- See what happens, generally, the company give the escalation on the raw material prices and the escalation into the direct costs. So the overall margin, net margin more or less remains constant I would say. So we saw unprecedented increase in the prices of raw material post COVID which has just gone up by almost 50-70%. It has again re-corrected in last 3-4 months. So, we don't foresee such scenario to like, of course, 5-7% inflation point of view the raw material prices will keep on increasing year-on-year; that is correct. But we will also work gradually to see that if we can, we are working in fact to remove the products which are low margin products and to add more products which are giving us the higher margin, and that is where we will try to improve our EBITDA percentages.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. But as of now, company is not able to escalate the price on the products.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Raw material changes we are able to escalate. But when we say we want to increase our margin that will come over through volume and through the product mix.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay, got it. So overall EBITDA margin should remain 14%, ± 1 like you said.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. Then secondly, I wanted to check on the GST subsidy benefit of the Rs. 1-1.5 crores which impacted profitability in the last year. So, any update on that?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- So we are left with around Rs. 1.7 or 8 crores still lying in the credit in that particular account. So, we are expecting that around in 4 months we'll be able to consume that credit and then we'll be able to start using that GST subsidy benefit.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. So that will reflect in the profitability in the next couple of quarters?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah. Maybe after two quarters should reflect in our profit.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. Then the next point, in the last few days, company has made number of disclosures to the stock exchange about some order wins, right? But total value of these orders is like hardly Rs. 6-6.5 crores, less than like 3% of the annual revenue. So I'm wondering, why suddenly these very small value of contracts are being disclosed to the exchange? Is there some new SEBI regulation or something? Or anything special about these contract wins?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- There are some new SEBI guidelines which have come and based on those guidelines, we have to make certain disclosures.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay, and just one last question. This is purely from a minority shareholder point of view. So, company has completed like 5 years since IPO, but it has not generated much shareholder value, right? So while company has grown in these 5 years, doubling the capacity, doubling the top-line accounting profits have remained absolutely flat, and you also talked about going forward. I think the company wants to reap the benefits of the investments it has made. So what is the outlook on the profit growth for the next 3 to 5 year because this growth in top-line has not resulted in benefit for the minority shareholders?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, I agree with you completely. So, as I mentioned in my speech that we have been continuously investing over a period of 3 to 4 years. So what we are looking now is to consolidate this and see that we increase another 10% to 15% in the top-line where our all other expenditures remain constant. That will definitely help us in improving our bottom-line. And, we should see definitely a significant improvement in the profitability in next 1 to 2 years.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. And any guidance in terms of expected growth?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- So, I would say like, even income of Rs. 50 crores into the top-line should help us in improving our bottom-line by around Rs. 7 to 9 crores, roughly.

Mr. Gurjot Ahluwalia – Individual Investor:

- All right, perfect. Thank you very much and all the best.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. A reminder to all participants, you may press ‘*’ and ‘1’ to ask a question. Our next question is from the line of Mahesh Atal from Atal Advisory. Please go ahead.

Mr. Mahesh Atal – Atal Advisory:

- Thank you for taking up my follow up. So, I was just going through your financials. I just wanted to know on a sustainable basis, what would be the material cost percentage of the sale? What could be the material cost in our business? And the employee cost, as you said in your opening speech that you are already given whatever increment and all is done. So, can we assume that the employee cost in our business and other manufacturing costs remain constant and they will not increase with the increase in turnover, so that leverage comes into play? So, just wanted to know how exactly...just now to the earlier participant you have told that the Rs. 50 crore in the top-line will add to Rs. 9 crores in the bottom-

line. So do you see a greater operating leverage coming into play from here on in the future?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah. I will start with the material cost which is generally in the range of 61% to 63%. So, when we say the other costs like interest, depreciation will remain fixed because we are not going to do any major CapEx in this segment. So, with respect to direct cost which is related to power and labour, that cost there will be a marginal increase but all other costs like admin cost, another cost will remain fixed because we don't see any increment happening. In fact, we'll try to further see wherever we can reduce the cost and we are working on those fronts.

