



**Rajshree Polypack Limited H2 FY21 Earnings Conference Call**

**July 2, 2021**



**MANAGEMENT:- Mr. Ramswaroop Thard:-Chairman and Managing Director**

**Mr. Sunil Sharma – Chief Financial Officer**



**RAJSHREE POLYPACK LIMITED**  
**H2 FY21 POST RESULTS CONFERENCE CALL**

*The conference call is now being recorded.*

**Moderator:**

- Ladies and gentlemen, good day and welcome to Rajshree Polypack Limited H2 FY21 post results' 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 touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jinesh Joshi from Prabhudas Lilladher. Thank you and over to you sir.

**Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:**

- Yeah. Thanks Nirav. On behalf of Prabhudas Lilladher, I welcome you all to the H2 FY21 earnings call of Rajshree Polypack Limited. We have with us the management represented by Mr. Ramswaroop Thard - CMD and Mr. Sunil Sharma – CFO. I would now like to hand over the call to the management for opening remarks. And after that we can open the floor for Q&A. Thank you and over to you sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- I welcome you all to the earnings call of Rajshree Polypack Limited for H2 FY21. For H2 FY21 the company has achieved a turnover of Rs.76.73 crores as against turnover of Rs.58.00 crores for corresponding period of earlier year thereby achieving a growth of 32.29% on year on year basis. Further the company has achieved EBITDA of Rs.12.06 crores for H2 FY21 as compared to Rs.8.05 crores for corresponding period earlier year which is 49.71% higher. EBITDA margin of the company stood at 15.71% as against 13.88% for corresponding period of earlier year. At the same time the PAT of the company has also improved to Rs.5.32 crores for H2 FY21 as against Rs.3.66 crores for H2 FY20 thereby registering a growth of 45.29% on YoY basis. PAT margins for the period stood at 6.94% of sales as against 6.32% of sales for corresponding period earlier year.

If we look at the entire financial year 2021, the overall turnover of the company stood at Rs.127.07 crores for the year as against Rs.125.72 crores for the financial year 2020-21. At the same time EBITDA of the company stood at Rs.20.38 crores for the year as compared to Rs.19.97 crores for the earlier year. The EBITDA margins increased marginally from 15.88% for financial year 2020-21 to 16.04% for financial year 2021-22. Profit after tax for the year stood at Rs.8.82 crores as against Rs.9.26 crores for the earlier year.

I would also like to invite your kind attention to the fact that the company has successfully completed its expansion plan of unit 2 extension at Daman resulting into additional capacity of 4000 metric ton per annum of extrusion and 2000 metric ton per annum of thermoforming. The company successfully commenced commercial production from the new plant in June 2021.

While the extrusion plant of 4000 metric ton per annum has been funded through the IPO proceeds, the new thermoforming capacity of 2000 metric tons per annum has entirely been funded through internal accrual. The new unit will generate additional 80 to 100 jobs in Daman. Though the extruder project got delayed by 18 months owing to strategic technological changes followed by COVID impact, the unit is expected to mark beginning of new era in the history of company with introduction of new and more value-added products. This is the first of its kind in India and in rigid packaging industry with complete integration under one roof. With this new unit we have already started making in-roads in the markets specifically for direct packaging products for enhanced shelf-life of food products. At the same time we have also initiated consolidation and modernization of unit 1 and unit 3 at Sarigam in Gujarat. The land and building for the project has been taken on long term lease. We have already placed order for new machinery for the project and are expecting to operationalize same by January 2022. The total investment in the project is estimated at Rs.15 crores of which 75% shall be funded through term loan from bank and balance through internal accruals. This project will not only help us saving and manufacturing costs but also at the same time it will provide us with additional capacities to the extent of about 15% of our existing combined capacities of unit 1 and unit 3.

Looking at product side, we have developed more than 15 products during H2 FY21 apart from the barrier films and rigid sheets for MAP and retort applications. At the same time we are also well-equipped to manufacture PLA and compostable products should the demand of these products be revived.

Let me also mention that the company has tied up with Pune based Recykal for plastic waste collection and recycle and meeting EPR requirements. Further the company is focusing more on manufacturing more of environmental friendly recyclable products with an aim committed to contribute our bit for a sustainable environment for generations to come.

