



MOLD-TEK
Packaging Limited
(Formerly known as Moldtek Plastics Ltd.)

Date: 27th May, 2021

To, The Manager, Department of Corporate Services, BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001. Scrip Code : 533080	To, The Manager, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051. Ref: MOLDTKPAC - EQ
--	---

Dear Sir,

Sub: Outcome of Investors Conference Call held on 26th May, 2021.
(Regulation 30 of SEBI (LODR) Regulations, 2015)

Please find enclosed outcome of the Analyst/Investors conference call of the company held on 26th May, 2021.

This is for your kind information and records.

Thanking you,

For Mold-Tek Packaging Limited


Thakur Vishal Singh
(Company Secretary)



Corporate Office :

Plot # 700, Road No. 36, Jubilee Hills, Hyderabad - 500 033, Telangana, INDIA.
Phone : +91-40-40300300, Fax : +91-40-40300328, E-mail : ir@moldtekindia.com
Website : www.moldtekgroup.com CIN No: L21022TG1997PLC026542

MOLD-TEK Packaging Ltd.

Q4 FY21 Earnings Conference call hosted by Prabhudas Lilladher Pvt. Ltd

- *Please Note: Audio of Mr. Laxman Rao is not very audible and hence there are time stamps.*
- **Host:**
- Ladies and Gentlemen, good day and welcome to MOLD-TEK Packaging Ltd. Q4 FY21 Earnings Conference call hosted by Prabhudas Lilladher Pvt. Ltd. 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 * and 0 on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference over to Ms. Charmi Mehta from Prabhudas Lilladher Pvt. Ltd. Thank you and over to you Ms. Mehta.
- **Mr. Charmi Mehta – Prabhudas Lilladher Pvt. Ltd:**
- Good evening. On behalf of Prabhudas Lilladher, I welcome you all to Q4 concall of MOLD-TEK Packaging Ltd. We have with us today Mr. Laxman Rao, CMD of MOLD-TEK Packaging. I handover the call to Mr. Laxman Rao for his opening comments and then he can open the floor for Q&A. Over to you sir.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Good day everyone. Thank you very much for coming to this conference online and showing interest in our company's operations. I'm glad to inform you that the company has done a fairly good performance with PAT going up 125% compared to Q4 last year and Net Revenues is up by 51%. And Q3 i.e. sequentially, PAT is up by 20% and Revenues are also up by 20%. In spite of more than, I would say, 50% drop of revenues in the Q1 of 2021 effected by COVID, we have ended up with a 9.5% overall revenue growth for the year. That means effectively, the next 3 quarters not only covered the 50% deficit but also got 9.5%. Effectively that shows that in the last 9 months the growth has been somewhere around 22%. I'm glad to also inform you that basic EBITDA margins have gone up. Year on year they are up by 18.91% and Q4 on Q4 it was up by 71.82 percent and sequentially it's up by about 20%. The per kg EBITDA margin which we generally consider as a better number to follow, has shot up to 41.88 for Q4, up from 36.46 in Q3. And for the full year we ended up at 36.72 as against 33.47 for the year 2019-20. This is possible because of increased sale of IML milk containers especially in the food and associated sector. The growth in that segment is as high as 55% Q4 on Q4, and that has resulted in improving margins. Despite huge rise in RM prices, our company could pass

on the price rise back to all clients, be it paint or lubricants or food and FMCG and also could improve margins.

- So going forward, the situation started very well in April, it's as good as the Q4 months. But in May, again the second wave of COVID affected all of us and partially the clients' operations and hence our operations too have been dented to some extent in the month of May. Hopefully, if the lockdown is opened by the end of this month, June might come back to normalcy. And, going forward, the company has lot of orders. The new products - Pumps are catching up and lot of new applications for food are emerging because of more concerns for hygiene and cleanliness that has come up because of whatever bad experience we all had in the last 1 ½ years. And this is driving people to go for better packaging like IML containers where your company is in a very strong position. So, the future looks brighter, but how long this COVID will impact people and impact the economies, is the only concern. It was not as bad as it was last year in the 1st quarter where we had more than 50% drop in sales. In the current year it probably won't impact more than 10-15%. But still, the concern is whether there will be a third wave and some more problems faced in the future. But for that, the company is in a strong footing and there is growth in all segments. our clients' loyalties are more towards MOLD-TEK which would further enhance our growth beyond their own growth.
- So these are the basic... And as I mentioned, there are QR codes and IML containers yet to be introduced. For the last 2 months initial trials started with one client, but now again in the last one month things have become cold. Probably by June-July the first lot of QR coded containers may be coming into the country. And that can start opening up more and more avenues/revenues for MOLD-TEK to attract higher business share from existing clients and probably from new clients. So going forward, QR coded IML could be the growth driver, not in this year also, but probably from the year 2022-23 onwards. This year could be the year for introduction and testing and seeing the benefits of the QR coded IML. And in the year 2022-23 onwards, I can expect some gradual shift and more volumes coming in our way from our existing clients and probably from new clients too.
- So the future looks bright. And what is more important today is taking care. And, MOLD-TEK has started lot of initiatives to control the pandemic, atleast in the plants, by not only providing vitamin tablets and even kits of 3-5 days of initial medicines, which we are convincing/administering to all the people who have ever shown an indication of COVID symptoms. And then we appointed doctors near each plant who will give consultation to the casual workers also. And, we have provided insurance cover and we are providing them additional facilities like monthly rice and some other additional items above their salaries. In this tough period they would definitely be needing some support or the other. And we also issues to all workers that if any family member is also affected, not only medicines, but their cost of treatment also will be taken care of by MOLD-TEK. And fortunately, even CSR funds are allowed to be used for various COVID controlling

measures, and the company has decided to majorly use this year's CSR funds, which are almost 1.5 cr available, which was provisioned in this year, most of them will be diverted towards controlling COVID, not only in our plants and villages where we are location, but in various parts of the country. So you all also take care and ensure that we quickly get back to normalcy and stay safe!

