"Rajshree Polypack Limited
Q1 FY27 Earnings Conference Call"
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MANAGEMENT: MR. RAMSWAROOP THARD – CHAIRMAN AND MANAGING DIRECTOR
MR. SUNIL SHARMA – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to Rajshree Polypack Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ramswaroop Thard, Chairman and Managing Director. Thank you, and over to you, sir.

Ramswaroop Thard: Thank you, Yousuf. Good afternoon, and thank you for joining us for the earnings call. We hope you all had a chance to go through our investor presentation uploaded on the stock exchange. We will share our key operating and financial highlights for the quarter ended June 30, 2026. Joining us from Rajshree Polypack is our CFO, Mr. Sunil Sharma, along with me.

For Q1 FY27, we reported our highest ever quarterly revenue from operations of INR 102.91 crores compared to INR 82.52 crores in the corresponding quarter last year, reflecting a growth of 24.72%. EBITDA for the quarter stood at INR 16.52 crores compared to INR 12.08 crores in Q1 FY26, registering a growth of 36.75%, while EBITDA margins improved to 16.05% from 14.64%.

Profit after tax increased to INR 7.25 crores compared to INR 4.10 crores in the same quarter last year, reflecting a growth of 76.83% with PAT margins improving to 7.04% from 4.97%. The improvement in our performance was supported by better product mix, higher operating efficiencies and continued focus on execution.

In terms of geographical sales, the domestic business witnessed a strong recovery with domestic revenue increasing from INR 69.12 crores in Q1 FY26 to INR 91.19 crores in Q1 FY27. Export revenue remained stable at INR 11.72 crores despite the continued geopolitical uncertainties across several international markets. We continue to work closely with our existing customers while expanding our presence across new geographies to further diversify our export business.

Looking at the product-wise revenue mix, Packaging Products continue to remain the largest contributor to our revenues. The Injection Moulding business continues to be an important growth driver for the company, supported by expanding customer application and increasing demand across domestic and export markets. During the quarter, we further strengthened our value-added offerings by expanding our flaring capacity from 1,275 lakh units per annum to 1,675 lakh units per annum, enhancing our integrated packaging capabilities.

On the capacity front, Injection Moulding capacity reached 5,800 metric tons during the quarter, following an addition of 1,000 metric tons, representing a 5.8x increase since FY23. Our manufacturing operations continue to operate at healthy utilization levels, and Injection Moulding, we have capacities available to support future growth. We also continue to strengthen our integrated manufacturing platform across Extrusion, Thermoforming, Printing, Sleeving and Injection Moulding.

On the sustainability front, I'm pleased to share that we have entered into group captive wind-solar arrangement of approximately 1.9 megawatt, and it remains on track and is expected to be commissioned in October 2026. Once operational, the project is expected to meet nearly 30% of our energy requirements through renewable sources while generating annual savings of around INR 1.75 crores.

Coming to Olive Ecopak, I'm pleased to share that the business continued to make encouraging progress during the quarter. Olive reported a healthy EBITDA margin, reflecting continued improvement in operating performance. We continue to expand our presence in paper-based food packaging solution while broadening our product portfolio and customer base, creating an additional growth platform alongside our rigid plastic packaging business.

On the marketing front, we continue to strengthen customer engagement by participating in leading domestic and international exhibitions, including interpack at Germany, NRA at Chicago and AAHAR at Delhi. These platforms continue to provide opportunities to deepen relationship with existing customers while engaging with prospective customers across global markets.

Looking ahead, we remain focused on strengthening customer relationships, expanding our product portfolio and investing in manufacturing capabilities, innovation and sustainability. The continued scale-up of our Injection Moulding business, the progress at Olive Ecopak and our ongoing investments in renewable energy provide a strong foundation for long-term growth.

With that, I conclude the business update for the quarter. We would be now happy to take your questions.

Moderator: Thank you very much, Sir. We will now begin the question-and-answer session. First question is from the line of Abhi Jain from AJ Capital.

Abhi Jain: My first question is, first of all, congratulations on a steady set of numbers, and it's good to see that the company is back on the growth trajectory post flattish FY26. So congratulations on that. So my first question is, I wanted to understand the margin profile in your Injection Moulding business versus your Packaging business because that is not mentioned anywhere in the presentation or in the press notes.

Ramswaroop Thard: So Injection Moulding business for Q1 has given us an EBITDA margin of 13% to 14%, whereas the Packaging business gives a margin of around 16% to 17%.

