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May 21, 2022

To,
The Department of Corporate Services,
The Bombay stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001.
BSE Scrip Code: 522257

ATTN: - The Department of Corporate Services

**SUB: OUTCOME OF TRANSCRIPT ON MEETING WITH THE ANALYSTS/ INVESTORS
CONFERENCE CALL UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND
DISCLOSURES REQUIREMENTS) REGULATIONS, 2015.**

Dear Sir/ Madam,

This is to inform you that pursuant to Regulation 30 of SEBI LODR Regulations, 2015, and with reference to our stock exchange intimation dated May 16, 2022 towards Analyst/ Investors Conference Call, we are enclosing for your record a copy of the transcript of the said conference call conducted by the company on May 17, 2022.

You are requested to kindly take the same on record and acknowledge the receipt of the same.

Thanking you,

For, **RAJOO ENGINEERS LIMITED**


(JT Jhalawadia)

(Chief Financial Officer)

Encl: Earnings call transcript for Q4 Results 2021-22



Rajoo Engineers Limited

Regd. Office : Rajoo Avenue Survey No. 210, Plot No.1, Industrial Area, Veraval (Shapar) Dist-Rajkot - 360 024, Gujarat - India.

+91-97129-62704/52701/32706

+91-90990 96292

rel@rajoo.com

www.rajoo.com

CIN : L27100GJ1986PLC009212 GSTN : 24AABCR3204M1ZL





**“Rajoo Engineers Limited
Q4 FY2022 Earnings Conference Call”**

May 17, 2022



MANAGEMENT:

**MRS. KHUSHBOO CHANDRAKANT DOSHI –
MANAGING DIRECTOR – RAJOO ENGINEERS
LIMITED**

**MR. SUNIL JAIN - EXECUTIVE DIRECTOR - RAJOO
ENGINEERS LIMITED**

**MR. JAYANTILAL JHALAVADIA - CHIEF FINANCIAL
OFFICER - RAJOO ENGINEERS LIMITED**

**MR. PRAKASH DAGA – VICE PRESIDENT FINANCE –
RAJOO ENGINEERS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY2022 Earnings Conference Call of Rajoo Engineers Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mrs. Khushboo Chandrakant Doshi from Rajoo Engineers Limited. Thank you and over to you Madam!

K. C. Doshi: Thank you. Good afternoon, everyone. I am Khushboo Chandrakant Doshi and joining with me Mr. Sunil Jain our Executive Director, Mr. Jayantilal Jhalavadia our CFO, Mr. Prakash Daga, our Vice President Finance and Bridge-IR our Investor Relation team. Warm welcome to all of you on this Rajoo Engineers Limited’s earning conference call for the fourth quarter and year-ended March 31, 2022. I thank you for taking your time out and joining us today to discuss the financials and business performance. Before we get into the business and financial performance of the fourth quarter, I would like to share a brief insight about our company and the industry as over.

If we talk about the recent development a year ago, we hope that we had seen the worst of the pandemic, but the second one was much more difficult than the first one. Communities, families, and individuals have suffered a great deal and I know some of you endured personal losses too. The peak of the second wave was very difficult period, but I am so proud of how our group responded to it. We rose to the challenges and showed courage and selflessness with the Rajoo spirit with our strong vision pegged by passion of R&D and commendable teamwork helped us to navigate the tough economic conditions in prevailing them. Changes in consumer behaviour considering the health and hygiene resulted into high demand of flexible packaging for packaged food, takeaway, e-commerce, and pharma. Good orders booking for blown film line not only from the domestic market but also from the export market resulted into a win-win situation for all our stakeholders.

The recent Ukraine-Russia war also had an impact on the global economy and commodity prices, availability of the material, which led to the inflation. Moreover, recent lockdowns in the key manufacturing and trade hub China has impacted supplies of our customers and this has also lead to a little muted demand in the fourth quarter. The prices of major raw materials and fuel have been increasing continuously. Steel prices had gone up to 23%, aluminium prices have gone up to 35% compared to March 2021. Despite dynamic and challenging environment Rajoo has had a good performance. The Indian plastic industry produces a wide array of plastic including PP, PE, PET and PVC and many more, but we at Rajoo deal with all four of them. The India’s demand for PET in the packaging of food and beverage has witnessed a further increase during the pandemic boosted by the higher awareness of hygiene and enhanced procurement of disposable

and packaged item for reducing the chances of virus infection. For the prospect of India's PVC market, the demand for PVC in the country is estimated to achieve CAGR of over 6.81% during 2025, pipe grade PVC accounts for over 50% of the overall demand in the production of water distribution and underground irrigation pipes.