- Now I hand it over back to Charmi and we'll start the Questions & Answers.
- **Host:**
- Thank you very much. We will now begin the Question & Answer session. Anyone who wishes to ask a question may press * and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press * and 1 to ask a question.
- The first question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- **Mr. Ravi Naredi – Naredi Investments Pvt Ltd:**
- Thank you very much for giving me the first opportunity. Laxman ji, you are doing a fantastic job. Will you update us on what is our further Capex plan?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- As I mentioned in the previous call, our Capex is an ongoing process. This year also we ended up spending about Rs. 59 cr in expansion. The expansion project has not really taken place because of COVID. And again we were about to start in the month of May-June. Now again we are in the second wave. Again we might have to wait for another 3-6 months to start our plant in Uttar Pradesh, that's at Kanpur, near Kanpur. Now having said that, the plants have to stock up our food and FMCG capacity in Hyderabad where we have acquired 4.5 acres of land from Govt, near Sultanpur. That facility will be with complete control of cleanliness, hygiene towards standards of food product manufacturing. And this plant construction can be completed during this year wherein we may have to spend about 12-15 cr. And we have already machines and various moulds and equipment ordered coming which are about 13 cr. Already we have committed an investment of about 25 cr. in this year so far. And as a brownfield expansion at Mysore and Vizag, some of these equipment have been ordered. Some of them have come already in the month of March and April, and some of them are about to come in June-July. So brownfield expansion won't take huge amount of investment, but they will add considerable amount of capacity. For eg. In Mysore and Vizag our initial expenditure might be to the tune of 18-20 cr. for each plant. Brownfield expansion to double that would hardly cost 6-8 cr. So, that process is on now. Already half of the

capacities have been enhanced at both the locations. The capacity at Hyderabad is completely for food and FMCG expansion. These three put together, we have spent atleast 40-45 cr. expansion Capex during this year 2021-22.

– **Mr. Ravi Naredi – Naredi Investments Pvt Ltd:**

– Fine sir. Fantastic! And sir in profits in this quarter, how much is due to rise in inventory?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– Rise in...?

– **Mr. Ravi Naredi – Naredi Investments Pvt Ltd:**

– Inventory or inventory cost... for prices of the raw material?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– See, actually the raw material price has shot up from 90,000 to 130,000 during this period in the month of March. In December it was somewhere around 95,000. It has become 130,000 in the month of March. So, for inventory the pricing will not be based on 3 months; we conservatively take 12 months average for the inventory evaluation. So overall 12 months, that might have impacted maybe Rs. 3-4 in the evaluation of the inventories. So, I don't think that will be more than a crore of rupees. I don't have a figure directly with me.

– **Mr. Ravi Naredi – Naredi Investments Pvt Ltd:**

– Okay okay. And sir one request. With the result of the company, if you give some investor presentation in a detailed way, it will help us. That is my request sir.

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– Certainly. Actually our company is completely under lockdown now. The office are hardly 5-6 people who are coming to work, and the rest of the people are now allowed to even come to office for the last 20-25 days. And hopefully from the 1st of June, they are talking about opening up even offices. Plants are allowed to operate, but offices are completely closed. Only few of us have passes. So, there is a limitation. Otherwise, we thought of giving a proper PPT, which we did last time, I guess. I'll ask my people to do it and put it on the NSE and BSE soon.

– **Mr. Ravi Naredi – Naredi Investments Pvt Ltd:**

– Yes sir. Thank you very much.

– **Host:**

- Thank you. Ladies and gentlemen, you may press * and 1 to ask a question. The next question is from the line of Kaushal Shah from Dhani Securities. Please go ahead.
- **Mr. Kaushal Shah – Dhanki Securities:**
- Thank you very much sir for the opportunity. Could you throw some more light on how our 3 segments and the customers... you mentioned about the COVID second wave. So, what is the impression we are getting from our customers? You also mentioned about a possible drop in volumes in the current year. So, which are the segments where you feel there could be slightly slower growth? So that was the first question.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- No, there is no segment which is getting affected by COVID other than the food industry, to some extent. The paint industry, because they have stopped operations... the paint and lube industry. So overall, all segments are affected to the tune of however the lockdowns are impacting their own production and consumption in the markets. I'm not saying it will be for the full year, but for the month of May we see a drop in consumption by various client locations, and our sales also might dip in the month of May. April was as good as the January segment, but May dipped by about 15% because of lockdowns at various locations. And if they are lifted, June can be back to normal. So, overall impacts of the quarter may be reduced if June is normal, but how it goes we'll have to see. In Telangana they first said till 22nd and now they are saying on 30th they are removing the lockdown. So let's see till 30th... lockdown means kind of controlled operations. So if they continue to do so in all the states, June also may get impacted. The moment this is lifted and the economy is back on track, demand for products will shoot up, because not only paint and lube, but in food and FMCG there will be always a higher demand, and the moment the controls are lifted, you'll always see a shoot up in the demand.
- **Mr. Kaushal Shah – Dhanki Securities:**
- Right. And sir last year and even in the last quarter, which is the 4th quarter, we've seen a very good growth in our EBITDA. You mentioned it was almost Rs. 42 per kg. So, what are your thoughts on this number for the current year? Of course, for the full year this number was 36.7 or something like that, but even that is significantly higher than last year. So, any thoughts on where we can maintain our per kg margin for the current year?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- See, with pumps also adding to the sales in this year, now we have started around 1 to 1.5 million pumps a month supply, and hopefully it will reach 4-5 million by the end of this year. So, even if you average it at 2.5 to 3 million pumps per month, it is another 23-25 cr. turnover where we expect to have food and FMCG kind of contribution. So, if such things happen due to new products... if it takes us... Otherwise, our food and FMCG

continue to grow. I'm very confident that once the lockdown controls on our activities are removed, food and FMCG products will again shoot up. So then, probably from 37 we can expect 38, 39. Even Rs. 40 is a possibility for the next year. That depends upon how many months we lose in the current second wave.

– **Mr. Kaushal Shah – Dhanki Securities:**

– Right. So, for the current year you're saying maintaining this Rs. 37 should not be any major challenge. In fact, we can actually improve on this by a few rupees?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– Yeah 1 or 2 rupees provided the lockdowns and all quickly are removed and normalcy comes back.