Abhi Jain: So Packaging is a higher margin business. Is that a predominant reason that between FY25 and FY26, I'm seeing that the revenue contribution from the IM or Injection Mold has gone down from 15.6-odd percent to 12.3-odd percent despite you ramping up the capacity of IM?

Ramswaroop Thard: You're mentioning about Q1?

Abhi Jain: So as I'm looking at your presentation, right? In the presentation, I am on Slide number 10. So if I look at your revenue mix, right, if I look at Q1 FY26 and Q1 FY27, the Injection Mold revenue contribution has gone down from 15.6% to 12.3% for the quarter.

Ramswaroop Thard: Yes, Specifically, Injection Moulding has gone down in this particular quarter because 60% of our sales from Injection Moulding is from exports and exports were disturbed in this particular quarter due to the geopolitical issues. So that's the reason why we see a drop in the contribution from Injection Moulding as a segment.

But this is temporary, probably in the next 1 or 2 quarters, it will come back to 15%, 16% level.

Abhi Jain: Right. Sir, one good thing is that because of you entering in this Injection Mold business, there are bigger players out there in the industry in the listed space. And they have been able to grab a larger share of the market in Packaging business by being in Injection Mold. So that's a good sign.

It's a bit margin dilutive as compared to the Packaging business. But I just wanted to understand, sir, how do you see your growth trajectory from here? Because you had a fantastic time between FY21 to FY24 when there was a consistent growth and the business was growing. But in FY26, that sort of became stagnant. So just from a long-term perspective, I want to understand how do you see yourself growing because you're still at a very small scale, right? So growth shouldn't be a worry for you. So I want to understand your thoughts.

Ramswaroop Thard: See, Packaging business overall, if you see, remains very strong. And it has been growing in India at a rapid pace, whether it is online delivery or QSR formats or the requirement for dairy packaging, they are all growing in India. And with that growth, we definitely see a good opportunity for our company.

We had mentioned in the past that in the current setup, we can reach around INR 420 crores, INR 430 crores of revenue. And then going forward, we have also invested in a land in the Eastern part of the country. And sometime later, we will be definitely investing in that facility also to increase our manufacturing capabilities. So the growth definitely is going to be there in this particular sector, and we are very bullish on that.

Abhi Jain: Any plans or any medium-term plans in terms of growth that you're looking at? There were periods where you had a 20% CAGR growth, then it slowed down to about 8%, 10%. So do you think that this volatility will persist? Or do you see yourself coming out of this volatility in the near future?

Ramswaroop Thard: I think so we will be reaching to utilizing our capacity within the next 6 months or a year. And definitely, we will be looking for the growth.

Abhi Jain: All right, sir. Sir, can you also help us understand how will the margin profile move from here? Because even in your Packaging business, you were at 16%, 17% EBITDA margin. But if you look at your entire history in the last 6, 7 years, your EBITDA margins have hovered between 12% to 13%. And Injection Mold is obviously a lower margin business it's a 12%, 13%, 14% kind of a margin profile business.

So going forward, what do you see as a consistent steady state basis EBITDA margin that you aspire to be at for the next 2, 3 years?

Ramswaroop Thard: See, as we scale up and utilize our capacities, what we have invested in, we see a margin in the range of 15% to 16%.

Abhi Jain: On a consol level?

Ramswaroop Thard: Yes.

Abhi Jain: All right. And sir, one final question, bookkeeping hiding question. This JV, Olive JV, are the numbers consolidated? Or how does it work right now?

Ramswaroop Thard: No, no. It's a JV. So, they are not consolidated, separate.

Abhi Jain: That remains out of the focus. Congratulations, sir. Good to see you back on the growth base. Yes, we'll track you. Thank you.

Ramswaroop Thard: Thank you.

Moderator: Next question is from the line of Nishita Shanklesha from Sapphire Capital.

Nishita Shanklesha: Yes. So I just wanted a clarification. You mentioned that from the current setup, we can reach the revenue of around INR 420 crores to INR 430 crores. So, is that just from the Packaging facility or that also includes the Injection Mold facility?

Ramswaroop Thard: It's including Injection Moulding facility.

Nishita Shanklesha: Yes. So just wanted to understand if we can reach this INR 420 crores to INR 430 crores of revenue level by FY27, can we reach those utilization levels?

Ramswaroop Thard: See, we are very positive that we'll be very close to that. But probably maybe by next year, surely, we'll be reaching those numbers. But this year, we are positive. And if markets remain current as they are right now, then definitely, we should be able to reach those numbers.

Nishita Shanklesha: Okay. Understood. And what is our utilization level currently?

