



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

Date: 9th June, 2020

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
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Dear Sir,

Sub: Outcome of Investors Conference Call held on 6th June, 2020.
(Regulation 30 of SEBI (LODR) Regulations, 2015)

Please find enclosed outcome of the Analyst/Investors conference call of the company held on 6th June, 2020.

This is for your kind information and records.

Thanking you,

For Mold-Tek Packaging Limited


Thakur Vishal Singh
(Company Secretary)



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“Mold-Tek Packaging Limited
Q4 FY2020 Earnings Conference Call”

June 06, 2020



ANALYST: MR. MANISH MAHAWAR - ANTIQUE STOCK BROKING

**MANAGEMENT: MR. J. LAKSHMANA RAO –MANAGING DIRECTOR –
MOLD-TEK PACKAGING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Mold-Tek Packaging Q4 FY2020 Earnings Conference Call hosted by Antique Stock Broking. 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 Mr. Manish Mahawar from Antique Stock Broking. Thank you and over to you sir!

Manish Mahawar: Thanks Lizaan. On behalf of Antique Stock Broking, I would like to welcome all the participants on the call. From the management, we have Mr. J. Lakshmana Rao – Chairman & MD of Mold-Tek Packaging on the call. Without further ado, I would like to hand over the call to Mr. Rao for opening remarks. Over to you Sir!

J. Lakshmana Rao: Good afternoon everybody. Thanks Manish. Welcome to the quarterly review of Q4 & the year ending March 31, 2020. I am glad to inform you that in spite of COVID impact in the last 10 days of the financial year company could give positive results in terms of sales growth is almost 12.62% year-on-year and the Q4 it is 9.41% and profitability at the PBT level has dipped a bit because of increased cost of salaries and other costs in the last 10 days of the year, which were not productive, so that has marginally reduced the PBT by about 7%, but thanks to the incidence of tax and there is an exceptional item last year of RAK the net profit levels have shot up to 7.98 Crores from 1.94 Crores in the last corresponding Q4.

Overall year-on-year the profit before tax and before exceptional item has gone up only marginally by 1% from 51.46 Crores to 51.94 Crores, but due to reduced taxation and exceptional items of RAK write-off profit at the bottomline after the tax has gone up by 58% from 24 Crores to 38 Crores. So actually the quarter would have been one of the best quarters, but for the last 10 days lot of complete operations and the costs were incurred as company paid the entire salaries and other overheads during the first lockdown and later on we could partially operate starting from April partially and May to almost 45%, 50% and June looks better than that, but overall the COVID impact is really considerable in the first quarter, numbers will dip at least by 40% in overall sales volume, it might pull us down into red after a long streak of 15 years of continuous profitability quarter-on-quarter this could be the one bad quarter, but going forward things may stabilize is what I am hoping and company is taking all the precautions regarding sanitization, disinfectants right at the head office and even at the plants and now in June all the plants are operating, in May there were partially three plants have started and by middle of May another thing for plants also started, now completely they are from June 1, 2020 all the plants are operative. Demand is varying in different plants and currently in May we have around 45% capacity utilization overall and that might go up in June to somewhere near 55% or even 60% if few things fall

in place, but for the overall including April, May and June the capacity utilization will be less than 40% maybe 35%, which will be below the breakeven point. So this is the news as of now, but anyway we all have the question and answers after complete this introduction and company has completely closed the RAK write-offs with 2.86 Crores in the current year completing the total office absorption from the RAK plant. Substantial amount was taken last year itself that is 11.5 Crores and this year it is 2.86 and enough provisions have been provided to close the entire block so that going forward company will not have this burden. So that is as of now and regarding the question and answers I now hand over back to Manish.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Ankit Gor from Systematix Shares. Please go ahead.

Ankit Gor: My first question with respect to paint segment, you elaborately mentioned in our press release as well that the pain we have seen in paint segment, but what is your sense when things will start picking up in particularly the paint segment and what sort of guidance issue paint is giving to suppliers like us, if you can, then I have a few more questions, but yes if you can answer this?