– **Mr. Kaushal Shah – Dhanki Securities:**

– Correct. And sir, just one last question before I go back into the queue. Any new customers that we have added in the last 4-5 months?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– In the food and FMCG atleast 7-8 clients were added every month. Some of them are big to talk about, some of them are small. Dhanuka Agro we have added recently for some of their products like agricultural nutraceuticals and stuff like that. But that has opened lot of opportunities with other companies of Dhanuka. So that is another opportunity area that opened up. Coming into food and FMCG, I don't have the names; some of them are small and medium sized companies. And on an average, we are adding about 8-10 new clients a month.

– **Mr. Kaushal Shah – Dhanki Securities:**

– Okay. And sir just one last question. What do you think about the volume growth? You were saying that we are adding so many customers every month. So for the current financial year 2021-22, what kind of volume growth is likely? Of course, everything depends upon the COVID situation. But based on the current circumstances, do you think we can post some decent volume growth in the current year because of these new customers?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– Every year we are ambitiously looking at trying to reach somewhere close to 20% volume growth. I'm not talking about value, but volume growth. But, something or the other happens. For eg. This year in the 1st quarter we lost almost 50%. So to cover that 50%, then we posted about 10% growth. So, had it been atleast a neutral quarter, we would've been somewhere around 18-19% or maybe even 20% growth for the past year.

But this year fortunately I hope this May and June won't be a major drop like what happened in the Q1 of last year. Probably it may be a 10-15% drop which can easily be absorbed, and we can still try for 15-18% volume growth in the current financial year.

– **Mr. Kaushal Shah – Dhanki Securities:**

– Great! Thank you and all the best sir!

– **Host:**

– Thank you. The next question is from the line of Jaspreet Singh Arora from Equentis Portfolio Management Services. Please go ahead.

– **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**

– Yeah hi, good evening sir and thanks for the opportunity. With regards to the profitability, what you mentioned the EBITDA per kg, assuming the way Q1 is and it is definitely better than Q1 of last year with the view that subsequent quarters should be better... So is it fair to assume that the EBITDA per kg could oscillate between Rs. 36 and 42 per kg depending on how each quarter behaves? Would that be a broader range or do you think this is doable this current financial year?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– Yeah yeah, it is correct. Rs. 36 to Rs. 41-42 is possible.

– **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**

– Sure, thanks for that. And in terms of the... we're just trying to understand the capacity utilisation. If you could just talk a bit about that in terms of the current quarter? So how many units would be totally shut down as of today? How many would be operational and where operational? What's the ballpark utilisation? Whatever information you could share please.

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– As of today, none of the units have shut down. The unit at Satara in Maharashtra is operating at almost 30-40% only, because Asian Paints which is its lone client is having restriction of operations there due to partial lockdown due to COVID. But the other units are running reasonably well. There is nothing less than 60% in most of the units, but not to the extent of what it ran in April or up to April. So going forward, for June, if the lockdowns are relaxed, it will go back to our typical 70-80% of capacity utilisation. If the lockdowns continue, we may probably have 60-65% capacity utilisation on an average. And if you want to know the numbers, as I said, these numbers are liquid. As we keep adding machines per year, the capacities vary. But, for having some kind of ballpark figures, in 2020 our capacity was 37,000 tons at the end of the year and now it is 40,400.

So about 10% capacity was added during last year. And this year, within these 3 months of April, May and let's say June-July... in these 4 months we would be adding another 3,000-3,500 tons of our production capacity in both Mysore and Vizag and a little bit at Hyderabad. So these three will take it up to 44,000. Last year our production was 27,000 tons. Of course, the 1st quarter was hardly 3,500 or 3,600 tons. So if you remove that 3,600, the average in the next 3 quarters are somewhere around 7,500 tons per month. So we would've reached 30,000 of the 37,000 had we ran normally, but for COVID. So, 30,000 on 37,000 is almost 80% which is the best any injection moulding company can do. And this gradual addition of 3,000 happened during the year and again another 3,000-4,000 is happening this year in the brownfield projects. So we are aiming to reach at least 35,000 tons output this year... 32,000 tons this year as against 26,300 tons last year. But how COVID will impact is to be seen.

– **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**

– Okay. So 32,000 in the current financial year v/s 26,300 last year?

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– Yeah.

– **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**

– Okay, that's good and healthy growth. Thanks for that. Sir, the UAE operations, we did some provisioning of Rs. 1 cr. Anymore provisioning pending and what's the status there? What...

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– No, this is the last one because we also burnt our fingers with the taxation. The last one is the taxation payment, the benefit which we were supposed to get through the return what they call it. They didn't allow us and they asked us to pay back the taxes i.e. this provision of 1.07 cr. And we paid also basically the error between the FTZ and the government they didn't file papers in time I guess in one particular year. So the government didn't allow the FTZ to pay to its participants to take the tax exemption and that also fell on us. So the last we paid off and I think we are now cleared out of UAE.

– **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**

– Okay, okay great, so this you mentioned in the U.P. we're planning to had a project plant and we are in the process of land, you know, buying land through that poll mechanism. What's the plan, by when do we plan to start work here and how much Capex and finish by when.

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

- Actually we are committed to Nerolac to start the production in May, June. But with this Covid again I think it will go to September, actually we have already signed the lease agreement with 1 company which they have agreed to defer by 3 months. So from July or August it will be effective and then land is being purchased through industrial estate at near Lucknow Airport some 500 kms from Lucknow Airport and then small, small plots they are selling but they said they will pool and try to give us 3 acres of plot which is minimum required for us. So that first week of June or on 8th of June we have kind of auctioned for that, if that happens we will procure the land but the buildings will not start immediately because it might take some time to stabilise operations there in the factory and then probably in the year '22 we will take up the our own plant construction there because by '22-23 that year we are expected to start production in the same industrial estate, and they have in principle agreed to use Mold-Tek as one of the major vendors.
- **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**
- Okay, till then we
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Till then we'll continue to lease the premises for about one and half year.
- **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**
- Sir, what's the Capex of this project, just last question, sir.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- In the FY21 the Capex will be hardly 5-6 crores.
- **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**
- On the land, sir, on land and then the, once you start ...
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Land there the prices are hardly around 1 crore per acre so 3 crores would be the investment.
- **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**
- And then the machinery for the first year.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- And machinery we believe itself will cost us 4 crores, so in the first year 7 crores we invest probably in the year '22-23 we may have to invest again another 15 crores.