Now to give a brief background about the company. The company emerged as one of the leading plastic extrusion machinery manufacturers in India with nearly 35 years of excellence in extrusion in the industry. It is the first extrusion company in India to be completely automated and had kept intact with technology to provide customers with the best services. Owing to our focused efforts the company enjoys a premium market position in the segment. In line with our strategy, we continue to expand our global footprint with focus on market penetration and sustained investments in the research and development to support the progress. With representation in many countries across the world and customers in over 70 plus countries, our export has multiplied since debuting in the international market in 1990. Recently we unveiled extrusion coating and lamination machines as a post extrusion process to substitute conventional adhesive lamination process for producing laminates for various packaging applications and also for the raffia and paper. Our brand reliability and position in the global market is further fortified through number of alliances in the industry, such as with Kohli industries in India, MEAF industries in Netherlands, Bausano & Figli from Italy, and Wonderpack from India. It is an industry practice to build a machine with client's specifications to gain competitive advantage; however, at Rajoo we have always been pioneer of change and innovation by identifying just the right technology and its mix to add value to our client's business. We are being appreciated by stalwarts in the business for the appropriate technology, approach to constantly help customers business with customized solution rather than following the traditional approach.

Coming to our financial performance, in the quarter ended March 31, 2022, our company achieved net revenue of 59.93 Crores, an increase of nearly 6.83% year-on-year while domestic as well as export sales through this quarter, revenue growth was marginal mainly due to company's focus on business sustainability considering the uncertainty around. Despite volatility and increase in raw material prices and higher logistic cost, we have managed to maintain EBITDA margin and improved PAT margin. The EBITDA stood at Rs.8.36 Crores in Q4 FY2022 as against Rs.6.04 Crores in previous corresponding period increase of 38.24% Y-o-Y. Increased operational efficiencies coupled with revised machine price offset the increase in the raw material prices. Also the effect of volatility in international logistic cost have been managed to a large extent by accepting orders on FOB terms. EBITDA margin was at 13.94 as against 77% Y-o-Y increase of 317 bps. Profit after tax was 7.1 Crores in Q4 FY2022 compared to 3.35 Crores in Q4 FY2021 raising 111%. PAT margin was at 11.85% as against 5.98% Y-o-Y increase of 587 bps. We adopted the option of lower income tax at 22% under the section of 115BAA Of Income Tax Act for FY2022, which reduced the income tax provision for FY2022. Basic BPS stood at 1.15 in Q4 FY2022 as compared to 0.55 in Q4 FY2021.

Coming to the year-ended financial performance, the revenue from operation in FY2022 is Rs.172.30 Crores as against Rs.152.25 Crores in FY2021 Y-o-Y increase of 13.17% due to healthy order book and converting them to price in both domestic and export market. EBITDA excluding other income stood at Rs.20.97 Crores in FY2022 as against Rs.18.74 Crores in FY2021, an increase of 11.91 Y-o-Y. EBITDA margin was at 12.17%, a decrease of 14 bps year-on-year due to volatile raw material cost, logistic cost and travelling cost resulting into a pressure on the margin for FY2022. Profit after tax was Rs.14.80 Crores in FY2022 compared to Rs.10.41 Crores in FY2021 Y-o-Y increase of 42.21% while PAT margin was at 8.59%, an increase of 176 bps Y-o-Y. Basic EPS stood at Rs.2.40 in FY2022 as compared to Rs.1.69 Crores in FY2021. So, with this brief I thank you very much and invite you to ask any questions that you may have.

- Moderator:** Thank you very much Madam. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shivam Prashar an Individual Investor. Please go ahead.
- Shivam Prashar:** Can you just highlight the market share that you are having on the industry basis?
- K. C. Doshi:** If we have to talk about the market shares, the product basket is not similar of all the other market companions, but if we talk about the blown film line from the last three years, we are having the majority market share as compared to other two market companies.
- Shivam Prashar:** Can you just specify the number in the blown film line like majority, can you specify any percentage?
- K. C. Doshi:** In terms of number of machines you are asking Sir?
- Shivam Prashar:** No, the percentage of market share in the blown film lines.
- K. C. Doshi:** If you are aware about the industry majority three players are in the market and you can say that we are the highest one and second highest is other two and if we talk about the numbers, we hold around 50% of the market share in blown film segment.
- Shivam Prashar:** 40% and what are the names of other two, can you just specify, if possible, from your end?
- K. C. Doshi:** Those are also public listed company and of course Windsor Machines and Kabra Extrusion Technology, but our product range are different.
- Shivam Prashar:** Can you just highlight the percentage of cost price increase that you are being able to pass onto the customers this fiscal year?