Ramswaroop Thard: Across the different processes, there are different utilization level. And this utilization level also keeps on changing on a quarter-to-quarter basis depending upon the seasonal demand of the products. But roughly, we are at around 80%, 85% utilization level for Packaging and Extrusion. And in Injection Moulding, we are roughly at 55%, 60% utilization level.

Nishita Shanklesha: Do we have any further capex plans like in packaging, we are at around 80%, 85%. And you are mentioning that you are positive that we can reach peak utilization by the end of FY27 or maximize FY28. So do we have any capex plans to further increase our capacities?

Ramswaroop Thard: Not for this particular year, but for next year, definitely, we'll be looking to see if we can start investing in our new facility in the Eastern part of India, because the land has been already procured. So at the moment, the investment is on hold. But as we reach this capacity utilization, we'll be definitely looking at investing over there.

Nishita Shanklesha: Okay. So in the new facility, are we going to focus on Packaging or Injection Moulding?

Ramswaroop Thard: It will be a combination of both.

Moderator: Next question is from the line of Amit Mehendale from RoboCapital.

Amit Mehendale: So just a follow-up on the new facility that we were talking about to the earlier participants. So whenever we do it, maybe next year, what type of capex we intend to do? Any ballpark number of what type of capex and what type of facility, like what type of capacity expansion would it be?

Ramswaroop Thard: Actually, the plan is not on the table as yet. But roughly, we'll do it in phases, obviously, but the area is around 3.5 acres, but we can start with investment of INR 25 crores to INR 30 crores to start with. Minimum that will be the investment in Phase 1.

Amit Mehendale: Right, sir. And what type of revenue will it generate? Any broad numbers, I mean.

Ramswaroop Thard: In Phase 1, as I said, nothing has been put on paper as yet. But roughly to start with in Phase 1, we can look at anywhere between INR 80 crores to INR 100 crores of revenue.

Ramswaroop Thard: To go up to INR 250 crores, INR 300 crores, then like the full-scale capacity can reach up to INR 250 crores, INR 300 crores whenever it will be installed.

Amit Mehendale: Right. So I'll just summarize the discussion just to clarify. So it will be essentially, Phase 1 will be about INR 25 crores capex, and that will do about INR 100 crores revenue. And we can keep expanding to, say, Phase 2 or Phase 3. And ultimately, when the entire expansion cycle is completed, we can potentially generate INR 250 crores, INR 300 crores. Is that a correct understanding?

Ramswaroop Thard: That's right.

Amit Mehendale: Right, sir. And just lastly, on the debt side, I mean, since we may be doing Capex, so we'll probably not be repaying any debt, right, from the operating cash flow that we generate. Is that a fair understanding for a couple of years?

Ramswaroop Thard: See, at the moment, I would say the idea is for at least one year, we will try to reduce the debt, at least by 15%, 20%. And then if the expansion starts, then it can be a combination of investment from internal accrual and long-term debt rather than increasing the working capital requirements.

Amit Mehendale: Right. So is it fair to assume we'll pay like INR 10 crores, INR 15 crores this year, FY27?

Ramswaroop Thard: The reduction in the debt?

Amit Mehendale: Yes.

Ramswaroop Thard: Yes.

Amit Mehendale: Okay, sir. And lastly, on the JV, can you just throw some light on how is the JV performing? And how do you see the next two years on that business?

Ramswaroop Thard: See, JV for this quarter has generated revenue of around INR 17.22 crores and it has generated an EBITDA of roughly INR 4.61 crores. As given guidance previously, we are looking at somewhere around INR 90 crores of revenue, plus/minus INR 5 crores for this particular financial year. And we are very positive that in this financial year, we should be at PBT at least breakeven, that's what we are looking at. And for next year, we are targeting INR 140 crores to INR 150 crores of revenue.

Moderator: Next question is from the line of Agastya Dave from CAO Capital.

Agastya Dave: Congratulations on a pretty decent set of numbers given the volatility in the markets, especially on the raw material side. Sir, that's where my question is. Your raw material prices must have been all over the place during the quarter. And what is the current conditions? Sir, how do you see the situation as of now?

Ramswaroop Thard: A month ago, the prices had dropped by 10% or so. But then again, as you are aware, the tensions again surfaced and prices have again gone up. So they are still on the higher side. We don't foresee it to go any further up from here, but probably it may take another month or two before it starts coming down, provided there are no further escalation.

Agastya Dave: Right, sir. And sir, so quarter-on-quarter, we saw a decline in gross margin. So I'm trying to understand from a gross margin point of view, can we attribute that entirely to the escalations that you have seen in the raw material?