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 their touch tone telephone. If you wish to remove yourself from the question queue, you may press \* and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. Participants you may press \* and 1 to ask a question. Ladies and gentlemen, you may press \* and 1 to ask a question. The first question is from the line of Mr. Hitesh from ICICI Direct. Please go ahead.

**Mr. Hitesh – ICICI Direct:**

- Thank you for the opportunity sir. And congratulations on a very good set of numbers for this second half of FY21. Sir I have a few questions. First one is we have a different capacity for extrusion, thermoforming, printing, sleeving, these are the different categories. So I just wanted to know whether these all categories are for the backward integration or we have some revenue contribution also from this four categories. Generally I wanted to know how much revenue or say volume if we can share volume data also coming from these four categories.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah thank you Hitesh. So basically our main area of revenue is coming from the sale of sheets and sale of packaging products. So if I say the sale of packaging products is around Rs. 85.26 crores for FY20-21 and sheet is Rs. 38 crores. So packaging products use will be the facilities for printing and decoration. And sheets are sold directly after the extrusion. And these sheets are captively consumed to make packaging products also.

**Mr. Hitesh – ICICI Direct:**

- Okay got it. So sir in case if I wanted to understand what is the current utilization of your plant altogether so can you please help me with that number? What is the current utilization? Or say for FY21 utilization level.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah. For the H1, H2 utilization if I say, in extrusion in H1 we were at 77% approximately. In extrusion we have used more than the rated capacity we are at around 115%. Thermoforming in H1 we were at 62% and in H2 we are at 104%. Again we have used more than the rated capacity. And in printing, in H1 we were at 54% and in H2 we have used 97%. And in sleeving we were at 45% in H1, in H2 we are at 70%.

**Mr. Hitesh – ICICI Direct:**

- Okay, okay. And sir – okay, okay got it. Now sir my other question pertains to you have given an EBITDA margin of 15% for this quarter for the second half. Just wanted to know this EBITDA margin if I remove other income which was almost double from the base period, so that comes to a bit decline if you can see that number. That is a decline of...I am talking of gross margin sir. I am talking about gross margin. Gross margin...

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- So we are trying to say operational EBITDA for 2019-20 was at 14%, and operational EBITDA for 2020-21 was at 13.66%. And overall EBITDA is at Rs.20.38 crores for 2021 which is at 16%. And in 2019-20 it was Rs.19.96 crores at 15.88%.

**Mr. Hitesh – ICICI Direct:**

- No I just want – that I got it sir. I just wanted to know the gross margin on second half which has come down substantially. So was it because of higher raw material prices or it was delayed to pass on the prices or what is the reason? And what is the sustainable gross margin do you expect going forward?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah. Definitely. After December, 2020 the raw material prices had gone up in quarter 4 to the tune of 30-40%.

**Mr. Hitesh – ICICI Direct:**

- Okay

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- We do have a variable price mechanism with our customers where we have a monthly, quarterly and spot price mechanism and we are able to pass on the raw material burden but sometimes with a lack of one month or three months. So this particular EBITDA is sustainable which may improve further from 100-150 basis points as the scale up on our capacity.

**Mr. Hitesh – ICICI Direct:**

- Okay, okay great sir. Sir how many customers have you added in the past one year sir? New customer addition?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- We have added almost 10-12 customers which are mid to small customers which we have added in the past year.

**Mr. Hitesh – ICICI Direct:**

- Okay. So sir can you guide us on customer concentration on how much your top 10 or top 5 customers are contributing to your top line?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah like if I say top 10 customers will contribute 56%.

**Mr. Hitesh – ICICI Direct:**

- 56% okay, okay. And sir my other question pertained to our contingent liabilities. If I see your FY20 report there was a contingent liability which was remaining to be executed on capital accounts for 22 crores. So what was that and what is the nature of this liability?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- This is basically against the capital machinery which we have procured. So we have taken an LC of 360 days and against which we have given 100% FD margins to the LC proceeds. So that contingent liability is towards that LC of 360 days.

**Mr. Hitesh – ICICI Direct:**

- Okay. So I believe you have employed that significant amount has been deployed for the manufacturing capacity to this liability would have been – it would have been gone I think right?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes once this LC gets due, against that LC this FD money will be paid and it will be squared up. So nothing will go from the operations.