- K. C. Doshi:** We could pass on almost 8% to 9% additional cost to the customer this year, but of course these are not on the orders which are being committed, we have come up with a new pricing and that is how we have passed on.
- Shivam Prashar:** So, now from the coming quarters the full price increase you will be able to pass on or partial only?
- K. C. Doshi:** From coming quarter in order booking, we will be able to, but of course we have a pending order, which we are going to execute at the old prices.
- Shivam Prashar:** I can see that your sales have crossed numbers of March 2018 very well, so can you just highlight what is the percentage rise in sales in terms of price increase or volume increase?
- K. C. Doshi:** It is a good question, it is a volume growth, if we talk about number of machines FY2018 you are benchmarking, so it was more of around 100 plus machines and this year it has increased because of the volume of the product, so this year we have supplied 117 machines.
- Shivam Prashar:** 117 and can you just tell me the number of machines of FY2021 also in which we are having 150 Crores of revenue?
- K. C. Doshi:** In FY2021 it was 107.
- Shivam Prashar:** I can see that you are not able to reach to the EBITDA or to the operating profit margin percentage of FY2018 till now as you have been able to increase the volume, so when can you reach back to the 15% margin mark?
- K. C. Doshi:** We are working on that and probably this year FY2023 we will be able to see that. What is happening we are able to pass on the increased price to the customers, but by that time we pass on the incremental will be again from the market, so considering the uncertainty around and the pricing of raw material is so volatile and of course the supply chain is also a big issue has resulted into this, but we have feel that in FY2023 we will have a good old numbers back.
- Shivam Prashar:** Can you specify from which sectors are you getting the maximum like you have got the maximum volume growth this year?
- K. C. Doshi:** So, basically it is a flexible packaging industry.
- Shivam Prashar:** From the flexible packaging industry?
- K. C. Doshi:** Yes.
- Shivam Prashar:** Do you see this as a pent-up demand, or do you see it as more of a long-term thing you are projecting?

- K. C. Doshi:** No, we are seeing this now as a long-term thing because we are now not only focusing on our Indian market, but world is the market and considering the pandemic around demand has surged quite more than the expectation and we feel that it will continue for the next two years as well.
- Shivam Prashar:** Can we just give me a ballpark figure of how much revenue you are expecting in FY2023 and how much of the percentage of exports will be from that?
- K. C. Doshi:** Currently we are having the export of 49% and we feel that we would continue with the same numbers as far as domestic is concerned, but export if you talk about the percentage, we would be reaching towards 60% that is the target for the next year.
- Shivam Prashar:** Any guidance for the number of machines that you will be selling in FY2023 and any capex plans?
- K. C. Doshi:** No capex plan, if we talk about the number of machines we are not focusing on more number of machines, but we are more focusing on the machines with technological advancement and so it may not have much relevance with the number of machines, but it has a relevance with the total revenue.
- Shivam Prashar:** What is the competition are you facing from the unorganized sector like apart from the organized players like you three organized players in this industry what percentage of the market share does the unorganized players hold?
- K. C. Doshi:** There are many unorganized players who supply 5 machines or 10 machines in a year or something like that and we face challenges while we deal with less technical product, but otherwise when it comes to a technology, we do not face any issues with those small players.
- Shivam Prashar:** Are these small players bothering you in export market also?
- K. C. Doshi:** Yes, of course for those low value products or less technical product.
- Shivam Prashar:** Any relief from the China side?
- K. C. Doshi:** We were anywhere not facing an issue from China because for the blown film extrusion there was not much import from China in this segment as far as India is concerned, but of course at a global level, yes, China was there in a competition, but now there is a relief.
- Shivam Prashar:** What role on board is RajuBhai playing now; can you give any guidance on that?
- K. C. Doshi:** Yes, he is the Chairman of the company.
- Shivam Prashar:** Thank you so much.