Ramswaroop Thard: Yes.

Agastya Dave: Right. And sir, given that it looks like the war is over, so let's assume that it is over, do you expect to go back to your Q3, Q4 gross margins? I'll just give you the numbers. Q3 was 43.6% and Q4 was 42.5%. So, in that bracket, 42.5% to 43.5%, do you expect to regain those numbers?

Ramswaroop Thard: Yes. Ideally, it should be because as raw material prices goes down, the gross margin should increase further.

Agastya Dave: Sir, am I right in assuming that there was no significant change in mix between Q4 of last financial year and this particular quarter?

Ramswaroop Thard: In terms of product mix or?

Agastya Dave: Sir, product mix.

Ramswaroop Thard: No. As I said, like from Q4 to Q1, our Packaging Product has grown in terms of, I will say, the contribution to the revenue. Injection Moulding has gone down. So Packaging Products have contributed more in Q1.

Agastya Dave: Sir, I was trying to understand the change in the gross margins here. So, I see a drop to 38.3%. So, I'm assuming the change in the mix won't be that significant, right? Because the numbers that you gave were not that significant to change your gross margins by this much. And you mentioned that there was a 10% spike. So, this 42.5% to 38% drop, it is kind of explained by just by the raw material prices. So would that actually be the reason.

Ramswaroop Thard: Yes, because the raw material for Injection Moulding as well as for Packaging Products mostly are common, they are polypropylene. So, the base material remains the same for both of them. So definitely, the raw material prices have impacted the gross margin. But there was a change of the revenue mix, as I mentioned, where we did more revenue from Packaging Products in Q1 as compared to Q4.

Agastya Dave: Understood, sir. And sir, you mentioned that you will be making some savings in the power and fuel costs. So, when will we start seeing those? Have you seen that in Q1?

Ramswaroop Thard: October 2026.

Agastya Dave: October 2026. So, sir, that would be, let's say, approximately 5 months for this year and then full year next year onwards?

Ramswaroop Thard: Yes.

Agastya Dave: Right. And sir, the savings would be INR 1.5 crores.

Ramswaroop Thard: Yes, roughly INR 1.5 crores to INR 1.75 crores is what we are anticipating.

Agastya Dave: That's the annual number, sir, assuming 12 months of operations.

Ramswaroop Thard: Yes, annual.

Agastya Dave: Right. Sir, final question from my side. The way you are describing the way you're about to start your capex, so you have not really started it. So, I was just wondering, sir, would we see if the environment continues to be as buoyant as you are seeing as of now and you run out of your capacity. So, it will take you some time, right, to set up the new product because it's a greenfield expansion. So, should we assume like 18 months or 2 years of low volume growth?

Ramswaroop Thard: No. As I mentioned, like we can add some growth from Injection Moulding because we are only at 55%, 60% utilization at the moment over there. And we can 5% to 10%, as I mentioned, INR 380 crores, INR 390 crores is the capacity today. But by adding a little bit of Capex, we can reach INR 430-odd crores in the existing setup itself.

So definitely, we could reach to that number within the next 1, 1.5 years. And then by that time, probably the new expansion can start contributing.

Agastya Dave: Right. Sir, one final question from my side. In the other expenses, in the most recent annual report that I don't have access to your 2026 schedules. But in the previous year's numbers, the job work expenses were INR 12.8 crores. So can you tell us the nature of this job? Is it like basically outsourcing some of the capacity because you do not have the capacity and hence, you are outsourcing work?

And in case of future capacity constraints, you can look towards whoever these suppliers are to shoulder some of the production burden from you? Or is it low value addition stuff which you are just outsourcing because it's not worth it for you to actually manufacture such products?

Ramswaroop Thard: See Injection Moulding business is with a toll manufacturing agreement, and the job work charges major, what you see is on that account.

Agastya Dave: So, this is just some outsourcing thing, right?

Ramswaroop Thard: 100%, the unit works 100% for us. And as an agreement that 100% of supplies are made for us.

Agastya Dave: Right, sir. What kind of capacity utilization are they working on?

Ramswaroop Thard: 55%, 60%.

Agastya Dave: Okay, I understood, sir. Thank you very much, sir. All the best.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Ramswaroop Thard: Yes. I would like to thank you, everyone, for joining on the call. I hope we have been able to respond to all your questions adequately. For any other information, we request you to please do get in touch with our Investor Relationship team. Stay safe, stay healthy, and thank you once again for joining with us.

Moderator: Thank you so much, sir. On behalf of Rajshree Polypack Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.