J. Lakshmana Rao: Yes I am also more concerned about the paint industry because the current year this year ended almost 52.4% of the sales have come from paint industry and paint being a discretionary use item, it can wait in the priority of consumers, its consumption attempts, so there maybe fall in paint consumption is everybody guessing, but the industry leader Asian Paints has given us good move in May, April completely closed, May they have started taking some volumes and because we are very proactive and able to supply them when our competitors are not in a position to do so they have given us a better part of the business both in May and June indicated in June, so the numbers in June look at least normal, almost normal, but going forward I do not think it will be the same because other competitors who are generally Asian Paints strategy is to buy from at least three vendors so others also will up and running in June so probably from July onwards we may start distributing the orders. So I have to see till July to understand how their demand pattern emerges. Coming to the other players like Berger and KNP the numbers are pretty low in April and May they are almost near to 0 and in June they started picking up around one fourth or maybe as of now, but probably they may start picking up. So the most impacted segment in my opinion out of all three lubes, paint, food & FMCG would be paint, so because it contributes 52% of our sales we are a little bit concerned how the numbers will emerge, but as of now June looks okay thanks to Asian Paints call ups, which are percentage wise we got more business from them that is what I understand, but I do not have complete data, if the same trend goes will be fine at least will be normal I would say from July onwards, but if this is one time up and

then again things start coming down especially from the leader we could have some pain for a few more months.

Ankit Gor: But in a worst case do you foresee that by 3Q we should come back to our normalized run rate of Q3, Q4 FY2020 should we connect with those?

J. Lakshmana Rao: In Q3 yes certainly I am confident because of the food and FMCG is doing well in spite of losing the entire ice cream business in the summer because people get ice cream get colds and viruses so ice cream industry in particular in this summer has completely wiped off I would say 70% to 80% drop in ice cream sales and some of the leaders also could not even lift even 10% to 20% of their regular requirements because as a food packaging there is a clearance from the government to supply those packs other than ice cream we could get all other food companies, food packaging products we could sell, but ice cream containers in this summer are completely wiped off, but still we have managed to get a growth in food even for this quarter and for the entire year we ended up with 18.51% growth in FMCG. It could have been better, it could have been 25% like last year, but it did not because the ice cream season right from March middle has completely wiped off of course its impact will be felt in Q1 more than the Q4 of last year.

Ankit Gor: Just trying to understand more about payment or receivables we also heard lot of news about Asian Paints delaying the suppliers payment what is our overall outstanding to Asian Paints that is one and secondly still we work with lot of regional and smaller mid to small players how are our receivables with them and when we are expecting to receive a big money if we stuck there?

J. Lakshmana Rao: No, usual delayed payment is not a big issue all our plants, which come under categorized as SMSE so there was the industry they are not delaying the payments, only supply from Hyderabad where it is a medium or large comes under, so Hyderabad sales are hardly 10% of our overall sales to Asian Paints so the rest of the small units, which are kept near to them they are paying on priority just like the previous payment terms, so payment terms they were very open and intimated to press and everybody about they discussed for increasing the credit period, but towards the impact it is hardly 10% so it does not really matter. Yes the from the regional players and small marginal companies though we take advances, though we try to take some kind of PDCs when we supply to them, there are few occasions where I am noticing that some of them are turning bad or they are asking for more time, but as you all know packaging is one input, which no company can avoid if they want to distribute their products so the moment they start their operations and go forward they would be again coming back to us because all the art works, all the plates and IML labels, these are all already developed and with us and the containers and their filling lines are all set together they would not be able to runaway, but there will be some delays in

collections from these small and marginal companies, they are not many they contribute hardly 2% to 3% in our sales, but there could be chances of some of them turning back.

Ankit Gor: Usually in 4Q we receive a handsome discount from our raw material supplier get this time or it was in 3Q itself?

J. Lakshmana Rao: No, we got the discount in Q4 as usual and that has been already taken in the accounts, only some special discount of additional amount, which they generally pay at the end of the year without any commitment that we still not heard any news from them, we are asking them to pay it, but as of now we have not received any confirmation and that is great discretion actually it is not on black and white on the agreement, even that amount is not substantial it would be around 40 to 50 lakhs.

Ankit Gor: Okay thank you.

Moderator: Thank you. The next question is from the line of Kaushal Shah from Dhanki Securities Private Limited. Please go ahead.

Kaushal Shah: Sir if you can throw some more light on the other two segments the lubes segment and within the F&F the other sub segments like edible oils, etc., where you are seeing some traction, which are the areas just like you mentioned the ice cream, any other areas which are kind of slow moving as of now or any other areas which have seen some demand traction and which look to be kind of some positive areas so if you can just throw some more light on the subsegments in lubes and in F&F?

