

Date:- August 12, 2024

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 FY25 Earnings Conference Call

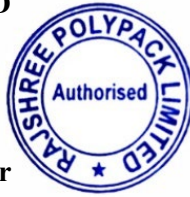
Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a transcript of the earnings conference call for the Q1 FY25 which was held on Tuesday, August 6, 2024. The same is also available on the website of the Company i.e. www.rajshreepolypack.com.

The conference call held on Tuesday, August 6, 2024, as per the Transcript enclosed incorporates mainly the highlights of financial results upto Quarter ended June 30, 2024, 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

Mahipal Singh Chouhan
Company Secretary & Compliance Officer
M: A41460
Place: Thane
Encl: a/a





Rajshree Polypack Limited

Q1 FY 25 Earnings Conference Call

August 06, 2024



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

Rajshree Polypack Limited Q1 FY24 Earnings Conference Call August 06, 2024

Moderator:

- Ladies and gentlemen, good day, and welcome to Rajshree Polypack Limited Q1 FY'25 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. (Operator Instructions) Please note that this conference is being recorded.

I now hand the conference over to Mrs.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 FY '25 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 Q&A. Thank you, and over to you, sir.

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

- Thank you, Stuti. Good evening, everyone. Welcome to the Q1 FY '25 earning call for Rajshree Polypack Limited. It's great to have you all here. Joining us from Rajshree Polypack is Mr.Sunil Sharma, our CFO. I hope everyone has had the chance to review the investor presentation, which was uploaded yesterday.
- For Q1 FY '25, the company achieved a turnover of INR78.7 crores compared to INR72.69 crores for the same quarter last year, reflecting a growth of 8.26%. This growth was largely driven by the increase in the volume of approximately 8.71%. The EBITDA for quarter one FY '25 stood at INR11.59 crores, up from INR8.73 crores for the corresponding quarter last year, resulting in an increase in the EBITDA margin from 12.01% in quarter one FY '24 to 14.72% in quarter one FY '25.
- The company earned a profit after tax of INR4.03 crores for quarter one FY '25 compared to INR2.1 crores for quarter one FY '24, marking a significant increase of 91% in PAT margin for the period. The PAT margin for the period rose to 5.12% of sales, up from 2.89% for the same period last year.
- In the terms of geographical sales, our export business stood at INR9.2 crores, accounting for around 11.5% of overall turnover for Q1 FY '25. We expect exports to grow further as we expand. Product-wise, sales of packaging products increased by 16.29% from INR52.76 crores to INR61.35 crores, while the sheet sales saw a dip of 11.62% from INR16.6 crores to INR14.7 crores.
- On the capacity front, we are in the process of increasing our extrusion capacity by 4,000 metric ton, bringing the total capacity to 24,000 metric ton. Additionally, we have increased our thermoforming capacity by 750 metric ton, bringing the total installed capacity to 9,990 metric ton per annum, and we are in process of adding another 750 metric ton per annum of capacity in quarter three of this financial year.
- In the Injection Moulding segment, we have generated a revenue of INR6.24 crores in this quarter, a significant increase from INR3.2 crore in the same quarter last year. This

division is evolving robustly and we have announced a capacity increase from 1,000 metric ton per annum to 3,300 metric ton with our toll manufacturer.

- Regarding key expenses, the employee expenses has grown by 12.5% over Q1 FY '24 due to annual increments and due to addition of more manpower to support the increasing production. Manufacturing expenses saw a modest 3% increase.
- In the terms of product development, I am pleased to share that we developed and introduced over seven new products during the quarter, expanding our product base across food packaging. We have added 25 significant new international and domestic customers in quarter one FY '25.
- On the marketing front, we participated in international exports, such as National Restaurant Show in Chicago, U.S. and RESPack in Mumbai and RosUpack at Russia, where the response has been encouraging. The company is working hard to convert this positive response into more export sales in the near future.
- In case of Olive Ecopack, we have already commenced commercial production of more than 50 SKUs out of 100 SKUs and we are in the process of commencing production of remaining SKUs. We expect to launch the entire range of products during the quarter and start building the sales aggressively.
- We have started working on the initial market setting and the response is encouraging. We look forward to scale the business at fast pace. Olive is the only manufacturer in India with a complete integrated facility for the paper-based disposable tableware and packaging solutions.
- So with that, I look forward to your questions.

Moderator:

- Thank you. We will now begin the question-and-answer session. A reminder to all participants, you may press '*' and '1' to ask a question. The first question is from the line of Akshat Mehta from Ladderup Wealth Management. Please go ahead.

Mr. Akshat Mehta – Ladderup Wealth Management:

- Am I audible, sir?

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

- Yes, Akshat, you are audible.

Mr. Akshat Mehta – Ladderup Wealth Management:

- Thank you for the opportunity, sir. A few questions I have is, one clarification is that the capacity additions that you guided, 4,000 for extrusion and 1,500 forthermoforming and injection, by when would this be coming online?

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

- By quarter three of this financial year, this will be online.

Mr. Akshat Mehta – Ladderup Wealth Management:

- Okay. Secondly, sir, I just wanted to understand how the raw material prices have been

- during the quarter and how do you look at them going forward? I mean, is that the reason for this margin expansion that we have seen year-on-year?

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

- The raw material prices for last three quarters more or less have been range bound with plus minus 3% to 5% changes. The forecast for the next quarter also seems to be stable. We don't see much of upside in raw material prices, at least for next one quarter.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Sir, what are the key drivers for this year-on-year growth in margin that we have seen, from 20% to 14.7%, as you said?

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

- Look, as we mentioned earlier also that as we scale up our capacities and use more of the capacity from the existing infrastructure, that will help us in bringing down our cost and that's what is helping us.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Okay. Also sir, I wanted to know, are there any developments on the Odisha land that we had acquired?