- Moderator:** Thank you. The next question is from the line of RK Laddha from Yash Investments. Please go ahead.
- RK Laddha:** Thank you for giving me the opportunity. First of all, I congratulate the team Rajoo and the efforts the team taken to improve the EBIT level and profitability and then my only one query is I have reading this new joint venture of Bausano from Italy is it plastic pipe manufacturing machine or are we going to manufacture pipes?
- K. C. Doshi:** Yes, Sir, it is a new joint venture, it is a joint venture happened in 2001 and we are manufacturing machine under that joint venture, which is basically cater to PVC market,
- RK Laddha:** That means we are not going in the actual plastic pipe manufacturing?
- K. C. Doshi:** No, our core strength is machinery manufacturing, and we would be sticking to that only.
- RK Laddha:** And all the best for the team Rajoo. This is from my side.
- Moderator:** Thank you. The next question is from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.
- Ayush Agarwal:** Good afternoon, Madam. Thank you for the opportunity and congratulation for a wonderful set of numbers. I am new to the company, so my questions will be a little basic to start with. First I would like to understand the cyclicalities in the business that you have seen between 2010 to 2021, our numbers used to range between 70 and 80 Crores and then they jumped 200 and then in 2018 we did around 150 Crores odd and now we have crossed that especially in 2022, so if you can help me understand how the nature of the industry and how the journey of Rajoo was during this period, also this is a followup question if you can also help me understand what I also see is that our gross margins have improved drastically in the last 10 to 12 years we used to have 30% kind of gross margins, which has now gone up to 35% to 40%, so if you can help me understand with these three questions first and then I will let me ask the other questions?
- K. C. Doshi:** Since you are new to the company let me brief you about the company. Company started 35 years ago and it was like a first generation whatever opportunity comes we never said no and we used to take it that is how the entire journey started and when you talk about 2010 and now in 2010 we were manufacturing sheet extrusion system and thermoformer as well and that was the product with which we were holding a kind of monopoly for 3 to 4 years and then from 2011 onwards the government started talking about the plastic ban and all that, even today that is going on, but fortunately we could substitute that product and the major chunk of revenue was coming from that product we have shifted to the blown film line and other products to derisk the entire business and get the sustainability in the business. One important thing which we have done is in 2013 we started our in-house panel division and that was a kind of a breakthrough for the company because slowly we started getting the hold on the actual crux of the technology and the automation and as a result of 7 to 8 years of experience in 2020 when pandemic came when

everybody was talking about a touch less integration our product was well equipped with that and without visiting the customer side our engineers, our software, and our programming team has installed the machine in various countries from India so this overall journey has really helped us to reach where we are today and if you talk about the technology differences, the main difference is now our old machines are equipped with Industry 4.0 and that helps us to reach our product anywhere without having the personal support, we are now able to support all our customers across the globe online and that is something, which is helping customers as well in saving the cost because cost of travelling has gone up like anything, so this is one of the area which has contributed a lot.

Ayush Agarwal: That is really helpful and that numbers are that you see that the company has transformed indeed, and I did not know about that, thanks for the explanation. My next question is I missed the number of exports, so export is 60% of our revenue should I hear that right?

K. C. Doshi: That is what we are planning for this year it is 49%.

Ayush Agarwal: So, 49% of exports and where are we exporting these machineries to if you can help me understand?

K. C. Doshi: Mr. Jain would you like to take this.

Sunil Jain: Africa continues to be a strong market for us currently 50% of our exports are going to Africa, and then Asia is about 10% and also neighboring countries about 40%.

Ayush Agarwal: Right, so Africa is predominant in our export share?

Sunil Jain: Yes, a lot of Indians in Africa who continue to support their home country.

Ayush Agarwal: My next question is on our balance sheet, which is fixed assets, which has majorly remained the same over the last three, four, five years, so what kind of machinery can we turn out from the existing capacity, if you can throw some light on that and what is the peak capacity that we can do from the existing customers?

Sunil Jain: In machinery industry capacity is quite a misnomer because there is a lot of outsourcing, which is done; everything is not manufactured in-house, so it is very easy for us to ramp up capacity based on the market demand. Just to add we can easily do about 200 Crores from the existing facility and even if we want to ramp it up it is based in Rajkot which is a very strong engineering hub a lot of equipment's, and assemblies can be outsourced.

Ayush Agarwal: Yes, that is helpful and related to this question is in the 117 number that Madam has shared on the machinery that we did in FY2022 out of that how much was blown film?