Mr. Mahesh Atal – Atal Advisory:

- So, as we speak now, do you see the raw material cost coming down? Or, as you just said, that the raw material costs have been coming down since past 4 months, so what is the pass on strategy? How much lead lag time do we take in passing on those benefits? And because the festive season is around, can we see the EBITDA margins going up in the quarters coming by? And at the end of the year, what could be the EBITDA margin that we could be able to achieve because the raw material price is coming down? That's all.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Since it's a very volatile this thing, like it's difficult to predict. But on the overall this thing, our as per the previous years, we are generally in this range of 61% to 63%. So, that is what we are anticipating depending upon whether the raw material prices may go up or go down. As I mentioned earlier, we look at EBITDA margin for the year. In the range of 14, ±1%.

Mr. Mahesh Atal – Atal Advisory:

- And sir, what's the plan regarding the borrowings? Because short term borrowings have shot up because of this new project that you have and the CapEx that you have been doing over the years.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- At the moment, there are no plans of any borrowings for the whole year.

Mr. Mahesh Atal – Atal Advisory:

- No, no. I'm talking about the repayment and also, are you going to use the cash flows to repay that or you will be using the same again to do the CapEx and all those things?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, at least for 1-1½ year as you said, we'll consolidate and we'll be using less of cash budget facilities.

Mr. Mahesh Atal – Atal Advisory:

- And what is the lag time in, suppose, today I want to increase my capacity and what is the lag time? How much time do you need to add the capacity to the existing capacities in the current business?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- If it's a complete Greenfield project, then around 12 to 14 months.

Mr. Mahesh Atal – Atal Advisory:

- Okay. So, you don't see any capacity addition in the next coming...

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Marginal with small investment but not very significant I would say.

Mr. Mahesh Atal – Atal Advisory:

- At what capacity you are running it currently then?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- We are in different processes depending upon like, roughly 85-90% we are there at the moment.

Mr. Mahesh Atal – Atal Advisory:

- So can we reach 100% in this particular...?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah. With certain tweaking, and we are working on increasing the capacities of the existing machines by changing the product mix, by changing certain mould layouts. So, we are also planning to and we are successful in one or two projects. So we are expecting to increase our capacities also by 5% to 10% from the existing setup.

Mr. Mahesh Atal – Atal Advisory:

- Sir, one question I had in my mind is that, when we go to...I personally visited markets and I've checked your product which is into the sheet and all. So how exactly your product is different from your competition, sir? Why should I as a business say...because...is it just because you have tie up with that company you are getting the business? How exactly are you penetrating to get a customer? I mean, how exactly do you push your product? What is the competitive advantage of our product? Because thermoforming sheet is same, right? If I'm not mistaken, you also have one competition RNL, I guess some enterprise or something. So their product and your product once I see, I mean, I don't know the technical parameters, but how exactly are you differentiating your product when you are pushing to a customer?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- See basically when we talk about different processes what we have - extrusion, thermoforming, printing, labelling so one is, we have under one roof all the processes which no competition in India is having at the moment along with the barrier segment where we are the only one doing the barrier. So that's the advantage that the customer gets when he comes to us. Secondly, we have invested in technology, so we have equipment and hardware which are with better technology, many of them are of European origin. With other competitors, they are mostly working on domestic machineries. And that's the reason why we have certain customers where we have been supplying to them monopolistically over a period of years. And with a huge set of mould bank, with different product recipes what we have developed over a period of time, we are able to

offer a lot of advantages to the customer in the packaging segment as compared to our competition.

Mr. Mahesh Atal – Atal Advisory:

- Because in our industry, the end user comes up with newer products and that is how we get business from them, if I understand it properly.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, it's not end user, it's the brands. Like, big brands it can be.