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

- Yes. Lately, what has happened in last two quarters, we have seen that our export revenues have also grown and we are seeing good demand coming from West part of India also. So we are also now evaluating to add whether capacity in West part of Western part -- Western zone of India or to go first at Odisha. So we will need another one quarter to be more clear on how do we proceed with Odisha or we increase our capacity in the Western zone of India.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Okay. Okay, sir. Also you have written in the presentation that you tied up with a large distributor for export. You are finalizing export order with a large distributor, sorry. Any more light that you can -- any details that you can share on that?

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

- Yes, we have finalized an agreement with one of the big distributor and we are expecting the supplies to commence in quarter three for this particular customer.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Okay. Any number, any quantum on how big the order could be?

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

- We expect this to be anywhere in the range of INR15 crore to INR20 crores per annum.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Okay, Okay Sir. Thankyou.

Moderator:

- Thank you, A reminder to all participants, you may press ‘*’ and ‘1’ to ask a question. Our next question is line of Akshat Mehta from Ladderup Wealth Management. Please go ahead.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Sorry, sir, I had a couple of questions I wanted to ask. One is that, from quarter two onwards we'll be starting the aggressive sales in Olive, in that Olive subsidiary, any change in terms of the quarter four the guidance that you gave that we'll do around INR170 crores, INR180 cores of revenue and we'll breakeven in terms PAT during the full year. Any changes to that?

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

- Yes, that particular number is for '25-'26 of INR150 crore to INR170 crore revenue. For this year, we had projected around INR80 crore to INR90 crores of sales, but we are one quarter behind schedule. So now, in this year, we expect it to be around INR55 crore to INR60 crores of revenue from Olive.

Mr. Akshat Mehta- Ladderup Wealth Management:

- And will we breakeven in terms of that, or will we still be at a loss on the PAT level?

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

- There will be a loss. For RPPL, we expect around INR2 crores of loss from Olive for this financial year.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Okay. So basically, I think next year onwards, Olive will start contributing positively to our profitability.

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

- Sure, sure, it will start contributing.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Also sir, anything on, I mean, we generally don't give on quarter one, but any light on how our working capital has moved during quarter one, has it calmed down or has it gone up?

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

- Can you repeat that? I missed that question.

Mr. Akshat Mehta- Ladderup Wealth Management:

- I just wonder if you can share some light on how our working capital has moved during quarter one, whether it has gone up or it has come down, how has the direction been?

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

- Yes, like outstanding, I think, so has increased from average 35 days to 40 days. Inventory has reduced from 158 days to 126 days. So yes, and our debtors have increased from 29 to 40 days. So that's done.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Okay. Can you share the numbers for barrier packaging during the quarter? How much did we -- did that contribute?

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

- We did around INR6.75 crores of revenue versus INR2.75 crore in the same quarter last year.

Mr. Akshat Mehta- Ladderup Wealth Management:

- INR2.75 crore, so it has almost grown by 3x, 2.5x, 3x. Okay, sir. I mean, if anybody else has a question, I don't know.

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

- Surely, you can come back again. Yes.

Moderator:

- Thank you, A reminder to all participants, you may press ‘*’ and ‘1’ to ask a question. Our next question is line of Akshat Mehta from Ladderup Wealth Management. Please go ahead.

Mr. Akshat Mehta- Ladderup Wealth Management:

- It seems nobody is on the question queue, actually. Just another clarification, sir, are we still keeping the 15% revenue growth guidance in plastic this full year?

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

- Yes, that remains intact, like in terms of numbers, if we are looking at around INR315 crore plus minus INR5 crores is what we are looking at.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Most of that will be driven by volume growth, right, because since the raw material prices are stable, there will be no realization growth as such.

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

- So it will be coming mostly from volume growth.

Mr. Akshat Mehta- Ladderup Wealth Management:

- Yes. Okay. Okay, sir. Thank you.

Moderator:

- Thank you, A reminder to all participants, you may press ‘*’ and ‘1’ to ask a question. Our next question is line of Suresh Kumar from NB Investments. Please go ahead.

Mr. Suresh Kumar-NB Investments:

- Thanks for the opportunity. I just wanted to know about the biodegradable products that we had some approval. Any update on that?

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

- We have approval on biodegradable products from CPCB, but at the moment, I would say there is not much demand coming for this particular product from the market due to the

high prices of raw material. So the demand is less, so there is no point in going for commercial activity at this stage. But we have all the approvals and technology established, so as and when market demand comes up, we can always enter into the settlement.

Mr. Suresh Kumar-NB Investments:

- Okay. Sir, second is, I think we were trying out on tube laminates also but thereafter, it was not working out on the current barrier packaging machine. So it was, I think, passed or kept on hold. What is the latest on that?

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

- Yes, that's on hold at the moment. So as and when we will revise that particular segment, we will have a dedicated line for that particular segment. So that's how we will proceed with that particular segment as and when we proceed in the future.

Mr. Suresh Kumar-NB Investments:

- Okay. And my last question is, if you see all our segments, whether it is the toll manufacturing or our barrier and the regular thermoforming products, everything, of late, for the last few quarters, we are seeing good traction in the export market. Any particular reasons for that?

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

- I would say that the range of the product, which we have from our last one, one and a half year and more focus on the export market has helped us to gain more business in export segment.

Mr. Suresh Kumar-NB Investments:

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

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

- Thankyou.

Moderator:

- Thank you, A reminder to all participants, you may press '*' and '1' to ask a question. 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 all for taking the time off and joining on the call. Although there were not much of questions this time, but I hope I have answered all whatever questions were there to your satisfaction. Thank you all very much for joining us today. I will now ask the PL team 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.
