



Rajshree Polypack Limited

MFG of Plastic Rigid Sheets & Thermoformed Packaging Products
Regd Office.: Unit No.503-504, Lodha Supremus, Road No. 22, Near New Passport Office, Wagle Estate, Thane (W) - 400604. India.
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CIN: L25209MH2011PLC223089

August 27, 2022

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 FY 2023

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed a transcript of the earnings conference call for the quarter ended June 30, 2022 which was held on Thursday, August 25, 2022. The same is also available on the website of the Company i.e. www.rajshreepolypack.com.

The conference call held on August 25, 2022, as per the Transcript enclosed incorporates mainly the highlights of financial results upto June 30, 2022, 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 FY23 Earnings Conference Call August 25, 2022



MANAGEMENT:- Mr. Ramswaroop Thard:-Chairman & Managing Director

Mr. Praveen Bhatia:- Director

Mr. Sunil Sharma: – Chief Financial Officer

MODERATOR:- Ms. Shweta Shekhawat



Rajshree Polypack Limited. Q1 FY23 Earnings Conference Call August 25, 2022

The conference is now being recorded

Moderator:

- Good day ladies and gentlemen and welcome to the Q1 FY23 earnings conference call off Rajshree Polypack Limited 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 Ms. Shweta Shekhawat from Prabhudas Lilladher. Thank you and over to you Ma'am.

Ms. Shweta Shekhawat – Prabhudas Lilladher Private Limited:

- Thanks Michelle. On behalf of Prabhudas Lilladher, I welcome you all to the 1Q FY23 earnings call of Rajshree Polypack Limited. We have with us the management represented by Mr. Ramswaroop Thard, the Chairman & the Managing Director, Mr. Praveen Bhatia, Non-Executive Independent Director, and Mr. Sunil Sharma, the CFO. I would now like to hand over the call to the management for opening remarks after which we can open the floor for Q&A. Thank you and over to you Sir.

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Thank you, Shweta. Good evening everyone. I welcome you all to earnings call of Rajshree Polypack Limited for Q1 FY23. I hope all of you and your family are in good health. Joining me on call are Mr. Sunil Sharma, CFO and Mr. Pravin Bhatia, Director of Rajshree Polypack Limited. We have already uploaded the investor presentation and I hope that everyone got the opportunity to go through the same. For quarter 1 FY 23, company has achieved a turnover of ₹ 68.3 crore as against turnover of ₹48.67 crores for the corresponding quarter of previous year thereby achieving a growth of 40.3%. The EBITDA of the company has increased by 49% and it's stood at ₹10.8 crores for quarter 1, 23 as against ₹7.2 crores for corresponding period earlier year. EBITDA margin for the company for the quarter stood at 15.8% as against 14.8% for corresponding period of previous year. At the same time, the company earns profit after tax amounting to ₹4.76 crores for quarter 1 FY23 as against ₹2.6 crores for quarter 1 FY22, thereby reporting an increase of 83% over previous year. PAT margins for the period stood at 6.9% of sale as against 5.34% of sales for corresponding period earlier year.
- Quarter 1 is always one of the strongest quarter for our business and this year was no exception with expanded production capacity, larger product basket, and expanded customer base. The efficiently increased demand in our product, we did our best to meet the demand by utilizing all our capacities at maximum as a result, our sales volume grew up by almost 24% to 2,800 metric ton for the quarter as against 2,269 metric ton for quarter one of FY 22. Further with achieving economies of scale, we have been able to improve our EBITDA margins gradually. Looking at expanding demand, we are already in process of adding more capacities and in our process of installation of another extrusion machine with installed capacity of 3,500 metric tons per annum, which will take our total sheet extrusion capacity to 18,200 metric tons per annum as against present 14,700 metric tons per annum. Further two more thermoforming machines with installed capacity of 900 metric tons per annum around their way and are expected to commence commercial

production in the month of September 22. This will take our total installed capacity to 8,920 metric ton per annum of thermoforming from present 8,020 metric tons per annum.