J. Lakshmana Rao: Yes, in lubes the numbers are improving from May and maybe probably better in June, but of course April is a dead month in all segments other than food, lube is also almost 0 in April only in May they started because once the movement of goods and trucks started around the country the lubricant demand also started picking up and the numbers as of now are still far below say 20%, 25% below the normal, but much better than paint as of in May, but in June I think paint might improve because of as I said the leader Asian Paints is giving us a major portion of their business and that number can offset the loss in May to some extent, but in the lubricant the demand dip could be in the region of 10% to 15% in the first six months is my guess because April one full month has already gone that itself is 15% for the first year, first half 16% so that will continue in the first year, probably the second quarter we might get back to the numbers what we achieved last year second quarter, but the first quarter is completely wiped off. The lubes is little better than paint having started in May itself. Coming to F&F we have one big negative in ice cream sale being lost in both April and May. In June some companies are coming up, but monsoon sets in south so probably that will be a blip in June and again from July that could go back, but I am glad to

inform you the edible oil segment is doing well because it consists of cleaner containers, hygienic way of filling, robotics manufacturing of the containers is now catching up among the consumers and that is resulting in higher volume of purchases in edible oil segment.

Kaushal Shah: Sir any customers that you can share with ...

J. Lakshmana Rao: We have a lot of them, now the names have gone beyond 50, 60 clients who are regularly buying and the numbers are I would not say that they are far better than last year, but definitely in the edible oil sector we are better than last year marginally even in the month of May and June, in April also they pulled because the essential commodity we did not stop supplies of edible oil in April. If you ask me half of the sale in April almost half has come from edible oil itself almost 40% you can say. In May of course the other segments also started, but the numbers are still doing good and June indications are also still better so edible oil area, which we grew last year by 50% overall, if not 50% probably it will grow at least 20%, 25% this year so that is one silver line in our products. Another positive thing there in the same pack we are trying to sell it to sanitizers for bulk pack the 5 liter pack, we are arranging a pump to the 5 liter pack and couple of companies have shown interest and they are already launching in this month in June so it is not a big volume because 5 liter is a bulk product, which probably the big offices people might buy and keep it at the entrance so that application our marketing has pushed last month and some success they are seeing, but those numbers will be hardly 40, 50 lakhs per month kind of sale maybe Rs.1 Crore so it will hardly add 2%, 3% to the growth, but these are the only two silver lines in the dark clouds, otherwise dark clouds in all other segments. Food industry would have done better, but sure the ice cream being big knockout, edible oil is a saver and application of sanitization for bulk packs probably is a small addition, these are the only two positives we see in the next three months.

Kaushal Shah: We have been trying to make some in road into some newer categories like detergents or agri so any success there, which you can share Sir do you made any headway there?

J. Lakshmana Rao: Detergents that same saver pack is doing okay, but again now people are cost conscious they do not want to spend even Rs.3, Rs.4 more per pack and I do not see new entrants will increase, those who have already shifted will certainly stay with us because they have already put it in the market, but the new entrants who are about to take a plunge in March, April might take some more time to shift, so that application wise I do not see a major growth coming in the at least next six months. We are now introducing the sweet packs the molds have come they will be launched sometime in July, but again how the market will take whether they will be able to shift some ordinary conventional packing to IML sweet boxes is again a lingering doubt in our minds, so we need to wait and see.

Kaushal Shah: Sure, thank you Sir.

Moderator: Thank you. The next question is from the line of Sonia. Please go ahead.

Sonia: Sir my first question is related to two data pointers what is your breakup of fixed cost and variable cost and secondly how much ice cream contributes to the F&F segment and my second point is ice cream business contribution including FMCG segment and second question is related to margin contraction generally what have we seen like in such cases in such scenario where there is economic slowdown do you see your customers asking you that what is the real margin look out to your suppliers have you seen like this historically?

J. Lakshmana Rao: First I start with margin contraction, we know we are not entertaining any price reduction unduly just because there is just demand for products, more or less the margins at the top end remains same, but the EBITDA might come and because the capacity utilization might come down and the fixed cost like manpower and others will stay there even there is a price reduction small pay cut we have taken for the top managers their fixed cost will continue to stay more or less there, so there would not be a reduction in the pricing that is for sure, we are not offering any price reduction of any of our products neither our clients not much pressure on that, but overall margin contraction may come because fixed cost stay there and at the EBITDA level you still find the margins are under pressure and percentage of ice cream in food and FMCG actually out of the 101 Crores we did this year I guess it is a guess only because I do not have exact figures about 14 to 15 Crores last year we did that is the last April, May, June quarter itself we did almost 15 Crores maybe during the remaining nine months we may have done another 7, 8 Crores so it is around 20%, 22% of our food and FMCG should have come from ice cream, so to that extent in this year in April, May, June two thirds of it is gone so maybe a setback of 14, 15 Crores in the ice cream industry in this year 2020-2021.