Mr. Mahesh Atal – Atal Advisory:

- Yeah, the Tata's Nourishco whatever it is. So, whenever they come up with new products, you are going to get business from them. So, are there any new products that are in launch phase and you are being approached for those anything there...?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- That's a continuous development which goes on along with the existing customers as well as the new customers. So, as I mentioned that we have added 79 new customers. So, this happens right from a small time start-up who has entered into food packaging right up to big companies who are coming up with the new product launches.

Mr. Mahesh Atal – Atal Advisory:

- Okay. But I just wanted to know this because when you said that you are not going to do any CapEX for the next 1-1½ year and from there it is going to take another 12 to 14 months the lag time that you have told so, I expect like, with this capacities, that means you are actually not going to get any big customers and you don't foresee anything. Is my assumption right in this direction?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- As I said, we can give an upside of around 15% from the existing setup, which will take maybe 2 or 3 quarters for us to use that capacity in this particular year. And then we can start thinking on future Investments and depending upon the growth and demand, we may look at further investment. But we will not like to do it in the same zone then. We will like to do it somewhere in the north or south, depending upon where our customers are.

Mr. Mahesh Atal – Atal Advisory:

- All right, sir. Okay, thank you.

Moderator:

- Thank you. Our next question is from the line of Nagesh Jain from NB Investments. Please go ahead. The line for Mr. Nagesh Jain has dropped. I request the management we move to the next participant. Thank you. Our next question is from the line of Ananth Shenoy from A S Capital. Please go ahead.

Mr. Ananth Shenoy – A S Capital:

- Thanks for giving opportunity again. Sir, my first question is, you mentioned that this year our target is 285, ± 5. So you are telling about additional Rs. 50 crore top-line. So, additional 50 crore will take us to 330. So around Rs. 330 crores at the standalone level, can we reach without doing any additional CapEx?



Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Small CapEx I would say, of Rs. 3-5 crores.

Mr. Ananth Shenoy – A S Capital:

- Okay. So that is, whatever we have targeted this year, Rs. 3-5 crores CapEx that will suffice to this 330-340 crores kind of numbers?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No 285 for this year, and then that additional CapEx for the next year to make it 320-330.

Mr. Ananth Shenoy- A S Capital:

- Okay. And other question was on this Olive Ecopack. So in this paper based products and whatever this sustainable coatings that you are telling, who are the other players in this particular category?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- There are players like, Huhtamaki is one company which is doing it. Then there is another called Djs Printers which is doing it, Nippon Paper is another company who is doing it.

Mr Ananth Shenoy – A S Capital:

- Okay. And do you envisage export opportunity in this Olive Ecopack? Like, you were telling 220-230 crores. So roughly how do you envisage export in this proportion?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, we are looking at export of 30% to 40% from Olive.

Mr. Ananth Shenoy – A S Capital:

- Okay. So already talks are on and we have the for that.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah.

Mr. Ananth Shenoy – A S Capital:

- Okay, great. And any new update on the tube laminates that were working on? Has it been stabilized?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No. Tube laminate unfortunately, I would say we are dropping that particular category because we'll be focusing more on food packaging because there are certain technical limitations in commercializing the production of tube laminate. But there is a huge potential lying in it for future and we will reconsider it, maybe whenever the next round of CapEX then we'll be doing it.

Mr. Ananth Shenoy – A S Capital:

- Okay, thanks a lot.

Moderator:

- Thank you. Before we take the next question, a reminder to all participants. You may press '*' and '1' to ask a question. Our next question is from the line of Gurjot Ahluwalia who is an investor. Please go ahead.