- For painting, we have already added one machine with installed capacity of ₹06 crores cups per annum and we have placed order for two more machines with installed capacity of ₹20 crores per annum. The two new machines are expected to be operational by February 23 and we'll take our total printing capacity to ₹94 crores pieces per annum. I'm also glad to invite your kind attention to the fact that company has entered into exclusive toll manufacturing agreement for injection molding products for food packaging with a third-party manufacturer and the production for the same is expected to commence in the first week of September 22. This will help the company exploring injection molding technology with initial installed capacity of 1,000 metric ton per annum. The Company intend to expand capacities into this segment gradually based on demand scenario. Talking about product development, we developed barrier container for packing of hummus, which is used in Middle East for the long shelf life. At the same time, we also developed barrier packaging for Indian sweets for one of the largest dairy customer in southern part of India and barrier packaging for ethnic sweets for one of the largest dairy brand in India. All such developments in barrier segments will further help the company grow at rapid pace with better profit margins. In case of Olive Ecopak Private Limited, we have already finalized the construction plans and received requested approval while engaging all respective vendors and contractors, we intend to start the construction in the month of September 22 as soon as the rain recedes. 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 phone. 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.
- The first question is from the line of Suyog Patil, from Patil Investments. Please go ahead.

Mr. Suyog Patil – Patil Investments:

- Yeah. Hello Sir, am I audible?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah. Good afternoon, Suyog.

Mr. Suyog Patil – Patil Investments:

- Sir what is the thickness limit in India for plastic packaging and what is the thickness of our finished products at Rajshree.

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- See basically, Rajshree is into manufacturing of rigid packaging products wherever thicknesses are all about 250 microns and the minimum thickness, which is there that is for I will say when it comes to packaging activation and functional packaging the limits are not there, but still we are in to rigid so it's all about 300 Micron. So, we don't fall under that particular issue as such.

Mr. Suyog Patil – Patil Investments:

- Okay Sir. Other question I had was which are the top three contributing clients for our sales as of now?



Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- For us the top clients is Ferrero, Nourishco, which is Tata Global Beverages, Amul, and Hindustan Unilever.

Mr. Suyog Patil – Patil Investments:

- Okay and there is one last question if I may ask. Can you simplify for me the difference between barrier packaging and rigid packaging because I saw that in your presentation what is the exact difference between these two barriers and rigid?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Rigid packaging, we say barrier and non-barrier, both are rigid categories. When we say barrier, it is basically to increase the shelf life of the food. So, then where it is classified as a barrier packaging, which is a functional feature of the packaging.

Mr. Suyog Patil – Patil Investments:

- Okay Sir. That's it from me. Thank you.

Moderator:

- Thank you. Reminder to all the participants to press * and 1 to ask a question. The next question is from the line of Gurjot Ahluwalia an individual investor. Please go ahead.

Mr. Gurjot Ahluwalia – Individual Investor:

- Yeah. Hi, good afternoon. Thanks for the opportunity.

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah. Good afternoon.

Mr. Gurjot Ahluwalia – Individual Investor:

- So, first question is around the competitive landscape of the packaging industry in which Rajshree Polypack is operating, so I would like to know a few things like who are the top three to five players in the market? What is the market position and market share of Rajshree in this industry?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah. So, I will say the space which we are in the niche sector, thermoforming with rigid packaging is not a very big segment in India. So, I will not be able to give you the exact references, but there are companies like RN Packaging in South, there's been some Greiner Packaging in North of India, these are few names which I know, but I can only say that this is a niche sector and there are certain customers where we are the monopolistic suppliers.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay. So, in that respect is the overall size of the market quite small because we are already doing like 200 crores of revenue, so what would be the overall size of the market that you're operating in?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- See we can say, the overall size of the market is around 800-1,000 crores, but it is divided into different segments and into different zones. So, that's the size for thermoforming into food packaging for brand with brand owners who are using them.



Mr. Gurjot Ahluwalia – Individual Investor:

- So, the company already has like 20% market share you're saying?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yes, yes and this is growing because it's a new segment where with lot of food processing and dairy industry being added, so the demand for the product has been increasing at a good pace.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay, got it. Second question just on the revenue, so you said like Q1 is one of the best quarters, so I'm trying to understand if there is seasonality in the revenue and this is the one off where the revenues close to 70 crores because all the last four-five quarters company has been doing around 50 crores of revenue, so what should be the expectation or revert back to 50 crores kind of revenue in the next few quarters or we can expect the same run rate as Q1?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- No, it will not go to those levels. It may be little low, maybe by around 5% to 7% on the lower side due to softening demand that's it, but it will not go down to that level.

Mr. Gurjot Ahluwalia – Individual Investor:

- Okay, okay, got it. Thank you very much and all the best.