**Mr. Hitesh – ICICI Direct:**

- Okay. And sir as far as your working capital is concerned during this period, we have seen substantial increase in our working capital rates for FY21, so what was the reason sir? And what do you guide us going forward? Will the working capital cycle will resume to its previous level or say it will be at what it is at current level? Since we are adding more capacities going forward. That is what I am asking.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah there are two reasons for working capital going forward. One is of course the increase in the prices of the raw materials. Inventory has gone up on the account of increase prices. Rs.7 crores increase in the inventory out of which Rs.5 crores is attributed towards the price and another Rs.2 crores is towards quantity. And also as we have increased our sales in last quarter so our debtors have also gone up by around 25% from last year. So these are the two reasons where we see an increase in the working capital prices.

**Mr. Hitesh – ICICI Direct:**

- And what about going forward sir? I mean I can understand about the inventory things as soon as the raw material prices will come down, it will be normalized. But what about the debtor side sir?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Debtor side has increased our business but the general debtor cycle is 60 days. So we will be managing between 60 days. So we don't see any deviation happening. And today also we are in that 60 days only. So there is a debtor outstanding of Rs.27 crores as on 31<sup>st</sup> March which is 2 months of sales. So there is no deviation as such.

**Mr. Hitesh – ICICI Direct:**

- Okay, okay sir. Sir my last question pertains to you now going forward with addition of your new capacities. What kind of revenue growth are you seeing for FY22?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- We expect to ramp up our capacity to at least 60-70% in this year. So whatever quantities we have mentioned so we at least expect 40-50% growth in that particular number.

**Mr. Hitesh – ICICI Direct:**

- Okay, okay. Thank you very much sir and all the best for your future. If I have any other questions I will come in the queue. Thank you very much.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank you.

**Moderator:**

- Thank you. Ladies and gentlemen, you may press \* and 1 to ask a question. The next question is from the line of Rahul from Abacus Asset Managers. Please go ahead.

**Mr. Rahul – Abacus Asset Managers:**

- Hi sir. How are you?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- I am good. How about you?

**Mr. Rahul – Abacus Asset Managers:**

- I am good sir, thank you so much. Is Saurabh online?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes Saurabh is also there on the call.

**Mr. Rahul – Abacus Asset Managers:**

- Hi Saurabh how are you?

**Mr. Saurabh – Rajshree Polypack Limited:**

- Good Rahul. Hi, how are you?

**Mr. Rahul – Abacus Asset Managers:**

- Good, good sir. Sir congratulations finally. Our capacity is online now finally.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah.

**Mr. Rahul – Abacus Asset Managers:**

- Sir anything that will create a hurdle on your end. The growth from your end will be more or less linear now?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Apart from if we have any situation coming out of COVID some uncertainty we don't know, but otherwise we don't see any other challenges as such as on today.

**Mr. Rahul – Abacus Asset Managers:**

- Sir installation, testing, validation, or batches, everything is done with the client sir from the new capacity?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes, yes everything is done right now.

**Mr. Rahul – Abacus Asset Managers:**

- Okay, okay. Sir then why only 50% of ramp up sir?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- We are saying 60-70% of the new capacity and 50% on the overall I would say.

**Mr. Rahul – Abacus Asset Managers:**

- Okay, okay, okay. And sir we have been saying that we will be able to pass on the margins but like pre-IPO. FY16/17/18 we were at 20-22% kind of a margin in FY18. But after that the prices have come back and we are just hovering around 13-14% margins. So what is the thought process there now?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- See raw material we have been able to pass on. Definitely there are increase in the other expenditure which is on the account of electricity, insurance, rental and legal and professional fees. So these are the reasons which have brought down the margins. But as we scale up our capacities, we will not have same proportional increase in these expenditures. And we should see an improvement in the numbers.

**Mr. Rahul – Abacus Asset Managers:**

- Sir but in FY17 our gross margins were 48%. And FY21 it closed at 40% gross margins. There is a 700 bps gap there.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- No actually there was some regrouping done in 2017 and 2018. So due to that regrouping we see that change. In 2018 some regrouping was done and in 2019 also some regrouping was done for packing material, stores and consumption and inks and sleeves.

**Mr. Rahul – Abacus Asset Managers:**

- Sir but how would that change the gross margins?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- That was shown as a part of other expenditure and that has now grossed into COGS.