Mr. Gurjot Ahluwalia – Individual Investor:

- Yeah, thanks again for the opportunity. Just a clarification on the revenue guidance. On previous concall we had talked about targeting 15% to 20% growth in FY24. So when you say that we should be doing about Rs.285 crore, that's the bare minimum that we are saying this year and it can cross 295- 300 crores or we are reducing the guidance to maybe 12%, 10-12% growth?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Actually there has been significant drop in the prices that is why we are talking of Rs.285 crores. Otherwise we wouldn't have seen 295-300 crores. So in terms of volume growth, it still remains intact. And based on the current RM prices and if the trend remains the same, we are talking of Rs.285 crores.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. Because I was just doing a calculation with the increased finance cost and the depreciation and it's a 13% EBITDA margin, the profitability for the company for this year again will be absolutely flat, the Rs. 285 crores revenue, which is okay. But yeah, I just want to highlight that from a shareholder perspective, again, there will not be any growth there.
- Secondly, I wanted to check, when you say in FY25 if we can push with a small CapEx of Rs. 3-5 crores the revenue to about 320 crore, does that include the revenue from Olive Ecopack?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, no. Olive is separate.

Mr. Gurjot Ahluwalia – Individual Investor:

- So what kind of potential consolidated revenue could company have in FY25?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- I will say Rs.320 crores from the plastic business and around Rs. 60 to 70 crores from Olive business.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. So, consolidated, company will be in the ballpark of around Rs. 400 crores and the EBITDA margin from the Olive Ecopack business, is that similar, better or worse?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, it's also in the same range.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay, alright. Thank you.

Moderator:

- Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. Ladies and gentlemen, you may press '*' and '1' to ask a question. Our next question is from the line of Nagesh Jain from NB Investments. Please go ahead.

Mr. Nagesh Jain -- NB Investments:

- Good evening, Sir. Sorry, my line got disconnected last time. The first question is, Sir what is the maximum revenue that we can get it from the barrier packaging machine?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Around 60 to 70 crores.

Mr. Nagesh Jain -- NB Investments:

- Around 60 to 70. So, I think if I remember correctly, I think we had done our own 20 crores last year, correct? So, this year how much we are expecting to do in that?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- 25 to 27 crores.

Mr. Nagesh Jain -- NB Investments:

- 25 to 27 crores. Okay, that is one. Now, second is in your injection molding business what is the capacity at which we are running now or what is the revenue we have got in this?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- 3.25 crores in this particular quarter.

Mr. Nagesh Jain -- NB Investments:

- So, that means we may do around 14 to 15 crores for the full year?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Around 12 to 14 crores we should be able to do for the full year.

Mr. Nagesh Jain -- NB Investments:

- Okay. So, I think you have given the guidance of around 17 to 18?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yes.

Mr. Nagesh Jain -- NB Investments:

- Correct, so that must be close to 80% to 85% capacity utilization?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- I will say around 75% capacity utilization we will be doing, yeah.

Mr. Nagesh Jain -- NB Investments:

- Okay. So, would you be thinking of expanding this capacity?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yes, definitely and since here it's a on a toll manufacturing agreement, we don't need to invest into machineries. The investment will be done by the company who is doing it for us.

Mr. Nagesh Jain -- NB Investments:

- Okay. Now, how much time he - I think now the existing capacity is only 1000 metric ton right?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah.

Mr. Nagesh Jain -- NB Investments:

- So, how much time he would require let's say to double the capacity?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Three months, because in that particular facility as the land building everything to double the capacity they need to invest only in the machines.

Mr. Nagesh Jain -- NB Investments:

- Okay. So, that means in the existing stage that they are using, our Unit 1, so how much they can increase the capacity?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- They can go up to 35 crores to 40 crores.

Mr. Nagesh Jain -- NB Investments:

- So, what you are saying is maximum we can go there up let's say 2,000 metric ton only?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- If the machine configuration are different, it can go even up to 2,800-3,000 metric tons, depends upon what configuration of the machine we are choosing in the next stage.

Mr. Nagesh Jain -- NB Investments:

- Okay. Fair enough. Sir, the third thing is that you had given recently - you gave the revenue guidance for FY25, I think it is close to around 400 crores or something right?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yes.