Moderator:

- Thank you. The next question is from the line of Ankit Agarwal from Yellowstone Equity. Please go ahead.

Mr. Ankit Agarwal -- Yellowstone equity:

- Yeah, hello. Thank you for taking my question and congrats on the good set of results. My first question is the injection molding project that we're doing, what's the rationale, how is it differentiated, why can't we do this with that existing technology?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- See, there are certain applications where you need injection molded products, so the idea behind is to enter into this alternate technology A - since the customers what we are serving to are also using injection molded products into packaging sector. Today, we are starting with food service as a sector and gradually we will look at doing a branding and offering this product to the same set of customers.

Mr. Ankit Agarwal -- Yellowstone equity:

- Okay. So, the plan is to expand it is to use the existing customer base and do more products with them?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah.

Mr. Ankit Agarwal -- Yellowstone equity:

- So, have more product portfolio, so that will help us to grow?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- And in the future, we might even have it in house, right quite possible.



Mr. Ankit Agarwal -- Yellowstone equity:

- Okay, okay. Understood. Regarding the Olive joint venture, what is the timeframe for the manufacturing really to go into production?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- I think so this will happen by October/November 23.

Mr. Ankit Agarwal -- Yellowstone equity:

- Okay, okay. Understood. Alright, and then you announced the ESOP policy, so I just want to understand more around it like will the ESOPs be also given to the promoters or is it just for the employees?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- It is for employees.

Mr. Ankit Agarwal -- Yellowstone equity:

- Okay, okay. There is this approval for the related party Orbit Industry, could you detail like who owns Orbit Industries and what are we sourcing from them?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Orbit Industries, the Directors are common, so it is a partnership firm basically, so and we do certain jobs work from them as our capacities are little exhausted, so probably this job work activity may reduce with our expansion of Sarigam Unit, there we will have more space and infrastructure, so we do mostly job work activity with them.

Mr. Ankit Agarwal -- Yellowstone equity:

- Okay, okay, but in the approval, you asked for some maximum sales amount that has been raised but you are saying that you might not even require that like because it will overtime reduce.

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah. Probably over a period of time, it may reduce once we start group manufacturing in house.

Mr. Ankit Agarwal -- Yellowstone equity:

- Okay, okay, and regarding the preferential allotment that we did, so that is just non-promoted individual, Manish Kumar Agrawal who participated, so is this like a strategic investment or is it just purely capital-driven investment?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- It is a capital-driven, there is nothing as such. It's a capital-driven investment, so there was no strategic investment.

Mr. Ankit Agarwal -- Yellowstone equity:

- Okay, okay. Understood. Alright, that's all I had. Thank you and best of luck.

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. Anyone who wishes to ask a question my press * and 1 now. The next question is from the line of Vivek Tolat from ACME Family Office. Please go ahead.



Mr. Vivek Tolat -- ACME Family Office:

- Hi Sir, am I audible?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah, yeah, very much. Yeah, good afternoon, Vivek.

Mr. Vivek Tolat -- ACME Family Office:

- Good afternoon. Sir, I wanted to understand you know if you could break down what led to such a big jump in our EBITDA per Kg, I mean we used to be around ₹28 to ₹30 in all the you know most of the previous quarters and this time it's jumped to above 37, so are there any one offs or you know special orders or is this sort of the you know broad range that we can expect going forward?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- There are two factors into this. One is, it has helped us little with the help in the softening of the raw material prices. Secondly, with the increase in our production capacity that the scale of business our expenditures had gone. So, if you see the EBITDA percentage for quarter 1 last year was also 14.8% and this year also we are at 15.8, so in terms of percentage we've increased 1%, but due to scale probably this is looking to be better.

Mr. Vivek Tolat -- ACME Family Office:

- Okay, okay, and also Sir if you could sort of throw some light on you know what should be the volume expectations for the whole year, I mean last year I think we did about 8,800 tons of volume, so you know this year do we see as a crossing 10,000 or should it be around that number with the capacity expansion coming into play?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- No, definitely we will cross 10,000 that's for sure. We'll cross 10,000 that's for sure.

Mr. Vivek Tolat -- ACME Family Office:

- Okay and Sir one final question from my side in terms of you know the impact of softening raw material prices, so generally you know what's the sort of reset that we have with our clients, if it's a quarterly reset, I understand that from April to June probably the prices were still high and you know we could see some improvement for that for the current quarters if you could throw some light on that?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah, like not all the customers are EBIT quarterly arrangement, some are monthly and some are with quarterly arrangements and few of them are with spot also, so it's a mixed bag I will say.