- K. C. Doshi:** If we talk about the percentage, it would be 90% is blown film line and the rest of the machine is just sheet extrusion system and thermoformers.
- Ayush Agarwal:** Alright, so these various applications that I see on our website and also on our presentation we are yet to enter into them so some progress on that or how are we approaching these different sectors?
- K. C. Doshi:** The application you have shown on our website we are catering to all those applications, so you have a blown film line for tarpaulin as well, you can have a blown film line for milk packaging as well, so it is a different kind of blown film, but we are catering to all.
- Ayush Agarwal:** Understood, so what would be the dominant top three, four applications are we cater to currently, I am asking in all those applications what would be the distribution between the combined flexible packaging, agriculture, infrastructure, automobile, so if you can share that number?
- K. C. Doshi:** You can say 70% of the blown film goes for the flexible packaging and for infrastructure and the agriculture part share a very less amount of share in that.
- Ayush Agarwal:** Alright, understood. That is, it from my side and I will come back in the queue and thank you for patiently answering my questions.
- Moderator:** Thank you. The next question is from the line of Hitesh Kumar from AKSA Capital. Please go ahead.
- Hitesh Kumar:** Thanks for the opportunity. Madam could you just explain how important is AMC in our business and what is the kind of revenues that we get from these maintenance and supply of spare parts?
- K. C. Doshi:** Generally, supply of spare parts was 10% of the revenue, and AMC I honestly speaking market is still not ready to go for the AMC and they would like to have the case-to-case basis availability of services from that side because these are the huge machines, so whosoever they have their own maintenance department, so they keep a stock of everything, they have the technical staff to reduce the maintenance time and all that, very few preferred AMC, otherwise people have their own team to deal with that and when they cannot directly connect with us they can ask.
- Hitesh Kumar:** In the overseas market for all the installations that we have done how do we cater to the need for supply of spare parts or how do we offer them support, any technical support if need be?
- K. C. Doshi:** Majority markets we cater to we have a good base of agents there, so we also encourage our agents to have technical person. During the pandemic we trained them online and now a good set of people are in the international market as well who represent Rajoo and they help us in installation, commissioning and even after sale service.

- Hitesh Kumar:** Got it, so most of the sales overseas are also routed through these agents or let me call them your distributors in different geographies?
- K. C. Doshi:** Right.
- Hitesh Kumar:** What is the lifespan of these machineries and what is the replacement cycle?
- K. C. Doshi:** So, company's focus more on getting the repeat order when the customer is at expansion rather than repeatability because the machines life is not less than 20 years, so we more focus that the customer keep expanding and then they go for repeat orders.
- Hitesh Kumar:** But FIBC if I have to understand this flexible packaging that is a fairly established market globally right, so now the kind of uptick that we are seeing and if you are telling that you have a very dominant market share, how is the end market growing and you just made a mention that it is packaging, which is your predominant end user industry to which you cater to, so how is this end market growing and probably what is the kind of growth that we can look forward to?
- K. C. Doshi:** It is growing exponentially, but currently if we talk about today, today's market challenge is the unavailability of the plastic resins which is the base material for them to process and the extreme level of volatility in the pricing which we have never witnessed in the history so this is the bottleneck happening for our customers and of course when they are supplying to the MNCs like HUL, P&G, all those things, you will not get the price rise immediately so those are the contracts which one has to execute which hampers the bottleneck while the raw material prices get settled down or stabilize little and then it can further grow.
- Hitesh Kumar:** Got it and just the last question from my side, which are other areas that are we looking to diversify into in terms of our product profile and if you can probably give some more colour to it if something is in the near term?
- K. C. Doshi:** Correct, so for the further growth and derisking the business from one stream of revenue we are now developing sheet extrusion system again which is our core product itself, but for the different application, so now we are targeting the renewable sector where the sheet extrusion system can produce the EVA sheet, which goes into the solar panel so this is what we are targeting and we are probably executing the first order in the next to next quarter.
- Hitesh Kumar:** Any immediate competitors we have in the space, Madam?
- K. C. Doshi:** No, the only competitor was China and yes, no competitor in India.
- Hitesh Kumar:** Interesting, sure, Madam I will come back in the queue, thank you.
- Moderator:** Thank you. The next question is from the line of Darshil Zaveri from Crown Capital. Please go ahead.