- **Mr. Jaspreet Singh Arora - Equentis Portfolio Management Services:**
- Okay great, sir, I'm done, sir. Thank you so much and congratulations, sir, on a good quarter, thank you.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Thanks.
- **Host:**
- Thank you, the next question is from the line of Mithun Mehta from Lucky Investment Managers, please go ahead.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- Yeah hi, good evening, sir, and congratulations on a great set of quarter.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Thank you.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- Yeah, sir, just had one or two questions, one is only on EBITDA per kilo can you help us to understand this delta between paint room versus the food FMCG what's the difference in the EBITDA per kilo that you make.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yeah, I can't give such detailed explanation but in the food the growth during the last period Q4 let's say was 23% whereas in this year the growth is 55%. So from 22.3 crores in Q4 it went up to 37 crores in the year quarter on quarter comparison. So there is almost 55% increase, 55.5% increase in the sale of food in the FMCG products during this Q4. That is one major factor for our improved profitability which held much higher contribution margin compared to paint and lubricants.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- Number is likely to sustain I mean this growth is likely to sustain in Q3?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Actually to continue where I said whatever only one good thing we see from Covid, more and more manufacturers of food items are concerned about the packaging and hygienic packaging, earlier they don't care they used to sell it in fibre cups they sell it in vacuum formed containers whatever it is but now there is a lot of awareness and at least there's

a drive towards better containers which are manufactured in a hygienic manner. So that great contamination will come down and their products will be safe guarded. So that awareness is coming up and even small and medium size companies are ready to go for IML containers which will enable, which will safeguard the products. So that awareness is what is driving most of them to go for IML containers. And that is one of the major reasons I see for sudden jump or continued jump in sales of FMCG. This quarter also would have been same but again this month it would have been the best month for ice cream now that it has gone, so month of May ice cream companies other than big players like Hindustan Lever and Arun any other ice cream small and medium players are almost down. So that could impact the month of May. But June also is a good month of ice cream if lockdowns are lifted by end of this month, June could be again a big month for us. So that's the status as of today. But going forward we still lot of gauge are coming in our containers, pharma, nutrition powders, agro nutrients. Like this many new companies are coming in, detergents in our gauge containers which are meant for bulk use we are able to sell to major players and 3-4 major detergent bulk facts. So like this we are finding new applications and new clients which I think will continue for next few more years and anyway we are having sweet boxes, we added pumps recently which will be driving growth in next couple of years. And then the cure coded IML containers is another variant which might give us growth for next 2 -3 years. So like this we need to keep on finding new areas and applications to sustain good growth.

– **Mr. Mithun Mehta – Lucky Investment Managers:**

– But in Q4 you know we have done highest quarterly sales of 165 crores, is it fair to assume that all our factories were running at 80% capacity in Q4.

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– One more thing we need to understand there is a insulation of raw material in it, raw material price have shot up from average of 90 – 95 to average of around 110. So the raw material cost have gone up during this quarter, so the sales growth in a real volume is 40% it's not 50%. The growth in volume is only 30%. The growth in number is 51% but growth in number of terms of sale it is only 30%. So the 21% is the insulation of raw material hike but in spite of that we could get 125% growth so far.

– **Mr. Mithun Mehta – Lucky Investment Managers:**

- And what are your volumes, sir.

– **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**

– For the year total is 26,300.

– **Mr. Mithun Mehta – Lucky Investment Managers:**

- Come again, sir?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- 26,300.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- What is it?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- 26,300.
- Can you hear me?
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- Yeah, yeah, I can hear you sir. 26,300 was a volume for FY 21.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yes.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- And what was for FY 20.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- 20, it was 24,200.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- 24,000.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- That was I said 9% growth.
- **Host:**
- Mithun, you have any follow up question.
- **Mr. Mithun Mehta – Lucky Investment Managers:**
- Okay, great, thank you very much, sir.
- **Host:**

- Thank you. The next question is from the line of Parvesh Chehra, from Lucky Investment Managers, please go head.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
- Sir, my question was answered. Just one clarification, the capacity will rise to about 44,500 tons, right?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yes, 44,000 with the machines that are in the pipeline.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
- And you will not have a capacity constraint during this year, right, because this capacity is going to come probably in the second half.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yes, already this quarter some of the machines have arrived and I have checked, and some of the machines are coming in June-July. So by the end of this quarter or maybe beginning of second quarter we will be having the capacity ready.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
- And just one clarification, on the EBITDA increase side for the quarter, was there any major mix change because the number that you mentioned which is about 33 crore revenue is what you booked for.
- **Mr. Laxman Rao – Chairman & Managing Director, MOLD-Tek Packaging Ltd:**
- 37 crores.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
- 37, that was something like 37 divided by 161, that was some 22...
- **Mr. Laxman Rao – Chairman & Managing Director, MOLD-Tek Packaging Ltd:**
- 23%.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**

- But that's the number even in the past that the similar mix is what you have I was unable to comprehend why the EBITDA per kg has moved up.
- **Mr. Laxman Rao – Chairman & Managing Director, MOLD-Tek Packaging Ltd.:**
 - There is also improvement in the IML sales of paint containers, within the paint containers there is a growth of IML, they have shifted some 3 brands into IML, so during October or November they have started but the numbers started shooting up in this quarter, so that is also a contributor.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
 - Okay, better performance, okay.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
 - And prices also we could demand better price for our products during this period especially from the food industry so that is where we improved the EBITDA.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
 - Just clarifying in the past call you mentioned that your volume mix is 17% lube and 51% paint, right, and balance is food.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
 - Yeah. You mean in Q3 or for 12 months?
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
 - No, for 12 months in the usual last year cycle, lubes were 17 and paints were 51, right.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
 - Lubes was 22.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
 - 22?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
 - Yeah.
- **Mr. Parvesh Chehra – Lucky Investment Managers:**
 - Okay. Thank you very much, sir.