Mr. Nagesh Jain -- NB Investments:

- So, earlier we had a target of around 500 crores?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yes.

Mr. Nagesh Jain -- NB Investments:

- So, now there is a downward revision, is it purely because of the downward revision in the raw material prices or is it for any other reasons?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, from the current stage, we are saying like 20 to 30 crores on the plastic front on the raw material prices and on the paper front, we are little conservative because the overall top line still remains as I said to 220 to 230, so if we are able to achieve that in that particular time frame basically we are talking about 480-500 crores, but we are little conservative, we will be at 400.

Mr. Nagesh Jain -- NB Investments:

- Sure, okay. The next thing is in the Q1, there will increase in the other expenses, so any particular reason?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah. There are like, I would say interest cost has gone up by Rs.86 lakhs, depreciation by Rs.55 lakhs, power costs have gone up Rs.2 lakhs, which is mainly due to higher tariff at Gujarat and higher consumption of units and job work expenses has gone up by Rs.86 lakhs that is as we are increasing the injection molding and that is under toll manufacturing expenses and there is some marginal increase in the transportation, these are the major reasons for the increase in expenses.

Mr. Nagesh Jain -- NB Investments:

- Okay. Sir, regarding barrier packaging you said that we would do around Rs.25 to 26 crores during the year, this is roughly around maybe 35% to 40% of the actual capacity of the machine, the utilization. So, the first reason is why is the response is not that good is that is the reason for the underutilization of this machine?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, originally also this was planned that we will use 50% for non-barrier and 50% for barrier, so that's how it was planned, so we have reached 35%-40% I would say in three years' time and as I was mentioning about as the market grows and if the product mix changes in barrier as a higher margin, so that will also help us in improving our profitability. So, this segment is growing at a good pace and if we are able to utilize the full capacity over a period of time that will help us increasing our margins, but the machine is utilized completely, but it is in the mix of non-barrier and the barrier segment.

Mr. Nagesh Jain -- NB Investments:

- Whatever the new customer that you have added is it in only the sheet segment only?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, it's both sheet as well as packaging product. I would say more in packaging products.

Mr. Nagesh Jain -- NB Investments:

- Both packaging. Sir, this barrier packaging was supposed to have a good demand in the export market, could be able to tap that potential?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, we have - we are doing exports to 2-3 countries currently and we are focusing more on exports, so that has also helped us in increasing our revenue in this particular quarter. So, we are working on it, but as I said look it has a little more validation time, but we also see a good demand for this coming up in India also and it is going gradually.

Mr. Nagesh Jain -- NB Investments:

- Okay, fair enough. Sir, regarding the capacity I know you have one is the extrusion capacity, the other one is the printing capacity, now this exclusion is it running at 80% to 85% capacity?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, around 90%, I would say it is running at around 90%.

Mr. Nagesh Jain -- NB Investments:

- Including the barrier capacity where the rest of the facility you are using it for the normal products only?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yes, yes.

Mr. Nagesh Jain -- NB Investments:

- So, in spite of that you're running at such a high utilization?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yes.

Mr. Nagesh Jain -- NB Investments:

- So, that means then you may have to add some capacity by the year end?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, we don't see major capacity expansion on the exclusion front as such. As I said like we are working on to improve further on the current set of machines by tweaking few things, but only thing is we will invest in certain ancillaries and certain add-ons, but we don't foresee any major addition into the extrusion machines or such things.

Mr. Nagesh Jain -- NB Investments:

- Okay. Sir, as and when the demand necessary aids you to put additional capacity, do we have space in the existing factories?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah, we can add 1 extruder and around 3 to 4 forming machines and 2 to 3 printing machines in the existing place if required.

Mr. Nagesh Jain -- NB Investments:

- One exclusion means how much, what would be the capacity of that?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Again, depending upon the output, but roughly 4,000 tons a year.