Sonia: About fixed cost and variable cost breakup?

J. Lakshmana Rao: Yes, the variable costs are directly related to material that fortunately for us that itself contribute to more than 50% or close to 50% of cost and consumables and other variables cost around put together consumables and raw material are about 60%, so 60% is variable cost and almost 10% profit margin if you take it, it is around 30% in fixed cost.

Sonia: Thank you Sir.

Moderator: Thank you. The next question is from the line of Naushad Chaudhary from Systematix Shares & Stocks. Please go ahead.

- Naushad Chaudhary:** Congrats on a decent set of numbers Sir. I joined a little bit late, just want to check if you shared the volume number of all the three categories Sir?
- J. Lakshmana Rao:** Yes in the year I think March 31, 2020 that in the full year we did about 52% in paint industry, around 25% in lubes and around 23.1% in food and FMCG as against 47.7%, 30.6% and 21.7% in the last year, so in the paint there is a big growth because of the new plants of Vizag and Mysore contributed almost 14% to the topline so that is why the paint segment growth from 47% to 52%, lube has come down from 30%, 30.6% to 25% basically because of general reduction in the lube consumption in the country, food and FMCG has gone up by almost 18.5% as we have introduced more range of products and our edible oil pack started picking up in this year quite handsomely the total turnover was up to 36 Crores as against 24 Crores so almost a 50% jump in Q-packs so that is how the year ended.
- Naushad Chaudhary:** Can you share the volume number of this quarter the total volume Sir?
- J. Lakshmana Rao:** For this quarter it is 55% paint, 22% lubes and 22.3% food and FMCG, we can say 55%, 22.5% and 22.5%.
- Naushad Chaudhary:** That is the breakup of revenue right?
- J. Lakshmana Rao:** Revenue yes turnover in the rupees.
- Naushad Chaudhary:** What is the volume tonnage Sir?
- J. Lakshmana Rao:** Volume tonnage for this quarter is 59%, 25% and 16%.
- Naushad Chaudhary:** Of a total of?
- J. Lakshmana Rao:** 100%, 59%, 25%, 16%.
- Naushad Chaudhary:** No, in absolute number Sir how much tonnage?
- J. Lakshmana Rao:** First quarter this quarter you mean?
- Naushad Chaudhary:** Yes.
- J. Lakshmana Rao:** In rupees it is 59 Crores, 23.5 and 24, 106 Crores.
- Naushad Chaudhary:** I am asking in terms of total tonnage how much volume we sold in this quarter Sir?

J. Lakshmana Rao: In this quarter the total consumption 6170, in the paint it is 3600, lubes around 1550, food and FMCG about 1000.

Naushad Chaudhary: So by going with this calculation and I have the last year volume number we have seen around 8% to 10% decline in our total EBITDA per tonne and was this because of the increase in revenue share of paint division or is there any other reason behind it Sir?

J. Lakshmana Rao: Yes it is not 8% about Rs.2.30 and yes around 7% reduction in the EBITDA margin for the Q4 is basically one of the reasons is that the paint is less contributing compare it to the food and FMCG. Growth in paint is much higher due to the two clients of Asian Paints picking upstream in the last quarter Q4, but one of the reasons why the margins dipped a bit is also because we have completely revamped the building sheds and the mainly the whole sheds of Unit I at Hyderabad we have revamped the roofing and provided new electrical lines and changed the complete cabling because they are more than 20, 25 years old is indirectly about Rs.1 Crore was spent on building maintenance and mold maintenance also, molds also we have taken up for overall assuming a huge demand in 2021 because the year was about to end in a excellent note, but for the last 10 days lockdown would have even looked at 18%, 19% of growth on the quarter, which ended up with 9.4%, so keeping up the trends and increasing demands we have taken up lot of mold revamps and even buildings and electrification revamps at the old units in the last quarter of the year. So that maintenance cost have gone up considerably to the extent of 1 Crore so on a tonnage of 6100 Crores it is almost works out Rs.1.50 there itself and of course the last 10 days fixed cost have to be borne including the salaries are fully paid so that has also declined the margins, otherwise we would have maintained our bracket of around Rs.34 per kg margins it is not because of any price reduction only these couple of reasons.