- **Host:**
- Thank you. I request all the participants to please restrict to two questions per participant. If time permits please come back in the question queue for a follow up question. The next question is from the line of Disha Seth from Amwel Shares and Stock Broking, please go ahead.
- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Sir, I just wanted to ask two questions. Sir, what is the mix for the current quarter and for the whole year for IML and non IML, and what is it year on year?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- IML, total IML is around 65/66.6 and the rest is non IML. It was for the last 12 months to tell you it was 60, it was 64-65 last year and it has gone up to 66, it is up only by 2 to 2.5%.
- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Sir, that 66.3 is for the quarter, and for the whole year it is 64, right, am I understanding it right, so that will improve the EBITDA margins, that way I was asking.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yeah, this full year it is 64.
- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Okay.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- This is for the Q4, for the full year it is 64 from 62 so it is just 2%.
- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Sir, just 66 is the exit, so for the whole year we will have minimum 66%, or that will...
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- For the next year, that will probably be, now that it is stagnating because more or less companies have gone for IML or HTL, non-label containers, so the non-label containers are mainly in screen printing. Some of the small quantity brands continue to be in that. So going forward this shift in IML will only come when the major clients decide to shift away from screen printing to IML or even when they shift from HTL to IML they will tend to give us more percentage of the margins.

- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Okay, and, sir, for the current quarter like Q1, the EBITDA per kg might go down because the raw material has gone to 130 per kg versus 90 per kg, am I understanding it right?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- No, the raw material price has already gone up, it was peak in the month of March, it reached 132 in March and now it is 120, so we could pass on the price differential to the client successfully in the next quarter. So that is not a factor at all to reduce our EBITDA at all. The main thing is reduce the volume of uptake due to the lockdown at various locations. Clients have stopped some of their plants, or partially operating their plants, that is the reason for reduced capacity utilization.
- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Okay, sir. Sir, just one clarification, you mentioned 26,500 is the volume for FY21 and 32,500 you are expecting for FY22, am I understanding it right?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yeah, if things are normal we are aiming at 32,500, we will have to see how the covid situation turns out.
- **Ms. Disha Seth – Amwel Shares and Stock Broking:**
- Okay, sir, thank you.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Thank you.
- **Host:**
- Thank you. The next question is from Mr. Raunak Vora from AEM Fund Advisors, please go ahead.
- **Mr. Raunak Vora – AEM Fund Advisors:**
- That's a good set of numbers you have. Can you give the value and volume by break up between the paint, lubes and FMCG for the full year '21?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- For the full year '21 it is 53.5, 22 and 24.1.
- **Mr. Raunak Vora – AEM Fund Advisors:**

- This is value wise, right?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Yeah, this is value wise.
- **Mr. Raunak Vora – AEM Fund Advisors:**
- And volume?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Volume is 57.8, 23.7 and 18.5.
- **Ms. Raunak Vora – AEM Fund Advisors:**
- Okay, sir, thank you.
- **Host:**
- Thank you. The next question is from the line of Archana Gude from IDBD Capital Markets, please go ahead.
- **Ms. Archana Gude – IDBI Capital Markets:**
- Sir, thank you for the opportunity and congratulations on a very good set of numbers. Sir, two questions, sir first you mentioned about Satara capacity utilization was lower because of lockdown related restrictions. Sir, is it fair to assume that there was no pause from Asian Paints in terms of new orders.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Sorry?
- **Ms. Archana Gude – IDBI Capital Markets:**
- Sir, earlier you mentioned that Satara capacity utilization was lower because of the lockdown restrictions in May, so is it fair to assume that there is no kind of pause in terms of new orders from Asian Paints.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- I heard your first part about that Satara is impacted by lockdown, and then what is the question?
- **Ms. Archan Gude – IDBI Capital Markets:**

- See the question is like when we asked about the Asian Paints pause they are pretty much sure that Q1 was only much impacted because of this second wave of Covid. So I am just trying to understand that there is no pause in the new orders for us from Asian Paints as well as the other paint companies.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- See whatever Asian Paints loses at Satara they may make up at the other plants, but there are certainly restrictions on everybody. See in general there is a slowdown in the month of May, nothing happened in April, April was as good as Jan-Feb, but coming to May right from first week of May, plants have stopped as lockdowns have been implemented at various locations in the country affecting everybody including Asian Paints or Berger or anybody to that extent. And their production and productivity definitely comes down and the movement of goods slows down. So that effect is visible in May, but if the lockdown go off again in a couple of months it can really pick up speed and cover up the deficient. So as of today at Satara that is Maharashtra there are restrictions and slowdown for all.
- **Ms. Archana Gude – IDBI Capital Markets:**
- Okay, understood, sir, and secondly these variables you are printing, I know this is too early to ask you this, but then how big an opportunity this could be for us in terms of sales contribution let's say 3 years down the line. And what kind of margins we can expect.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- As you said it is very difficult to answer at this stage, but this can be kind of a, if not a game changer it can be definitely a big reason for non IML containers, companies using non IML containers to move to IML because they will have data, they have continuous supply chain control on the movement of goods from the plant to the end customer. And then schemes can be implemented to attract clients and from the spot and most important is counterfeit products can be stopped, the counterfeit is a major issue in paints and lubes especially. And they will certainly love to have command on container wise you know each container wise control of their product versus what is being sold in the market. So by virtue of this pure code control they will be able to do that, even one container they can trace. And if one false container is sold it will reflect in the system. So that has to be orchestrated by people, implemented and once implemented I am sure no brand would love to have counterfeits going on. So that is what the bet we are putting on, so let us see, I am really excited about it but it will take time to implement it and then one after another can appreciate it, but it can catch up like wildfire once few clients adopt it. I am also eager to see how it goes up.
- **Ms. Archana Gude – IDBI Capital Markets:**