- Darshil Zaveri:** Congratulations on a good set of numbers. I am also a bit new to the company, so my question might be a bit basic, sorry for that. I just wanted to know what kind of growth in revenue are we targeting over the next few years that was my first question and the second question is that as you mention that we had some old orders that were at old premises, so how much differential margins can we expect from old orders and new orders and what would be the order book mix in terms of new prices and old prices, those are my questions? Thank you so much.
- K. C. Doshi:** So, if we talk about the old orders and new orders and the pricing, see the pricing policy be revised in April 2022, so whatever orders we have is with the last year price and the new prices will come into the effect of course it has come into the effect, but the order cycle is long since it is capital, so the final outcome will be visible in the second and third quarter with the new prices.
- Darshil Zaveri:** Thank you Madam and what about revenue growth?
- K. C. Doshi:** We are targeting the revenue growth of 15% to 20% for FY2023.
- Darshil Zaveri:** That is great Madam, I am sorry, one more question, how much time do we take for manufacturing the machine and delivering orders the turnaround for a machine the number of days or something?
- K. C. Doshi:** Right, it of course depends on the size of the machine, but average turnaround time is five months and if the machine with a lot more technology and lot more components from the import then it take seven to eight months, but on an average it is five to six months is the typical lead time.
- Darshil Zaveri:** Thank you, Madam. That is it from my side. Congratulations on the good set of numbers and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.
- Akshay Kothari:** Thanks for taking my question. Madam, I am also new to the company so pardon me for any basic question. Would there be any impact of EPR norms on our customers and subsequently on us or it would be a positive impact, or can you give a sense of that?
- K. C. Doshi:** Good question, Mr. Jain would help me with this?
- Sunil Jain:** Sure. For whatever reason machinery manufacturers and raw material manufacturers are not loaded with that burden if you look at it very positively from an environment point of view and the EPR is fully emphasized the industry is going to grow and some products, which are being banned and once they are come under the processors exclude the EPR so we find it easier to expand the product range so we see it quite positively that is going to help in the progress of the industry.

- Akshay Kothari:** Yes, so we are going to expand our product base, so we would not require any additional capex or something like that?
- Sunil Jain:** See the way the machines are configured from a configuration point of view, they are very flexible for example a blown film line can cater to the flexible packaging industry as well as the infrastructure industry, similarly sheet extrusion systems can cater to disposable container segment and as Mrs. Doshi rightly mentioned also for the solar EVA encapsulant, so basically upgradation or modification in technology which helps to increase the product growth.
- Akshay Kothari:** I understand that and is there some order book which you have or how is it?
- Sunil Jain:** Currently, we have an order book of about 75 Crores outstanding orders and in fact this quarter I have seen a big inflow of orders and as it stands today it is 75 Crores.
- Akshay Kothari:** That is great, and I just heard about that solar panel opportunity as well, so how much percentage of solar panel does India produce on its own like I think majority of it is imported from China, so I think we would not be supplying to Chinese manufacturers, we would be supplying only to India manufacturers, right?
- Sunil Jain:** As a machinery manufacturer it does not bother where we supply in the world, but to answer your question you may be aware that a lot of antidumping duty for solar equipment coming from China, so the industry in India is bound to grow whether it is in terms of solar panels per se or maybe inputs to the solar panels.
- Akshay Kothari:** Would semiconductor shortages impact us in anyway?
- Sunil Jain:** They are already impacting because a huge shortage of drives and electronic components and that is increasing our lead times.
- Akshay Kothari:** How much have the lead times will increase due to these shortages and by when are we expected to normalize?
- Sunil Jain:** As far as when we expect to normalize, I think it should take another one year because there is a lot of Indian manufacturing capacity also coming up under the PLI for semiconductors and chips, so it should take another one year and our lead times have increased by about 1.5 to 2 months because of these shortages.
- Akshay Kothari:** One of the other extrusion players has forayed into battery, something related to battery, so is it related to our business somehow any synergies or is it like they have done it as a part of their capital allocation?
- Sunil Jain:** It is totally a different segment.