Naushad Chaudhary: Actually I was wondering because in the past we have guided the Vizag and other new clients for paint segment is expected to contribute Rs.34 to Rs.35 per kg EBITDA and in this quarter despite of having a decent share and the volume of this quarter is quite similar to the last same quarter last year there should not be much impact on the EBITDA?

J. Lakshmana Rao: Last year actually there is a considerable change the food contribution was of course 1205 tonnes has come down to 1000 and the paint contribution was 2750 tonnes has become 3600 so the shift in product mix was there to some extent, but the margin reduction in these years in the fourth quarter is mainly due to the increase in maintenance cost and salaries and other fixed costs paid fully in March as against 20 days effective production.

Naushad Chaudhary: This maintenance cost we take entirely on P&L or do we take it in balance sheet and then capitalize overall?

- J. Lakshmana Rao:** No, everything on P&L, in this quarter it is about 40 lakhs, but the full year it is more than almost Rs.1 Crore.
- Naushad Chaudhary:** Can we say in terms of pledged shares we had target to make it 0 by March 2020 but as of March we still have 5% pledged shares around 5.2%?
- J. Lakshmana Rao:** They have come down considerably if you notice.
- Naushad Chaudhary:** Yes, it has come down but we had a target of making it 0.
- J. Lakshmana Rao:** Yes some individuals are still carrying some loans against the share for their personal reasons but none of them made it. I have the details here, it is 4.55% of the promoter share 1.88% of the overall company, which some time ago it was close to 9%, 10% so that has come down to 1.58% now, only couple of individuals are having, these two people have currently.
- Naushad Chaudhary:** Can we see them going down in coming quarter Sir?
- J. Lakshmana Rao:** See it all depends upon the individuals but I think they are also intending to reduce their pledge at least one of them is going to do that so it might come down below 1% within this quarter maybe.
- Naushad Chaudhary:** In terms of capex have we revise our capex plan for this financial year and FY2022?
- J. Lakshmana Rao:** Yes FY2022 I do not want to comment now because it is very unpredictable. For the year 2020-2021 we are planning to reschedule or rearrange our capital layout because we have about 5 Crores pending amounts to be paid for the orders placed before this COVID issue so those have to be completed in this year. We may defer our north plant to some more months we thought we will start by October, November this year probably that may not happen in this year, but we are finding some new obligations like closures and pumps for various applications in cosmetics, sanitizers and hand washes and all that, that project probably we may take up we are actively considering that investment. We may not be very considerable, the idea is to utilize the fair capacity of the molding machines available and to make sure that they are better utilized even if demand do not pickup in the second and third quarter so those initiatives are in the final stage, but they may not involve more than 5 to 7 Crores of investment so apart from this 5 Crores I foresee about 10 to 15 Crores maximum investment this year so the overall investment will be flown down to the tune of 15 to 18 Crores I guess as against originally thought plan of around 30.
- Naushad Chaudhary:** This north plant when you are referring to our Kanpur plant?

J. Lakshmana Rao: Yes Kanpur plant that is what we thought we will go in, in October and probably another plant near to Chandigarh towards beginning of the next financial year that is 2021 April, May, but both of these we are planning to shift to next year because we need to wait and see how the economy revise and opportunity has come up in our way.

Naushad Chaudhary: In terms of RAK write-offs are we still expecting any write-offs or they are completed now?

J. Lakshmana Rao: RAK is totally completed, there is nothing left over there, there is small collection amount that also we have provided, but the chances of getting it back are also 50% so if we get that back actually there will be a add back so we have conservatively taken that write-off also because it is more than one year.

Naushad Chaudhary: How much time does it take for us to chase the material cost because consistent sales dip in the last three to four quarters the raw material prices are coming down so how much benefit we get and how much we have to pass on to the client?