Mr. Vivek Tolat -- ACME Family Office:

- Okay, so would this sort of be the peak EBITDA per kg that we can achieve let's say for you know at least the rest of the year?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- No, if we keep on increasing the sale of our value-added products like barrier packaging T, the EBITDA can you go further. So, we are trying our best to see that we get more sales of value-added products, but yeah, we should be in this range bound probably for this year at least.

Mr. Vivek Tolat -- ACME Family Office:

- Okay. Thanks a lot Sir. Understood. That's all from my side and all the best.



Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Thank you.

Moderator:

- Thank you. A reminder to all the participants you may press * and 1 to ask a question. There is a follow up question from the line of Mr. Suyog Patil from Patil investments. Please go ahead.

Mr. Suyog Patil – Patil Investments:

- Yeah. Hello again Sir. So, I can see Swiggy as your client in the PPT, so are there talks to other delivery you know applications or other delivery companies like Swiggy or like Zomato or other guys regarding our packaging solutions?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Like for food deliveries like we're not giving directly to Zomato, but maybe through some alternate routes they may be buying, but Zomato is directly not our customer, but Swiggy definitely is.

Mr. Suyog Patil – Patil Investments:

- Okay, okay. Understood. That's it. Thank you.

Moderator:

- There is a follow up question from the line of Gurjot Ahluwalia and individual investor. Please go ahead.

Mr. Gurjot Ahluwalia -- Individual Investor:

- Yeah. Hi, I just wanted to clarify one or two more things. So, the partnership with Olive Packaging, what will be the CapEx involved in the same and when there will be any debt also taken up?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- The total CapEx in the project is around 100 crores and 40 crores or I think 50 crores is what is the investment which will be done by both parties equally. So, actually we will use the money raised through preferential issue internal accruals and a bit of debt too for this investment.

Mr. Gurjot Ahluwalia -- Individual Investor:

- Got it. The second thing I see in the presentation you have mentioned you doing SAP S/4HANA implementation. So, what is the cost involved for this and what kind of benefits can these drive-in terms of efficiency for the company by ERP?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- The total cost is roughly ₹1.75 crores, which we have incurred in implementation of this ERP software. It helped us definitely in getting the real time data into the information both at the production level and it has helped the marketing team also in meeting the customers requirement in a better way.

Mr. Gurjot Ahluwalia -- Individual Investor:

- So, this is already complete, so you've already implemented it?

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Yeah, yeah. it is implemented.



Mr. Gurjot Ahluwalia -- Individual Investor:

- Got it. Okay. Thank you so much.

Moderator:

- Thank you. Anyone who wishes to ask a question my press * in 1 now. The next question is from the line of Ankit Agarwal from Yellowstone Equity. Please go ahead.

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Mr. Ankit Agarwal -- Yellowstone Equity:

- Yeah. Hello, so I just wanted to ask about the EBITDA. I missed the earlier discussion, so you're seeing that in terms of EBITDA per kg can you maintain around these levels like 37,000 type levels?

Managing Director. Ramswaroop Thard – Managing Director & Managing Director, Rajshree Polypack Limited:

- Yeah. It also depends upon if we don't see much upside into the raw material prices going further. We should be in this range bound, maybe a little plus minus ₹2-₹3 provided there is no further disruption in the raw material prices.

Mr. Ankit Agarwal -- Yellowstone Equity:

- Understood, understood. Okay, okay. That makes sense. Thank you so much.

Moderator:

- Thank you. Anyone who wishes to ask a question may press * and 1 on their touch-tone phone now. You may press * and 1 to ask a question. As there are no further questions from the participants, I now have the conference over to the management for closing comments.

Mr. Ramswaroop Thard -- Chairman & Managing Director, Rajshree Polypack Limited:

- Thank you very much for taking this time off and asking very pertinent questions. I really appreciate each of your question and I hope that I have been able to answer all the questions. With this, I wish you a great rest of 3 quarters ahead for this year and wish you all the best and your family in good health. Thank you very much for joining us today. Thank you. Thank you to everyone.

Moderator:

- On behalf of Rajshree Polypack Limited, that concludes this conference. Thank you for joining us and you may not disconnect your lines.

End of Transcript