- That's it, so all the best.
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Thank you.
- **Host:**
- Thank you, and the next question is from line of Mr. Joshi from Kedar Capital, please go ahead.
- **Mr. Joshi – Kedar Capital:**
- Thank you for the opportunity. Sir, I have just one question regarding your capex, sir, what I understand is we have spent around 60 crores in FY21 and what is the capacity we have added in FY21 so far, sorry in March how much we have added capacity?
- **Mr. Laxman Rao - Chairman & Managing Director, MOLD-TEK Packaging Ltd:**
- Capacity addition during the previous year was only about 3500 tons but there is a printing machine investment to the tune of 8 crores which is enabling us to, in fact one of the reasons I should have mentioned I think I forgot, the improved EBITDA margins are also due to increased use of this flexograph machine which reduces our cost of IML production and includes profitability by at least say 80 paisa or maybe 75 paisa per kg, that is one reason, that investment which we made last year is purely for decoration. It won't add to the moulding facility. And 13.9 crores has been spent on the pumps project so this 22 crores has indirectly gone towards other projects which are yet to or started giving results.
- Remaining 30 odd crores is mainly gone into Brown field projects and tool room equipments. Tool room again is another area where we are concentrating. Even in the current year we have plans to invest for the tool room because we don't want to depend on chain of our molds which is causing a lot of delays and sometimes delay at clearing and customs and all in facilities. So we thought we should be wise to expand our tool room capacity by at least 50-100% in the next two years. So there will be some investments going on in the tool room this year also. And this 59 crores which was also 5 crores land procured at Sultanpur for the future growth.
- So about the net level, 27-28 crores have gone into other products and about 30 crores have gone into creating buildings and facilities and plant and machinery for greenfield expansion and tool room which now totally from 37 000 tons will move to 44 000 tons in July.
- **Mr. Khush Joshi – Kitara Capital**

- Okay. So the 14 crore pump business which we are not adding in 3500 tons, is it the correct understanding?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Yeah, that is because the pump quantity wise once that comes into production this 13.9 crores hardly, I have not calculated maybe 500 to 800 tons per annum, it is going to be huge. It is also part of this 44 000.
- **Mr. Khush Joshi – Kitara Capital**
- Okay, understood. And sir, when you are mentioning with respect to this Dhanuka Group product, so what incremental value proposition you are offering to the customer in that particular range of products?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- See for anybody who is giving a product they need the first is how the container presents the products. So that way IML containers look far better than screen printed round containers which they were earlier using, and after use benefits for the customer and complete tamper evidence system. So these are the features which Dhanuka or anybody would love to have for their packaging and that is how they adopted our containers.
- **Mr. Khush Joshi – Kitara Capital**
- Okay. Thank you so much sir.
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Thanks Khush.
- **Moderator**
- Thank you. I request all the participants please restrict to two questions per participants. If time permits please come back in the question queue for a follow up question. The next question is from the line of Ashish Kacholia from Lucky Investment Managers. Please go ahead.
- **Ashish Kacholia – Lucky Investment Managers**
- Good evening sir and congratulations on great set of numbers. I just wanted to ask you about our relationship with Asian Paints. You had mentioned that there would be a bigger opportunity for IML if competition increases. So has the situation changed in any manner or it is sitting on a status quo?

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- No it is still status quo Ashish. Nothing much changed.
- **Ashish Kacholia – Lucky Investment Managers**
- You have not been able to find another vendor?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- There are vendors, like Dolly Plastics which also makes some 1 liter and small containers in IML but they have not progressed to make up to 20 liters IML containers. APNT wants at least four suppliers to be ready, especially Hitech which is one of their kind of associated company. So Hitech has not yet really progressed in IML. They have purchased their robo site not more than 2-3 years ago. But still commercially they have not really come up
- **Ashish Kacholia – Lucky Investment Managers**
- And it is not in our interest to do some kind of a royalty arrangement with them in terms of giving them the technology and kind of having a long term royalty arrangement?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Even I offered to supply the labels for all the suppliers to make it uniform and everybody can make use of our IML labels. But they are not comfortable and it is still in the decision making process.
- **Ashish Kacholia – Lucky Investment Managers**
- Okay. Very good sir. And my second question sir is basically when you say that our volume will go up from 26000 to 32000 tons we are hoping for this volume growth. This volume growth is being driven by the fact that this was coming of a low base from this year or you know, they would underline very-very strong and robust growth in the demand from consumer products and paint?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- See the idea was in the Q4 itself we achieved almost 8000 tons, it is 7983. So we could have easily maintained that phase and maybe another 10%. We have to aim to make 33 to 35000 tons. But because of this COVID impact again in May and maybe scaled down 32000 or 32500 in what I see now as of today. But if the COVID continues another 3-4 months, then the numbers could down. Otherwise...
- **Ashish Kacholia – Lucky Investment Managers**

- Yeah, then of course then nobody can help you. And sir, this 8000 tons that we have grown, this is basically on a full normalized demand scenario or there is a one-time element in this demand because of the 'A is stocking', 'B is stocking' whatever you know in that sense?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- No, no in the Q4 there is no restocking. Actually in Q4 people stopped buying inventory because the raw material is at the peak. Rs. 132, we never heard in the history of polymers as far as my knowledge of 35 years goes. This is the highest price that the PP, PE has reached in the month of February and March. So obviously people would have maintained very low level of inventories at their end for packaging because now the price has come down to 120 in the month of May. So what I am saying is, Q4 there is no such thing as one time wonder. It is really all our three segments were growing well. Things were moving in fact food on a much faster rate. And we were all set to think about another maybe sequential 10% growth in April-June and then COVID happened.
- But one positive thing you all can notice, pumps which we started just recently have started kicking up. Now got an update, ITC is asking for final price. Wipro has started taking our pumps. So slowly pumps contribution will start coming in. Hopefully, that is not counted in the Q4 or Q3 of the last year. So going forward pumps will be a small initiative. In terms of tonnage it is small but in terms of value addition and sales, it is reasonable. But this year I won't be excited, we might reach hardly Rs. 15-20 crores turnover in pumps, maybe 20 crores in pumps but following year we can aim at around 40 to 50 crores turnover coming from the pump segment.
- **Ashish Kacholia – Lucky Investment Managers**
- So pumps segment you had mentioned that it can be a 100 crores business for us. Are you still...?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Yeah, yeah in three years' time it is possible. It can be close to, because we have to widen our product range in pumps. What we have is only two models as of today. But for shampoos and others we are in talk with P&G. But again whenever we initiate something, this COVID or the moods of the clients really, in the past one and one and half years is not really aggressive. So they all want to stick with what is there on hand before they try something new. So once the COVID is put to a full stop, we can see all these new product launches and aggressive new containers and applications for us.
- **Ashish Kacholia – Lucky Investment Managers**