J. Lakshmana Rao: Generally our tendency or the agreements are pass on in a month or the quarter, so if it is a quarterly review for some clients it will be done on quarterly basis, for example Asian Paints and Mondelez who are our major clients it is quarterly, but Castrol, Shell and some other companies it is monthly so the benefit whatever comes while it is coming down will last only for a quarter and then we pass it on and if there is a further reduction again we will benefit for a quarter for that extent and similarly when it goes up we lose for a quarter or for a month and then we gain when they adjust the price so there is no permanency in benefit or loss, so it evens out. In current year the price reduction has stopped, now actually in June they have indicated price increase so I do not think so now there will be any further fall in the raw material prices.

Naushad Chaudhary: It is consistently going down from last three to four quarters so can we assume around 0.5% or 1% of the benefit in the gross margin would have been because of this because every one month benefit we get from this declining of raw material?

J. Lakshmana Rao: I do not think so because the steep fall, which we have seen last year may not repeat because last month they have carried the same price or marginal increase in some grades and this month they are talking about Rs.3 price increase so in this scenario it may stabilize is my guess you cannot take any advantage there in my opinion.

Naushad Chaudhary: Yes, I will come back in queue. Thanks.

Moderator: Thank you. The next question is from the line of Resham Jain from DSP Mutual Fund. Please go ahead.

Resham Jain: I have a couple of questions. So first is given the current situation you mentioned that we have controlled lot of cost and we are trying basically on the discretionary spending we are trying to control it so let us say for the next nine months in case if you have build any scenarios that if the demand is let us say 20% lower or 10% lower for the next nine months the EBITDA per kg what we typically make and out of that we have gross profit per kg and all, so how do you see the situation if it is lower by 10% if it is lower by 20% in terms of operating leverage?

J. Lakshmana Rao: The first quarter might end almost pretty badly because April we did hardly 15% capacity utilization, May it is close to around 35%, 40%, so 40% you can say and in June probably we may hit around 60% so the overall average will be below 40% for the first quarter so that itself is a big setback for the entire year because we generally operate around 70%, 75% at least so which is to 40 means almost 60%, 40% of the revenue loss in the first quarter, so even if assuming the remaining nine months we recover I guess we can, there is a possibility if the economic turnaround comes in and because of new plants are now fully geared up in Mysore and Vizag if paint industry also start improving from at least middle of the second quarter probably we may do the next nine months similar to the last year so still the setback of the first quarter will continue to haunt us, but I will be not surprised if some of the turnaround trends in the food and FMCG especially and some of the new products, which we are introducing if a catch stream from say August, September onwards probably they will give some covering of the loss in the first quarter, but I will be very happy even if we can reach the last year numbers at the end of the year.

Resham Jain: I was actually asking from nine months I have first quarter obviously ...

J. Lakshmana Rao: Avoiding this first quarter, remaining nine months yes there is a possibility that we may able to get back the numbers of last year is my guess because whatever growth we anticipated may not happen so it can be flat like if we achieve the last July to March numbers probably we can hope to do it unless there is again this pandemic becomes aggressive or again any shutdown happen, if things go normal here after and demand start picking up the next nine months could be definitely as per last year.

Resham Jain: What will be our gross and net debt number as on March end?

J. Lakshmana Rao: Net debt is a long-term debt it is around 20...

Resham Jain: If you can say the total it is fine.

J. Lakshmana Rao: Total is around 81 Crores in working capital, 20, 21 Crores in the long-term.

- Resham Jain:** Okay it is a total 101 Crores this is gross number?
- J. Lakshmana Rao:** Yes.
- Resham Jain:** This year as we have lower capex plan you expect the next year debt overall number should come down marginally?
- J. Lakshmana Rao:** Yes, at least they will stay put or they will come down marginally especially in the working capital because if the sales numbers remain stagnant the internal cash generation could cover up somehow the working capital borrowing, long-term debt is 34 Crores.
- Resham Jain:** So 34 plus 81 is it?
- J. Lakshmana Rao:** 34 plus 81.
- Resham Jain:** Just one last final question do we have any export and is it viable and also is export given the domestic situation is not that great in near-term do we have opportunistic exports also through our utilization?
- J. Lakshmana Rao:** We are having exports to Middle East thanks to our present scenario for the last four, five years some of the clients like Total Lubricants and couple of clients in Oman they are still buying from us the containers all the way from India we are exporting. The export numbers have gone up last year to 4.5 Crores earlier it used to be under 3 Crores. So this year we actually started anticipating to hit almost 7, 8 Crores export, but again these two months is setback because our clients total have in fact enhanced in the product range and they proposed to pickup more volumes from April, but when situation turned very negative in April there were not many supplies could be affected, but the orders are still on and once they start their operations full swing probably some export revenues can go up so on that front it can only be a net positive in spite of losing this couple of months, but not a very aggressive growth because the transport cost is a killer in our containers, they occupy lot of space so the transport cost beyond going to the Middle East will be a challenge, so in the Middle East yes we hope to do better than last year even using April and May because of our RAK clients who would be requiring from Indian supplies.
- Resham Jain:** Great Sir. Thank you very much. All the best.
- Moderator:** Thank you. The next question is from the line of Karan Bhatelia from Asian Markets Securities. Please go ahead.
- Karan Bhatelia:** Sir if you can like share the numbers for Mysore and Vizag in terms of volumes and value for Q4 and for FY2020 as a whole?