**Mr. Rahul – Abacus Asset Managers:**

- Okay. But even if I consider FY18, we were at 42.5% margin and FY20 again 150 was much lower now.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- FY18, 2017 one regrouping happened and in 2018 another regrouping happened. So if I do reverse calculation and if I remove this number from today's cost of raw material, this is around Rs.8.5 to Rs.9 crores. So that we lined up another 8% to the gross margins.

**Mr. Rahul – Abacus Asset Managers:**

- Sir in FY18 even our employee benefit cost was just Rs.8.8 crores and it has gone up to Rs. 12.6 crores now. Our other expenses which used to be Rs. 18.3 crores has gone up to Rs.21 crores now. So like you know from gross to employee to other manufacturing everything is going up. So how are we able to say that we will have any operating leverage from here? Our legal expenses can be one off but electricity is going to be continuing right?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- See insurance has gone up due to as we have added machineries and the insurance is going up. We had added few godowns to support the operational efficiency. And legal and professional fees have gone up to support the new product development. So all these expenses now will not increase proportionally with the increase in the sales. So this expenditure what has happened are not going to increase in the same proportion. So as we scale up definitely we will see an improvement in the margins.

**Mr. Rahul – Abacus Asset Managers:**

- So then why just 150 bps of improvement? It should be like 300 bps of improvement on the sales. If you are expecting 60-70% of ramp up.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- 150 basis points is on the existing businesses and the new business what we are bringing in will have more value added products. So that will also add up into the improvement in the margins.

**Mr. Rahul – Abacus Asset Managers:**

- Okay so can we expect at a company level 20% margins?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- EBITDA or....

**Mr. Rahul – Abacus Asset Managers:**

- EBITDA, EBITDA sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- EBITDA I should say anywhere between operational EBITDA 17% plus/minus 1% we can look at.

**Mr. Rahul – Abacus Asset Managers:**

- Okay, okay. Have fine sir. Thank you so much. And sir congratulations for coming on the main board sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank you, thank you very much.

**Mr. Rahul – Abacus Asset Managers:**

- Thank you so much sir.

**Moderator:**

- Thank you. Ladies and gentlemen you may press \* and 1 to ask a question. The next question is from the line of Mr. Ankit Agarwal from Yellowstone Equity. Please go ahead.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Hello sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Hello.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Yeah my first question is I think somebody mentioned that we do Kinder Joy packaging. But if I see the packaging it mentions the name of Huhtamaki PPL. So just want to understand how is the relationship there.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- So the base material is all supplied by us. Huhtamaki PPL is just doing the printing.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay understood. Okay so the labeling and the printing is done by Huhtamaki PPL.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- And that is why they print their name there. Okay understood. Okay. My second question is around the barrier packaging on the new products that we have. From whatever limited knowledge I have it seems there are some medium barrier and high barrier kind of products. So what kind of products do we have? And is this PVDC coating based or something else?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- No, no, this is not PVDC coating based. The structures can be designed for medium barrier and high barrier depending upon the requirement and of the customer and what shelf life they are expecting from the food.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Understood. And I am guessing high barrier would be more value added right?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes it will be a little expensive because the materials which go contribute more towards the raw material cost. So definitely they are a little expensive.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Understood. And in terms of the technology that we use, we use thermoforming. Some players also use injection moulding. Can you elaborate more on like what are the advantages and disadvantages of thermoforming versus injection moulding? And in our case – and if you want to like go into different industries like medical industries, right now we are more focused on food and beverages, would you consider the other technology injection moulding as well?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah definitely we are open to evaluating other technologies also. So the basic difference between injection moulding and thermoforming is that wherever the volume requirement is more generally thermoforming is preferred. Similarly it is difficult to do barrier packaging on injection moulding. It is feasible, the technologies are available but they are at very nascent stage and very complicated as compared to extrusion and thermoforming route. So that is one of the major difference I will say in terms of application. In terms of investment, yeah standalone injection moulding machines with moulds will cost maximum Rs.1crore, but extrusion and thermoforming are a little expensive in terms of capex. That's the difference between injection moulding and thermoforming. Injection moulding is mostly a single stage process. In extrusion and thermoforming we have to first do the extrusion, make the sheets and then go into thermoforming process giving the shape to the product.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay. But you said you can do higher volumes in thermoforming versus injection.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah. If the numbers are more, generally the outputs are more in thermoforming as compared to injection moulding.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay but you can't do fine detailing and all right with thermoforming?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes of course. Wherever the part accuracy requirement is higher, then you need to go into injection moulding.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- So is it fair to say that if you want to venture into more value added products, then injection moulding also needs to be considered?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes it depends which application it is at the end of the day. In injection moulding also you can have parts made for space craft or you can have parts made for medical application or for food packaging. So it depends which application it is going into.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay. But we think this is the best technology for our user industry.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- It is not like that. Injection moulding depends upon the application. It is also good wherever they get. So it depends upon the application. In some areas injection moulding are better, in some areas thermoforming is better. Since we are doing thermoforming we are first trying to achieve whatever we can in this technology. And in future if required we can also adopt to injection moulding whether it is blow moulding or extrusion blow moulding. Many options are available.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay, okay. And then just a very broad question. Like early on when you were doing this barrier packaging you mentioned that we were probably one of the first companies to do it in India. Did you target any other rigid plastic packaging company that you think you admire and which could also be doing this technology, which could also be doing this rigid barrier packaging?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- See at the moment there are companies who are doing it in India but they are importing it. They are not manufacturing in India. So it is coming through import route. But at the moment since the capex is high, so we really don't know whether anybody else who are looking to invest into this particular segment.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Right. But within the rigid plastic packaging space can you name one company that you respect and admire to become like – one of your competitors who you admire.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- See rigid packaging if we say bottle is also rigid packaging. So Manjushree is one. But again the application's altogether different. If we see Mould Tech of course they are also there. So there are many different companies but the applications are different. But if I say yeah at the international level yeah there are companies like RPC, Coveris who are really big in the international arena and we admire or follow them and want to be reaching to those scales.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay, okay understood. Okay that is very helpful. Just one more question. Within the promoter groups I see the names of Sajjan Rungta and Anand Rungta. They were in non-executive role but I think there was some announcement that one of them is coming back in executive role. Can you explain their involvement through the life of the company and what has changed now?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