- How is the product size beyond the pumps? I mean, this whole pump thing is pretty better from our product launch point of view because it has kind of made our company into a multi-product company. Do you see more products coming in your pipeline which are technologically intensive and challenging so the company would get better margins and ebitda/kg?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Not really. As of now food and FMCG is the only area where we are concentrating. There is lot potential for us when compared to China as I said we are not even 3-4% of what is China consuming in the food and FMCG in IML. So there is a long way to go in that segment. And in the last one, one and half years of COVID impacted economy, aggressively looking at other areas won't really give us output because we have not been able to meet people and explain the concepts. It is all happening on concall and Zoom calls. So new addition looking to shift from the concept is becoming very difficult. But food and FMCG there is a drive to becoming more hygienic and use better containers and there may be more control from the government side also. Hence many small and medium companies are looking at IML option which gives them completely hygienic containers.
- **Ashish Kacholia – Lucky Investment Managers**
- Thank you sir. Great! Congratulations and all the best. Thank you so much.
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Thanks.
- **Moderator**
- Thank you. A request to all the participants, please restrict to two questions per participants. If time permits, please come back in the question queue for a follow up question. The next question is from the line of Naushad Chaudhary from Systematix Group. Please go ahead.
- **Naushad Chaudhary – Systematix Group**
- Hi, thanks for the opportunity and congrats on a very good set of numbers sir. I joined a little late so excuse me if I ask any repetitive question. Just wanted to understand on the pump side sir. We were targeting around 25-30 crores this year. But I understand because of certain challenges we have achieved only 14 crores. So at what scale we will achieve our desired margins in the pump business? At what level of sales we should touch our 32-35% margins which we are targeting in pumps?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- I don't know what is the 35% margin but in pumps the numbers are increasing now and we are able to start sending about a million odd pumps in the month of April produced in-house. And going forward we see that number can surely catch up by end of the year. It may come to 3 to 4 million a month. So averaging around 2-2.5 million pieces which will result into a turnover between, around 15-20 crores of topline. And that will be equal to around 30% capacity utilization. But one point I am telling you again all our machines which are made for pumps can produce small pin ball containers and they can produce paint containers also. So the capacity which has been kept for pumps will not be lying idle. It will be used for food and FMCG where we have tremendous growth. So that way capacity utilization will be continue to be around 75% level, that is the internal target. As and when we reach that level, we will keep adding machines to enhance and get ready for the growth. So pump side, definitely the value add is very good, much better than even some of the food products, or are at par with some of the food products. Hence adding that line will be as good as adding into food and FMCG or better than that. So that number will be around 15-20 crores this year. But it will at least double in the following year because we have talks with a couple of shampoo manufacturers in the country to develop shampoo pumps. But as of today it is in the cold storage. But as the COVID comes under control probably we will get an opportunity to develop for one of the leading brands in the country.
- **Naushad Chaudhary – Systematix Group**
- Interesting sir. Lastly on the working capital side, what is the reason in stretch in working capital? Was it because of the raw material or was it because the business scene is changing?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Yeah both are the reasons. One is a huge growth in business and second is a huge rise in the raw material cost. So both are the reasons for increase in the working capital.
- **Naushad Chaudhary – Systematix Group**
- Okay. In terms of number, it has gone up substantially in the last few days. From 52 we have reached 70. So there is a sharp rise. Is that something beyond the product, are we finding it difficult to recover from some of the clients or is there any case something like that?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- No, no there is absolutely no bad debt, there are bad debts but negligible like what they were in the past. But of course there are delays in the payments even from the big clients. What they used to pay let's say in 40-50 days, they are now paying in 60-70 days. And smaller players we always go with advance or postdated cheques to safeguard our

interest. So we are not having any particular bad debt or any threat of a bad debt. But given the last 1-1 ½ year of tough situation, generally the collections are little slower and we have to respect that because the clients are also going through tough times.

- **Moderator**

- Thank you. Mr. Chaudhary, I request you to come back in the question queue for a follow up question. The next question is from the line of Akhil Parekh from Elara Capital PLC. Please go ahead.

- **Akhil Parekh – Elara Capital PLC**

- Hi sir, many congratulations for a very good set of numbers. I just have one question on the split between paints, food, FMCG and lubes volume and value for the quarter. I think you provided for the entire year. I just want for the quarter.

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- In terms of the value Mr. Parekh it is 31.5 and 23. And in terms of tonnage it is 61.3 and 15.7.

- **Akhil Parekh – Elara Capital PLC**

- Okay. Perfect! That is all from my side. Best wishes for the coming years.

- **Moderator**

- Thank you. The next question is from the line of Amit Zade from Antique Stock Broking. Please go ahead.

- **Amit Zade – Antique Stock Broking**

- Good evening sir and congratulations on a good set of numbers. I just wanted to understand our market share in paints category and what was your forecast for '21 and did we see any market share gains in this particular year?

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- There is no specific number to give you numbers. So the growth is there but I don't have the complete data. In fact we get these data from Reliance and according to them, we in the organized sectors, Mold-Tek is around 20%, Hitech is also close to that level because Hitech supplies the entire of Asian Paints requirement almost 50%, whereas we supply around 25%, something close to 25% for the Asian Paints requirements. So going by that calculation we may be around 25% in the entire organised industry, paint industry. In the

unorganized there are really small players and where we are not going to be. In the organized sector our main segments and market share could be 25%

- **Amit Zade – Antique Stock Broking**

- Got it, thanks for that. The business is looking good, I think our market share is relatively higher there and with this launch of QR coded IML packs so there is limited scope for market share gain. But the value addition would be higher. So is that understanding correct?

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- I explained to you in the previous question. If the QR code is appreciated which the country will see or at least the main players will see in like 6 months' time, want to control their supply chain movement. Right from manufacturing till the end user buys the container and takes it away. There is complete control of the container, they can link it to their ERP also and they can see which containers are not sold and lying where also they can have that control. And if they are sold where they are sold, which town, which dealer provided they also need to invest sometimes on the equipment at the end of the year or at least up to the distribution channels and wholesale dealers they will all see control. So once they see that is what is QR Coded IML is achieving I am sure some of the major brand at least paint companies might also go for it. Today QR coded IML came to us last year for three brands. And today their numbers are increasing and they are now talking about adding two more brands. So like this with ordinary IML I am talking about, with QR coded IML once it is put into market and once the benefits are felt by the companies we can again re-look at shifting that 30% to maybe 25% or even 30%. So there is a game plan that we also have, so let us see how it goes.