- J. Lakshmana Rao:** Mysore and Vizag put together last year sales were 58 Crores out of which you can say approximately 37 Crores is from Mysore and 21 Crores from Vizag.
- Karan Bhatelia:** In terms of volumes?
- J. Lakshmana Rao:** In terms of volumes means you have to take it at around Rs.292 per kg so there are 2000 tonnes in Mysore and about 1100, 1200 tonnes at Vizag approximately.
- Karan Bhatelia:** How are the things shaping on the Mondelez side because we had a pain in couple of quarters so how are things shaping up there?
- J. Lakshmana Rao:** First quarter is generally bad for Mondelez and in summer the sales drop so in the months of April, May, June we do not see much movements worse than last year actually, but hopefully from monsoon start their chocolate sales generally pickup, but all together not a great prospect there too because April, May two months have gone.
- Karan Bhatelia:** If I get breakup of the revenue could you give some numbers from Mondelez's sales, edible oil, ice cream and others that would be helpful Sir?
- J. Lakshmana Rao:** I will ask Ram Babu to reply to you.
- Karan Bhatelia:** Okay and one more if I could go ahead if you can share the IML, non-IML volume value for FY2020?
- J. Lakshmana Rao:** Yes, the IML sales have gone to the full year 62.15% from 58.6% in terms of tonnage, in terms of value from 63.2% to 66.3%.
- Karan Bhatelia:** Okay yes that is it from my end.
- Moderator:** Thank you. The next question is from the line of Aakash Shah from AMS Securities. Please go ahead.
- Aakash Shah:** I wanted to know whether we have opted for the RBI moratorium?
- J. Lakshmana Rao:** No, we are not seeking any moratorium for any of the payments neither on the profited cash nor on the bank payments everything we are on time and we are actually availing any discounts that are available so that way we do not have any cash flow issues.
- Aakash Shah:** Can I know what would be the debt if that is coming due in this financial year on the capex that we plan for this financial year?

J. Lakshmana Rao: 6 Crores is long-term repayment payables and as I told you as of today we have plans of about 12 to 15 Crores investment plan for this year 5 Crores already committed commissions are either on the way or some of them have reached various plans and as I told you we are planning to expand the product range, we are entering into closures and pumps for which some molds and machines are to be procured and they will be arriving towards the end of the calendar year so that is the investment plan, which is yet to be cleared if it goes through that is another 7 Crores and general balancing of another 3 Crores is what I am investing, so overall we will be limiting our capital outflow to 15 Crores this year from 46 Crores last year to 15 Crores in this current financial year.

Aakash Shah: So we continue with the current expansion plan of the new product categories?

J. Lakshmana Rao: Yes, we are not stopping any of these products because the projects of Asian Paints at Mysore and Vizag also a marginal expansion was planned, the first phase of marginal expansion machines are already arriving and the sweet boxes molds and robots have been procured they are arriving so these are the commitments we already made before March so they will be arriving any movement, some of them actually arrived and the Flexo printing machine from Italy also arrived after some balance payments done in April so overall the investment and the share will continue to make in the tune of 12 to 15 Crores, which we initially thought of 30 Crores including all plants.

Aakash Shah: That is great I just make the debt this current due...

J. Lakshmana Rao: It is 34 Crores long-term and 81 Crores working capital now.

Aakash Shah: No, how much will be up to pay in this year?

J. Lakshmana Rao: 6 Crores.

Aakash Shah: Okay, thank you.

Moderator: Thank you. The next question is from the line of Shailee Parekh from Prabhudas Liladhar. Please go ahead.

Shailee Parekh: Sir I had a question on aqua foods and detergents could you tell us what is happening on that front because during Q3 you have mentioned you are foraying in these two segment so could you share is there have been any further developments in spend?