Yeah previously Mr. Sajjan Rungta was in non-executive role but now Anand his son he has joined the operation and he is looking into the marketing activity. As we are scaling up we feel we will have more people from the promoter group to support the business.

**Mr. Ankit Agarwal – Yellowstone Equity:**

- Okay, okay, understood, understood. This is very helpful. Thank you for answering all my questions.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank you.

**Moderator:**

- Thank you. Participant you may press \* and 1 to ask a question. Ladies and gentlemen you may press \* and 1 to ask a question. The next question is from the line of Ms. Dhama Venkarasan an Individual Investor. Please go ahead.

**Ms. Dhama Venkarasan – Individual Investor:**

- Hello good evening sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Good evening.

**Ms. Dhama Venkarasan – Individual Investor:**

- Hope you are doing fine.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes I am absolutely fine. Thank you very much. I hope the same at your end.

**Ms. Dhama Venkarasan – Individual Investor:**

- Yes sir, thank you sir. Sir I just have a few questions of you sir. One is regarding the machines that we use. Is there any plan to replace any old machines or get more machines apart from the extrusion we are currently doing for extrude...

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- I am sorry you are not audible. If you can speak a little loudly.

**Ms. Dhama Venkarasan – Individual Investor:**

- Sir am I clear right now sir?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah, yeah it is better now.

**Ms. Dhama Venkarasan – Individual Investor:**

- Yeah sir the question is regarding the printing machines actually. So the thing is for the next foreseeable future is there any plan from the company to replace any old machines or to procure any new machines for the next 2 to 3 years?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- From printing we may procure some new machines as we are consolidating or modernizing our unit 1 and 3. So we may invest in some machines.

**Ms. Dhama Venkarasan – Individual Investor:**

- Sir you said that we have added around that like 10 new clients in this year financial year. So is there any prominent clients, is there any new clients if you can name sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Very difficult to give the names. But few of them like ID Fresh we have added.

**Ms. Dhama Venkarasan – Individual Investor:**

- Okay sir. Sir and can you repeat again what is the capacity utilization that we are looking forward for the next financial year?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- From the new expansion?

**Ms. Dhama Venkarasan – Individual Investor:**

- Sir overall. Including the new one and old one sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah we are looking at around overall combined capacity utilization to the level of 80-85%.