- Akshay Kothari:** Understood, thanks for answering my questions and all the best, thank you.
- Moderator:** Thank you. The next question is from the line of Vipul Sanghvi from Systematix. Please go ahead.
- Vipul Sanghvi:** Good afternoon. Madam, I just wanted to check with you that our Q4 EBITDA margins were close to 14%, so as we go ahead into FY2023 first half assuming that the legacy orders will continue doing that is it safe to assume that we will be able to maintain that close to 14% on EBITDA level?
- K. C. Doshi:** Yes, see the last quarter generally historically if we talk about on Q4 the margin and the revenue both increase in the last quarter so that happens, but for the Q1 of this month it may not be the same because again we are executing the things at the old prices and of course the lifting gets slower as far as the domestic market is concerned in Q1, so this is the historical traits and we feel that of course we are going to try to maintain it, but it may not get maintained.
- Vipul Sanghvi:** Understood, but what you are hinting at is if I look at the full year FY2023 we should be in the range of?
- K. C. Doshi:** Yes, for sure.
- Vipul Sanghvi:** Alright, thanks a lot.
- Moderator:** Thank you. The next question is from the line of Neha Jain an Individual Investor. Please go ahead.
- Neha Jain:** Congratulations and thank you for taking my question. Firstly, I would like to know that what are our targets that we have set for revenue and margins for the next couple of years say about three to five years?
- K. C. Doshi:** Madam, we are targeting to have the steady growth of 15% to 20% year-on-year.
- Neha Jain:** As per the margins are concerned?
- K. C. Doshi:** Of course, when we are targeting to grow with steadiness with the objective of margin to be improved and for that of course the more efforts are being putting in R&D and the product is being enhanced in due course of time.
- Neha Jain:** So like do we have any products in pipeline that will come up in next couple of years or the products that are ongoing as of now we plan to increase sales of both?
- K. C. Doshi:** Yes, of course, we are going to go with the product, which we are catering into currently and of course with the new product, which we already talked about EVA sheet extrusion system for the

solar so that would be a new product. On the current product of course with the blown film line we are able to do good job and apart from that we have also launched last year extrusion coating and lamination line for the Rafia industry that is where also we are seeing the good potential.

Neha Jain: So, how much revenue do we expect to generate from the new products?

K. C. Doshi: Madam, in this kind of capital growth, one to two years will not give you much of a revenue, it will give you a revenue in the later years, mainly because this kind of a new product development it takes six months to get developed and then another six months to validate it commercially and we at Rajoo believe that we should not dump the product without validation in the market, so of course this year you will see a limited revenue out of these solar products, but of course for the coming years we feel that the sector is booming and it can get us a good revenue.

Neha Jain: My last question is related to the land that we purchased in 2017-2018, so when are we expecting the production to start over there?

K. C. Doshi: Madam, we are thinking that in this unit is capable of reaching 200 Crores, so if we target that for this year and it happened, and we will plan for the new line to come in.

Neha Jain: So, only we reach 200 Crores we will then have the new line in place, right?

K. C. Doshi: Correct.

Neha Jain: So, what is the capacity utilization of the current line?

K. C. Doshi: It is around 80%.

Neha Jain: Thank you so much and good luck for the future.

Moderator: Thank you. The next question is from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.

Ayush Agarwal: Thanks for the opportunity again, Madam. My question was on the export side this time since this is a major chunk of revenue as well, so I would like to understand right now our exports contribution is roughly around 50%, what was it five years ago and how have we developed the export market and what has been journey there and how business done on the export side?

K. C. Doshi: So the export five years ago if we talk about we were having a presence in around 40 to 45 countries, but today we are having presence in 70 plus countries. We have a good network of agents and along with the agents we also realized that in capital goods the after sales services are very crucial and so now we have a good network of people in the export market as well, who can service our machine even after warranty and support the customer.

- Ayush Agarwal:** What was the scope as a percentage of our revenue five years ago if you have that number?
- K. C. Doshi:** It was around 40%, I do not have those numbers ready, but we always played with 30% to 35%, 40%, this year we have reached almost 50% and the next year target is to increase it by 10% more.
- Ayush Agarwal:** Right, so on the export market how is customer queries or our agents help us get the orders, so is how is the supply chain was there?
- K. C. Doshi:** No, it is a very direct kind of a thing, we supply directly to our customer and of course there is the agent who gets the commission and when they do a service to our customers of course they are going to invoice.
- Ayush Agarwal:** Alright, so we pay the commission to the agent for getting the business to us is that right?
- K. C. Doshi:** Correct.
- Ayush Agarwal:** Alright, understood.
- K. C. Doshi:** It is a B2B kind of a thing, direct sales.
- Ayush Agarwal:** Also on this solar PVC business, so are there any manufacturers currently in India or are we supplying this machinery outside?
- K. C. Doshi:** No, we are supplying, we are developing this machine for the Indian and of course there are approximately 10 to 12 lines have come from China, which has their own issues and of course the China is not able to provide any kind of aftermarket services to the customers we all know, so that lead to an opportunity for us even during the pandemic we installed and helped a few of the Indian processors whosoever got the machines from China, so that is how it is, the current market size if you talk about the numbers of machine it is 10% to 12% installed and not running at a full capacity due to various issues in the machine as well, so that is why we see a lot opportunity for us.
- Ayush Agarwal:** Understood, thanks for that and my last question is more on our opportunity side, if we look at our business 50% is domestic and India domestic you say that we roughly have 40% kind of market share so we are already a significant player of course it is not a company level type of thing you mentioned that it has a long life, so new capacity used to be built for unique solar machines so how are we derisking that part of the business so obviously price keep increasing because once when the capacities do not come online by the technical manufacturers our business will take a hit, so is the management doing something on that to direct the business for a somewhat sustainable growth and not see any lumpiness going ahead?
- K. C. Doshi:** Sorry, Sir, I did not get the question properly, if you can repeat it?