Mr. Nagesh Jain -- NB Investments:

- And since it is a Brownfield, we can do that within 3 to 4 months only?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Extrusion 4 to 5 months.

Mr. Nagesh Jain -- NB Investments:

- 4 to 5, okay. Sir, and lastly you had mentioned that you were also looking at putting up a Greenfield in either North or South of India, would that be also somewhat similar to the tall type of arrangement that we have for the injection molding?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, that will be – it is just a thought at the moment. There is no decision on it, but as it went next round of expansion happen, we will look at alternate locations, but it will be purely under Rajshree umbrella.

Mr. Nagesh Jain -- NB Investments:

- Okay, fair enough. Okay Sir. Thank you very much and wish you all the best.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. ladies and gentlemen, you may press ‘*’ and ‘1’ to ask a question. Our next question is from the line of Mahesh Atal from Atal advisories. Please go ahead.

Mr. Mahesh Atal – Atal Advisory:

- Thanks for the question, Sir. Sir, just on this Ecopack thing, like what is the size - what is the cost of machine that you are going to have and I'm asking this because just wanted to know the turnover from that machine? So, what is the share like as of now we have paid 16 crores, further how much we need to pay and what is the cost of machine because that's very important because I just want to know the because you said 230 crores is the turnover capacity, so what would be the turnover I mean number of times we can do the turnover, asset turnover, yeah that's what?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Roughly 3 we can do, so around 60 to 70 crores is the cost of machinery.

Mr. Mahesh Atal – Atal Advisory:

- So, out of this we have paid 16 now, so we need to pay further 16 right?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, see. It's a JV project, so we have to pay another 6 to 7 crores, so around 45-50 crores is through both the JVs and around there is a loan balance is coming through the bank loans.

Mr. Mahesh Atal – Atal Advisory:

- Sir, who's the other partner in this JV?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Mr. Rajesh Gandhi.

Mr. Mahesh Atal – Atal Advisory:

- What's his expertise Sir?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- They are also into packaging, but they are more into exports and general market sales.

Mr. Mahesh Atal – Atal Advisory:

- Okay and then any idea why the company has been I mean going with him like any synergy that you see or is it that you wanted to go there so that you

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, it's basically both the groups have different expertise in their field, so if we add on those strength, it gives a good benefit to the JV.

Mr. Mahesh Atal – Atal Advisory:

- What is the time that it will take like for example if you're really optimistic and you may reach 230 crores in the first year itself, how much lag time to add another machine in the Ecopack?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Machines can be added within four to five months' time period.

Mr. Mahesh Atal – Atal Advisory:

- Okay. So, do you see the visibility of it achieving 230 crores in the first year itself?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- No, I will be realistic, but reaching 230 crore in first year is not possible.

Mr. Mahesh Atal – Atal Advisory:

- Okay, so two years I mean like 2026, we can expect it to be done.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Yeah.

Mr. Mahesh Atal – Atal Advisory:

- And what is the first quarter I mean I think you December you are going to commercialize that, so can you give any number?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- You can see from revenues in Quarter 4 coming forward.

Mr. Mahesh Atal – Atal Advisory:

- How much that could be?

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- We should look at least 10 to 15 crores in that particular quarter.

Mr. Mahesh Atal – Atal Advisory:

- So, what is the break even for this particular project Sir? At what turnover it might break even because



Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- I will check with that number and let you know. I'm not having that number in front of me right now, but I'll just check and let you know.

Mr. Mahesh Atal – Atal Advisory:

- Alright. Thank you.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. Ladies and gentlemen that was the last question of our question and answer session. I would now like to hand the conference over to the management for closing comments.

Mr. Ramswaroop Thard – Chairman & MD, Rajshree Polypack Limited:

- Thank you very much, ladies and gentlemen for all your questions. I hope I have been able to answer that to your satisfaction. Thank you very much for joining us today. I will now like PL to take over the call and conclude.

Moderator:

- Thank you. On behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.