**Ms. Dhama Venkarasan – Individual Investor:**

- Okay sir. Okay fine sir. That's good. And the final question is regarding the export sir. Like what is the export's breakdown ? Because previously our mean to core areas was very Middle East and China. Is that remained so or is there any change in that sir?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Last year was slow definitely due to COVID. We definitely lost sales in export.

**Ms. Dhama Venkarasan – Individual Investor:**

- Yes sir that is understood.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

This quarter it is doing better.

**Ms. Dhama Venkarasan – Individual Investor:**

- So including the next financial year if things go like smooth we can go back to the pre-COVID levels for the exports also or will there be any hindrance there?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Looking at the current state it looks like we should be able to go to the pre-COVID level provided we don't see any further uncertainty in future.

**Ms. Dhama Venkarasan – Individual Investor:**

- Okay sir thank you. And just one more small thing sir. Right now the EBITDA the margins around 10-16%. So like for the next 02-03 years the operating leverage kicks in, are we looking around margins of 19-20%? Or it will take even more time for us to get back to the old margins which we were having?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- We are looking to improve the margins from 150 to 200 basis points as we scale up in this year.

**Ms. Dhama Venkarasan – Individual Investor:**

- Okay sir thank you sir. I hope sir you continue to delivers good results.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank you very much.

**Moderator:**

- Thank you. Ladies and gentlemen you may press \* and 1 to ask a question. The next question is from the line of Mr. Ashish from Crown Stack. Please go ahead.

**Mr. Ashish – Crown Stack:**

- Sir thank you for the opportunity. and Congratulations for adding new capacity.

**Moderator:**

- Ashish sorry to interrupt you. Can I request you to speak a little louder?

**Mr. Ashish – Crown Stack:**

- Can you hear me now properly?

**Moderator:**

- Yeah.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- It is better now Ashish yeah.

**Mr. Ashish – Crown Stack:**

- Okay thank you sir for the opportunity and congratulations on the capacity expansion.



**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank you.

**Mr. Ashish – Crown Stack:**

- My first question is you said that you have introduced some new products. Is there any product which differentiates us from our competitors which is difficult for other people to get into? And my second question is...

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- I missed that last line.

**Mr. Ashish – Crown Stack:**

- So I said my last line was is there any product which is very difficult for our competitors to repeat or get into same category? And my second question is since we have added new customers as you said what is the category or clients who are primarily ecommerce kind of clients who don't have traditional retail kind of a business but primarily ecommerce kind of things? That's my two questions. Thank you very much.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah. So Ashish generally the category of our customers are from food as we are mostly into food packaging. So we are related to food and dairy businesses. Not into retail or ecommerce. And regarding the new products like generally the products are tailor-made to suit the requirement of the customers for which we need to develop certain moulds and it has to match on the filling lines. So it is not that somebody cannot make it. But at the end of the day it is not only the mould. It is the combination of the material, and other aspects which has to be matched.

**Mr. Ashish – Crown Stack:**

- Thank you.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah.

**Moderator:**

- Thank you. Participants you may press \* and 1 to ask a question. The next question is from the line of Mr. Arun Kapoor from Dinero Finance and Investments. Please go ahead.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- Good afternoon sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Good afternoon.

**Mr. Arun Kapoor– Dinero Finance & Investments:**

- Sir I just wanted to know whether our production got affected in this quarter April to June because of COVID.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- April was good. After May there was little impact. Not much but there was a little impact due to national almost lockdown kind of a situation.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- To what extent you will say our capacity will come down because of that? Could have come down?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited**

- 10-15% impact I can say.

**Mr. Arun Kapoor – Dinero Finance & Investments**

- Okay. And sir I think now we are going from SME to Main Board. So by when we can expect this to shift to that category?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited**

- I think postal ballot process is on.

**Mr. Arun Kapoor – Dinero Finance & Investments**

- Yes.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited**

- So I think it may take around 3 to 4 months as per my understanding.

**Mr. Arun Kapoor – Dinero Finance & Investments**

- You mean to say by the end of this year we can expect ordinary one. And sir like then we will have to go for the quarterly results. So can we expect quarterly results now from this quarter onwards?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited**

- We have to check what are the regulatory requirements. As per the requirements we will do the needful.