- Ayush Agarwal:** Sure, what I am trying to understand is that since machine sales are happen only when our end customers push capacity because these are very long life and right now majority of our exposure is towards flexible packaging industry, so how are we dealing that part so that these have come up with sustainable growth going ahead and there is a little lump, there is not a lot of lumpiness that we have seen earlier?
- K. C. Doshi:** Sunil, would you able to take this?
- Sunil Jain:** Yes, sure, see as I had mentioned before the machines which we are making is slightly tweaking the machines it can cater to various applications that is number one. Number two is flexible packaging market itself is going at about 13% to 15% every year, which means the current manufacturers need to continue to expand and that brings in the good market potential for us number two. Number three is what is happening is some very old machines let us say 15 or 20 years old machines, which are energy doublers they are getting replaced so people are looking for more productive machines which consume less energy and give more output levels, so to answer your question about derisking, we are expanding the application point of view from the same machines and as I mentioned before blown film lines can be used in flexible packaging, they can also be used as infrastructure application, similarly the sheet extrusion lines can also be used in different applications, so we are diversifying the portfolio applications and that helps us derisk ourselves from purely the flexible packaging industry.
- Ayush Agarwal:** If you can share some qualitative development that must have taken place in the last two to three years like we have shared that probably the tweaking of the machines you can get into infra, so some other examples?
- Sunil Jain:** For example if you go back 10 years blown film line used to be in the capacity of 150 or 200 kg per hour, today people are replacing a couple of machines and they are going in for 400, 500 or 700 kg per hour, earlier the width used to be 1500 mm, now people are talking about 3 meter lines so that kind of a shift is taking place because we also need to understand in the plastic industry besides the volume price, the other major positive energy and polymer is something which you have really the control over, so people are going for more energy efficient machines.
- Ayush Agarwal:** Right and are we working towards that or are we able to cater for customers on that?
- Sunil Jain:** Absolutely, that is our winning point as compared to competition not only from India and even from overseas.
- Ayush Agarwal:** That is great. That is from my side right now and thank you for your answers.
- Moderator:** Thank you. The next question is from the line of Shivam Prashar an Individual Investor. Please go ahead.

- Shivam Prashar:** Thank you for the opportunity again. Can you just highlight the inventory that we are holding for the current fiscal year?
- K. C. Doshi:** Prakash Bhai would you take that?
- Prakash Daga:** We are holding the inventory for 111 days inventory.
- Shivam Prashar:** Why is this number high like in fiscal year 2018 and before that you were used to hold around 70 to 75 days, but why is the number so much now, any specific reason for that?
- Prakash Daga:** The reason for increasing the inventory is basically disruption in supply chain which has happened for the last 12 or 15 months, so the lead time of the procurement has essentially increased. Secondly the range of machines where we are catering to the market, if you talk about the figures before five years the range of machines and today's range of machines is quite different, so inventory for manufacturing of all these machines you need to keep the parts in our stock, there are very high lead time of certain customized equipment which are supposed to be assembled in the machine so considering all together inventory holding has gone higher as compared to the figures which you have before five years.
- Shivam Prashar:** Thank you so much.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mrs. Khushboo Chandrakant Doshi for closing comments. Over to you Madam!
- K. C. Doshi:** Thank you everyone. I would like to thank all of you for taking the time out and attending this call. I am also thankful to each member of our Rajoo Engineers family as well as our clients, creditors, banks, financial institutions and all our stakeholders. For any further question or information, please get in touch with our investor relations team Bridge IR and you can reach out to us as well. Thank you very much.
- Moderator:** Thank You. Ladies and gentlemen on behalf of Rajoo Engineers Limited that concludes this conference. We thank you all for joining us. You may now disconnect your lines.