- **Amit Zade – Antique Stock Broking**

- Right. But our market share would be far higher in terms of the lubricants, right, compared to the paints category or the paints is higher

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- See who ever want to stop counterfeit and want to have control on their entire product sales and supply chain will go for it. Why only lubricants? But as you correctly said lubricants industries suppliers and duplicators. So they are much more keen to try it. In fact we are trying one of the leaders in the loom industry and last 2-3 months things again slowed down otherwise by now at least first lot would have gone into the market. And everybody has to learn from this, everybody has to invest from small infrastructure at different locations. So it will take time. It won't happen next quarter, it will take a year, year and half to really feel the benefits on the QR coded end.

- **Amit Zade – Antique Stock Broking**
- Sure. And lastly sir, the share of IML in terms of volume and value, both for this 4th quarter?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- It is you know, it has gone up in terms of value it is 62, 61. range. In tonnage, so now only 1-2% increase in the IML growth.
- **Moderator**
- Thank you. The next question is from the line of Karan from Asian Market Securities. Please go ahead.
- **Karan – Asian Market Securities**
- Hi, thank you for the opportunity and congratulations for a good set of numbers. Sir how has Mysore and Vizag plants done for us in FY 21. Can you throw some light on volume, capacity utilization levels?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Our capacity utilization levels has reached reasonably close to 75000 tons in both the plants and that is why we are adding machines at both the locations. In Mysore I think already three machines were added and in Vizag the machines are coming. So with the capacity enhancement project that is given by Asian Paints where from 3500 tons together in 2021 we are supposed to reach 15000 tons by 23-24. So we are almost doubling this year. We will be coming close to 6000 tons in those two plants put together in this year and probably 9000 next year and 12 in the following year and maybe 14-15 in the fifth year. So there will be an increase of volume in both these two plants this year.
- **Karan – Asian Market Securities**
- Right. And volumes for Q4 '21, for IML and non-IML you mentioned 62 to 64, right?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Yeah, yeah.
- **Karan – Asian Market Securities**
- And in terms of value?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- Now the value is 65.4.
- **Karan – Asian Market Securities**
- For the Q4, right?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Yeah for the Q4.
- **Karan – Asian Market Securities**
- Okay. Thank you, this is it from my end.
- **Moderator**
- Thank you. The next question is from the line of Ashvin Shetty from Marcellus Investment Managers. Please go ahead.
- **Ashvin Shetty – Marcellus Investment Managers**
- Thanks for taking the question, sir. I just had one repeating question. There seems to be some reclassification in the employee benefit expense. So when I look at FY 20 numbers in this quarter's results it is around 30-31 crores. Whereas last year the annual report was close to 54. So have we changed anything there, the accounting method?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- Sorry, what is that?
- **Ashvin Shetty – Marcellus Investment Managers**
- The employee benefit expenses seems to be have been restated to a lower number than what it was last year. So I am talking of the FY 20 numbers...
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- What is the item?
- **Ashvin Shetty – Marcellus Investment Managers**
- Employee cost benefit.
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- See employee cost are basically combined to the casual. As per new norms, the casual employees who are not on the rolls of the company needs to be put in the other expenses. So they have moved to other expenses.
- **Ashvin Shetty – Marcellus Investment Managers**
- Okay, thank you sir.
- **Moderator**
- Thank you. The next question is from the line of Abhishek Varma from Fidelity International. Please go ahead.
- **Abhishek Varma – Fidelity International**
- Hello sir. Sir just wanted to understand on your agreements with Asian Paints. Are you the only vendor? And if not, where do you lie in their supply mix, in terms of their preference of their suppliers? That is the question number 1.
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- You know, we are not the only one supplier. There are at least 5 to 6 suppliers for Asian Paints in the entire country and every plant they generally take about three major suppliers. So we are at Hyderabad, we are at Satara, Mysore and Vizag. Only one place we are not there is in their north plant, near Delhi. And what is the other part of the question?
- **Abhishek Varma – Fidelity International**
- The second part of the question is they have multiple vendors and how do they ensure product specificity? I mean, do they give you specification to manufacture a particular product or how does it work?
- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**
- No, they give commitments of volumes in tons. So let's say for the year 1 they have given a volume of 3000 tons for Mysore and Vizag put together. They will inform at least 6 months in advance when they will be needing more in these plants. So for the next 5 years the planned capacity expansion from 3500 tons in the beginning those two plants put together it had to go to 14000 tons in 23-24.
- **Abhishek Varma – Fidelity International**
- No sir, my question was only on the product specification. Because if there are multiple vendors on role, then how do they ensure product consistency? Because if say if one

vendor comes out with a new technology or a new product altogether, how will the other vendors will keep pace with that?

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- No, no they insist on same design, same printing technology, same decoration technology. But one of the questions asked by your predecessors where why we are not moving to IML. One of the reasons is most of their suppliers other than Mold-Tek doesn't have IML capability. So they don't want to depend on one single lone supplier. That is the reason why Asian Paints is not still in IML.

- **Abhishek Varma – Fidelity International**

- So that means your capacity to innovate in the production is limited by the machine, right?

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- In case of Asian Paints, yes.

- **Abhishek Varma – Fidelity International**

- Okay. That is all from my side. Thank you.

- **Moderator**

- Thank you very much. Ladies and gentlemen that was the last question for today. I will now hand the conference over to Mr. Lakshmana Rao for closing comments.

- **Mr. J Lakshmana Rao – Chairman & MD, Mold-Tek Packaging Ltd**

- Thanks everybody for your interest and time to spare in this conference call. And as I expressed we have done extremely well in the fourth quarter and things started in the way in this year also. But May has some cut downs and impact on our capacity utilization. I hope the situation will improve from June and normal season set in the country. Meanwhile, all of you take care, completely follow the protocol for COVID control and though you all know it, using medicines immediately as soon as the symptoms appears is the best way to control COVID. That is what we are doing at all our plants. We are keeping medicines ready and the moment there is a single symptom, it is better to start using the medicine so that you don't reach critical stage or higher levels of treatment requirements. So please take care, take care of your staff and family. And stay safe. Thank you very much once again for the interest in our company. All the best. Bye.

- **Moderator**

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

End of File

—