J. Lakshmana Rao: In what?

Shailee Parekh: Aqua foods and detergents Sir.

- J. Lakshmana Rao:** Yes, when the situation is like this nobody would be shifting from their current pack to little costlier packs though they appear good I answered this question earlier maybe you are not there. Some of the detergent companies who have already adopted continue to buy from us, but the companies which were in the wedge of shifting during February, March or even January they have contemplating they are on the hold mode because their operation generals are still not stabilized so they would not be looking at shifting their packaging and end up with some more blockades, so currently shifting from their current pack to others is happening only in edible oil where we are noticing some more brands are adding because edible oil packs of our make or robotically manufactured assuring hygiene and contamination free containers, so there is some push in edible oil segment, but somewhere wherever the people are contemplating change they are on the hold mode now.
- Shailee Parekh:** Right, but this is with regards to detergents?
- J. Lakshmana Rao:** Detergents or aqua whatever new packs where we entered in the previous quarters people who have ready to jump in now are on the hold because their operation generals are not stabilized who will think about new developments.
- Shailee Parekh:** The other one question which obviously another participant already asked is about the breakup of the F&F revenues across segments as you said I think it would make sense to speak with Ram Babu take the call right?
- J. Lakshmana Rao:** Yes, you can take that.
- Shailee Parekh:** Alright thank you so much Sir and wishing you all the very best.
- Moderator:** Thank you. The next question is from the line of Kush Joshi from Kitara Capital. Please go ahead.
- Kush Joshi:** As regards this paint business what is the feedback or what is the outlook you are getting from Mysore and Vizag plant for 2021?
- J. Lakshmana Rao:** From Mysore and Vizag what?
- Kush Joshi:** What commitment you are getting from Asian Paints for Mysore and Vizag plant for FY2021?
- J. Lakshmana Rao:** See there is nothing called anybody giving a commitment in this kind of a pandemic situation whatever best they are able to sell they will be distributing among the three or four vendors they established near the plants so we are suppose to get around 25% to 30% of their business from both the plants, so whatever they could sell in that they will give a part

of it, so fortunately in June they have given us the much more percentage of business because other supplies were not really up and going as Mold-Tek, so they have indicated that they are giving us the higher volume, which is now normal for us in any normal month so June is going to be a decent month for us but a few benefit from that, but how it goes in July onwards I would only be able to comment after a couple of months.

Kush Joshi: In this next nine months do we see the share of food and FMCG increasing in overall pie?

J. Lakshmana Rao: In the food and FMCG one setback I explained is ice creams this April, May, June is completely washed out, actually in April we could sell to the dairy companies other than ice creams for curds and fast foods in fact we did fairly decent sale, but coming to ice cream it is completely lockdown so keeping that in mind I would not think the overall number for the food and FMCG this year will be crossing last year, if you can achieve the last year number I will be happy.

Kush Joshi: For the full year?

J. Lakshmana Rao: For the full year, yes.

Kush Joshi: Okay thank you so much.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Rao for his closing comments. Sir would you like to add any closing remarks?

J. Lakshmana Rao: Thank you everybody for joining us in this conference call today and for the interest you have shown in our company's performance. First of all this pandemic is something unexpected by anybody and not to the scale of disruption, but I think whatever the government did in controlling it has controlled it to some extent, but definitely impact at the economic conditions in a much bigger way, which is essential keeping in mind the interest of people and the population and the lives. So please take care and all of you also follow the sanitation and social distancing norms seriously and make sure you and your families stay safe and at Mold-Tek I am sure things will turnaround I am confident, optimistic, but the scale of operations how it will turnaround cannot be predicted at this stage because situations are beyond any one thought process or beyond anybody's imagination, but let us hope for the best and we are at least on a good cash flow situation and we do not be needing any assistance or moratoriums from any of the bankers or departments hence operations will be moving smoothly only thing is the demand pickup, if the demand pickup happens we can still come back to the normal levels from second or at least third quarter onwards and our company will keep doing looking at new segments, new applications for opportunities to sustain the growth and I hope to an extent when we meet over the call will be in a much



Mold-Tek Packaging Limited
June 06, 2020

better optimistic mode, meanwhile all of you take care and follow the norms to maintain health and safety for all you and your family members. Wish you all the best.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking that concludes this conference call. Thank you for joining us and you may now disconnect your lines.