**Mr. Arun Kapoor – Dinero Finance & Investments :**

- The regulatory requirement not be there for the June quarter but can we have this on quarterly basis?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- I will check with the team. If it is possible definitely we will try to give it.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- And sir my another question is your operating profit has come down from 24% to 21% this half year. And now you are saying there will be an increase of roughly 1.5% we can expect next year. So we can expect this 1.5% from 24% or 21% which has come down in this particular half year? Hello?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Which number are you talking about? Half year numbers?

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- Yes half year numbers the operating margin has come down to 21% which was 24% last half September. So I just want to now since you just told that there will be an increase of 1.5% in the operating margins that next year we can expect. So this 1.5% from 24% or 21%?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- 24%.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- You mean to say next year we can expect around 25.5%.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- And sir now you are telling we can expect around 50% increase in the turnover in for the 2021-22 over this. So you mean to say this is 50% over Rs.76 crores or full year turnover of 120? Means next year 2021-22 what type of total revenue we can expect?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- See as I said like our existing capacities we have completely utilized or over-utilized. So whatever capacities we are expanding we are expecting to have 60-70% utilization on that or ramp up in this year. So based on that we will say it is on the overall turnover we are saying for the full year.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- Okay and my last question is sir any dividend like you have not given any dividend for 2021 or what is the dividend policy will be in the time to come?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Board will take the decision and will make you know on that.

**Mr. Arun Kapoor – Dinero Finance & Investments:**

- Okay thank you very much sir and wish you all the best.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank you.

**Moderator:**

- Thank you. Participants you may press \* and 1 to ask a question. The next question is from the line of Mr. Amrit an individual investor. Please go ahead.

**Mr. Amrit – Individual Investor:**

- Good evening sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Good evening, good evening Amrit ji. How are you?

**Mr. Amrit – Individual Investor:**

- All good. I hope everyone is safe at home and at work place and office?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes, yes, everything is fine absolutely. Thank you.

**Mr. Amrit – Individual Investor:**

- Great sir. Sir congratulations first of all on the starting of new machines and for stellar results. Sir I just wanted you to help me understand that when will we start selling 9 layer packaging material and what about the growth prospects when it comes to percentage of the total sales?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- See 9 layer packaging material we have already started selling to the customers and we have identified customers and we are doing lot of trial and tests with other new set of customers also. So gradually we will see the growth coming in I would say from June we have started so

we could see next 3 to 6 months we could see some growth coming out from this particular new capacity.

**Mr. Amrit – Individual Investor:**

- And sir for this 9 layer packaging material how much capacity the new machine will consume as per your assumption?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- As we said we are looking to ramp up the capacity at least to 60-70% level in this particular year gradually as we go ahead.

**Mr. Amrit – Individual Investor:**

- Alright. But that's what more in terms of EBITDA as well as sales right? Because 9 layer has 9 different types of material involved. Plus it is a very niche product. So we should expect better EBITDA as well as sales.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah definitely as the capacity and the new product line is coming up so the overall revenues will also go up and this particular product will have better margins as compared to the existing ones. So we should see an improvement in the EBITDA numbers.

**Mr. Amrit – Individual Investor:**

- And sir I just have one last point for you to clarify. Like on the second half last year there was a price hike as well given by your customers, raw material price hike due to oil. So when it comes to volume how much volume growth did they do?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes. So the volume growth is about 32% in H2 FY21 as compared to the corresponding period of the previous year.

**Mr. Amrit – Individual Investor:**

- So 32% is absolute volume growth.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah.

**Mr. Amrit – Individual Investor:**

- Okay great. Thank you so much sir. And all the best.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Thank: you.

**Moderator:**

- Thank you. A reminder to all the participants you may press \* and 1 to ask a question. The next question is from the line of Mr. Rahul Veera from ABAKKUS Asset Managers. Please go ahead.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- Hi sir.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Hi Rahul.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- Sir a thought, this year we closed at Rs.127 crores and EBITDA operating EBITDA at Rs.17.4 crores right?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- So just a thought process, now if we are going to add Rs. 60 crores kind of a top line going further, and this is being a high value product with a high margin for at least 25%. So I believe we should be with Rs.60 crores of addition we should be having Rs.15 crores in the EBITDA.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- The costs are going to be largely remaining similar right? The employee cost should not grow much faster than the topline growth. It should be in the range of Rs.12.6 crores to Rs.14 crores at best even if you give 10% hike to all the employees.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Whatever may be needed only for the direct production cost.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- Right. So ideally even if I consider Rs.180 crores of top line and Rs.15 crores in the existing EBITDA through from value production process. So Rs.17 crores plus Rs.15 crores it ideally should be Rs.32 crores EBITDA. That comes to around 19% margins. Is that a possibility?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah at the moment as I said that we are looking at 2 to 3 % increment. But it also depends upon the raw material prices. Lot of factors are there. So if all goes well definitely we can look at that particular range.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- So but as you said within one quarter we have any other parking mechanism right?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah we have parking mechanism which comes up. So quarter 4 was a peak, quarter 1 has again little softened down. So we do have a parking mechanism.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- Right. And again going back to the production cost and the new capacity EBITDA margin should be 25% with rigid packaging, specialized high value additions. So the Rs.127 crores even if I have Rs.60 crores, so Rs.15 crores ideally should grow now.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah it should grow. Theoretically yes we are looking to achieve those numbers. And we will be trying our best to reach those numbers.

**Mr. Rahul Veera - ABAKKUS Asset Managers:**

- Sure, sure, okay, okay. Sounds great sir. Thank you so much.

**Moderator:**

- Thank you. The next question is from the line of Riya Mehta from Rishi Fin Stock. Please go ahead.

**Ms. Riya Mehta – Rishi Fin Stock:**

- Hello sir. I wanted to understand, not sure if it is already covered I wanted to understand what are all the factors that contributed to the higher inventory turnover days this year in addition to COVID. And how does it look in the first quarter of 2022, financial year 2022. Thank you.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Overall inventory has gone up basically due to two reasons. One is the higher cost of material, raw material prices which has gone up by 30-40% in quarter 4. So the main reason for that high growth is on account of pricing and Rs. 2 crores is on account of quantity. And the debtors as we have increased our sales in last quarter so we have debtors of Rs. 27 crores which is in the range of between 60 days of cycle which we have in the normal course of this.

**Ms. Riya Mehta – Rishi Fin Stock:**

- Okay. And how does the inventory turnover look in the coming year? What is the estimate like?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Probably if we look at standard of 60 days or so in coming quarter, it should be in the range of 60 days.

**Ms. Riya Mehta – Rishi Fin Stock:**

- Okay, okay, thank you.

**Moderator:**

- A reminder to all the participants. You may press \* and 1 to ask a question. The next question is from the line of Mr. Varun Murli individual investor, please go ahead.

**Mr. Varun Murli – Individual Investor:**

- Thank you and congratulations sir on your results and commissioning of the expanded capacity. Sir just wanted to look ahead for the next 1 to 2 years I mean as somebody pointed out earlier, this will be close to like a Rs. 30 crore EBITDA company prior to the new modernization program that you are undertaking. Sir is there any plan to carry out any further capex and any thought process around the same? Because I mean even for the current capex around Rs. 15 crores you have taken term debt of around Rs. 11 crores accruals that are being used only Rs. 4 crores. So just wanted to understand like what is going to be the thought process philosophy of the cash flow that is being generated going forward? Is it going to be like steady expansion and has there been any thought given to the next stage of expansion here?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yeah Varun. We are already working on exploring various products and technologies within food packaging domain. So the focus will remain on food packaging, higher value added products, and environment friendly products and technology. So as we have more information on this we will definitely let you know.



**Mr. Varun Murli – Individual Investor:**

- So but is it fair to say that outside of the modernization program right now there is no capex being planned at this juncture and we may receive any further announcements around this during the course of the year?

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Yes.

**Mr. Varun Murli – Individual Investor:**

- Okay thank you.

**Moderator:**

- Thank you. A reminder to all the participants, you may press \* and 1 to ask a question. As there are no further questions, I will now hand the conference over to the management for closing comments.

**Mr. Ramswaroop Thard – CMD, Rajshree Polypack Limited:**

- Right thank you all for your support and wish everyone stay safe. Thank you very much.

**Moderator:**

- Thank you very much. On behalf of Prabhudas Lilladher, that concludes this conference. Thank you everyone for joining us. You may now disconnect your lines.

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